

Nikko Asset Management

Position Statement on Climate Change

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

We support global initiatives in order to address climate change, such as the Paris Agreement and Sustainable Development Goals (SDGs), and this position statement sets out our stance on climate change. It should be read in conjunction with our "Commitment to Responsible Investing" and our latest "Climate-related Financial Disclosure Report".

- 1. Enhance in-house analytical capabilities**
Our investment approach focuses on 'ESG integration'. Thus, we continually strive to recognise, understand, and improve various methodologies of assessing the risks and opportunities of climate change in our clients' portfolios. This includes appreciating the scientific implications of those methodologies as well as the structural changes in the business environments for the investee companies we analyse.
- 2. Collaborate with the investment community**
We believe collaborative relationships can help to accelerate common goals in the investment community, such as mutual learning among participants in the Global Investor Coalition on Climate Change and policy engagement through the 2021 Global Investor Statement to Governments on the Climate Crisis.
- 3. Active stewardship**
We believe that active dialogue and exercising voting rights on climate change, where appropriate, can lead to positive outcomes for the investee companies, our clients and our firm as well. We participate in relevant corporate engagement activities such as the Climate Action 100+, to communicate our expectations to investee companies.
- 4. Report on our activities**
We are an early adopter of the Task Force on Climate-related Financial Disclosures (TCFD) initiative in 2018. Where our clients have specific requirements on reporting, we are proactive 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 in a range of scenarios, including sub-2°C scenarios, over appropriate time horizons.
- Integrate material climate change risks and opportunities into their overall business strategy and risk management.
- Disclose their management policies and processes toward the goals, and the resultant performances based on the above activities.

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
Amended 2021.03.31*

Nikko Asset Management Co., Ltd.

Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6242, Japan
en.nikkoam.com