TCFD Report

Taskforce for Climate-related Financial Disclosures 2019

nikko am
Nikko Asset Management

Nikko AM Position Statement on Climate Change

We recognise 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 analyse 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 recognise 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.

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.

This report reflects Nikko AM's response to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Executive Summary

Nikko AM became a signatory to the Principles for Responsible Investment (PRI) in 2007. In 2018, The Investor Agenda was launched to aggregate investor climate actions to achieve the goals outlined in the Paris Agreement, and Nikko AM was the first Asian-headquartered asset manager to commit to addressing all four areas of impact in the Agenda. In Japan, we became a member of the Japan TCFD Consortium when it was created in 2018. The first-ever TCFD summit was held in October 2019, where participants discussed emerging best practices in climate-related financial disclosure.

（* The TCFD Consortium is an initiative aiming to provide a platform for business leaders, investors, regulators and academia to discuss effective and efficient corporate disclosure of climate-related information and their use by financial institutions.）

We continue to serve as a member of the Asian Investor Group on Climate Change, to collaborate and share best practices on climate risks and opportunities in Asia.

Governance

We firmly believe that activities addressing ESG, including climate change, should not be separated from investment activities. Nikko AM's ESG Global Steering Committee is chaired by the Global Head of Investment, mandated by the Global Executive Committee (GEC) and reports to the Board of Directors.

Strategy

Our firm-wide ESG policy sets out how we manage and govern ourselves sustainably. We developed a Position Statement on Climate Change to outline our approach. We place a strong emphasis on training, mandating that every investment professional undertake ESG training.

Risk Management

Our capabilities in ESG integration have secured us mandates with stringent ESG criteria. Clients appreciate our thorough research, vigorous debate and direct engagement with companies in appreciating complex ESG issues. We use third-party ESG research to support our analysis, and keep abreast of new climate tools developing in the market. We also exercise our voting rights and engage companies both individually and collaboratively, for example through Climate Action 100+.

Metrics and Targets

We subscribe to third-party carbon portfolio analytics tools that help us evaluate companies. In addition, we continue to explore scenario analysis tools that can add value to our analysis at both company and portfolio levels. In 2019, examples from different scenario analysis providers were presented and discussed at the ESG Steering Committee meetings. We continue to investigate the applicability of climate scenario tools across many portfolios with varying characteristics.
We report our aggregate portfolio weighted average carbon intensity, as recommended by TCFD, which acknowledged the challenges and limitations of current carbon footprinting metrics. Our aggregate portfolio weighted average carbon intensity is 106.71 tCO_2e/US$M sales, with coverage

of 53% of assets under managements of our active equity strategies. We are actively exploring other climate scenario analysis tools, particularly those supported and listed by PRI.

This report serves as our second TCFD report covering January to December 2019. In addition we make climate related disclosures in accordance with PRI's voluntary climate risk indicators. This is a reflection of our commitment to move forward with our internal initiatives to further enhance our analytical capabilities as well as encourage collaboration within the investment community.

Governance

We firmly believe that activities addressing ESG, including climate change, should not be separated from investment activities. It is our fiduciary duty to evaluate climate change risks and opportunities when making investment decisions on behalf of our clients.

Fiduciary & ESG Principles are Nikko AM's highest guiding themes as an asset management company. The ESG Global Steering Committee governs the fulfilment of ESG commitments and is chaired by the Global Head of Investment, who is also a member of the Global Executive Committee (GEC). The Steering Committee is mandated by the GEC and reports to the Board of Directors at least once every quarter.

The ESG Global Steering Committee comprises leaders from our investment teams worldwide, who are in charge of ESG implementation in their individual investment processes. The Steering Committee is responsible for evaluating the effectiveness and improving our approach to ESG and implementation of the six Principles of the United Nations-supported Principles for Responsible Investment (PRI).

ESG specialists also support the investment teams, primarily through internal capacity building, with the aim of having all investment professionals integrate ESG into their investment processes to the fullest extent.

Furthermore, each regional office is also required to present its ESG implementation activities regularly to its respective boards.

At Nikko AM's Japanese operations, the ESG framework is also supplemented by our company's stewardship and voting rights governance structure, consisting of the Stewardship and Proxy Voting Committee (Voting Committee) and the Stewardship and Voting Rights Policy Oversight Committee (Oversight Committee). The Voting Committee is responsible for guidance related to Nikko AM's stewardship activities, including formulating its stewardship policy, as well as amendments of the proxy voting policy.

Comprised mainly of independent Board of Directors of Nikko AM in Tokyo, the Oversight Committee is an independent body with oversight authority, responsible for monitoring whether Nikko AM's company engagement and exercise of voting rights are in line with its policies and truly meet investor interests in its Japanese operations. The Oversight Committee is also fully integrated into Nikko AM's governance structure as it is required to report on its activities and decisions to the Board of Directors.

Strategy

Our firm-wide ESG policy sets out how we manage and govern ourselves sustainably, and our Code of Ethics describes our core values, corporate social responsibility and global citizenship. Where appropriate to the asset class, investment strategy and client requirements, certain investment teams may maintain specific ESG policies and procedures pertaining to their investment philosophy and process.

In 2019, we developed our Position Statement on Climate Change to reinforce our commitment and outline our approach to climate change. The Statement addresses all areas of impact under The Investor Agenda.

We have a strong emphasis on internal training, and mandate that each investment professional undertakes ESG training. Our strategy towards climate change is consistent towards our steadfast attitude in comprehensively analysing potential and existing portfolio companies, including ESG factors. The investment horizon of our core active strategies is medium to long term in accordance with our clients, which include pension funds, sovereign wealth funds, insurance companies and banks, who may have correspondingly long outlooks and are increasingly concerned with climate change. We recognise long-term macro level mega trends such as demographic shifts and climate change, while acknowledging the level of uncertainty that requires us to factor these trends into our valuation on an individual basis. This is best illustrated with examples (see the Risk Management section).

Climate change is an issue that potentially impacts all sectors, over varying time horizons. Impacts may be direct, as with carbon tax policies, or indirect, as with strains on geopolitical relationships. Beyond known impacts, we also acknowledge the systematic impacts that can arise given the increased instability of the physical systems as the global mean temperature rises. While estimates exist for the impact of climate change on a global scale, there is currently a high level of uncertainty for impact at a more granular level. As an active asset manager seeking value from thoroughly researching companies, below are examples of what impacts we consider:

- Regulatory and operating environment, which influences the level of adaptation and vulnerability
- Physical impact, which differ across industries and locations
- Stakeholder pressures, which may influence consumer preferences and the license to operate

One way to categorise climate change risks and opportunities, corresponding to considerations we have undertaken, is described by TCFD (Table 1) below. As noted by TCFD itself, the categories are not mutually exclusive and overlaps exist.

Table 1: Climate Change Risks and Opportunities

Transition risks	Policy and legal
	Technology
	Market
	Reputation
Physical risks	Acute
	Chronic

Opportunities	Resource efficiency
	Energy source

	Products and services
	Markets
	Resilience

In addition to integrating climate change considerations across all our portfolios, we work with clients to provide specific low-carbon investment solutions aligned to their investment beliefs. Investing in securities that finance climate change mitigation and adaptation projects allows for the highest level of transparency for investors keen to avoid “greenwashing”. We have recently expanded to include Global AAA rated sovereigns, supranationals and agencies (SSAs) with the strongest sustainable development credentials, such as the Asian Development Bank and European Investment Bank.

Risk Management

In the previous section, we described the risks, opportunities and impact climate change can pose on companies that we analyse and our strategy as set out in the Nikko AM Position Statement on Climate Change. In this section, we explain the processes and tools in assessing and managing climate change risks and opportunities against the four building blocks of our climate change strategy.

1. Develop internal capacity

Our capabilities in ESG integration have secured us mandates with stringent ESG criteria. We have also applied climate-related tools such as carbon footprinting, shadow pricing and exposure to specific assets considered to be at higher risk of being stranded assets.

We use external ESG research reports to augment our research. Ratings can highlight companies deemed to be high-risk, which serves as a catalyst for more in-depth analysis and debate on such holdings within the team, as well as a broader audience through our ESG Global Steering Committee. But we do not believe an organisation’s commitment to do the right thing can be so easily captured by a rating.

We generally do not apply blanket exclusions unless a client instructs us to, though we have managed a wide variety of such exclusions. We prefer active engagement and exercising voting rights as an effective ESG and stewardship tool for our investment process and clients, as well as broadly for economies and the environment. We believe that exclusion based on a formulaic filter to determine climate risks can often be myopically focused and inflexible, without capturing the future potential of a company’s ability to transform to a low carbon economy.

We believe that thorough research, vigorous debate and direct engagement with companies to get a first-hand appreciation of the issues, are still the best ways to size up ESG and judge its impact on an investment outcome. We are cognisant that the complexities and uncertainties arising from climate-related impacts require that we keep abreast of information relating to the science, as well as regulatory and stakeholder responses.

We are actively exploring tools to monitor the resilience of our portfolios in different climate-related scenarios, including a 2°C or lower scenario. Some of the tools are promising in circumventing issues (such as selective coverage and poor quality of company disclosures) by procuring data from industry research.

Given the spectrum of companies we analyse across asset classes, geographies and teams, below are a few examples to illustrate how climate change may be factored in the investment process. Our ESG analysis can sometimes, but not always, lead to quantitative adjustments in valuation.

- Japan Equity: Example of a Manufacturer of Air Conditioners and Related Chemicals

The world-wide increase in demand of air conditioners has led to an expansion of business opportunity for the company. At the same time, we recognize that the increase in green-house gas emissions through the use of their products and tightening of environmental regulations is a risk and have been in engagement with the company.

Under the leadership of the senior management, the company set their "Environmental Vision for 2050" goals to reduce greenhouse gas emissions to zero, starting with targets to reduce carbon emissions in their products and services by 2030. This includes developing energy saving products, strengthening their energy management, opening up their technology and being involved in the shaping of regulations. Furthermore, the company puts an emphasis on engagement with various stakeholders such as the government, international organizations, universities and NGOs. We view that the company is managing its climate change related risks appropriately.

- Global Equity: An Insulation Manufacturer

In 2011, the manufacturer announced that by 2020 they would shift 100% of its operational energy to renewable energy. This Net Zero Energy programme was set to achieve the target through a mix of energy reduction, on-site renewable energy generation and procurement of certified renewable energy.

The company has achieved that goal and has recently launched its new 10-year Planet Passionate program. Through advanced materials, building systems and digital technologies, the company will work in partnership within the global construction industry, and through its new innovation centre, they will migrate the industry towards using clean energy, managing the earth's resources more sustainably and in doing so protect the natural environment. This company is significantly ahead of most in driving the environmental agenda.

In 2019, our research into climate change and potential environment solution providers identified the company as a key beneficiary of regulation change and driver of energy efficient infrastructure. Together with strong fundamentals and positive team debate, these solutions were a factor in the eventual decision to invest.

Our investment philosophy focuses on 'Purpose-Led Future Quality' businesses which can attain and sustain the best returns on capital in the market, while creating value for all stakeholders. Given the scale of the challenges faced across the world today, we are finding an ever-increasing number of companies that can form part of the solution rather than be part of the problem, which is critical for both future financial returns and the wellbeing of future generations.

- Asia Equity: An Industrial Automation Company

The company has a strong focus on R&D and clean technology products. In addition, the company also scores well on MSCI due to a founder ownership structure which aligns management with minorities as well as its well-established anti-corruption programs with a detailed ethical conduct policy and internal control measures backed with monitoring programs and ethical training for its employees. An area where we think the company can improve on is providing more evidence of initiatives to address environmental impacts from air, water and waste emissions, which it lacks compared to peers. We note, however, that the company's strategy has increasingly focused on developing clean technology products and solutions which should help sustainability of earnings going forwards.

- Australia Equity: Implementation of Carbon Pricing in the Investment Process

We monitor the (3-year forward) EPS impact and thus the valuation of all companies within our investable universe based on a USD 10 and USD 20 carbon price without any mitigation. This provides a guide to the most sensitive companies to a carbon pricing framework. For those companies that are identified as having high climate change risks from the carbon tax scenarios, further analysis is conducted. Different scenarios are considered, before a central case scenario is modelled and incorporated into the valuation.

- New Zealand Equity: A Transportation Business

As part of our investment analysis, we covered the company's environmentally focused initiatives which included transitioning to electric fork hoists from their legacy diesel fleet; developing rain water collection facilities at new sites which is then used for vehicle washing, watering gardens, and waste water usage; and good disclosure of carbon emissions inventories in their annual reporting. These factors all positively impacted our analysis and the business is considered a 'core' holding in our domestically focused funds.

- Global Credit: An Energy Company

We evaluated a "Sustainable Development Bond" issued by an energy company that is active in electricity generation and distribution, as well as in the distribution of natural gas. The bond issued by the company was the world's first general-purpose bond linked to the Sustainable Development Goals (SDG) which pledged to meet SDG targets or face a punitive jump in interest payments. It ranked highly within our internal ESG scoring framework and therefore fitted well into the Global Credit portfolio. The purchase supports Nikko AM's desire to be a participant in the evolution of this market.

- Asia Credit: A Coal Mining Company

The company is focused towards increasing production in low cost mines with low grade coal and also lacks mid to long-term plans to migrate towards less-polluting higher grade coal or diversify their revenue sources to be less reliant on coal. The company's high growth ambition, coupled with management's focus on near term financial profits at the expense of business sustainability places the company's long-term prospects at risk. Through our assessment, this warrants a trigger on the environmental component of our ESG investigation. We apply a penalty score on the ESG component of our assessment of the company.

2. Collaborate with the investment community

The magnitude of uncertainty and impact of climate change warrants collective action to develop solutions. We promote and implement best ESG practices embedded in the six Principles for

Responsible Investment through collaboration. For example, serving as the chairperson of the UN PRI Japan Network in 2012 and 2013.

We are an active member of the Asia Investor Group on Climate Change (AIGCC) Working Group. AIGCC is one of four regional climate change investor groups that form the Global Investor Coalition on Climate Change. The Group takes an investor approach, seeking always to address the implications of climate change from the perspective of responsible, long term institutional investors. AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy.

We are an investor signatory to the CDP (previously known as Carbon Disclosure Project), a non-profit that drives global disclosure of environmental data for companies, cities and states. We are also a signatory to the Climate Action 100+ which was launched in December 2017 at the One Planet Summit, and collaboratively engage companies to reduce emissions (see *Active Stewardship* for details). We participate in the collaborative engagement led by the PRI Palm Oil Investor Working Group (IWG), seeking to learn and share ESG issues linked with sustainable palm oil.

We recognise the systematic risk that climate change presents, and that it requires coordinated policy action and clear signals for a smooth transition to a low carbon economy. We are a signatory to the 2018 Global Investor Statement to Governments on Climate Change to achieve the Paris Agreement's goals, accelerate private sector investment into the low carbon transition, and commit to improve climate-related financial reporting.

We participate actively in forums and events, publish thought leadership articles on our website and engage a wide range of stakeholders including clients, members of the investment management industry, policy makers and civil society.

In Japan, we have been a member of the Japan TCFD Consortium since its launch in 2018, and participated in discussions around best practices for climate related financial disclosure. We are also currently signatory member of the Principles of Financial Actions towards a Sustainable Society (for the 21st Century). This initiative gathers a broad range of financial companies as signatories to discuss sustainability in the context of the finance industry. The Japanese Ministry of the Environment acts as the secretariat, and the workshops regularly feature frank discussions between representatives of government agencies, listed corporations' employees and financial professionals.

Also, we were invited by the Investment Management Association of Singapore to join the Advisory Group of the Asia Sustainable Finance Initiative (ASFI). ASFI brings the financial sector together with academia and civil society to seek multi-stakeholder and science-based solutions for sustainable finance.

3. Active stewardship

Active dialogue with our investee companies, including on ESG and climate change where material, is a tool that spurs companies towards sustainable value creation. The exercise also deepens our understanding of the company, including on the quality of the management and its future direction, which we evaluate and adjust our investment holdings as appropriate.

We collaborate with other investors through the Climate Action 100+ It calls on companies to improve governance and financial disclosures on climate change in line with TCFD, and curb emissions across the value chain.

Climate Action 100+
Global Investors Driving Business Transition

We participate in the Climate Action 100+. Companies on the initiative's focus list are making progress, including a tripling in the support for TCFD recommendations (Source: Climate Action 100+).

In March 2017, in order to further enhance engagement with investee companies, we established the Active Ownership Group within the Japanese Equity Fund Management Department, and started engagement with companies included in our passive investment strategy portfolios. By engaging with investee companies, we gain a deeper insight into the business environment, share our understanding of the challenges with the company, and promote medium and long-term corporate value improvement. As part of this engagement, we emphasize dialogue on the company's management systems and their initiatives related to climate risks and opportunities.

Case Study of Engagement:
From 2018 to 2019, we engaged the senior management of a big oil investee company we held an active investment in. Three of the key points raised are as per below:

1. Adhering to Climate-related Financial Disclosures (TCFD) reporting recommendations.
2. Improving disclosures on other areas such as labour practices, employee safety, renewable energy investments and management, biodiversity, land reclamation practices and internal governance training.
3. Working with the company to improve their Transition Pathway Initiative* rating (which are below local peers)–explicitly by recognizing climate change as a relevant business risk/opportunity.

* Transition Pathway Initiative (TPI): Launched in January 2017, TPI is a global, asset-owner led initiative which assesses the companies' preparedness for the transition to a low carbon economy, currently supported by 80 investors with over $20.9 trillion combined Assets under Management and Advice. (as of July 2020)

As part of our active stewardship, we have also developed detailed proxy voting policies and guidelines and exercise our voting rights accordingly. In addition, we also have supplemental policies that are tailored to each market. As appropriate, we are supported by external corporate governance and proxy voting advisers, who provide proxy voting analysis and recommendations. We note, ultimately the decision for how to exercise our voting rights are determined by Nikko AM.

4. Report on Our Activities

This report serves as our second TCFD report, covering January to December 2019, and will be updated annually. This transparency reflects our commitment to engage and develop our internal capacity, and promote greater collaboration within and beyond the investment community.

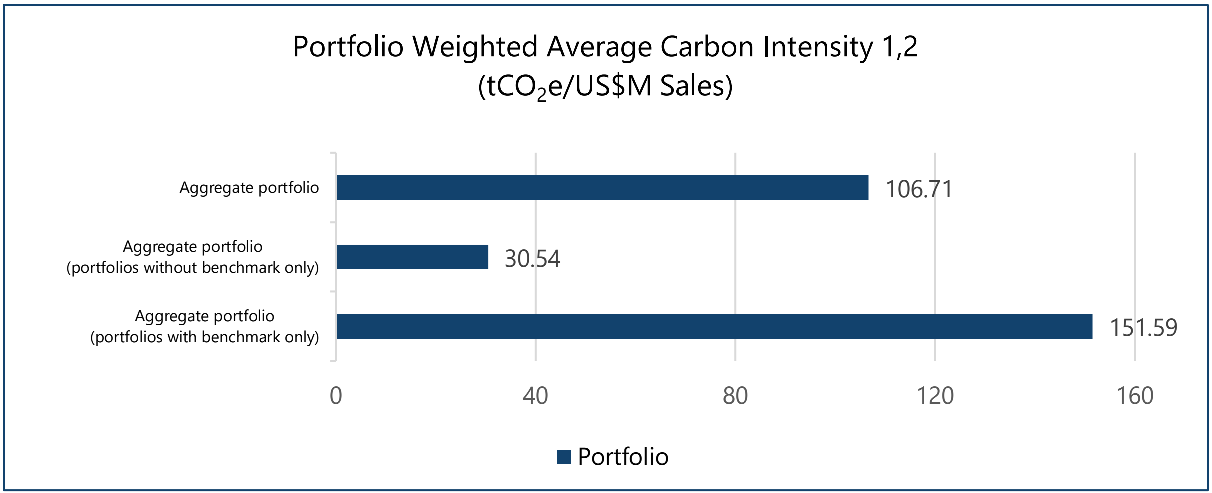
Metrics and Targets

TCFD has recommended the use of weighted average carbon intensity, while acknowledging the challenges and limitations of current carbon footprint metrics.

Our experience is that carbon intensity figures do not add much value in considering climate change portfolio risk. The problem is exacerbated when considering the lack of comparability and reliability, based on the status of current greenhouse gas disclosure. For example, weighted average carbon intensity is based on Scope 1 (direct emissions from fossil fuel combustion) and Scope 2 (indirect emissions resulting from electricity usage) emissions. This excludes emissions arising from products that would fall under Scope 3 (all indirect emissions not included in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions). This means that the risks of an automobile company that switches from producing diesel-powered vehicles to electric vehicles would not be identified using this metric.

Our aggregate portfolio weighted average carbon intensity is 106.71 tCO_2e/US$M sales, with coverage of 53% of assets under managements of our active equity strategies. Figures are generated from MSCI ESG Research, and may be derived from company disclosures or estimates.

The aforementioned aggregate portfolio includes both portfolios with benchmarks and portfolios without. If we compute an aggregate portfolio comprising only portfolios with benchmarks, the weighted average carbon intensity is 151.59 tCO_2e/US$M sales, lower than the aggregate benchmark. The equivalent for an aggregate portfolio for portfolios without benchmarks is 30.54 tCO_2e/US$M sales.



(As of Dec 31, 2019)

1 Assets under management (AUM) of reported portfolios covers 53% of our core active strategies.
2 Figures are generated from MSCI ESG Research. Figures may be derived from company disclosures and/or estimates by MSCI ESG Research.

In addition, the US Sustainability Accounting Standards Board (SASB) considered climate risk to have material financial impacts in 72 of 79 industries according to their technical bulletin on climate risk. However, greenhouse gas emissions are considered to be material for only 23 of the 79 industries.

We subscribe to third-party carbon portfolio analytics tools that help to assess companies on metrics such as carbon intensity, carbon risk management, and stranded asset exposure. In addition, we continue to explore scenario analysis tools that can add value to our analysis at both company and portfolio levels. The field is rapidly developing with tools addressing different climate risks such as transition and physical risk. Leading academics say that while global trends of the impact of climate change are more clearly defined, there remains a high degree of uncertainty at a regional and company level where it can be most readily applied.

During 2019, the ESG Global Steering Committee held discussions on the various scenario analysis tools available from external service providers. We will continue to assess whether existing and newly-available climate scenario analysis tools can be applied to our portfolio management, bearing in mind the different characteristics these portfolios have.

Corporate Activities

We believe we have the responsibility to act in an environmentally-conscious way in our operational activities. We first laid out our environmental policy in 2010, highlighting our commitment to proactively take environmental preservation issues into consideration in the course of business and office activities that centre on our asset management businesses.

Environmental Performance

To calculate our CO2 emissions, we consolidated our firm-wide energy consumption and employee transportation usage data. We have found that our total CO2 emissions, emissions per employee, and emissions per billion yen of revenue are as follows.

Nikko Asset Management Group Carbon Footprint	2019
Total Tonnes CO2 Emissions	6,274.21
Tonnes of CO2 / Employee	6.75
Kg of CO2 / JPY Billion Revenue	62.07

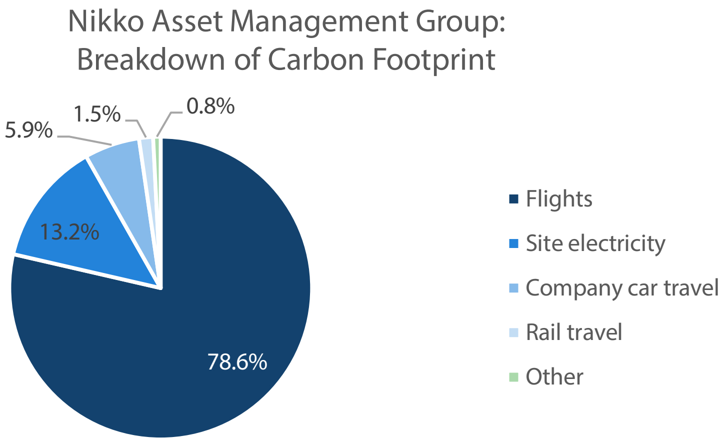
Based on the assessment, we offset our total emissions through participation in an offset project, and with this, have been certified as carbon neutral. The amount funded to offset our emissions was used for the installation of renewable solar PV cells into the Indian National Grid for diversification of energy sources and for two wind power projects in China. Through the projects, not only were we able to contribute to energy stability in the region, but also contributed to the sustainable development of employment, healthcare, sanitation and education in the local communities. The contribution to these communities are in alignment with our firm's sustainability focus areas, Environment & Climate; Reducing Inequalities and Diversity & Inclusion.

carbon footprint standard
Carbon
Neutral
Organisation



Furthermore, with the CO2 emissions assessment, we found that over 70% of our emissions through business operations were a result of our domestic and international airplane travel, as indicated in the graph below. With this, we educated employees on ways they can reduce their carbon footprint when traveling by providing information on various offset programs offered by airline companies and informing employees that downgrading the airline class they board can reduce their carbon footprint.

The chart below represents the percentage contribution of each element of Nikko AM's carbon footprint.



"Other" includes gas consumption and taxi, rental car, and bus travel.

The Tokyo headquarters has been recording and analysing various environmental metrics over several years. The Tokyo office building facility monitors and actively works to minimize energy consumption through the recycling of rainwater and wastewater, use of natural and efficient lighting, and the promotion of solar power generation.

Environmental Performance of Nikko AM Tokyo Headquarters

	Units	FY2015	FY2016	FY2017	FY2018	FY2019	% change from the previous FY
Power usage	Thousand kWh	1,071	1,029	1,057	1,092	1,007	-7.8%
Total energy consumption	GJ	14,022	13,441	13,807	15,191	13,710	-9.8%
Carbon dioxide emissions*	tCO_2	671	643	670	723	654	-9.5%
Copy paper purchase per capita	Sheet	672	614	548	496	457	-7.9%
Stationery green purchasing ratio	%	50.6	65.0	58.8	54.5	13.6	-75.0%

Environmental performance of Nikko AM Headquarters in Tokyo, Japan during the one year period between April to March of the following year.

**Carbon dioxide emissions have been calculated based on the greenhouse gas emissions calculation set by the Tokyo Metropolitan Environment Securement Code.*

***Past performance is not indicative of future results.*

As for our overseas offices, 100% of the electricity consumed in the London and Edinburgh offices are generated by renewable energy.

While we will continue to rely on external offsetting projects as a means to offset our greenhouse gas emissions, it is most important that we continuously strive to reduce our firm's emissions through internal efforts.

As a responsible company, we aim to continue to raise the awareness among our employees on the impact our business and individuals have on the environment.

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