

May 29, 2025
Nikko Asset Management Co., Ltd.

Stewardship Activities Report and Self-assessment (January–December 2024)

As a responsible institutional investor, Nikko Asset Management Co., Ltd. (hereinafter “Nikko AM”) places Environmental, Social and Governance (ESG) assessments and stewardship activities at the heart of its investment process. It has also committed itself to upholding Japan’s Stewardship Code and engages in stewardship activities that comply with the code. These are the means by which Nikko AM fulfills its fiduciary duty. In addition, Nikko AM’s corporate group has signed up to the UK’s Stewardship Code. At Nikko AM, we constantly strive to contribute to the sustainable growth of investee companies thereby maximizing the medium- and long-term investment returns of our customers by continually engaging with investee companies and exercising our voting rights.

The below report provides a summary of our activities in line with the principles set forth in Japan’s Stewardship Code alongside details of our self-assessment of our performance in these areas.

2024 activity outcomes	Self-assessment
Principle 1: Establishing and publicly disclosing policies	
<ul style="list-style-type: none"> Having formulated and publicly disclosed policies on responding to each of the principles in Japan’s Stewardship Code, we acted in accordance with those policies during the fiscal year. We also announced revisions to our Proxy Voting Standards in view of changes in the external environment. In addition, we have established six Key ESG Themes and publicly disclosed them. 	<ul style="list-style-type: none"> Given Nikko AM’s status as an asset manager, we strive to fulfill our fiduciary duty and execute our stewardship responsibilities. Our current assessment for this area is that we have established and publicly disclosed our policies in an appropriate and timely manner. As we expect further Stewardship Code revisions to be made, we will continue to look into the need for further reviews as appropriate.
Principle 2: Managing conflicts of interest	
<ul style="list-style-type: none"> We have established a Conflict of Interest Control Policy and posted an outline of the policy on our website. Based on the policy, we properly manage transactions and other activities that may cause conflicts of interest, and ensure that we conduct business appropriately. In addition, our Stewardship and Voting Rights Policy Oversight Committee, the majority of whose members are from outside Nikko AM, works to prevent conflicts of interest through monitoring and supervision in accordance with the policy. 	<ul style="list-style-type: none"> Our current assessment of this area is that we manage conflicts of interest appropriately while maintaining transparency through means such as publicly disclosing our Conflict of Interest Control Policy and utilizing our Voting Rights Policy Oversight Committee.

<ul style="list-style-type: none"> • Proxy voting decisions regarding our parent company, for which conflicts of interest are of particular concern, are discussed in advance by the Stewardship and Voting Rights Policy Oversight Committee. Decisions are made in view of the results of monitoring and oversight regarding conflicts of interest. 	<ul style="list-style-type: none"> • We will continue to examine the necessity for further reviews as appropriate.
<p>Principle 3: Monitoring investee companies Principle 4: Engagement</p>	
<ul style="list-style-type: none"> • As in the preceding fiscal year, we continued to engage with many companies in 2024. In our engagement, we endeavored to hold constructive discussions after examining public information on each company and developing a hypothesis on the substantive issues to be addressed in advance. We then shared our thoughts on the issues with companies and encouraged them to find solutions. • In terms of engagement details, we use our issue management platform to manage progress made in engagement. Our Fixed Income Fund Management Department and our Equity Fund Management Department both operate the platform. • In 2024, we focused on strengthening our engagement to encourage companies to improve ROE, address human rights infringements in their supply chains and reduce cross-shareholdings. • We have selected 70 companies for engagement on the theme of climate change and engage with them accordingly. This activity is in line with our commitment as a member of the Net Zero Asset Managers Initiative (NZAMI) to aim for net zero emissions by 2050. • In the area of collaborative engagement, we actively participated in the Climate Action 100+ initiative as a lead investor. We also engaged with electric power companies on climate change through the Asia Investor Group on Climate Change, Asian Utilities Engagement Program (AIGCC AUPEP), and participated in engagement with investee companies through the Nature Action 100 initiative, which conducts collaborative engagement on environmental degradation and declines in biodiversity. • We also sent letters to companies that had been subject to climate change-related shareholder proposals at their June 2023 general shareholder meetings explaining our reasons for voting for or against each proposal and our expectations for future action. We used the letters to convey our intention to avoid situations in which companies respond to 	<ul style="list-style-type: none"> • Given that our engagement with investee companies was followed by corporate action that helped to address companies' challenges in a wide range of fields, our assessment of this area is that we conducted engagement appropriately. Specifically, we observed that progress had been made in about 16% of the approximately 540 challenges identified in our issue management platform as of the end of December 2023 during the 12 months covered. • We also believe that we successfully enhanced the effectiveness of our engagement. Examples of this include setting relevant engagement themes, sending engagement letters to companies, using our key ESG themes and participating in collaborative engagement. • We will continue to engage with companies constructively while also working to enhance our stewardship activities.

<p>opposition votes by slackening the pace of their decarbonization efforts.</p> <ul style="list-style-type: none"> In addition, we built up our internal engagement database and strengthened our ability to monitor engagement progress by recording more detailed engagement theme classifications (an increase from 21 themes to 25 themes). 	
Principle 5: Proxy voting	
<ul style="list-style-type: none"> To ensure that our proxy voting went beyond automatic decision-making and contributed to companies' sustainable growth, we worked to reflect the contents of our engagement with companies in our voting decisions. For some proposals, we also made voting decisions that were not in line with formal standards. We also paid special attention to shareholder proposals by taking the time to discuss each individual proposal before making a voting decision. In addition, we publicly released the results of our proxy voting by providing quarterly disclosures on our website of our voting decisions, as well as the reasons for those decisions, for individual proposals at investee companies. We also revised our Proxy Voting Standards in view of the content of our engagement with companies as well as changes in the business environment. The changes we made include tightening our standards on ROE levels and female directors. In view of the importance of environmental issues and the progress made by companies in addressing them, we voted for almost all climate change-related shareholder proposals at the June 2024 general shareholder meetings. As a way of ensuring that stakeholders make use of our proxy voting results, we disclosed our voting records for individual items in Excel files as well as in PDFs. For the peak general shareholders meeting season of April to June, we also combined our disclosures of individual results with comments providing voting overviews. This is intended to enhance the explanations we provide externally. 	<ul style="list-style-type: none"> Our judgment in this area is that our ongoing engagement with investee companies enabled us to make voting decisions in line with companies' actual circumstances. We also believe that our disclosure of our voting results was appropriate. Furthermore, we judge that we worked to enhance the effectiveness of our proxy voting through new initiatives such as sending letters to investee companies. Looking ahead, we intend to continue reviewing our Proxy Voting Guidelines appropriately in view of changes in companies, society and other such external factors as well as the contents of our engagement with investees.
Principle 6: Reporting to clients and beneficiaries	
<ul style="list-style-type: none"> Where necessary, we reported on our proxy voting results and the status of our engagement with companies to cs. We also held stewardship briefing sessions with many institutional investor clients at a frequency of about once a year. Based on work to measure the effectiveness of our engagement, we found that companies that have made 	<ul style="list-style-type: none"> In view of our work to expand and enhance our disclosure, at present, we judge our handling of disclosure to clients and beneficiaries to be appropriate. This includes disclosure through our website as well as reporting to clients.

<p>progress on issues as a result of engagement perform strongly. We also disclosed the analysis results to customers to enhance their awareness of the effectiveness of our engagement.</p> <ul style="list-style-type: none"> • Furthermore, we released our Sustainability Report to provide information on our stewardship and sustainability activities. • We also issued a TCFD report with more extensive content than before, including scenario analyses. • Given that we are compliant with the UK Stewardship Code, which is the highest-level such code in the world, we submitted a report to the UK authorities demonstrating that our activities are in line with the UK code and maintained our status as a signatory. 	<ul style="list-style-type: none"> • We believe that our success in using measurements to provide customers with easily understandable explanations on the effects of our engagement was a particularly significant development. • We will continue working to expand and enhance the disclosure we provide on our stewardship activities.
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Principle 7: Developing skills

<ul style="list-style-type: none"> • Our Japan Sustainable Investment Department, which carries out stewardship activities in Japan, is building a framework for sharing the latest ESG insights globally through collaboration in our Global Sustainable Investment Team. • We worked to build up the base of knowledge required to continuously upgrade the skills we need to invest responsibly by playing an active part in ESG initiatives. As an example of our work in this area, we enhanced our knowledge of best practice in engagement by exchanging insights with other members of the 30% Club Japan Investor Group. In addition, we delivered talks and provided recommendations at roundtables and other such events by industry groups such as the Principles for Responsible Investment (PRI) and AIGCC. • Our Japan Sustainable Investment Department held twice-monthly study sessions for our Equity Fund Management Department. In the sessions, the Sustainable Investment Department shared examples of good practice and provided updated ESG information. • In addition to training programs provided by the PRI, we provided internal study sessions on stewardship activities to a broad range of Nikko AM departments. These activities allowed us to raise awareness regarding ESG throughout the company. • We also worked to build up our global ESG knowledge by strengthening collaboration with our Global Sustainable Investment Team. • Ways in which we worked to enhance the quality of our engagement with companies included reflecting the insights 	<ul style="list-style-type: none"> • Given our ongoing efforts to enhance our capabilities by means including internal study sessions, global efforts and activities associated with ESG initiatives, our view is that our handling of this area is appropriate at present. • In addition, we feel that our efforts to use the insights gained through the activities of our Corporate Sustainability Department to enhance the quality of our engagement with companies have also been effective. • Given the growth seen in key fields in Environmental (E) and Social (S) factors, addressing them has become essential. We will therefore continue to improve our capabilities further through initiatives including the measures listed on the left. • One challenge to address going forward is refining our methods for measuring the effectiveness of engagement. • In our joint research with Professor Ryohei Yanagi, the Yanagi model was applied to all TOPIX constituent issues, which had not been tested out in past research. The research provided important insights into the effect of companies' ESG initiatives on shareholder value, related changes and future returns. In addition to using the research results to enhance our
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<p>we have gained through our corporate sustainability activities in our engagement.</p> <ul style="list-style-type: none"> • Ryohei Yanagi, Visiting Professor at Waseda University Graduate School, and our Investment Technology Fund Management Department and Japan Sustainable Investment Department, conducted joint research on ESG. The findings were published in a paper describing the implications of studies on the application of the Yanagi model to all TOPIX stocks in the July 2024 edition of Capital Markets Monthly. • In addition, we participated in The Consortium for Human Capital Management and Corporate Value, which is operated by Keio University's SFC Research Institute and Persol Research and Consulting Co., Ltd., by reporting findings on the relationship between human capital management and corporate earnings and stock prices. The details of the findings were published in a book titled "Human Capital Management Strategies and Corporate Value". 	<p>Investment Technology Fund Management Department's existing investment models, we are incorporating them in our proxy voting approach and engagement activities.</p>
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Message from Stewardship and Voting Rights Policy Oversight Committee

The Stewardship and Voting Rights Policy Oversight Committee has discussed a variety of issues in regard to Nikko AM's stewardship activities. The committee discusses topics from diverse standpoints based on the wide-ranging knowledge and experience of its members and does its utmost to help Nikko AM perform its stewardship duties appropriately.

The committee deliberated over the suitability of the contents of this "Stewardship Activities and Self-assessment (2024)" for public release, and found the respective explanations and assertions in the report regarding Nikko AM's compliance with the principles of Japan's Stewardship Code to be a faithful representation of the reality.

The committee will continue to monitor and oversee whether Nikko AM is properly performing its stewardship activities to the benefit of its customers, including responding to any future revisions to Japan's Stewardship Code, changes or updates of laws, regulations, rules or guidelines, or modifications to Nikko AM's internal framework.