

Nikko Asset Management

Position Statement on Climate Change

We recognize climate change as one of the greatest challenges the global community faces, and our fiduciary duty to address it in managing our clients' assets.

This position statement sets out our approach to climate change. It should be read in conjunction with our Commitment to Responsible Investing and our latest Climate-related Financial Disclosure report.

- 1. Develop internal capacity**
Our investment approach focuses on 'ESG integration'. Thus, we strive to keep abreast of and continuously improve how we assess climate change risks and opportunities. This includes appreciating the science as well as the changing operating environments for the companies we analyze, and scenario analysis at portfolio level to include a 2°C or lower scenario.
- 2. Collaborate with the investment community**
We believe collaborative relationships can help to accelerate common objectives within the investment community, such as peer learning through the Global Investor Coalition on Climate Change and policy engagement through the 2018 Global Investor Statement to Governments on Climate Change.
- 3. Active stewardship**
We recognize that active dialogue and exercising voting rights, where appropriate, can promote positive outcomes for the investee companies, our firm and our clients in relation to climate change. We participate in relevant corporate engagement initiatives such as the Climate Action 100+, and also communicate our expectations to investee companies below.
- 4. Report on our activities**
We are an early adopter of the Task Force on Climate-related Disclosures (TCFD) initiative in 2018. Where clients have specific reporting requirements, we are responsive in addressing such needs.

In line with TCFD recommendations, we encourage our investee companies to take steps to:

- Identify material climate change risks and opportunities, over relevant time horizons and across different scenarios including a 2°C or lower scenario.
- Integrate material climate change risks and opportunities into their overall strategy, risk management and
- Disclose policies, processes and performance in relation to the above

This Position Statement will be revised to reflect our continued capability enhancement in the sustainable and responsible investing space.

About Nikko AM

Nikko AM is one of the earliest PRI signatories from 2007. We were the first asset manager headquartered in Asia to commit to all four areas of impact under The Investor Agenda in 2018. The Investor Agenda has been developed for the global investor community to accelerate and scale up the actions that are critical to tackling climate change and achieving the goals of the Paris Agreement.

Version 1 – Approved 2019.02.26

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