

NIKKO ASSET MANAGEMENT LUXEMBOURG S.A.

ENGAGEMENT POLICY

May 2021

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Nikko Asset Management Luxembourg S.A.

Société Anonyme

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PREFACE

Nikko Asset Management Luxembourg S.A (the "**Management Company**") is a management company authorised under Chapter 15 of the amended Law of 17 December 2010 on undertakings for collective investment (the "**2010 Law**"). It acts as the designated Management Company of Nikko AM Global Umbrella Fund, Nikko AM Global Umbrella Trust and Nikko AM Global Investments, three Luxembourg undertakings for collective investment in transferable securities ("**UCITS**") within the meaning of Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to UCITS (the "**UCITS Directive**").

Effective 17 December 2019, the Company is also authorised (i) as alternative investment fund manager ("**AIFM**") in accordance with Chapter 2 of the law of 12 July 2013 on alternative investment fund managers (the "**2013 Law**") and (ii) to provide management of portfolios of investments on a discretionary, client-by-client basis pursuant to Article 5, (4) (a) of the 2013 Law. The Company acts as the designated AIFM for Nikko AM Global Alternative Investment Trust, a Reserved Alternative Investment Fund created on 15 April 2021. The Company is also acting as Investment Manager to manage the assets of a segregated mandate on a discretionary basis.

For the purpose of this Policy, the UCITS and AIFs that are managed by the Company are taken up under the term undertakings for collective investments ("**UCIs**").

This Policy purports to fulfil the requirements of (i) the 2010 Law, (ii) the CSSF Regulation 10-04 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing the UCITS Directive as regard to organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (the "**CSSF Regulation 10-04**"), (iii) CSSF Circular 18/698 on authorisation and organisation of investment fund managers governed by Luxembourg law ("**CSSF Circular 18/698**") and (iv) the Luxembourg law of 24 May 2011, as amended (notably by the law of 1 August 2019) which transposes EU Directive 2007/36 as regards the encouragement of long-term shareholder engagement (as amended) into Luxembourg law (the "**Luxembourg Law**").

PURPOSE

This voting rights policy (the "**Policy**") applies to the Management Company and to the appointed investment managers in the context of managing UCITS (the "**Funds**") and is aimed at describing how the Management Company and/or the appointed investment managers will participate in shareholder meetings of the companies under investment by the Funds.

As at the date of this Policy, the sub-funds of the Funds are managed by Nikko Asset Management Co., Ltd., Nikko Asset Management Europe Ltd, Nikko Asset Management Asia Limited, Nikko Asset Management Americas Inc. and Yarra Capital Management Limited (together the "**Investment Managers**"), the entities of the Nikko AM Group, with the exempt of Yarra Capital Management Limited were the NAM Group is a 20% shareholder, to which the Company belongs.

REFERENCE REGULATIONS

The referenced regulations on the exercise of voting rights linked to the financial instruments held by the Funds are as follows:

- the section 5.5.10. of the CSSF Circular 18/698;
- the Article 23 "Strategies for the exercise of voting rights" of CSSF Regulation 10-04;
- The Luxembourg Law.

3. PRINCIPLES OF THE ENGAGEMENT POLICY

Pursuant to the Luxembourg law, asset managers shall develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. The policy shall describe how they monitor investee companies on relevant matters, including strategy, financial and non-financial performance, risk, capital structure, social and environmental impact and corporate governance, conduct dialogues with investee companies, exercise voting rights and other rights attached to shares,

cooperate with other shareholders, communicate with relevant stakeholders of the investee companies and manage actual and potential conflicts of interests in relation to their engagement.

The below principles aim at describing the above mentioned points as well as the Company's voting rights policy.

PRINCIPLE 1: Exercising the rights to vote

The Company adheres to the "Nikko Asset Management Group Proxy Voting Policy" put in place at the level of the NAM Group, which is attached as Appendix I.

The Company delegates the exercise of voting rights to the Investment Managers.

The Company also ensures that the exercise of voting rights is done in accordance with the investment objectives and policy of the relevant sub-funds of the Funds.

PRINCIPLE 2: Governance, resources and incentives

It is the NAM Group's choice to support and build long term relationships with the companies in which the Investment Managers invest. The Investment Managers therefore evaluate the actions and strategies of companies constructively. Where the Company may have concerns over the value of investee companies, the Company take steps to protect the value of our clients' investments. This activity is undertaken through participation in shareholder meetings, private management meetings and formal written communications. The NAM Group's portfolio managers hold the ultimate sanction against management action by selling their shares invested if deemed to be in the best interests of our clients. . The above mentioned interactions between the Company's Investment Manager and the investee companies is governed by the Research Policies of the Company's Investment Manager.

The separation of execution and supervisory functions in management is encouraged as a necessary function of superior corporate governance. A company's board of directors must be appropriately sized and composed so as to ensure adequate discussions take place and appropriate decisions are made.

Main corporate governance principles that Investment Managers expect from our investee companies:

- Acting in the long-term interest of shareholders;
- Protecting shareholder rights;
- Maintaining high integrity in corporate behaviour at all times;
- Ensuring an independent and efficient board structure;
- Aligning corporate incentive structures and remuneration with long-term interests of shareholders;
- Disclosing accurate, timely and transparent financial and corporate governance information;
- Ensuring strong environmental and social performance and disclosures.

The Proxy Voting Guidelines, maintained by the NAM Group, set out the corporate governance matters which are considered when asked to vote. In addition to the above, some criteria include, but not limited to, the independence, competence and diversity of the board of directors, the board's size, code of conduct, risk management and their communication with shareholders, the conditions around remuneration and the investee companies' audit functions.

PRINCIPLE 3: Conflicts of Interest

The Company acknowledges that conflicts of interest may arise in relation to stewardship activities, and in such cases the interests of our clients are prioritised. The Company has established the Conflicts of Interest Policy, and the NAM Group maintains the Code of Ethics Policy, in order to mitigate and manage conflicts or potential conflicts. The Company assess voting on a case-by-case basis and may vote on or deviate from the Conflict of Interest Policy and/or NAM Group's Code of Ethics Policy with due consideration to the best interest of our clients. Where a decision has been made to deviate from the Conflict of Interest Policy and/or NAM Group's Code of Ethics Policy, evidence that the Company has acted in the best interest of its clients is documented.

PRINCIPLE 4: Promoting well-functioning markets

The portfolio managers of the Investment Manager will consider the investee company's management strategy, financial standing and market environment when voting on resolutions relating to the issuing of capital.

PRINCIPLE 5: Review and assurance

The Investment Managers do not use standing instructions for voting; all voting decisions are made by the portfolio managers on an individual basis and votes are cast via a third party vendor. Third party vendor can provide research for all proxy votes but the final decision lies with the individual portfolio manager. This platform enables the Investment Manager to control its voting policy and final vote decisions, whilst outsourcing the proxy voting process.

The Company review this Policy at least annually. The Company ensures that the Investment Managers maintain a record on all voting activity and explanations as to the reasons for voting against management. A summary of proxy voting activity, including disclosure where the Investment Manager have voted against management, can be provided upon request.

PRINCIPLE 6: Client and beneficiary needs

The portfolio managers of the Investment Managers make investment decisions based upon the future quality characteristics of an investee company by analysing financial information, such as earnings trends and capital structures, as well as non-financial information like management strategies, corporate governance, social responsibilities and risk. Such data is acquired by accessing publicly disclosed material, holding regular meetings with management and appropriately engaging with investee companies.

The Company is opposed to resolutions aimed at maintaining company control or that prevent corporate takeover. Acquisition proposals and/or defensive strategies may be assessed to the extent that the existence of such acquisition risks are clear and existing shareholder values would not be damaged. As stewards of our clients' capital, our portfolio managers will assess corporate transactions such as mergers & acquisitions of businesses from the view point of consistency with its management strategy and medium to long term enhancement of shareholder value.

PRINCIPLE 7: Investment and ESG (environmental, social and governance) integration

Nikko Group Sustainability Report can be found on
<https://emea.nikkoam.com/files/pdf/esg/sustainability2020-en.pdf>

As mentioned in PRINCIPLE 4 of this Policy, portfolio managers of the Investment Managers will consider the investee company's management strategy, financial standing and market environment when voting on resolutions relating to the issuing of capital. In particular, portfolio managers do not evaluate capital increases positively if there is a possibility that it will significantly dilute the equity of existing shareholders and place them in an overall disadvantageous position.

Votes are cast on all shares, where there are no legal, client or technical constraints. Where the Investment Managers proxy voting principles or other general corporate governance best practice principles are not met, the Investment Managers would vote against a resolution and attempt to further engage with the investee company. Specifically on climate change the portfolio managers analysis will consider the physical, liability and transition risks associated with the changing climate and Investment Managers engagement will encourage effective financial disclosure where appropriate.

PRINCIPLE 8: Monitoring managers and service providers

As laid out in PRINCIPLE 5 of this Policy, the Investment Manager utilises third party vendor for the provision of proxy voting services. Third party vendor' proxy voting solutions enable the Company to control the Investment Manager's voting policy and final vote decisions while outsourcing the processing of the proxy process to a reliable partner. The third party vendor receives our proxy ballots, work with our custodian banks, execute votes on our behalf, maintain vote records and provide us with comprehensive reports to deliver a complete, end-to-end solution. In the event the Investment Manager wish to vote against the recommendations made by third party vendor, the Investment Managers are able to access the third party vendor's voting system and amend the vote accordingly.

PRINCIPLE 9: Engagement

As confirmed in PRINCIPLE 2 of this Policy, where the Investment Managers may have concerns over the value of investee companies, the Investment Managers will take steps to protect the value of our clients' investments. This is undertaken through participation in shareholder meetings, private management meetings and formal written communications. During such interactions between the Investment Manager and the investee companies, the Investment Managers acknowledge and follow the approaches set out under PRINCIPLE 1 and PRINCIPLE 6 of this Policy.

PRINCIPLE 10: Collaboration

The Company's usual policy is to actively engage in discussions with an investee company and participate in collaborative engagement. However, subject to the Conflicts of Interest Policy and the Code of Ethics, the Company would consider engaging with other shareholders on matters of mutual interest.

PRINCIPLE 11: Escalation

As explained in PRINCIPLE 6 of this Policy, the Funds voting rights to date classify as insignificant voting rights due to the holding size compared to the investee companies' share capital, therefore no escalation has been undertaken by the Company that resulted in actions taken by the investee companies.

PRINCIPLE 12: Exercising rights and responsibilities

As set out above, the Investment Manager utilise third party vendor to conduct their proxy voting. This provider can be utilised to produce disclosures on the proportion of share that Investment Manager voted on, proportion of votes withheld and the underlying voting decisions. Client specific records are available to clients on request.

4. TRANSPARENCY TOWARDS INVESTORS

In accordance with the Luxembourg Law, CSSF Circular 18/698 and CSSF Regulation 10-4, this Policy is made available to investors free of charge on <https://emea.nikkoam.com/proxy-engagement-policy> as well as at the registered office of the Company upon request. Details of the actions taken on the basis of this Policy shall be made available to investors free of charge and on their request.

5. POLICY REVIEW

This policy will be updated annually to take into accounts changes as and when appropriate. These changes can be of a regulatory nature or following the assessment of the effectiveness of this Policy.

APPENDIX 1

NIKKO ASSET MANAGEMENT GROUP

PROXY VOTING POLICY

Proxy voting rights in investee companies are the most important right granted to shareholders in order to increase investee companies' medium to long-term corporate value. Nikko AM Group exercises proxy voting rights independently and solely in the interests of our clients and beneficiaries in order to fulfil our fiduciary responsibilities. We believe that the three core factors behind sustainable, responsible investing - environmental, social, and governance (“**ESG**”) - are inherent to long-term value creation.

Nikko AM Group is an active owner, through its proxy voting process and engagement with its invested companies. As a long term investor, we believe an active dialogue and engagement with the management team, where appropriate, can both improve ESG performance and sustainability, and help an investor to more fully understand these efforts. Where we invest through passive strategies, we strive to incorporate ESG through the voting of proxies and the engagement process, where appropriate.

When conducting appropriate engagement or exercising voting rights, for example, if Nikko AM Group invests in an affiliated company, a supplier or a client (including companies with connections to a client), the possibility of conflicts of interest cannot be ruled out.

Nikko AM Group has established appropriate risk management and compliance frameworks to ensure that the interests of clients and beneficiaries are the top priority and that such conflicts of interest are appropriately managed if they arise. Portfolio managers, research analysts and governance specialists aim to avoid the occurrence of any conflicts of interest in compliance with our internal regulations.

In order to manage conflicts of interest and enable objective decision making in our exercise of voting rights, Nikko AM Group companies have established the control framework by combining means such as the advice of an independent third party, disclosure of proxy voting results to a customer (and obtaining of customer's consent, as the case may be), segregation of divisions (seclusion of information), and management by installation of monitoring organization etc. to maintain appropriate voting decisions.

Nikko AM Group focuses in particular on the following criteria when exercising voting rights in order to conduct appropriate monitoring of corporate governance at each investee company and to increase shareholder value.

(1) Shareholder Return

With regard to the disposition of surplus, Nikko AM Group places emphasis on ways to provide sufficient returns to shareholders over the medium to long-term and to provide adequate accountability to shareholders, taking into consideration not only total return ratio levels, such as shareholder dividends and stock purchase plans, but also the extent of internal reserves and investment plans based on future business plans.

(2) Directors' Execution and Supervisory Functions

The separation of execution and supervisory functions in management is necessary to realize good corporate governance. A company's board of directors must be appropriate in size and composition so as to ensure that thorough, balanced discussions take place and that appropriate decisions are made. Some of the directors should be independent directors.

(3) Executive Compensation System

Nikko AM Group positively assesses executive compensation systems that offer incentives and increase shareholder value, such as those linked to company performance. At the same time, appropriate levels of compensation in terms of company performance and profit distribution to shareholders should be required while the system itself should ensure sufficient accountability to shareholders.

(4) Company Control and Takeover Defenses

Nikko AM Group is basically opposed to resolutions aimed at maintaining company control or preventing the acquisition of company control. On the other hand, because acquisition proposals that may damage shareholder value cannot be assessed positively, takeover defenses may be assessed positively to the extent that the existence of such acquisition risks are clear and existing shareholder value would not be damaged.

(5) Business Restructuring

Nikko AM Group scrutinizes whether or not the restructuring of business through mergers and acquisitions is the best option for a company from the view point of consistency with its management strategy and enhancement of shareholder value in the medium to long-term. In addition, the valuation of a company's acquisition price must be a fair price calculated by a neutral third party.

(6) Capital Policy

Whether or not resolutions on the issuing of company stock are appropriate capital policy should be determined cautiously, taking into account the investee company's management strategy, financial standing and market environment. In particular, Nikko AM Group does not evaluate such capital increases positively if there is a possibility that they will significantly dilute the equity of existing shareholders and place them in a disadvantageous position overall.

(7) Other Resolutions

Other resolutions shall be examined and considered from the standpoint of maximizing shareholder value.