NIKKO ASSET MANAGEMENT LUXEMBOURG S.A.

SUSTAINABILITY RISK POLICY

February 2021

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Scope of this Policy

Nikko Asset Management Luxembourg S.A (the "Company" or "NAML") 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 (Luxembourg), 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 intends to manage Luxembourg and foreign alternative investment funds ("AIFs") and that are contemplated to be marketed in EU member states and non-EU member states.

On 4 June 2020 a notification under freedom of establishment and freedom to provide services under to Article 17 of the Directive 2009/65/EC and Article 33 of the Directive 2011/61/EU in respect of the establishment of the German branch of the Company (the "German Branch") to the CSSF. The German Branch, which commenced its activities on the 1st of January 2021, is in scope of this policy.

This Policy applies to any undertakings for collective investment in transferable securities (the "**UCITS**"), any alternative investment funds ("**AIF**") and any discretionary portfolio management mandates ("**Mandates**") for which NAML acts as Authorized Fund Manager **"AFM"** (UCITS and AIFs will be later referred to as the "**Funds**" or "**UCIs**" and UCITS, AIFs and Mandates as the "**Products**").

Purpose of this Policy

In line with EU Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"), the purpose of this Sustainability Risk Policy (the "Policy"), is to establish NAML principles about Sustainability Risk ('SR') and its consideration and integration across investments teams and the investment decision making process.

This Policy describes:

- The overview of the principles and commitment to responsible investing at the NIKKO AM Group level
- NAML Oversight of Integration of SRs in the Decision Making Process
- NAML criteria for evidencing the integration of Sustainability Risks.

NIKKO AM Group's Commitment to Responsible Investing

Nikko Asset Management Group is a long term, global investor across multiple asset classes. We believe that the three core factors behind sustainable, responsible investing - environmental, social, and governance ("ESG") - are inherent to long-term value creation. Incorporating them in the investment process is consistent with our fiduciary duty.

Sustainability means managing the challenges and risks facing all organisations to meet the needs of the present, without compromising future generations. Nikko AM became a UN PRI signatory in 2007 (PRI representing the Principles for Responsible Investment). This early commitment is testament to our dedication to all six Principles, where consistent with our fiduciary responsibilities.

Based on the six PRI Principles, Nikko AM adheres to the following firm-wide policy:

- Principle 1: Nikko AM incorporates ESG issues in investment analysis and decision-making
- Principle 2: Nikko AM is an active owner through its proxy voting process and incorporates ESG issues into its ownership policies and practices

- Principle 3: Nikko AM seeks appropriate disclosure on ESG issues by the entities in which it invests
- Principle 4: Nikko AM promotes the acceptance and implementation of the Principles within the investment industry
- Principle 5: Nikko AM collaborates with clients and members of the investment management industry to enhance effectiveness in implementing the Principles
- Principle 6: Nikko AM reports its activities and progress towards implementing the Principles

Nikko AM consistently updates and aligns its ESG approach with incoming regulation, such as the SFDR, as well organizational priorities and adherence to different industry wide initiatives.

NAML Oversight of the Integration of Sustainability Risks

NAML in its capacity as AFM to the Funds, provides independent oversight, as outlined within this policy, of each Investment Team's approach to the integration of Sustainability Risks in the investment decision making process. Specific responsibilities are defined below:

- NAML defines SRs and criteria that each investment team may use to evidence its integration of SRs into the investment decision making process
- In line with wider NAM Group policy, individual investment teams maintain specific ESG policies and procedures pertaining to their investment philosophy and process. These policies and procedures will reflect the SRs defined within this policy. Each investment team is also expected to provide detail as part of the periodic SR monitoring process conducted by NAML

Both the definition of SRs and the criteria that each investment team must provide information against as part of the periodic SR monitoring process are detailed in the sections below.

NAML definition of Sustainability Risks

Sustainability Risks

The risks arising from any environmental, social or governance events or conditions that, were they to occur, could cause material negative impact on the value of the investment.

Specific sustainability risks can vary for each product and asset class, and include but are not limited to:

Transition Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by the transition to a low carbon economy due to their involvement in exploration, production, processing, trading and sale of fossil fuels, or their dependency upon carbon intensive materials, processes, products and services. Transition risk may result to several factors, including rising costs and/or limitation of greenhouse gas emissions, energy-efficiency requirements, reduction in fossil fuel demand or shift to alternative energy sources, due to policy, regulatory, technological and market demand changes. Transition risk may negatively affect the value of investments by impairing assets or by increasing liabilities, capital expenditures, operating and financing costs.

Physical Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by the physical impacts of climate change. Physical risk includes acute risks arising from extreme weather events such as storms, floods, droughts, fires or heat waves, and chronic risks arising from gradual changes in the climate, such as changing rainfall patterns, rising sea levels, ocean acidification, and biodiversity loss. Physical risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

Environmental Risk

The risk posed by the exposure to issuers that may potentially be causing or affected by environmental degradation and/or depletion of natural resources. Environmental risks may result from air pollution, water pollution, waste generation, depletion of freshwater and marine resources, and loss of biodiversity or damages to ecosystems. Environmental risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

Social Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by social factors such as poor labour standards, human rights violations, damage to public health, data privacy breaches, or increased inequalities. Social risk may negatively affect the value of investments by impairing assets, productivity or revenues or by increasing liabilities, capital expenditures, operating and financing costs.

Governance Risk

The risk posed by the exposure to issuers that may potentially be negatively affected by weak governance structures. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders rights, deficient controls, aggressive tax planning and accounting practices, or lack of business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence. Governance risk may negatively affect the value of investments due to poor strategic decisions, conflict of interest, reputational damages, increased liabilities or loss of investor confidence.

Investment Manager Integration of SRs into the investment decision making process

NAML defines the criteria, and related information, that it expects each investment team to be able to provide in order to evidence its consideration of SRs in the investment decision making process. The level of information provided will depend upon the outcomes of teams' consideration of the extent to which SRs are relevant to the funds that they manage. Based on the SFDR, there are two possible outcomes of this consideration:

1. **Teams deem that SRs are relevant to the fund and the investment decision making process:** Teams may deem that SRs are relevant based on the definitions above, their fund objectives and the processes they use to manage the funds, for example applying hard ESG limits or tracking specific metrics in relation to ESG and SRs. In this case, each team is required to provide information in line with the categories below to fully evidence the consideration of SRs in the investment decision making process

2. **Teams deem that SRs are not relevant:** Teams may deem that SRs are not relevant based on the definitions above, for example as a result of the investable universe not aligning to ESG considerations. In this scenario, teams are required to provide a clear and concise explanation of the reasons why SRs are not relevant to the fund

NAML Criteria for Evidencing the Integration of SRs

Below, NAML outlines the set of criteria that it requires Investment Managers to provide for each in-scope fund which they manage. The information provided is retained by NAML to evidence the integration of SRs across funds and to be used as part of the SR review process. Criteria are detailed in the table below:

Criteria	Description
Overview	Investment teams must include a general description of how sustainability risks (as defined by NAML) and their potential impact on returns are embedded in the investment process. Responses typically include: • A summary of the investment philosophy of the team and ways in which SRs are embedded in the investment process
Portfolio Construction & Assessment of Likely Impact of SRs on returns	Description of how ESG considerations and specific sustainability risks are identified, documented and monitored throughout the portfolio construction process. Responses typically include: • Results of the assessment of the likely impacts of sustainability risks on the return of the financial products • Company/security scoring processes that systematically takes ESG factors or metrics into account as part of the investment decision making process
Limits/Exclusion Criteria	Description of application of hard ESG limits or specific exclusion criteria relating to the product if applicable
ESG Metrics	Detail on any metrics used to assess, track and monitor SRs on an ongoing basis.
Engagement	Description of any approach the investment team takes to engaging with investee companies on material ESG issues/sustainability risks. Responses typically include: • Brief description of engagement approach and how this is influenced by the investment philosophy and consideration of ESG
Portfolio Review Process	Description of how ESG risks / factors / metrics are included in regular portfolio reviews performed separately to NAML monitoring and oversight described within this policy

SR monitoring will be conducted as part of the periodic Due Diligence which frequency is determined by NAML risk assessment of its various IM delegates. The monitoring/review process is broken down into the following steps

1. Questionnaire/data request: the periodic DDQ sent to the IMs as part of the Portfolio Management Due Diligence process will be updated and will include questions related to the criteria defined here above.
2. Review of response by Conducting Officer
3. Additional data requested by the Conducting Officer if required
4. Review of the Institutional Marketing Material and SRFP on the Group Intranet by the Conducting Officer.
5. Conclusions reported in the periodic Due Diligence report written by the Conducting Officer and presented to the Management Committee and Board of Directors of NAML

Quarterly reporting will be requested to the IMs for:

- Proxy Voting Statistics

- ESG Scoring of the portfolios