

1. Voting rights governance

<Objectives>

The objective of the Stewardship and Voting Rights Policy Oversight Committee (the “Oversight Committee”) is to enhance transparency and strengthen governance in Nikko AM’s stewardship activities, including its engagement with firms and proxy voting, from an independent standpoint.

<Roles>

The Oversight Committee’s role is to oversee our stewardship and proxy voting activities from a third-party standpoint as a body whose members are mostly from outside the company. Specifically, the Committee provides oversight to the Stewardship & Proxy Voting Committee (the “Voting Committee”). The Voting Committee had its name changed in September 2016 from its former name of the “Stewardship and Voting Rights Policy Committee”. The Voting Committee’s role was also clarified at the time of the name change.

<Main agenda items>

Date	Agenda
2018/1/29	<Seventh meeting> 1. Creation and publication of our stewardship activity self-evaluation 2. Report on proxy voting activities 3. Report on engagement activities 4. Engagement and proxy voting activities going forward
2018/3/16	<Ad hoc meeting> 1. Report on stewardship activities and public announcement of self-evaluation (2017)
2018/4/23	<Eighth meeting> 1. Revision of Guidelines on Exercising Voting Rights 2. Report on proxy voting regarding firms subject to conflict of interest concerns 3. Report on engagement activities 4. Report on proxy voting activities
2018/6/12	<Ad hoc meeting> 1. Conflicts of interest concerning exercising voting rights
2018/7/23	<Ninth meeting> 1. Replacement of committee member 2. Report on status of proxy voting on Japanese stocks and report on stewardship 3. Report on status of proxy voting on foreign stocks
2018/10/22	<Tenth meeting> 1. Establishment of Nikko AM Group voting policy. 2. Strengthening control of stock lending in Japan equity funds. 3. Investment prohibition in cluster bomb manufacturer etc. 4. Report on status of proxy voting on Japanese stocks and report on stewardship

2. Fund governance

<Objectives>

We established the Fund Advisory Board in order to equip Nikko AM with an operational framework governing development processes and post-launch operations for the funds it launches—particularly for publicly offered funds—that incorporates fair and knowledgeable perspectives from outside the company while also being coherent and transparent to customers. The Fund Advisory Board is also intended to provide suggestions and advice on how to increase customer convenience and truly serve customers' interests.

<Roles>

- (1) Monitoring of publicly offered funds (development process, performance review, etc.)
- (2) Checking approach to managing conflicts of interests
- (3) Reviewing decisions made regarding new and existing funds
- (4) Other matters deemed necessary by the chairperson

<Main agenda items>

In addition to reviewing trends in Nikko AM's publicly offered funds and industry trends, the Fund Advisory Board pays particular attention to occasional issues related to individual customers, and its members hold lively debates—which incorporate a global perspective—on matters such as the status of Nikko AM's initiatives, areas of focus and issues to address.

Holding date	Agenda items
2018/3/20	<Second meeting> 1. Fund types and net assets at Nikko AM (as of February-end 2018) 2. Offering products to elderly customers 3. Other
2018/5/31	<Third meeting> 1. KPI cited as a good example by authorities (as of April 2018) 2. Initiatives on code of conduct regarding fiduciary/ESG principles (review of content released on January 26, 2018 and debate on future initiatives) 3. Fund types and net assets at Nikko AM (as of April-end 2018) 4. Other
2018/9/19	<Fourth meeting> 1. Fund types and net assets at Nikko AM (as of August-end 2018) 2. "Common KPIs Comparable Among Fund Distributors" announced by authorities (announced June 29, 2018) 3. Voluntary KPIs considered to be best practice by authorities (as of July 2018) 4. "Approach to Financial Services in an Aging Society" announced by authority (mid-term summary) (announced July 3, 2018) 5. Other