

Nature and level of commitment to UK Stewardship Code

Nikko Asset Management Luxembourg SA (the “Company”) endorses and supports the principles on engagement with investee companies set out in the Financial Reporting Council’s Stewardship Code (the “Code”)(<http://www.frc.org.uk/Home.aspx>) subject to the following qualifications:

(1) The Company’s investment mandates in the area of fixed income fall outside the scope of the Code;

(2) The Company’s Japanese equities mandates are outsourced to the Company’s head office in Tokyo, Japan, i.e. Nikko Asset Management Co., Ltd (“Nikko AM”). Nikko AM has a publicly available policy on the exercise of voting rights (<http://en.nikkoam.com/voting-rights>) as well as on the disclosure of the results of such voting (<http://en.nikkoam.com/voting-rights/results>).

(3) The Company has several equities mandates for Asia-Pacific ex-Japan equities which mandates have been outsourced to a specialist affiliated investment manager in Singapore. The latter’s approach is as follows. Investee companies are monitored via a research process involving company meetings, in small groups, one-on-ones, or conference calls. Company-specific news flow is closely tracked and periodic earnings results are analysed carefully to confirm or modify the fundamental assessments of the investee companies. The team actively looks to invest in companies that communicate well with shareholders, are transparent and appropriately reward shareholders (e.g. through dividends). If companies propose activities which do not appear to be in the best interests of shareholders, the investment team will engage with management to develop a better understanding of its intentions. It may be that the company has not paid dividends because it is attempting to reduce debt levels or make acquisitions to grow the business. Ultimately, if engagement has not been effective and the investment team no longer believes a company is a good investment, it will sell the position. The investment manager also believes the exercise of voting rights in the companies in which it invests is an important method for increasing company value or preventing that value from diminishing. It believes that the appropriate exercise of voting rights is necessary in order to fulfil its fiduciary responsibility and it intends to exercise these rights solely in the interests of investors.