

2019 Sustainability Report



A team committed to
our community,
our employees, and
our planet.

nikko am
Nikko Asset Management

Changing Times

A message from the Co-CEOs

The world is undeniably going through a time of major social, economic, and environmental change. However, there is a greater awareness today of the problems we are facing and, most importantly, a growing desire in both the public and private sectors to act.

At Nikko Asset Management, we have a positive outlook on the future of our world. We believe that our actions have an impact, so we are invested in doing everything we can to ensure our employees, our clients, the communities where we work, and the environment all benefit and prosper over the long term.

We are pleased to be bringing you Nikko AM's first Sustainability Report. In it, you will read about our commitment to being a responsible investor; the environmental, social, and corporate governance (ESG) considerations we are integrating into our investment strategies; and our current activities aimed at helping the people and the world around us.

This report is also an opportunity to announce the three core areas of focus of our sustainability activities going forward: diversity and inclusion (D&I), reducing inequalities, and environment and climate.

D&I is an area where we are already deeply involved. Among our many D&I initiatives, we are dedicated to promoting women's empowerment and advancement, and we have created the LGBT Working Group to better engage with our LGBT clients and establish a more supportive workplace for all our employees. We are truly excited to see how a greater emphasis on D&I will shape and develop our business in the years to come.

Reducing inequalities can be approached in numerous ways, but one way we are currently taking action in this area is through events we hold to improve the financial literacy of children. By making financial education fun, we are encouraging the next generation, from a young age, to strive for economic independence, which



“...we can be more effective at making a **meaningful difference** in our workplaces and our world”

will lead to a more sustainable society. We are looking forward to expanding our activities in this area and, ultimately, contributing to a fairer future.

Environment and climate are now fundamental considerations of our business, both within our company and within our community. We are very proud to have been recognised as a carbon-neutral organisation last year, and we are continuing our efforts to reduce our carbon footprint. We are also improving our climate impact in other ways, such as by removing plastic bottles from our offices and promoting the use of reusable bags among our staff. An area of particular importance to us is our commitment to seeing that

more communities around the world have access to clean water. Through a ground-up initiative from staff, the firm has sent teams of volunteers to install water filters in rural villages in Cambodia.

By placing our focus on these three areas, we are confident we can be more effective at making a meaningful difference in our workplaces and our world. And as we put our values into practice, we believe we are helping to make the future brighter.

We look forward to continuing on this journey in the years to come.

Junichi Sayato, Chairman and Co-CEO
Hideo Abe, President and Co-CEO

Nikko AM

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A message from the Co-CEOs
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Introduction

Our Commitment

At Nikko Asset Management, we have always taken a long-term view. We are committed to running the firm responsibly for the benefit of all our stakeholders, and we believe that environmental, social, and governance (ESG) considerations are key to creating future value for our clients.

Through the framework of the Sustainable Development Goals (SDGs) adopted by the United Nations, countries, industries, and markets around the world are increasingly striving to resolve social and environmental issues in order to realise a sustainable society.

As an asset management company, we believe we are in a position to effect real change — not only by engaging with our clients and the companies we invest in, but also by fostering a corporate culture that embraces the tenets of the SDGs.

Together with our stakeholders, we will continue to work towards a sustainable future, by promoting ESG through our investment activities and sustainability in our corporate activities.



“...we believe
we are in a position
to effect **real change**”

Our responsibility as a company

As a company, we are committed to upholding a world-class level of corporate governance. We believe this is fundamental to maintaining the trust of clients, prospective clients, the public, regulators, and other key stakeholders. Seven of our ten-member board of directors are outside directors, ensuring that top-level decisions are made by an independent board.

Our responsibility as an investment manager

As an investment manager, we are committed to putting our clients' interests first. Fiduciary and ESG principles guide all our corporate activities. We see ESG integration as inherent to long-term value creation and inseparable from good investing. Guided by our ESG policy, our investment teams implement ESG in a manner best suited to their investment strategy and ecosystem. We also engage in active dialogue with the companies we invest in, and have a transparent, standardised approach to proxy voting.

Our responsibility as a corporate citizen

As a corporate citizen, we are committed to working towards a more inclusive society and reducing our impact on the environment. Led by the Corporate Sustainability Department, our sustainability activities have three focus areas: diversity & inclusion, reducing inequalities, and environment and climate. Also, at each Nikko AM office, local working groups lead ground-up activities that are pertinent to the communities they work in.

Our Company at a Glance

Global Citizen with Asian DNA

Extensive global resources

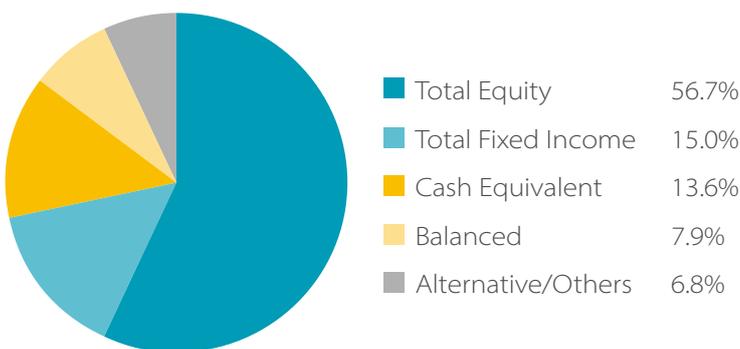


- Japan
- Australia
- Hong Kong
- United Kingdom
- Luxembourg
- Germany
- Americas
- Singapore
- New Zealand
- China
- Malaysia

Our Global Capabilities

Qualitative insight through a broad range of global investment capabilities

Total Assets Under Management (AUM): USD 246bn[^]



Our Specialisations



[#] As of Dec 2019. Including overseas subsidiaries, affiliates, and minority joint ventures.

^{*} As of Dec 2019.

[^] Consolidated assets under management and advice of Nikko AM as of Dec 2019, including subsidiaries but excluding minority affiliates and minority joint ventures.

Our People



880

Employees*
across the globe



206

Investment
Professionals*

with an average of
21 years industry experience



107

Portfolio Managers*

with extensive, and
locally-driven research
coverage

A History of our Sustainability Activities

1999

- Launched Japan's first socially responsible investment fund

2007

- Became a signatory of the UN PRI
- Became the first Japanese asset manager to disclose its proxy voting results on our corporate website

2008

- Established the Nikko AM Fund Academy training centre to educate clients on our products

2010

- Launched the world's first fund developed with the World Bank. Also, developed our own Corporate Environment Policy

2011

- Signed onto Japan's Ministry of Environment-led Principles for Financial Action for the 21st Century
- Served as chair of PRI-Japan Network (April 2011 – March 2014)

2013

- Developed Creating Shared Value (CSV) equity investment strategy (Japan)

2016

- Established the Stewardship and Voting Rights Policy Oversight Committee and the Global ESG Steering Committee

2017

- Enhanced governance with full disclosure of its voting rights (Japan)

2018

- Became the first Asian-headquartered asset manager to support all four areas under *The Investor Agenda*
- Served as vice-chair of the Asian Investor Group on Climate Change
- Adopted the UN Women's Empowerment Principles
- Established the Corporate Sustainability Department

2019

- Published our inaugural TCFD Report
- Certified as carbon neutral

Our Responsibility as a Company

As a global asset manager, Nikko Asset Management is deeply engaged in environmental, social, and governance (ESG) initiatives and how they are implemented at investee companies.

To enhance our commitment to sustainability in our own business operations, as well as our investment approach, we took the decision to establish the Corporate Sustainability Department in September 2018. Our focus on sustainability is long-term and we are continuously working to serve the interests of all our stakeholders — clients, employees, shareholders, and the society in which we operate.

Governance

As we seek improvements in the governance of the firms we invest in, we want to ensure that we have a rigorous and robust governing structure in place. To this end, we have built three pillars of governance, namely management governance, voting rights governance, and fund governance.

Governance is our top priority. All of our efforts — with regard to management governance, voting rights governance, and fund governance — are directly reported to our board of directors in Tokyo. With our conviction that the best governance can only be achieved with scrutiny from outside, we strive to maintain independent oversight. We do this by ensuring that our Japan board of directors is chaired by an independent

director, and by appointing even more external directors to our board of directors than the number required of listed firms. We also ensure strict independence in the governance of our voting rights activities and funds by entrusting it to committees that are chaired by independent members and have a majority of independent members.

Management governance

As befits a firm entrusted with managing the assets of clients, our business operations are presided over by a senior management team that is well versed in asset management. Our approach to securing management talent is predicated on our strong belief that having such a team in place gives Nikko AM the strongest possible foundations.

The appointment of Yoichiro Iwama as an outside director and Chairman of the Tokyo Board of Directors in May 2018 was to strengthen our governance with his independent perspective and extensive knowledge. His participation has further invigorated our Japan board of directors, enhanced the transparency of its decision-making process for important business management matters, and generated lively discussions on issues including how to enhance our asset management capabilities. By having debates and discussions based on the respective areas of experience and knowledge of our directors and outside directors, we constantly examine ways of refining our vision for the

future of Nikko AM and differentiating it from our competitors' with a forward-looking perspective on the asset management industry as a whole.

As of December 2019, Nikko AM's Japan board of directors has seven independent directors (including the chairman), six of whom have no capital relationships with the company. This ensures a high level of independence and transparency in our governance relative to our industry peers.

Voting rights governance

We established the Stewardship and Voting Rights Policy Oversight Committee in Japan in June 2016 to improve transparency in our stewardship activities, such as engaging with firms and exercising voting rights, as well as to strengthen our governance. Drawing the majority of its members from outside the company, the committee is the first such third-party body to be established at a Japanese asset management company. It holds meetings once a quarter in principle and provides a venue for outside committee members to have lively discussions on how Nikko AM exercises its voting rights. The committee has held a total of 18 meetings so far.

Fund governance

We established the Fund Advisory Board, whose members are also mostly external, in September 2017. The Fund Advisory Board met a total of three times in 2019 and its outside members participate in debates at its meetings.

Pursuing Fiduciary Duties and ESG Principles

A message from the Chairman of the Board of Directors, an outside director

In recent years, there has been growing discussion on how the investment industry can contribute to creating a sustainable society. Asset managers play an important role in the proper functioning and continuous growth of capital markets, and they can do their part by managing excessive short-termism and helping to build a sustainable society. For example, if an asset manager has a mandate from a client focused on environmental, social, and governance (ESG) considerations, the manager's duty is to enhance the value of the investee company by engaging with its management and promoting corporate reform. Put simply, asset managers can act as agents for investors who entrust them to address societal issues on their behalf.

As Japan's capital market recovers from the doldrums of the so-called "lost decades", the fiduciary duty of asset managers has come under the spotlight. That is why Japan's Stewardship Code, released in 2014 and which I helped to develop, is vitally important. The Code aims to get institutional investors to fulfil their fiduciary responsibilities. It also emphasises engagement with stakeholders, which we believe is essential to the strengthening of the investment chain in the years ahead. Engagement in capital markets is moving in the right direction, although it still has room to grow. Now, asset managers are aware that putting ESG principles into practice



through far-sighted engagement is synonymous with value creation. As a result, more asset managers are pursuing this type of engagement in their relationships with investee companies, and also as a basic element of their stock selection process.

Improving governance to strengthen global capital markets

An extremely important way of creating value in line with our fiduciary duty is through proper governance in managing our funds, proxy voting, and

business. We need to continue enhancing the way we manage our own business if we are to demand better governance from investee firms.

Nikko Asset Management's global presence distinguishes it from other Japanese asset managers, and it has developed into its present form with the acquisition of asset management firms in different regions. With its extensive global network, Nikko AM has successfully created an organisation with a highly diverse workforce while retaining its Japanese roots. Given its track record of creating innovative products and services, the firm's influence is likely to grow ever stronger in tomorrow's global capital markets.

As an independent director and as the chairman of the Japan board of directors, I feel keenly responsible for Nikko AM's future development. The board supports the firm with oversight of how its business is executed while making sure its fiduciary duty is clearly being fulfilled. Our remit includes ensuring that the company's executives are evaluated properly and that there is a succession plan in place. As we continue to steer the firm, I will continue to deepen my knowledge in this industry by working closely with our executives and also by learning from them.

Yoichiro Iwama

Outside Director and Chairman of the Board of Directors



ESG at Nikko AM

Our Commitment to ESG Principles

A message from the Chief Investment Officer

At Nikko Asset Management, environment, social, and governance (ESG) principles are a pillar of our corporate identity, and these principles have been integrated into our investment process. In 1999 we launched Japan's first socially responsible investment (SRI) fund, and for the past two decades we have made a concerted effort to link ESG factors with excess returns.

In our view, the approach that corporations are taking towards ESG has entered an entirely new stage that would have previously been unthinkable; we are at the start of an era when the creation of social value leads to the generation of economic value. Sustainable development goals and ESG principles now feature prominently as crucial business components for many firms. Companies use these factors as a means to generate revenue and increase competitiveness, and it is becoming clear that including such considerations in investments creates outperformance.

We have consistently stayed a step ahead of our peers: in 2013 our analysts began a comprehensive assessment of corporate value through our Creating Shared Value (CSV) evaluations, which include ESG factors, and we have been incorporating this process in our Japanese equity investments. A key feature of our ESG approach is our evaluation method. Rather than just superficially taking a quantitative approach where we analyse firms' corporate social responsibility reports, we instead engage with them to assess to what extent ESG factors are generating financial value. We have built up six years' worth of this unique analysis, and we have developed many ESG-specific



"...we are at the start of an era when the creation of social value leads to the generation of economic value"

strategies that employ our CSV evaluations. These factors have all contributed to generating excess returns.

Our investment teams are based in locations throughout the world, including the UK, the US, Singapore, China, Australia, and New Zealand. As a result, there is no single approach to

incorporating ESG factors into portfolio construction. Each investment team possesses its own unique understanding of ESG, and each team conducts ESG-related investments from a variety of perspectives.

While global interest towards sustainability is increasing at a rapid pace, there are myriad challenges in achieving and maintaining it. Asset management firms have a responsibility to help overcome these challenges. Therefore, by always acting in a spirit of fiduciary duty and fidelity to ESG principles — and by constantly improving through innovation — we will continue to do our utmost to provide high-quality financial services that meet our clients' needs.

Hiroki Tsujimura
*Executive Vice President,
 Global Head of Investment, and
 Chief Investment Officer*



Our History

Since the establishment of Japan's first socially responsible investment (SRI) fund in 1999, we have put a priority on being environmentally friendly in our asset management operations. One of our environmental policies is to increase green investments, and we implement environmentally friendly initiatives by providing SRI funds in Japan.

In October 2007, we signed the United Nations-supported Principles for Responsible Investment (PRI) to express our commitment to the conservation of the global environment and the development of a sustainable society through asset management. We served as a co-chair of the UN PRI Japan Network from 2011 to 2014. In addition, we have participated as a drafting committee member since 2011 and, since 2014, served as a

steering committee member of Japan's Ministry of the Environment's Principles of Financial Action for the Formation of a Sustainable Society (part of its Principles of Financial Action for the 21st Century).

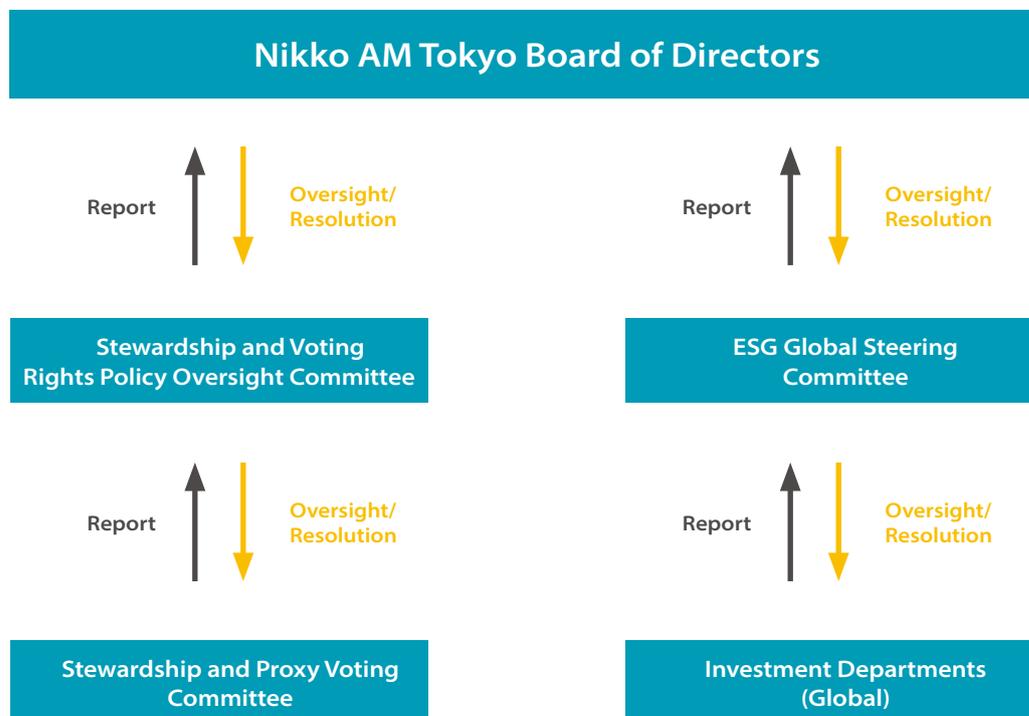
In August 2018, we became the first Asian-headquartered asset manager to support all four areas of *The Investor Agenda*, a platform aggregating investor initiatives relating to climate change. This

includes being a signatory/supporter of the Global Investor Statement to Governments on Climate Change, Climate Action 100+, as well as to the Task Force on Climate-related Financial Disclosures (TCFD). We also serve as the vice-chair of the Asian Investor Group on Climate Change (AIGCC).

Going forward, we will continue to further strengthen our ESG implementation through improved training, analysis and engagement.

Our Approach

Fiduciary and ESG principles are among Nikko Asset Management's key guiding themes as an asset management company. To clarify our group-wide commitment, we set out the Code of Conduct for Fiduciary & ESG Principles and established our ESG Global Steering Committee in 2016.



The ESG Global Steering Committee oversees the fulfilment of ESG commitments and is chaired by the Global Head of Investment, who is also a member of the Global Executive Committee (GEC). The steering committee is mandated by the GEC and reports to the board of directors at least once every quarter.

The ESG Global Steering Committee comprises leaders from our investment teams worldwide, who are in charge of ESG implementation in their individual investment processes. The steering committee is responsible for evaluating

the effectiveness of this implementation and improving our approach to ESG. It also drives the implementation of the six principles of the United Nations-supported Principles for Responsible Investment.

ESG specialists support the investment teams, primarily through internal capacity building, with the aim of having all investment professionals integrate ESG into their investment processes to the fullest extent. Furthermore, each regional office is required to present its ESG implementation activities

regularly to its respective board.

At Nikko AM Japan, the ESG framework is supplemented by our company's stewardship and voting rights governance structure, consisting of the Stewardship and Proxy Voting Committee (Voting Committee) and the Stewardship and Voting Rights Policy Oversight Committee (Oversight Committee). The Voting Committee is responsible for guidance related to Nikko AM Japan's stewardship activities, including formulating its stewardship policy, as well as amendments to the proxy voting policy.



“...we believe that **thorough research, vigorous debate, and direct engagement** with companies give us a first-hand appreciation of the issues. These are still the best ways to size up ESG factors and judge their impact on an investment outcome”

Comprised mainly of independent directors of Nikko AM in Tokyo, the Oversight Committee is an independent body with oversight authority. It monitors our Japanese operations to ensure that our company engagement and how we exercise our voting rights are in line with our policies and truly meet investor interests. The Oversight Committee is also fully integrated into Nikko AM's governance structure as it is required to report on its activities and decisions to the board of directors.

Our firm-wide ESG policy sets out how we manage and govern ourselves sustainably, and our code of ethics describes our core values, corporate social responsibility, and global citizenship. Where appropriate to the asset class, investment strategy, and client requirements, certain investment teams

may maintain specific ESG policies and procedures pertaining to their investment philosophy and process.

In 2019, we developed our Position Statement on Climate Change to reinforce our commitment and outline our approach to combatting climate change. This statement addresses all areas of impact under *The Investor Agenda*.

We have a strong emphasis on internal training, and mandate that each investment professional undertakes ESG training.

Through our proxy voting process and engagement with the companies we have invested in, we are an active owner. And, as a long-term investor, we believe that an active dialogue and engagement with the management team, where appropriate, can

both improve ESG performance and sustainability, as well as help an investor to more fully understand these efforts.

We use external ESG research reports to augment our research. Ratings can highlight companies deemed to be high-risk. These companies would then undergo more in-depth analysis and debate within the team, as well as through our ESG Global Steering Committee.

That said, we do not believe an organisation's commitment to do the right thing can be so easily captured by a rating alone. Ultimately, we believe that thorough research, vigorous debate, and direct engagement with companies give us a first-hand appreciation of the issues. These are still the best ways to size up ESG factors and judge their impact on an investment outcome.

Japan Equity Team

Our approach to ESG

Our Philosophy

To generate new growth, companies today must have a strong approach to ESG. By investing in the stocks of such companies, we believe that excess returns can be achieved over the medium to long term.

The Japan Equity team aims to generate alpha by picking companies with superior ESG practices through a stock selection process that combines both negative and positive screening, and an optimisation process that incorporates thorough management of risks.

ESG Implementation

When we conduct a historical comparison between leading ESG indices and the TOPIX, it is apparent that ESG indices do not always outperform the market. This implies that investing in companies with superior ESG ratings on its own is insufficient for out-performance. Instead, a well-conceived approach is necessary when implementing ESG considerations. As with any investment, appropriate stock selection and portfolio management are crucial to improve performance and control risk within an ESG strategy.

The Japan Equity team believes that a superior ESG investment process should:

- pursue alpha through a combination of financial and non-financial information, including ESG
- focus on ESG factors that lead to future earnings and strengthen competitiveness
- involve consistent engagement with corporate management teams

CSV evaluations of individual stocks: Positive screening

All active Japan equity investment strategies incorporate Creating Shared Value (CSV) evaluations, which take ESG factors into consideration. It is a comprehensive score that was developed by applying the CSV theory proposed by Professor Michael Porter of Harvard

University. The score assesses how companies balance their engagement of ESG issues with the pursuit of profitability and competitiveness, in order to create value for both society and shareholders. Our analyst research has incorporated CSV evaluations since 2013.

Approach to firms with governance risk: Negative screening

Firms that have been involved in criminal conduct, fraud, and/or accounting fraud, or that have caused environmental or social problems, are classified as having governance risk. The Japan Equity team excludes firms with perceptible corporate governance risk from its investment universe, while also seeking to promote better governance by engaging with the firms it invests in.



SPOTLIGHT

The CSV Score

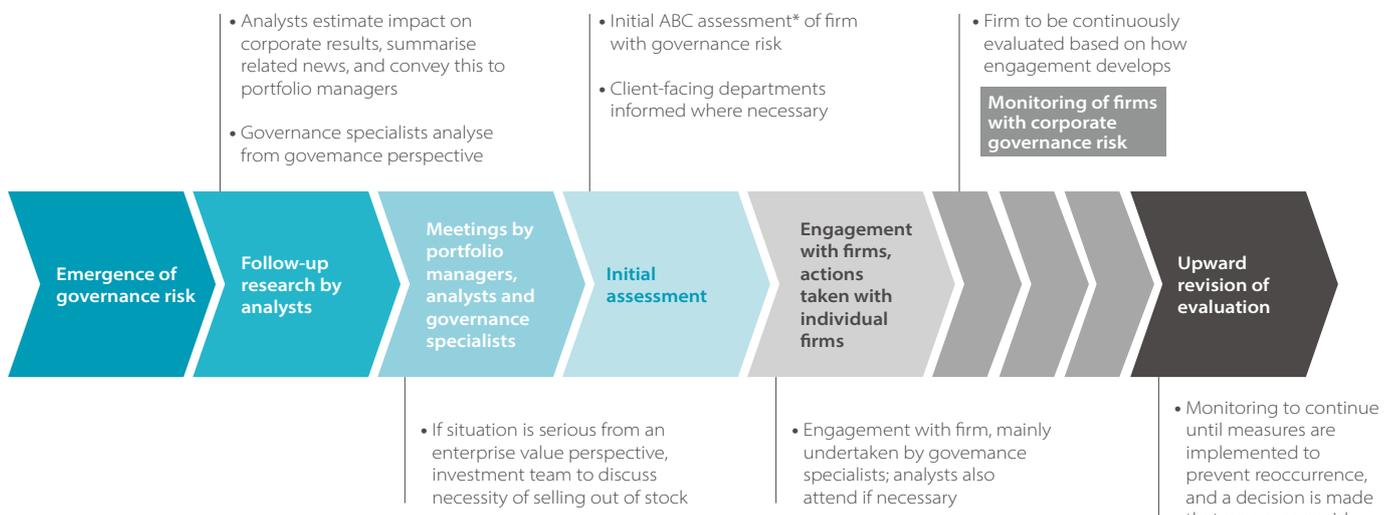
Hiroki Wakita, Equity Analyst

Incorporating the Creating Shared Value (CSV) evaluation score allows us to assess and capture momentum change of corporate value, not only of the company's ESG but also of its financial and market competitiveness. This is because the score is updated by our in-house analysts regularly through engagement with companies. Analysts apply positive scores for those that are proactive on synergistic ESG initiatives, which can likely become a catalyst of corporate value enhancement. The degree to which ESG information, such as CSV scores, is incorporated varies based on each portfolio strategy.

“To generate new growth, companies today must have a **strong approach to ESG**”



Operational flow for handling firms with governance risk



*ABC assessment (scoring of firms on governance risk)
 A: Not deemed a governance risk firm (don't oppose director appointment proposals)
 B: Deemed a governance risk firm (oppose director appointment proposals)
 C: Deemed a governance risk firm and holding of stock not recommended from corporate ethics perspective

Global Equity Team

Our approach to ESG

Our Philosophy

Our investment philosophy focuses on purpose-led Future Quality businesses, which can attain and sustain the best returns on capital in the market. It is our view that businesses with solutions to environmental and social problems, which provide value across all their stakeholder groups, will position themselves to be among the high-return companies of the future.

Society cannot solve the problems that it faces without the private sector making a significant contribution. As a result, we believe the market will increasingly allocate capital to companies that solve these problems while also behaving in a way that provides suitable value to all their stakeholder groups.

ESG Implementation

Profits to companies are as red blood cells are to humans. We need red blood cells to survive and thrive but our purpose in life is far more than just their production. The same is true in business. Profits are essential for companies, but the purpose of a business is about far more than simply the generation of profit. The best businesses understand this as they consistently provide value to all their stakeholders.

Investors need to integrate a consistent methodology to monitor corporate behaviour and governance while engaging with firms to effect change. However, to be a long-term investor, one needs to focus on companies that can not only act responsibly but are also actively working to address the social and economic problems we face — problems that have never been greater. For this to be done sustainably,

we believe it also needs to be done profitably. We believe companies that can do this will be the winning businesses of the future. Companies that are purpose-led, creating value for all of their stakeholders, are more likely to attain and sustain high returns and become Future Quality investments.

Our search for Future Quality focuses on researching and investing in some of the most profitable companies. Given the scale of the challenges faced across the world today, we are finding an ever-increasing number of companies that can form part of the solution rather than be part of the problem, which is critical for both future financial returns and the wellbeing of future generations.

ESG data provides a limited and often imperfect snapshot of how companies are dealing with and thinking about ESG issues. A focused portfolio of purpose-led Future Quality companies, with solutions to the critical environmental and social difficulties we face today, should be the defining characteristic of a truly sustainable approach.

Purpose-led Future Quality



“Undoubtedly, the older demographic will add to the existing strains on society, but it will also offer **increasing opportunities for solution providers**”



SPOTLIGHT

Opportunity in an Ageing World

Johnny Russell, Portfolio Manager

The world is getting older, and fast. Populations, both in developed and emerging countries, are ageing, driven by both increased life expectancy and reduced fertility rates. The rising share of older people globally requires the development of a range of policies, products, and services aimed to minimise the economic impact and maintain living standards.

Delayed retirement, multiple career paths, good health and wellbeing, and cheaper healthcare costs may all be required.

Undoubtedly, the older demographic will add to the existing strains on society, but it will also offer increasing opportunities for solution providers.

Our portfolio of Future Quality companies has a significant exposure to companies helping to solve this issue. In doing so, they are also addressing a number of the United Nations' Sustainable Development Goals.

Asian Equity (Ex. Japan) Team

Our approach to ESG

Our Philosophy

We believe that Asian markets are inefficient and individual stocks are prone to periodic mispricing. Our investment process is driven by the belief that active management, based on thorough fundamental research of companies, can take advantage of this inefficiency to deliver strong returns over the longer term — if this process is consistently executed in a team-based environment. All stocks in each portfolio reflect our conviction in the need to find sustainability of returns and/or positive fundamental change, and we consider environmental, social, and governance (ESG) factors to be an important part of this evaluation process.

ESG Implementation

Acceptable ESG is a prerequisite for investment in a company but it is not the sole determinant. Other considerations include the sustainability of a company's returns/profitability, fundamental positive changes, financial

indicators, quality of management, and valuation. However, where negative ESG issues are identified in the investment process, with little or no evidence that corrective measures are being taken, the company is excluded from investment consideration regardless of its strength in other areas.

The Asian Equity (ex. Japan) team incorporates ESG across various stages of the investment process

Idea generation: Screening flags, third-party data support

We assess ESG risks of companies during the stock selection process. All known companies with negative ESG issues are flagged in the research database and are considered ineligible for investment unless the company has shown tangible efforts to improve. Analysts continually evaluate companies, and these firms' behaviour towards ESG issues are updated in the database as appropriate. We also use third party data providers' scoring and analytics tools.

Fundamental analysis: Integrated research process and relative scoring on ESG factors

A key part of our fundamental analysis

toolkit is the integration of ESG materiality assessments. This helps us to build the case for the sustainability of earnings and risk mitigation, and it allows us to identify industries or companies undergoing positive fundamental change. ESG is not the only determining factor of our investments but it can be an important consideration. ESG assessment — corporate governance factors, in particular — has been an integral part of our investment process since its inception over 10 years ago.

We actively research and score companies based on ESG factors relative to their peer group. We believe that a company's corporate governance framework must promote timely, accurate, and transparent disclosure of important information, giving a complete picture of the company's performance and prospects. An assessment of the beneficial ownership track record here is key across all investments.

Portfolio construction and risk management: Sell discipline

The rating of a company can be downgraded to SELL1 or SELL2 for negative ESG developments, depending on the severity of the issue. Our independent risk team also performs checks on low ESG ranked and downgraded stocks.

Robust, tried-and-tested investment process



“...the best way to carry out thorough ESG analysis is with a **strong on-the-ground analyst team, fundamental research, and active engagement**”



SPOTLIGHT

Incorporating A-Shares

Peter Monson, Portfolio Manager

One of the biggest developments in our markets over the last two years has been the opening of the A-share market to foreign investors. Adapting an ESG assessment framework for this market has been an interesting experience given ownership characteristics, the lack of relevant data and disclosures, and cultural nuances (for instance, the paying of dividends is perceived negatively

in China). We have consistently found that the best way to carry out thorough ESG analysis is with a strong on-the-ground analyst team, fundamental research, and active engagement. This could not be more relevant to the A-share market and is something we look to achieve with our dedicated China team and local joint venture partner Rongtong Fund Management.

Japan Fixed Income Team

Our approach to ESG

Our Philosophy

In order to pursue excellent performance in domestic bond management, it is critical to evaluate creditworthiness by analysing both quantitative risks, such as debt repayment ability, and qualitative risks that cannot be captured by financial analysis. The environmental, social, and governance (ESG) viewpoint is positioned as an important factor in qualitative risk analysis.

In our team, credit analysts who analyse creditworthiness perform both fundamental analysis and ESG factor analysis of individual issuers. ESG is incorporated into the investment process by comprehensively evaluating both the fundamentals and ESG of the industry/issuer and reflecting it in investment decisions.

ESG Implementation

We have set out eight items (two items related to the environment,

and three items each related to society and governance) in analysing ESG factors. Credit analysts are required to evaluate these ESG factors alongside fundamentals in the issuer report. In addition, we share ESG views within our team at monthly meetings attended by fund managers and credit analysts. We believe that frequent conversations on ESG support a process that allows us to promptly reflect a change in circumstances that negatively affects creditworthiness, including ESG events.

For green bonds, our team considers performance contributions to be the primary investment criteria and will conduct the same robust level of research on creditworthiness of the issuer as we would for a regular bond. Regarding security selection, we prefer investing in securities that have been certified by third-party organisations and that are expected to yield higher returns.

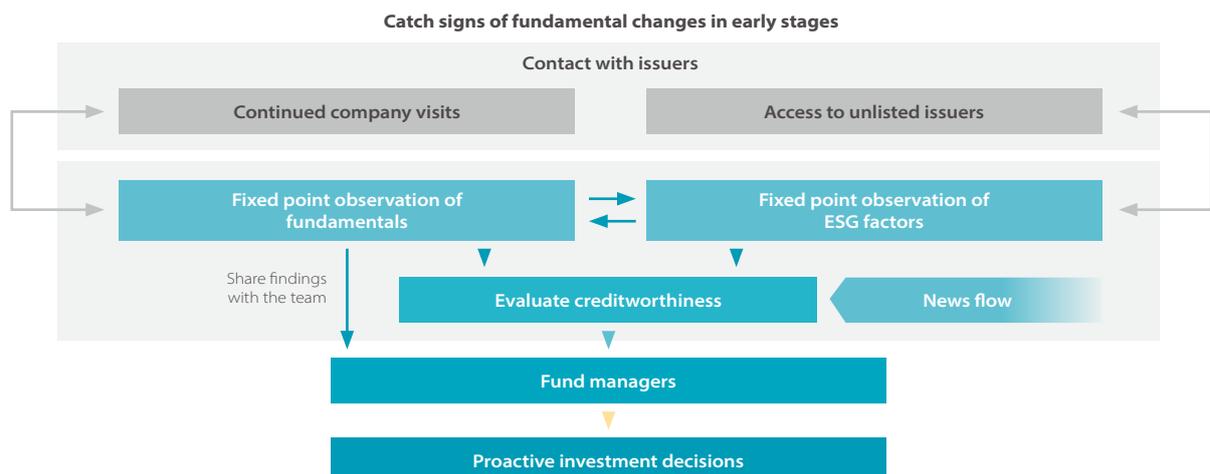
For example, we invested in a green bond issued in 2018 by Japan's first real estate investment corporation (REIT). We arranged a meeting with

the issuer before investing and determined that the green bond issuance could have a positive synergistic effect on the issuer's fundamentals, such as proactive efforts for green-eligible assets and the introduction of green leases.

We will continue to contribute to the expansion of the green bond market by suggesting green bonds to potential issuers based on their business structure or asset characteristics.

A recent observation we have made in the Japan credit market is the increase of SDG bonds that can address not only environmental but also social issues. While the number of issuances, especially those by corporates, is currently low, we decided to purchase one that was issued by a Japanese shipping company. Through our regular communication with the company, we strongly believe that we have deepened our understanding of its social and environmental initiatives and that these will have positive synergy with its fundamentals.

A framework that catches momentum change



*This chart is for illustrative purposes only

“The announcement last year that one of the credit rating agencies decided to disclose ESG factor analysis illustrated **huge progress** amid the steady steps taken”



SPOTLIGHT

Dialogue with Japanese Credit Rating Agencies

Akihiko Yoshino, Group Manager of Credit Research

Japanese credit rating agencies signing the UN PRI's Statement on ESG in Credit Risk and Ratings in 2017 was a significant catalyst that accelerated momentum to reflect ESG factors in creditworthiness evaluation in the Japan market.

As soon as we signed on to the statement at its launch in 2016, our team started to initiate dialogue on ESG factors with both Japanese and global credit rating agencies. We are an active participant in industry conversations. For example, we hosted and served as a panellist in the seminar “ESG Issues in Credit Risk and Rating” organised

by UN PRI. At the seminar, we candidly discussed the current situation and challenges that lie in the industry with Japanese credit rating agencies to encourage them towards better ESG integration. We are pleased that our credit risk case study was selected for inclusion as one of UN PRI's case studies.

The announcement last year that one of the credit rating agencies decided to disclose ESG factor analysis illustrated huge progress amid the steady steps taken. We believe our dialogue with them contributed to this breakthrough and highlights our role as an investor.

Global Fixed Income Team

Our approach to ESG

Our Philosophy

We believe in employing a consistent investment process that incorporates quantitative and qualitative inputs to generate ideas and construct high-conviction portfolios, where we get suitably rewarded for the risk we undertake. Bond investors have a unique opportunity to identify risks, engage issuers, and build relationships that can influence change. At Nikko Asset Management, we see ourselves as capital allocators and we intend to continue our efforts to provide the capital needed to meet the United Nations Sustainable Development Goals. We believe it is our responsibility to create innovative products and strategic partnerships across the capital market structure that will establish pathways for meaningful flows into sustainable investments.

ESG Implementation

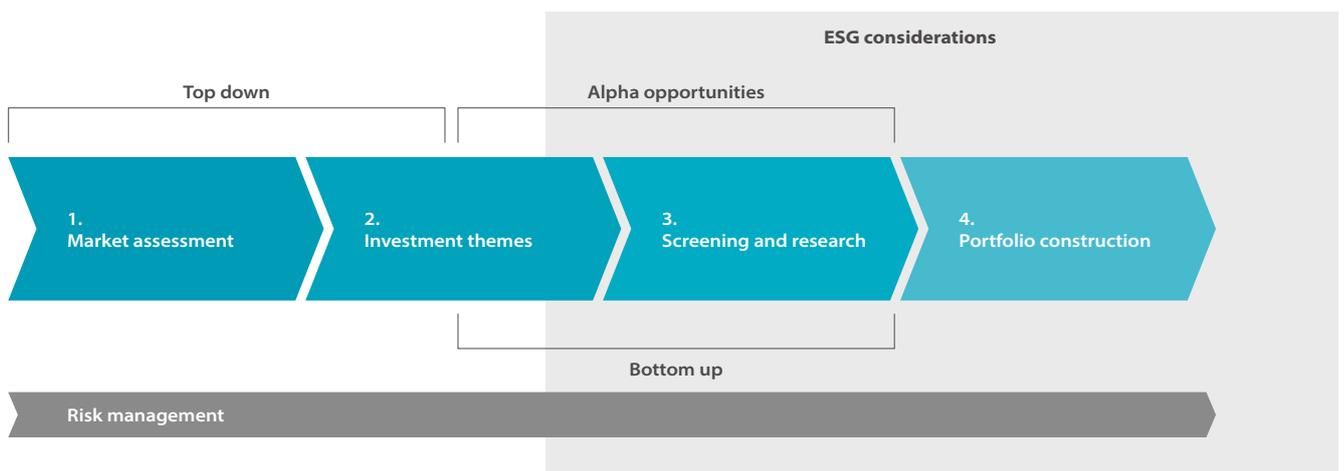
ESG is considered across all of our products. In the investment process, ESG is applied at the screening and research stage, and the portfolio construction stage. The scale and manner that ESG is integrated depends on product expectations.

For example, our flagship green bond strategy strictly invests in green bonds issued by global AAA-rated sovereigns, supranationals, and agencies (SSAs) with the strongest sustainability credentials, such as the World Bank, European Investment Bank, and Asian Development Bank.

Another example is how our Global Credit team implements ESG within their investment process. While most experienced analysts work with a best-practice list for corporate governance, built on the back of many years of experience

in credit investing, it is often more difficult to form an opinion on the environmental and social aspects of a business. Corporate governance assesses mostly general management quality, which has a direct impact on a company's performance, while environmental and social assessments tend to capture risk and opportunities linked to a specific industry or region. The impact on performance might be marginal, indirect, and long-term for environmental and social factors. However, the investment team ensures that the investments correspond with the ethical and social values of an increasing number of institutional clients. European asset owners, in particular, require that these values are reflected in their portfolios, alongside companies' performance goals. We believe a team of skilled and experienced credit analysts is still the key to success for ESG to be integrated in the analysis. Our analysis is also supported by third-party ESG research, which we use to develop a screen to identify possible issues that may warrant further research.

Four steps of our ESG implementation framework



“Building on our history of creating products that can directly and credibly channel capital to projects supporting the environment, **we continue to maintain a close relationship with the World Bank**”



SPOTLIGHT

Long-standing Relationship with the World Bank

Andre Severino, Global Head of Fixed Income

We are proud of our strong and long-standing relationship with the World Bank, which has partnered with Nikko AM's Global Fixed Income team in 2007. The partnership enabled Nikko AM to launch its first fund comprised principally of World Bank bonds in a variety of emerging market currencies, thus offering the opportunity to participate in a diversified emerging market investment portfolio that supports the mission of the World Bank.

In 2010, we launched the world's first dedicated green

bond fund in partnership with the World Bank. The strategy — the first of its kind — strives to invest 100% in green bonds from some of the most transparent green issuers within the market. All bonds purchased in the strategy fall into Cicero's "dark green" scale of the market.

Building on our history of creating products that can directly and credibly channel capital to projects supporting the environment, we continue to maintain a close relationship with the World Bank.

Asian Fixed Income (Ex. Japan) Team

Our approach to ESG

Our Philosophy

Our investment philosophy is premised on capital preservation, investing for the long-term, and value discipline. Our Asian Fixed Income team believes that markets are dynamic, often prone to economic “noise” and not always perfectly efficient. Therefore, outperformance can be achieved by applying a systematic approach to top-down macro and bottom-up credit research. We are convinced that all three ESG factors — environmental, social, and governance — are inherent to long-term value creation, essential to sustainable investment, and should be considered in investment decisions. We apply this investment philosophy consistently across client portfolios.

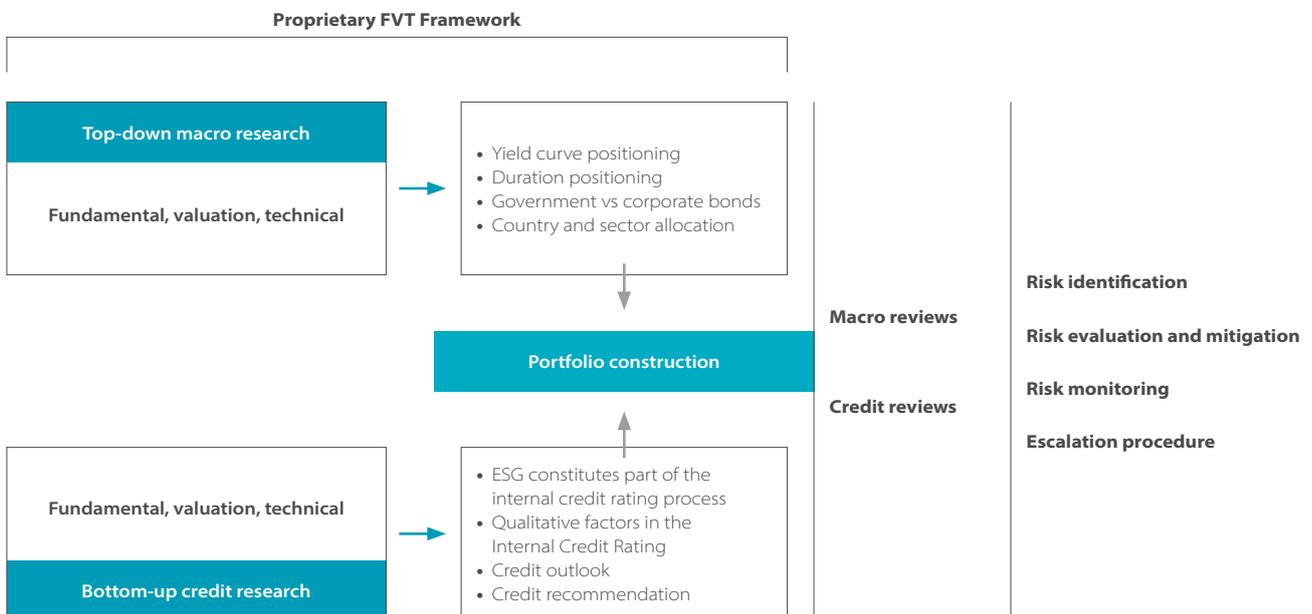
ESG Implementation

Our proprietary Fundamental, Valuation, and Technical (FVT) Framework, which is applied to our top-down and bottom-up research, is the foundation on which we construct high-conviction portfolios that seek to deliver returns through multiple sources of alpha. With regard to our robust credit research, the most important output from our team of dedicated credit analysts is the Internal Credit Rating (ICR) model.

The ICR process is the first pillar of our bottom-up credit research and enables the credit research team to assess quantitative and qualitative aspects of each issuer, independently of external credit rating agencies. ESG risks and opportunities are assessed and scored as part of the ICR qualitative assessment. Taking into consideration the impact of ESG factors is important as it can identify downside risks to a borrower’s

ability to fulfil its debt obligations.

At Nikko AM, we view ESG factors as important aspects of our credit analysis and an integrated part of our investment process. The investment team researches and scores companies, taking into account both qualitative and quantitative factors. These ESG factors include environmental issues, such as climate change and carbon emissions, deforestation, and air and water pollution, amongst others; and social issues, which include human rights, consumer protection, potential changes to the market via government regulation, as well as changing consumer and public opinion. Corporate governance also matters and it involves looking at the quality of the company’s management and shareholders particularly on key-man risk, integrity, and reputation history. ESG violations will result in a penalty score that will lower the overall credit score of the company, and hence a lower credit rating. This means we would demand a higher risk premium to justify the investment.



“Environmental risks often affect **the long-term profitability of a company**, so the team has to factor in the sustainability of its business model”



SPOTLIGHT

Assessing ESG Factors in Our Credit Research

Liang Choon Koh, Head of Asian Fixed Income

ESG factors are important aspects of the team’s credit analysis and are an integrated part of our investment process. The sustainability of a company’s business is analysed and any ESG issues are scored within the ICR model. Environmental risks often affect the long-term profitability of a company, so the team has to factor in the sustainability of its business model. For example, the palm

oil industry has an impact on the environment through deforestation and forest-burning practices, which have occasionally led to hazardous air quality in the region. We have negatively scored a company in the industry due to inadequate environmental protection and difficulty in meeting industry standards, all of which have led to business losses and the deterioration of its financial profile.

Portfolio Solutions Group

Our approach to ESG

Our Philosophy

The Portfolio Solutions Group (PSG) evaluates, selects, and monitors external managers at Nikko Asset Management. We believe that considering ESG factors when investing is tied to long-term corporate value creation and sustainable economic growth. We embrace ESG as a means to managing investment risk more effectively, delivering better quality long-term investment returns, doing good for our communities, and being good stewards of our environment. We uphold a high standard in integrating ESG considerations into our investment process.

The PSG uses an internal ESG evaluation policy when we evaluate managers' ESG approaches to achieve consistency and rigour across asset classes and strategies. We are constantly updating our ESG framework as industry best practices continue to mature.

ESG Implementation

In the PSG's investment manager due diligence framework, we evaluate investment managers across four different categories:

- Investment considerations
- Operational considerations
- Level of transparency
- ESG factors

Each assessment category is individually important but not sufficient in helping us to understand the manager's idiosyncrasies, strengths, and weaknesses. By skilfully amalgamating all four of these categories, we use a holistic approach to better assess the investment manager in a complete manner and better manage the associated risk partnering with the manager, therefore delivering desirable investment outcomes to our clients.

At the initial due diligence stage, we send the manager our dedicated ESG questionnaire. We review their answers along with relevant policies, documentation, and past practices to assess their ESG integration across both their investment and operational processes.

We supplement this questionnaire-based information-gathering process with face-to-face discussions with the investment managers. We also conduct additional checks whenever necessary.

We evaluate and score investment managers according to four ESG pillars:

- Company: overall ESG philosophy and policy, as well as level of commitment to ESG integration
- People: the ability and stability of the investment professionals in charge of ESG within the investment manager
- Research: the ESG research ability, quality, and unique value-add of the investment manager
- Investment process: the consistency and repeatability of the investment manager's investment

process integrating ESG factors, as well as the degree of integration

An ESG score, aggregated across the four ESG evaluation pillars, is given to the investment manager or strategy with additional assessment insights written whenever appropriate.

Alignment with industry standards and best practices

Our ESG assessment framework was developed by our global team, in consultation with Nikko AM's in-house ESG specialists. We also incorporate best practices from top-tier industry peers, such as:

- fully incorporating ESG data-gathering and analysis into our investment and operational due diligence
- making use of dedicated ESG specialist resources within the firm
- proprietary ESG scoring across key categories
- using ESG assessment as a tool for risk control/risk mitigation
- allowing ESG assessment results to fall within a spectrum, not a binary pass/fail outcome
- giving standardised ESG ratings to managers that provide more nuanced information than those that just check boxes
- ensuring our ESG approach and ratings system is constantly evolving as the industry continues to mature

How PSG evaluates and scores managers on ESG

Company	People	Research	Investment process
<ul style="list-style-type: none"> • Company-wide ESG philosophy and process • Level of commitment of the manager to ESG 	<ul style="list-style-type: none"> • Dedicated ESG team/ specialist resources • Skill set of ESG professionals 	<ul style="list-style-type: none"> • Robustness of ESG data sources • Value-add of ESG-related research 	<ul style="list-style-type: none"> • Level and consistency of integration into investment processes • ESG risk management and controls

“This marks the culmination of our year-long initiative to articulate, structure, and formalise our collective ESG awareness across the global team and bring it to the **forefront of our investment process**”



SPOTLIGHT

Integrating ESG Best Practices across Four Global Offices

Naoyuki Murota, Portfolio Manager

Although ESG considerations have been inherent in our investment DNA for a long time, in 2019, we announced the formation of the PSG's ESG Working Group, comprising members across four global offices (Tokyo, Singapore, New York, and Sydney).

This marks the culmination of our year-long initiative to articulate, structure, and formalise our collective ESG awareness across the global team and bring it to the

forefront of our investment process. ESG has also been the focus of many dialogues with our existing and prospective investment managers globally.

The ESG Working Group will continue to drive our ESG capability development through industry research and benchmarking, continuous refinement of ESG implementation in our investment process, and proactive communication with internal and external stakeholders.

Good Governance: Proxy Voting

The Nikko Asset Management Group Proxy Voting Policy establishes our company-wide approach to proxy voting decisions. One objective of this policy is to underscore the group's focus on ESG in proxy voting decisions that are undertaken by Nikko AM and all of its overseas

investment management subsidiaries. It is also intended to make it clear that proxy voting by each of the investment management teams in the group is based on the same common approach.

The policy expresses our basic approach to proxy voting decisions, as well as matters such as engagement

and conflicts of interest. Additionally, investment management locations in the group may also disclose their own respective proxy voting guidelines that stipulate detailed proxy voting criteria along with proxy voting results.

Global voting results 2019

Number of meetings: 7,099

Number of resolutions: 73,984

Percentage of votes with management: 88%

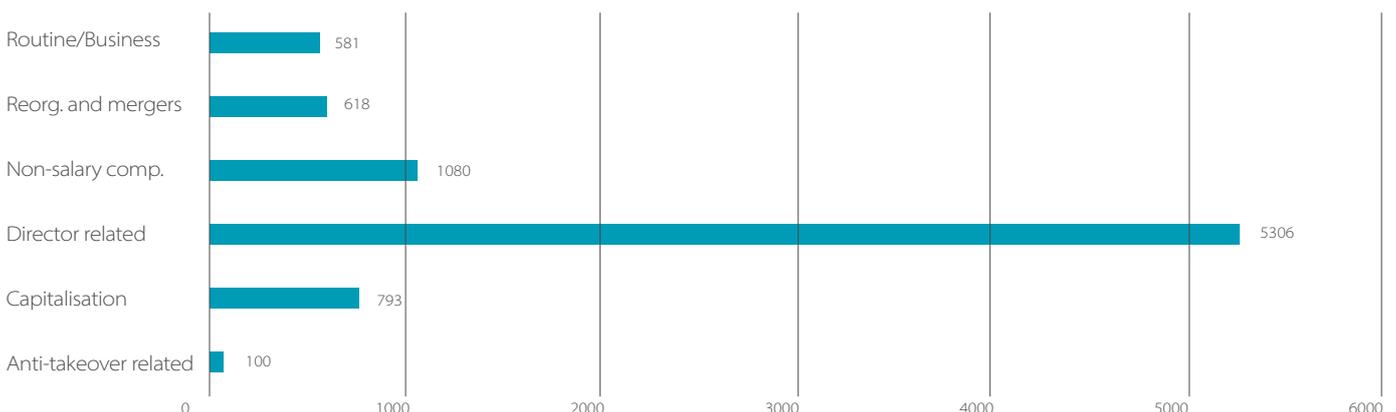
Percentage of votes against management/abstentions: 12%

From Jan 2019 to Dec 2019

Region	Number of meetings	Number of resolutions	Votes with management (%)	Votes against management (%)
APAC (ex. Japan)	2,303	19,872	90%	10%
EMEA	1,117	16,219	90%	10%
Japan	2,338	24,469	84%	16%
Latin America	257	2,211	88%	12%
North America	1,084	11,213	91%	9%
TOTAL	7,099	73,984	88%	12%

Reasons for voting against management, 2019

Management proposal / vote against management



Our Engagement

Our fund managers and analysts endeavour to enhance corporate value through interaction with management and investor relations representatives of investee companies with respect to public information.

Their engagement involves exchanging opinions with investee companies and taking a long-term perspective, in a manner that matches the growth phase of each company. These discussions do not merely cover the firms' corporate earnings and financial strategies but also other matters mentioned in the non-financial information they disclose,

including their management policies, business strategies, shareholder returns, and ESG issues.

Our fund managers and analysts engage with a diverse group of people ranging from the top management of firms to employees responsible for finance, corporate planning, and other business managers. They also work to enhance the impact of their engagement by proposing meetings with the top management of firms that are particularly slow in providing information. The results of these activities are shared where appropriate between fund managers and analysts, and can be useful in assessing corporate value when making investment decisions.

In March 2017, we also established a business unit within the Equity Fund Management Department of our Tokyo office called the Active Ownership Group, which currently includes three analysts and facilitates engagement in passive fund management. We believe that this helps us to meet the requirements in principle 4 of Japan's Stewardship Code. The establishment of this group enabled us to

expand the number of companies we engage with from about 950 (those in the active management investment universe) to approximately 2,200 companies (by adding investee companies that are managed passively). The Active Ownership Group in the Tokyo office engages with companies in an order of preference based on considerations including their earnings, capital efficiency, and shareholder returns.

Based on the policy, we have worked to achieve closer engagement with investee companies in order to share an accurate understanding of their circumstances and help them to generate medium- and long-term corporate value. In FY2019, Nikko AM engaged with 1,443 companies on 3,990 matters.

We continuously implement education and training to prevent the acquisition of undisclosed material facts. In the unlikely event that undisclosed material facts are acquired, countermeasures are immediately implemented to prevent insider trading from occurring in accordance with Nikko AM's internal rules for the management of insider trading.



SPOTLIGHT

Engagement Starts with Us as Investors

Kozue Saito, Equity Analyst

We believe that engagement starts with us, the investors, by developing a deeper understanding of how the goals each company sets impact stakeholders and how the company sets out to achieve them. Therefore, we value constructive discussions — discussions that start by identifying a vision for the future then continue by considering current business conditions and what needs to be done by the companies.

The need for businesses to consider the interests of various stakeholders — not only investors but also customers, employees, business partners, local communities, and other stakeholders — has become greater than ever. We believe that strengthening such initiatives for a company will not only prevent reputational risk but also improve its value and competitiveness.

Our Engagement: Case Studies

CASE 1

Food producer listed in Japan

ESG issue
Climate change

Our Analysis

The food industry is recognised as a sector that is highly exposed to climate change, and the meat industry is also a significant contributor. As this company is involved with meat, marine, and dairy products, we believe it is susceptible to both physical and transition risks. Through our engagement, we exchanged opinions on the recognition of climate change risks and the efforts to convert these risks into business opportunities. Lastly, we emphasised our expectations of proactive disclosure.

Outcome

Our view is that the company is working towards including deeper discussion on climate change at the board of directors and management levels. The firm is currently developing a long-term vision to be unveiled at its 100th anniversary. The company is also in the process of replacing an outside director with one who has a deeper understanding of business management, consumer insight, and investors. We were informed that there will be greater disclosure in the next integrated report.

CASE 2

Kitchen equipment manufacturer listed in Japan

ESG issue
Corporate behaviour: Response to scandals

Our Analysis

The company's stock price fell sharply after it was revealed that inappropriate transactions had been made at several subsidiaries. The general narrative was that the scandal was due to the group's governance systems. At the same time, we were aware of the complexity of the company's situation since its growth was generated through acquisitions. We further requested an explanation on the company's action plans regarding organisational structures, such as personnel increase in management and supervisory departments, as well as audit systems at overseas subsidiaries.

Outcome

The company's response to our requests was positive and promptly delivered. We confirmed that all of the points that we mentioned were taken into account by the top management and that some had already been implemented. It was unfortunate that a series of scandals occurred, yet we expect this event will be a turning point to change the company's governance structure. We will continue to track its improvements.

CASE 3

Electronics manufacturer listed in Japan

ESG issue
Corporate behaviour: Capital efficiency, independence of the board of directors, and diversity

Our Analysis

The company's ROE has continued to be lower than the industry average against the backdrop of abundant financial assets (including policy-holding shares), and accumulated capital. In addition, there are issues concerning the independence and diversity of the directors, and the executive remuneration system has room for improvement in terms of linking to medium- to long-term shareholder value.

Outcome

Through our consistent engagement, we finally saw positive changes in attitude that reflect management change: the firm announced share buybacks, raising the dividend payout target and ROE target in public. It has also improved transparency of its board of directors by stopping the acceptance of outside directors from other companies, and it has also appointed female outside directors.

CASE 4

Airline listed in the UK

ESG issue
Labour rights

Our Analysis

Europe's leading budget airline offers cheap travel to the masses. It is known for a relentless focus on cost management and it offers the cheapest flights in the industry. However, its outspoken treatment of pilots and cabin crew went too far, leading to strikes, defections to the competition, and a deterioration in trade.

Outcome

We engaged with the management and asked for a more sustainable and long-term approach to wealth creation. However, a dominant CEO backed by poor governance meant change was not forthcoming. Without change, returns would eventually suffer and hence we booked profits and sold our shares.

CASE 5

Agribusiness listed in Singapore

ESG issues
Climate change
Biodiversity
Human and labour rights

Our Analysis

We have engaged on ESG issues regularly in our meetings with the executive management, on an individual basis. This year, we participated in the PRI Palm Oil Investor Working Group (IWG) to explore where we can support and collaborate with other investors concerned about the issues, especially with our presence in the region.

Outcome

While the company is recognised to adopt best-in-class approaches, we will monitor developments as controversies may continue to arise, especially given the magnitude of its operations. We seek to elevate the collaborative engagement undertaken by the PRI Palm Oil IWG through our close and frequent engagements with the company's senior management.

CASE 6

Household goods retailer listed in Australia

ESG issue
Capital management

Our Analysis

The company is controlled by the founder and majority shareholder. He chooses to reinvest cash flow into low returning property investments rather than paying higher dividends. Consequently, the company trades below its fair value as the returns are low. We engaged with the chairman and founder to encourage the sale of properties to unlock the unrecognised value.

Outcome

The founder did not agree with our view and made it clear that he would not change the capital management of the company. As a result, we reduced our valuation and sold most of our holding when the price recovered. We would consider increasing our valuation if the company sold its properties and distributed proceeds to shareholders.

Climate-Related Financial Disclosure Update

In August 2019, we published our first Task Force on Climate-related Financial Disclosures (TCFD) report for the January to December 2018 period, and our current views are largely the same. Ahead of our upcoming TCFD report for 2020, this is a brief update on the climate-related initiatives undertaken from January to December 2019.

Progress in 2019

Collaborative engagement

We continued our Climate Action 100+ engagements. We also joined the PRI Palm Oil Investor Working Group (IWG). We recognise deforestation to be a severe threat with regard to climate change, a fact that was emphasised in the Intergovernmental Panel on Climate Change's 2019 special report highlighting the protection and restoration of forests as a critical mitigation measure. We participate in collaborative engagement as part of the PRI Palm Oil IWG, seeking to learn and share on ESG issues linked with sustainable palm oil.

We learnt that our strong Asian presence enables us to enhance our engagement. We have opportunities to dialogue directly with senior management teams to gauge management responsibility, while other collaborative investors typically speak only to a company's chief sustainability officer or investor relations officer. We will continue to develop high quality engagements.

Active dialogue with regulators and the investment community

Besides engaging with investee companies, we also actively engage with other stakeholders to advance the climate change conversation across the financial eco-system. These stakeholders include regulators and the investment community, which we engage with bilaterally and also at multi-stakeholder platforms.

Such platforms include the Japan

TCFD Consortium and the global TCFD Summit. In May 2019, the inaugural meeting of the Japan TCFD Consortium was held, representing a platform for industry, financiers, regulators, and academia to collectively work towards effective and efficient climate-related disclosures. We are proud to have become a member of the TCFD Consortium when it was created in 2018. The first-ever TCFD Summit was held in Tokyo in October 2019, and was attended by Japan's then-Minister of Economy, Trade and Industry Isshu Sugawara, Chief Investment Officer of Japan's Government Pension Investment Fund Hiromichi Mizuno, and Governor of the Bank of England Mark Carney among others. The event took stock of TCFD implementation and participants discussed emerging best practices in climate-related financial disclosure. Two representatives from Nikko AM attended the TCFD Summit.

In 2019, we were also invited to participate in the Advisory Group of the Asia Sustainable Finance Initiative (ASFI), through the Investment Management Association of Singapore. ASFI brings the financial sector together with academia and civil society to seek multi-stakeholder and science-based solutions for sustainable finance.

We continue to actively participate in the other initiatives we reported on in our 2018 report, such as the Asia Investor Group on Climate Change (AIGCC) and Responsible Investment Association Australasia. In 2019, we supported AIGCC in organising the AIGCC Asset Owner CEO/CIO Investor Roundtable, alongside

the Milken Institute Asia Summit.

Climate change e-training

We emphasise training for investment professionals in our implementation of ESG, including on climate change. Apart from implementing the UN PRI's responsible investment e-learning, we have developed the first module on climate change to be rolled out across our firm globally.

Climate scenario analysis tools

We subscribe to third-party carbon portfolio analytics tools that help to assess companies on metrics such as carbon intensity, carbon risk management, and stranded asset exposure. In addition, we continue to explore scenario analysis tools that can add value to our analysis at both company and portfolio levels. In 2019, examples from different scenario analysis providers were presented and discussed at the ESG Steering Committee meetings. We continue to investigate the applicability of existing and emerging climate scenario analysis tools to our various portfolios.



ASIAN INVESTOR GROUP ON CLIMATE CHANGE (AIGCC) ASSET OWNER CEO/CIO ROUNDTABLE, HELD ALONGSIDE THE MILKEN INSTITUTE ASIA SUMMIT IN SINGAPORE



Our Sustainability Activities

A Passion for Sustainability

A message from the Head of Corporate Sustainability

The year 2019 has been an incredibly busy one for sustainability at Nikko AM. The UN's Sustainable Development Goals have been a driving force behind some of our activities and, throughout the year, we have contributed to many of them, including Gender Equality, Quality Education, and Reduced Inequalities.

We continue to passionately support diversity and inclusion (D&I) at our firm. In addition to our initiatives to support female empowerment, this year we also started the Disabilities Working Group to help create a more inclusive workplace for employees with special needs. Our promotion of D&I extends to society at large: this is our fourth year as proud sponsors of the Japan Wheelchair Rugby Federation.

Each of our offices has been engaged in a variety of community-led activities that are helping to benefit both the environment and those in need. For example, members of the Tokyo office volunteered at a local NPO devoted to refurbishing wheelchairs and sending them overseas to those in need. A team in Singapore looked after the children of low-income mothers after work to give these women the chance to attend training classes. The Nikko AM Americas office helped to provide school supplies to children in homeless and domestic violence shelters. The London and Edinburgh offices spent time volunteering at urban farms that promote environmental sustainability and educational support to disadvantaged youth. The Sydney office organised an event to highlight the importance of mental health. The New Zealand office participated in Plastic Free July and started



“...we have made the decision to concentrate our energy on **three core areas** of sustainability, namely D&I, reducing inequality, and the environment and climate”

collecting food waste for composting.

Looking to the future, we have made the decision to concentrate our energy on three core areas of sustainability, namely D&I, reducing inequality, and the environment and climate. As we immerse ourselves in these areas, my hope is that in 2020 we will be even busier.

Stefanie Drews

*Senior Corporate Managing Director,
Global Executive Committee Member, and
Head of Corporate Sustainability*

Our Approach

Sustainability at Nikko AM is truly a firm-wide effort. We believe that making honest disclosures and holding ourselves accountable for our progress are key to becoming a better corporate citizen. By transparently communicating our direction to our stakeholders and assessing the areas where we can do more, we hope to spark dialogue within our industry that helps us all work together towards a better, fairer future.

The Corporate Sustainability Department was established as a reflection of our commitment to capturing and addressing the needs of stakeholders not only in our company, but in the societies in which we operate.

Corporate Sustainability Department

Mission

- To ensure sustainability is embedded in the firm's strategy
- To create an environment of engagement and inclusion
- To embrace all stakeholders in our ecosystem
- To constantly challenge and enhance the status quo

Structure



SUSTAINABLE DEVELOPMENT GOALS



The Advisory Council comprises non-executive board members and senior management, including regional CEOs. The Council meets quarterly and reviews the firm's corporate sustainability action plans. It also assesses the materiality of initiatives and ensures that the firm has a cohesive approach to corporate sustainability.

At each office, local working groups initiate and execute activities in line with the sustainability strategy. Run by volunteers, the working groups translate the company-wide strategy into local objectives. This structure gives staff the freedom to implement initiatives that make sense to their regions.

Interconnectedness

As a global firm, we bring a spirit of collaboration into all our corporate sustainability activities. Our Japan headquarters and our global offices work closely together in setting the direction for the firm's sustainability initiatives.

In 2019, the LGBT Working Group in Japan worked with the Human Resources Department to enable employees in same-sex relationships to receive the same benefits as employees in opposite-sex marriages. This is similar to what is offered at our offices in regions such as Australia and New Zealand.

We also standardised our travel policy for volunteer trips to encourage participation from all our offices for global charitable initiatives. As a result, participants from our Edinburgh and Sydney offices were able to join volunteers from Singapore and Hong Kong on an initiative to build and install water filters in Siem Reap, Cambodia.

Contributing to the UN Sustainable Development Goals (SDGs)

We use the UN SDGs as a common language and framework that is easily understood by all of our stakeholders. In order to highlight the ever-increasing importance of SDGs and sustainability to our business, Nikko AM hosted an SDG training programme at the Tokyo Office for leaders who drive our sustainability efforts.

In 2019, employees chose to prioritise Quality Education, Clean Water and Sanitation, and Climate Action, while the Advisory Council chose to complement this with Gender Equality and Reduced Inequalities.

In the following pages, we highlight the corporate sustainability initiatives undertaken by our global offices in 2019, along with the SDGs they contribute to.

Diversity & Inclusion

Being inclusive and ensuring diversity of thought are not only the right things to do but also make business sense. At Nikko Asset Management, we recognise that diversity & inclusion (D&I) is a key aspect to the development of our people and to our sustainability efforts.

D&I in people development

Our people are our most important asset, and the inclusion of D&I in our corporate values strengthens this conviction. All employees have a key performance indicator (KPI) related to how they behave within the guidelines of our values.

The emphasis on D&I means that we recognise that every individual has their own set of challenges faced both in the workplace and outside it. Here, we showcase how some of our Nikko AM offices address these different challenges.

In 2018, our Tokyo office began setting out a strategy to help our firm deal

with the decrease in Japan's labour force, which is due to a shrinking and ageing population. We set-up the 20-member Work Style Reform Project Working Group with members from various departments. The aim of the project was to review our current remote working policies so they fit the diverse work-styles of our employees and enhance work-life integration through the improvement of our telecommuting programme. By realising this, we also aim to achieve sustainable business operations. We have conducted trial sessions to implement telecommuting, where 25 employees were pilot testers of the programme for a period of between two and three months. The policies we have created in relation to these efforts are available to all employees.

At our Australia office, our employees participated in Australia's "R U OK? Day" on 12 September 2019, a national day of action dedicated to suicide prevention, reminding people to ask family, friends, and colleagues the question, "R U OK?". Employees received training to better understand the impact of starting these important conversations. In building a workplace that is supportive of diverse individuals and mindsets, these conversations become easier to start as staff feel the ability to be more open amongst colleagues.

Our Singapore office engaged the Singapore Anglican Community Services — our corporate partner for the Employee Assistance Programme (EAP) — to conduct a session on "Insights to

Mental Wellness" for employees. Statistics have shown that there are increasingly more people, including youths, who have experienced a mental disorder in recent years. While the topic is still considered taboo in many workplaces, our Australia, Hong Kong, and Singapore offices have set up the EAP for employees. Recognising that the overall well-being of a family is critical to our employees, we subsequently extended the programme to immediate dependents (i.e. spouses and children).

"In building a workplace that is supportive of diverse individuals and mindsets, these conversations become easier to start as staff feel the ability to be more open amongst colleagues"

We believe that a diverse and inclusive workplace is a critical component in being able to best support and serve clients. As a result, our working practices, promotions, and recruitment are wholly based on individual merit with diversity and capability at its heart.

Corporate sustainability champions D&I

At Nikko AM, we acknowledge that building an inclusive culture is not only the responsibility of our Human Resources Department. Corporate sustainability has an important role in fostering such a culture. The Corporate Sustainability Department has identified three priorities to further the firm's D&I agenda: women's empowerment, LGBT, and special needs in the workforce. Each of these is championed by a group of employees with a passion for their chosen cause.

For the first initiative, women's empowerment, the firm signed a statement of support for the Women's Empowerment Principles (WEPs) in 2018. Produced and disseminated by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global





WHEELCHAIR RUGBY

Compact, the principles present seven steps that business and other sectors can take to advance and empower women. Nikko AM's support for the WEPs aims to deepen employee understanding of and respect for diversity, and thereby nurture innovative approaches to meet our clients' needs.

In Tokyo, the Japan Women's Group has been active since 2015 and is the longest running D&I group at Nikko AM. The group invites external speakers to Lunch and Learn seminars and also hosts training workshops for staff so that they can learn positive communication, practise using it, and enhance their leadership skills. The group recognises that one individual will not become everyone's role model, so they look to find speakers with various backgrounds.

Another element of the working group's efforts is to work with the Human Resources Department to set-up a five-year action plan to meet the expectations of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. The group sets the KPIs that Nikko AM would aim to meet in the next four to five years. Nikko AM has also begun introducing employees that are considered potential role models, through interview articles about them.

Our Australia office has partnered with Future IM/Pact, an industry initiative aimed at attracting more diverse talent to the investment teams of Australia's leading fund managers and superannuation funds, where the majority of investment teams remain male-dominated. Representatives from the Australian office attended Future IM/Pact's major student networking event. Featuring keynote and panel presentations, the event was attended by over 250 students and investors from partner

organisations. The networking event was aimed at helping students understand the impact that investors have on the economy and the opportunities for young women to build a thriving career in the investment management industry. As part of this effort, staff have held discussion sessions with the founder of Future IM/Pact about diversity trends in the asset management sector as well as considerations and possible solutions within the Australian market.

With regard to the second initiative on LGBT, the firm has been very active. This effort was originally triggered when one of our employees proposed an idea at our Idea Generation Forum to better engage with our LGBT clients and customers. The LGBT Working Group was formed in Tokyo to focus primarily on LGBT issues, but at the same time, it promotes the recognition of a diverse workforce supportive of all individuals.

In 2019, the group worked with the Human Resources Department to enable employees in the Tokyo office who are in same-sex relationships to receive the same benefits as employees in opposite-sex marriage. This is similar to what is offered at our offices in regions such as Australia and New Zealand.

The group has also hosted several external speakers to speak on various topics, including potential business product ideas that can help address issues the LGBT community is facing, as well as the importance of understanding the need for LGBT rights and joining LGBT Finance, a network of financial institutions in Tokyo that share resources to support the larger community. As a result of these efforts, the firm was presented with the Work with Pride gold award from a Japanese non-profit organisation that assesses an employer based on elements such as empowerment,



IN SUPPORT OF LGBT RIGHTS

engagement, development, and policy.

We have also actively engaged in our third initiative, the inclusion of special needs individuals into the workforce. Since 2013, Nikko AM has run the Athlete Employee Programme, which focuses on hiring wheelchair-bound athletes. In 2015, we became an official sponsor of the Japan Wheelchair Rugby Federation. One of our employees, who joined the firm through the Athlete Employee Programme, and who won a bronze medal at the 2016 Rio Summer Paralympic Games for wheelchair rugby, founded the Disabilities Working

“As a result of these efforts, the firm was presented with the Work with Pride gold award”



Group together with the Corporate Sustainability Department in early 2019. The group's mission is to create an all-inclusive workplace that makes it easier for those with special needs to work, and also create an environment that is more employee-friendly for all.

Just as we believe in partnering with our clients to build progressive investment solutions on the business front, our approach to D&I is about partnering with our stakeholders to build an inclusive environment that supports diversity of thought. There is much academic evidence that diversity of thought and perspective is a key element to engendering innovation. And in an industry as competitive as ours, innovation is essential to success.



Environment and Climate

Nikko Asset Management has a long history of committing to the environment in both our business and office activities. Our Environmental Policy, developed in 2010, is the guiding principle of our efforts. On the business side, we created Japan's first eco-fund in 1999 and then became the first asset manager to offer a global green bond fund. On the corporate front, we have been assessing our environmental footprint for several years. This year, we have been certified as a carbon-neutral firm for the first time.

Achieving carbon neutrality

We have been assessing our CO₂ emissions and energy usage at our Tokyo headquarters for several years now. With the establishment of the Corporate Sustainability Department in 2018, we have further enhanced our effort to expand the assessment to our overseas offices.

Our Corporate Sustainability Department aggregated the travel and financial data from our global offices in Tokyo, Singapore, Sydney, Melbourne, Auckland, New York, and London. In line with the findings and our commitment to the UN's SDG #13 ("Take urgent action to combat climate change and its impacts"), we reached out to Carbon Footprint Ltd — a UK-based international organisation — to help us offset our emissions. We are proud that we have been certified as a carbon-neutral organisation for the first time.

The carbon offsets will be used to fund the installation of renewable solar PV cells in the Indian National Grid for diversification of energy sources and sustainable growth. This also contributes to sustainable employment, improved healthcare, sanitation, and education to the local communities.

Committed to reducing the use of plastic

At the G20 Summit hosted in Osaka in June 2019, Japanese citizens made it clear that the global problem of plastic waste needed to be made a priority. At Nikko AM, we have also made our own commitment to reducing reliance on plastic. As a result, we have successfully removed

the use of plastic water bottles from the majority of our offices globally and replaced them with water servers instead.

We recognise that many environmental issues are themes of a global scale and often too onerous for individuals to tackle on their own, so our approach is to link awareness and understanding to actions taken. This means engaging with both internal and external stakeholders to bring about change.

Using this approach, our Tokyo office took a survey of individual employees' efforts to reduce, reuse, and recycle. The survey showed that 75% of our employees used reusable bags instead of receiving plastic bags from retailers. In order to increase the number of users of reusable bags, we handed out compact foldable reusable bags for all employees to use. A month later, another survey was done and results indicated that the number of employees using reusable bags had increased. The firm will continue to engage employees to raise awareness of how individuals can work to reduce the impact we have on the environment.



REUSABLE AND ECO-FRIENDLY GIFTS

Shaping sustainable behaviour

Shaping sustainable behaviour and sparking dialogue among staff is one of our key goals. For Earth Day on 22 April 2019, the Asia (ex. Japan) office distributed reusable bento boxes made from bamboo to all local employees. This was to encourage staff to reduce their reliance on single-use packaging. The office chose bamboo as it is biodegradable, while being extremely strong and lightweight. It is also one of the fastest growing plants on the planet, but does not rely on pesticides or much water; and its roots are able to absorb metals from soil, which in turn makes land healthier for animals and other plants.

To further support this effort, the Asia (ex. Japan) office invited The Sustainability Project to host a lunch session that focused on practical tips on how staff can lead more sustainable lives by reducing waste and becoming more environmentally conscious individuals, both inside and outside the office. Employees had to bring their own lunches in reusable containers for the event.

“For Earth Day on 22 April 2019, the Asia (ex. Japan) office distributed reusable bento boxes made from bamboo to all local employees”

For our EMEA team, shaping sustainable behaviour has begun with the circulation of a monthly email to employees with tips on sustainable living. This is done in tandem with activities such as eliminating the use of plastic bottles, recycling coffee pods, and implementing a tax efficient scheme for employees to purchase bicycles for commuting.

In our Sydney office, the team made headway towards a more sustainable environment by changing their paper source. They have started to use one of the most environmentally responsible paper products on the market: Planet Ark 100% Australian Recycled Paper. It is 100% recycled, Australian made, carbon neutral and certified through the Australian government's National Carbon Offset Scheme. This is an effort that is a combination of quality, cost, and environmental responsibility.

Our New Zealand team has introduced reusable cups to the office. Employees are able to “adopt” or use these cups through a library-style check-out system, and there is also a

designated set for visitors. This has significantly decreased the use of single use disposable coffee cups in the office, which went hand-in-hand with Plastic Free July when the use of single-use plastics was actively discouraged and the use of alternative options was promoted throughout the month.

In our Americas office, the team has promoted sustainable behaviour through community outreach with Grow NYC, an organisation that aims to nurture future environmental stewards by providing 66,000 children each year with programmes that allow them to have meaningful interactions with the natural environment. Some members of the team volunteered to help improve the Governor's Island Teaching Garden, which is used to educate inner city school children on the importance of gardening fresh produce for better living.

Towards sustainability globally

Beyond shaping behaviour internally, our firm, through the Global Marketing team, is also working to implement an event sustainability checklist for all marketing-related events the firm organises globally. The checklist includes guidelines to make our events plastic-free (e.g. no bottled water) and paper-free (e.g. with the use of an app/QR code for clients to download presentation materials, electronic invitations, etc.).

Another key global effort towards a more sustainable world is our participation in the Water for Life initiative, aligned with the UN's SDG #6 (“Ensure access to water and sanitation. for all”). Water for Life, which is a partnership between the Singapore International Foundation and a Cambodian NGO called Water for Cambodia, aims to provide access to clean water in rural communities through the installation of

bio-sand water filters. In many of these rural communities, water is drawn from wells or polluted ponds and rivers, or it is collected from rain, and as a result, waterborne diseases are rife.

The bio-sand filter is a cement structure, about one-metre tall, which is filled with sand and gravel. Contaminated water is poured into the top of the filter, and gradually a bio-layer will form on top of the sand. The formation takes about three weeks after the installation. The bio-layer contains bacteria that eats up most of the micro-organisms in the water. As the water moves through the sand and gravel, the rest of the micro-organisms will die making the water safe to drink.

Inexpensive and relatively simple to construct, the bio-sand filter uses materials that can all be sourced locally within Cambodia. It is easy to maintain and can work for up to 15 years once installed.

Adoption of this project at Nikko AM was again a ground-up initiative. It started with three Nikko AM volunteers from Singapore and Tokyo joining an expedition to Siem Reap, Cambodia in May 2019. On their return, they shared their experience with the firm through internal communications platforms such as the intranet and town hall. The significance of access to clean water was not lost on the global citizens of Nikko AM who were keen to sign up for this project.

To enable employees from different regions to volunteer, the firm standardised our travel policy for volunteer trips. As a result, participants from our Edinburgh and Sydney offices were able to join volunteers from Singapore and Hong Kong on this meaningful initiative to build and install water filters in Siem Reap, Cambodia.



GLOBAL EFFORT TOWARDS A MORE SUSTAINABLE WORLD

Reducing Inequalities

Since the inception of the world's first dedicated green bond fund in 2010, Nikko Asset Management has made monetary contributions to the International Development Association, which is a part of the International Bank for Reconstruction and Development, and which helps the world's poorest countries.

Over the years, as the firm grew and evolved, we have begun to recognise that we have the capacity to play a part in reducing different forms of inequality and supporting our employees who are passionate about different causes. In 2018, we conducted a survey of all our employees to find out which causes resonated most with them. Based on the results of the survey, we have chosen to focus our efforts on supporting and educating children and young people.

At a global level, we support charitable giving for the UNHCR Educate a Child programme, which aims to provide quality primary education to refugee children around the world. In select markets, we offer to match employee donations to this programme.

This global commitment is complemented by local grassroots charitable giving and volunteering, which is also focused on education for children and young people.

In 2011, at our Tokyo headquarters, we formed the Charity Committee made up of staff volunteers from a range of functions across the business. The committee collects donations from employees for various charities, and these donations are matched by the firm.

The causes we support include:

1. Fair Start, which supports young people living in government facilities to establish themselves when they leave the facilities
2. Mirai No Mori, which offers outdoor programmes for abused, neglected, and orphaned Japanese children
3. The Volunteers Group to Send Wheelchairs to Overseas Children, which refurbishes wheelchairs from Japan and sends them to developing countries where physically challenged children, who would otherwise have no access to wheelchairs, can use them
4. UNHCR, which supports education programmes for refugee children

Staff in Tokyo also volunteered at The Volunteers Group to Send Wheelchairs to Overseas Children.

In addition, the firm contributes to earthquake and other disaster relief efforts by donating a portion of fund management fees and soliciting donations from staff, which are also matched. In 2019, through our relationship with UNHCR, we hosted our first internship for three Syrian graduate school students studying in Japan. The interns are members of the Japanese Initiative for the future of Syrian Refugees, a programme that was implemented by the Japan International Cooperation Agency. The programme's objective is to prepare Syrian refugees to lead Syria's reconstruction in the future, while increasing their understanding of Japanese people, society, and systems, thereby strengthening the friendship between Syria and Japan.

Our Asia (ex. Japan) office in Singapore is committed to reducing inequalities in society, particularly through initiatives that support women and children. The team there began a partnership with Daughters of Tomorrow, an organisation that works with low-income women by providing skills training to help them find employment and become financially independent. Every Wednesday evening over nine weeks, our employee-volunteers took care of children whose mothers were attending job training. At a number of office events, funds were also raised for Daughters of Tomorrow.

Water for Life, a project supporting clean water and sanitation — which will lead to the reduction of inequality in various ways — was another ground-up initiative from Singapore. Two Singapore employees and one from Tokyo first participated in this programme through the Singapore International Foundation in May 2019. This resulted in the firm facilitating and supporting a team of employees from Nikko AM offices in different regions to participate in the same programme later in the year.



WATER FOR LIFE IN CAMBODIA

In Edinburgh, our team volunteered with Gorgie City Farm, which supports the local community through a variety of actions, notably by providing opportunities for those with special needs to participate in efforts that strengthen social and physical skills. As Gorgie City Farm provides its services for free, volunteer support is critical to the farm providing community development, environmental sustainability, and social inclusion.

Our London office also volunteered at a similar organisation, Vauxhall City Farm. The city farm provides opportunities for children from deprived backgrounds and/or those with special needs. These opportunities include work experience and a programme designed for children and young people who require a flexible approach to learning within a therapeutic environment. Vauxhall City Farm is also a registered Riding for the Disabled Association. More than 25% of our London employees participated in these activities leading to a re-evaluation of the policy around volunteer leave in London.

Some of our employees in London have also started making regular donations to a charitable initiative driven by their building manager to collect and



VOLUNTEERING TO REFURBISH WHEELCHAIRS FOR CHILDREN



GORGIE CITY FARM IN EDINBURGH

bake-off to raise funds for a few chosen charities. Competitors were told they could bake anything they wished, and all entries were put on display in the kitchen. Each baker had a money box next to their item. Staff had to pay a gold coin donation into the money box to taste an item, and use additional coins/donations to vote for their favourite item.

Another event the Sydney office participated in was the Bloomberg Square Mile Relay 2019, along with the Tokyo, London, and New York offices. Nikko AM also takes part in other charity races including the FIT Charity Run.

Finally, we place a very substantial focus on financial education. The Nikko AM Fund Academy is a training facility that was built in our Tokyo and Osaka offices in 2008 and 2011 respectively. It was created to provide training to financial institutions that sell our investment trusts and educate them in an effort to boost the understanding of investment trusts among our various stakeholders. Since 2011, we have used this facility to provide opportunities for parents and children to enjoy learning about the relationship between daily life and money. Financial literacy events are held to coincide with children's summer holidays. We believe that the improvement of financial literacy contributes to the realisation of a fair and sustainable society by enabling people to lead better lives through the achievement of economic independence.

Internally, we also organise Lunch and Learn seminars for all employees. These seminars explore a wide range of topics including diversity & inclusion, and the environment. There is strong attendance by employees across departments in Tokyo, and employees in other locations can also attend via video conference. Similarly, in our London and Singapore offices, smaller scale Lunch and Learn seminars are held.



BLOOMBERG SQUARE MILE RELAY CHARITY RUN

re-use or recycle clothing and other household goods. Separately, the firm donated computer monitors that were being replaced in the office to schools that were unable to afford replacements for their own, which were beginning to fail. This activity increased the life cycle of the electronics while providing reliable electronics for children to assist in building their educational foundation.

The team in our Americas office has dedicated themselves to assisting the community around them. Recognising that a stable life starts with a solid foundation in education, the team participated in Operation Backpack, a community service campaign of Volunteers of America-Greater New York that provides new backpacks filled with grade-specific supplies to children living in New York City's homeless or domestic violence shelters. The team believes that supporting these children, often stigmatised for living in a

shelter, would contribute to setting the stage for a successful school year and building a foundation for the children to continue to strive and achieve.

While ensuring that children receive a proper education is vital, the team also hopes to assist adults coming from underprivileged backgrounds who are seeking work by partnering with Career Gear and Dress for Success. Both charities respectfully empower men and women by providing a support network and development tools to help them enter and thrive within the workforce. One obstacle that many often face when entering the workforce is the fact that they do not have suitable business attire. Recognising this, our team, over the course of three months, donated gently used professional clothing to both charities for the men and woman to use as they move forward towards their career goals.

In Sydney, our Australia team hosted a

“This global commitment is complemented by **local grassroots charitable giving** and volunteering, which is also focused on education for children and young people”

Looking Ahead



Going into 2020, we are excited to continue working towards a better future for our stakeholders and the communities we operate in.

As an asset manager, we have a responsibility to help overcome sustainability challenges and will continue to innovate in the spirit of fiduciary and ESG principles. We aim to use our position to engage with our clients and the companies we invest in, and to effect positive change while creating long-term value.

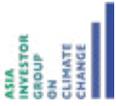
We will continue to hold ourselves accountable for our progress in corporate sustainability efforts and to challenge the status quo. Through our focus on diversity and inclusion, reducing inequality, and the environment and climate, we hope to contribute to a fairer and more sustainable society.

Together we are nikko am

External Commitments

Our participation in external initiatives

Where specific to an office, the office is indicated in parentheses.

 <p><i>Asia Investor Group on Climate Change (AIGCC)</i> Nikko AM acts as vice-chair</p>	 <p><i>Japan Association of Value Creating ERM</i> (Nikko AM Tokyo)</p>
 <p><i>CDP</i> (Carbon, forests, water)</p>	 <p><i>Principles for Financial Action for the 21st Century</i> (Nikko AM Tokyo)</p>
 <p><i>Climate Action 100+</i></p>	 <p><i>30% Club Investor Work Group</i> (Nikko AM Tokyo)</p>
 <p><i>International Corporate Governance Network (ICGN)</i></p>	 <p><i>ESG Research Australia</i> (Nikko AM Australia)</p>
<p>Signatory of:</p>  <p><i>Principles for Responsible Investment</i></p> <ul style="list-style-type: none"> – Principles for Responsible Investment (PRI) – PRI Statement on ESG in Credit Ratings – PRI Palm Oil Investor Working Group 	 <p><i>Future IM/Pact</i> (Nikko AM Australia)</p>
 <p><i>Task Force on Climate-related Financial Disclosures (TCFD)</i></p>	 <p><i>Responsible Investment Association Australasia (RIAA)</i> (Nikko AM Australia)</p>
<p><i>The Investor Agenda</i></p>	<p><i>Stewardship Codes</i></p> <ul style="list-style-type: none"> – Japan Stewardship Code (NAM Tokyo) – Singapore Stewardship Principles (NAM Asia) – UK Stewardship Code (NAM Europe)
<p><i>Global Investor Statement to Government on Climate Change</i></p>	

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