



LEA 02	Disclosures	Monetary	Principles
<p>By providing investors the ability to view and compare the ESG data for all the companies in the portfolio, we are able to identify areas where we can engage with the companies to improve their ESG performance. This is done through a combination of direct engagement with the companies and through the use of external ESG data providers.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in &amp; company research</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with internal staff</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company research</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage with collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company research</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> To support investment decision-making in &amp; company research</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p>		

# RI TRANSPARENCY REPORT

## 2018

Nikko AM Australian Equities

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2018 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown by passive, active strategies	🔒	n/a							✓
OO FI 02	Option to report on <10% assets	🔒	n/a							✓
OO FI 03	Breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
OO PE 01	Breakdown of investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership	🔒	n/a							✓
OO PR 01	Breakdown of investments	🔒	n/a							✓
OO PR 02	Breakdown of assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of investments	🔒	n/a							✓
OO INF 02	Breakdown of assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Private	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 13	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 14	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 16	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 17	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 18	Confirmation of votes	✓	n/a		✓					
LEA 19	Securities lending programme	✓	Private		✓					
LEA 20	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 21	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 22	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 23	Shareholder resolutions	✓	Private		✓					
LEA 24	Examples of (proxy) voting activities	✓	Private		✓					
LEA End	Module confirmation page	✓	-							

Assurance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01.1	Assurance, verification, or review	✓	n/a							✓
CM1 01.2 & 01.8	Assurance of this year's PRI data	✓	n/a							
CM1 01.3 & 01.9	Assurance of last year's PRI data	✓	n/a							✓
CM1 01.4, 10-12	Other confidence building measures	✓	n/a							✓
CM1 01.5	External assurance	🔒	n/a							✓
CM1 01.6	Assurance or internal audit	🔒	n/a							✓
CM1 01.7	Internal verification	🔒	n/a							✓
CM1 01 End	Module confirmation page	✓	-							

# Nikko AM Australian Equities

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Basic information

OO 01	Mandatory	Public	Gateway/Peering	General
-------	-----------	--------	-----------------	---------

### OO 01.1 | Select the services and funds you offer

Fund management

#### % of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

- Fund of funds, manager of managers, sub-advised products
- Other, specify

#### Further options for investment managers (may be selected in addition to the above)

- Execution and advisory services
- Hedge funds
- Fund of hedge funds

### OO 01.3 | Additional information. [Optional]

OO 02	Mandatory	Public	Peering	General
-------	-----------	--------	---------	---------

### OO 02.1 | Select the location of your organisation's headquarters.

Australia

### OO 02.2 | Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

### OO 02.3 | Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

12

**OO 03** Mandatory Public Descriptive General

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

**OO 04** Mandatory Public Gateway/Peering General

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2017

**OO 04.2** Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		7	000	000	000
Currency	AUD				
Assets in USD		5	318	592	474

**OO 06** Mandatory Public Descriptive General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**OO 06.1** Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	100	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0

Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

**OO 06.2**

Publish asset class mix as per attached image [Optional].

### Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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**OO 10.1**

Select the active ownership activities your organisation implemented in the reporting year.

#### Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

#### Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11	Mandatory	Public	Gateway	General
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**OO 11.1**

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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**OO 12.1** Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

RI implementation via external managers

Closing module

- Closing module

# Nikko AM Australian Equities

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change and related issues
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

<b>SG 01.4</b>	Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.
----------------	--

Nikko AM Australian Equities (Nikko) has a long history of investing based on fundamental research. All stocks have an intrinsic value that with expert and diligent research can be accurately assessed. In the short-term the market price frequently reflects factors other than this intrinsic value. Assessing the intrinsic value of an investment can reveal profit opportunities, as the market price will invariably move towards the intrinsic value. This thinking lies at the core of the Nikko AM Australian Equities investment approach.

Investing in a responsible manner, where material issues including Environmental, Social and Governance (ESG) issues are considered, is a part of our duty to clients. Engagement with companies held in the portfolios is an important component of the investment process, with the aim to improve the outcome for investors as well as increasing the value of companies by addressing ESG issues.

<b>SG 01.5</b>	Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]
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As long term, fundamental investors, Nikko AM Australian Equities considers ESG factors in the same way as more traditional factors such as market structure, innovation and industry growth. Any material ESG issues are incorporated into the valuation using the same methods that more traditional factors are handled. This way, the impact is neither under nor over-stated. It is important to note that we do not exclude particular asset types, industry sectors or securities wholly on moral or ethical grounds, unless this is expressly built into the product's investment strategy or client agreement.

No

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

	URL/Attachment
--	----------------

URL

Attachment (will be made public)

	Attachment
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[File 1:Responsible Investment Policy 2017.pdf](#)

Formalised guidelines on corporate governance factors

	URL/Attachment
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URL

URL

[http://www.nikkoam.com.au/files/proxy\\_voting/Proxy\\_Voting\\_Policy\\_NAM\\_AUS\\_EQ.pdf](http://www.nikkoam.com.au/files/proxy_voting/Proxy_Voting_Policy_NAM_AUS_EQ.pdf)

- Attachment (will be made public)
- Engagement policy
- (Proxy) voting policy

URL/Attachment

- URL

URL

[http://www.nikkoam.com.au/files/proxy\\_voting/Proxy%20Voting%20Policy\\_NAM\\_AUS\\_EQ.pdf](http://www.nikkoam.com.au/files/proxy_voting/Proxy%20Voting%20Policy_NAM_AUS_EQ.pdf)

- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL
- Attachment

File Attachment

[Responsible Investment Policy 2017.pdf \[218KB\]](#)

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL
- Attachment

File Attachment

[Responsible Investment Policy 2017.pdf \[218KB\]](#)

- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches



URL/Attachment

- URL
- Attachment

File Attachment

[Responsible Investment Policy 2017.pdf \[218KB\]](#)

- Active ownership approaches

URL/Attachment

- URL
- Attachment

File Attachment

[Responsible Investment Policy 2017.pdf \[218KB\]](#)

- We do not publicly disclose any investment policy components

**SG 02.3** Indicate if your organisation's investment principles, and overall investment strategy is publicly available

- Yes

URL

<http://www.nikkoam.com.au/adviser/about/responsible-investing-local>

- No

<b>SG 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>General</b>
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**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

Nikko AM Australia is dedicated to ensuring it conducts its business in accordance with all applicable laws and regulations.

The Conflicts of Interest Policy is designed to ensure that:  Nikko AM Australia complies with the Nikko Asset Management Group Conflicts of Interest Control Regulations (Group Policy);  Nikko AM Australia upholds its fiduciary duties to clients and their assets;  Nikko AM Australia meets its regulatory obligation to have adequate arrangements for the management of conflicts of interest that may arise wholly, or partially in relation to the provision of financial services;  Nikko AM Australia meets its regulatory obligation to do all things necessary to ensure that financial services are provided efficiently, honestly and fairly;  Nikko AM Australia investors, clients and its employees are protected from financial or reputational harm and / or legislative action by ensuring all actual, apparent or potential conflicts of interest are identified and appropriately managed; and

There is appropriate responsibility and accountability assigned to relevant Nikko AM Australia employees to ensure continued compliance with this policy and the Group Policy.

No

<b>SG 03.3</b>	Additional information. [Optional]
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We have not had any material issues regarding conflict of interest.

Our first priority is our fiduciary duty to our client. We do not consider the other parts of the business in our investment decisions, with the exception being any legal requirements.

## Objectives and strategies

<b>SG 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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<b>SG 05.1</b>	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

<b>SG 05.2</b>	Additional information. [Optional]
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We consider responsible investing to be a positive contributor to long-term investment performance. We believe that good implementation of responsible investing principals will lead to good long-term financial performance. We target long-term performance, so this should reflect our success at implementing responsible investing principals .

We now review our Responsible Investing activities and policies informally once a year. In the future we plan to introduce a more formal review process and a formal objective setting process.

## Governance and human resources

<b>SG 07</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>General</b>
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<b>SG 07.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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## Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- Other Chief-level staff or head of department, specify
  - Head of Equities**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Portfolio managers
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - ESG portfolio manager
  - Investment analysts
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Dedicated responsible investment staff
  - External managers or service providers
  - Investor relations
  - Other role, specify (1)

## Other description (1)

### Responsible Investing Champion

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

## SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

All analysts and portfolio managers contribute to the incorporation of RI issues into the valuation and portfolio construction decisions. Analysts do this by ensuring that material ESG issues are incorporated into the valuation. Portfolio managers confirm that ESG issues are assessed for stocks in the portfolio.

The Responsible Investing Champion ensures that the principles of RI are incorporated consistently in the investment process.

The Head of Equities and the RI Champion are accountable and responsible for RI outcomes

## SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number
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0

<b>SG 07.4</b>	Additional information. [Optional]
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All analysts and portfolio managers contribute to the incorporation of RI issues into the valuation and portfolio construction decisions.

The Responsible Investing Champion ensures that the principles of RI are incorporated consistently in the investment process.

The Head of Equities and the RI Champion are accountable and responsible for RI outcomes

## Promoting responsible investment

<b>SG 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 09.1</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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### Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
--

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Promote the PRI principals

Provide input on consultations

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- EVCA – Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	--

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

We participate in a global ESG workgroup where we share ideas and research with related global entities. As part of this effort we have assisted other investment management teams to improve their ESG efforts.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Description

We provide financial incentives for brokers to produce ESG research

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description

A member of the Nikko AM global ESG steering committee responsible for improving the implementation of ESG/Responsible Investing

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

**SG 10.3** Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

We have assisted a related Investment Management operation to implement Responsible Investing into their investment approach and encouraged adoption of the PRI.

We participate in a global, internal ESG workgroup where we share ideas and research

**Outsourcing to fiduciary managers and investment consultants**

<b>SG 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	------------------	---------------	--------------------	--------------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**



**SG 13.1**

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**Communication****SG 19****Mandatory****Public****Core Assessed****PRI 6****SG 19.1**

Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

<b>Disclosure to clients/beneficiaries</b>	
	<p><b>Disclosure to clients/beneficiaries</b></p> <p><input checked="" type="checkbox"/> Details on the overall engagement strategy</p> <p><input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</p> <p><input checked="" type="checkbox"/> Number of engagements undertaken</p> <p><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</p> <p><input type="checkbox"/> Breakdown of engagements by region</p> <p><input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</p> <p><input checked="" type="checkbox"/> Examples of engagement cases</p> <p><input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</p> <p><input type="checkbox"/> Details on whether the provided information has been externally assured</p> <p><input type="checkbox"/> Outcomes that have been achieved from the engagement</p> <p><input type="checkbox"/> Other information</p>
	<p><b>Frequency</b></p> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input checked="" type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad-hoc/when requested</p>

**Listed equity – (Proxy) Voting**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

<b>Disclosure to public and URL</b>	
<b>Disclosure to public and URL</b>	<input type="radio"/> Explain all voting decisions <input type="radio"/> Explain some voting decisions <input type="radio"/> Only explain abstentions and votes against management <input checked="" type="radio"/> No explanations provided
<b>Frequency</b>	<input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested
<b>URL</b>	<a href="http://www.nikkoam.com.au/adviser/files/proxy_voting/proxy-voting-july-september-2017.zip">http://www.nikkoam.com.au/adviser/files/proxy_voting/proxy-voting-july-september-2017.zip</a>
<b>URL</b>	<a href="http://www.nikkoam.com.au/adviser/files/proxy_voting/proxy-voting-april-june-2017.zip">http://www.nikkoam.com.au/adviser/files/proxy_voting/proxy-voting-april-june-2017.zip</a>

**Listed equity - Incorporation**

**Do you disclose?**

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

<b>Disclosure to public and URL</b>		
<p><b>Disclosure to public and URL</b></p> <p><input checked="" type="radio"/> Broad approach to ESG incorporation</p> <p><input type="radio"/> Detailed explanation of ESG incorporation strategy used</p>	<p><b>Disclosure to clients/beneficiaries</b></p> <p><input type="radio"/> Broad approach to ESG incorporation</p> <p><input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used</p>	
<p><b>Frequency</b></p> <p><input checked="" type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad-hoc/when requested</p>	<p><b>Frequency</b></p> <p><input checked="" type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad-hoc/when requested</p>	
<p><b>URL</b></p> <p><a href="http://www.nikkoam.com.au/adviser/about/responsible-investing-local">http://www.nikkoam.com.au/adviser/about/responsible-investing-local</a></p>		

# Nikko AM Australian Equities

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 01	Mandatory	Public	Core Assessed	PRI 1
--------	-----------	--------	---------------	-------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>LEI 01.1</b>	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
-----------------	--

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	<p>99</p>
---	-----------

- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied	<p>1</p>
---	----------

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Total actively managed listed equities
--

100%

<b>LEI 01.2</b>	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.
-----------------	---

As a long-term investor, Nikko AM Australian Equities is focused on the fundamental performance of the corporates in which we invest. The consideration of responsible investment principals is consistent with our long-term valuation approach.

Nikko AM Australian Equities supports the consideration of Environmental, Social and Governance (ESG) factors by corporates. In the long-term ESG issues can materially affect corporate valuations. By incorporating

all material factors at the valuation level (including ESG factors) we can consistently and comprehensively incorporate responsible investment principles into our investment process.

By incorporating ESG factors into the valuation process at the company level, we can raise issues with companies and positively influence behaviour.

As our analysts are experts in the material drivers of company valuation and are in communication with company management they are best placed to value ESG factors into the investment process and also to promote more responsible management behaviour.

**LEI 01.3**

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

All of our Assets Under Management (AUM) are managed using the bottom-up valuation approach which incorporates ESG factors at the company valuation level.

One of our funds has a screening overlay which precludes investment in companies with a material proportion of socially irresponsible operations, such as gaming, alcohol and tobacco.

## (A) Implementation: Screening

**LEI 04**

**Mandatory**

**Public**

**Descriptive**

**PRI 1**

**LEI 04.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

### Type of screening

- Negative/exclusionary screening

#### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

#### Description

We only apply screening to one fund, which has a socially responsible overlay. This screen is applied after the integrated ESG approach is used and alters the portfolio construction.

The rest of the funds do not utilise a screening mechanism.

- Positive/best-in-class screening
- Norms-based screening

LEI 04.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

The screening for that one fund is determined by the client and implemented by the portfolio manager, based on work done by the company analyst. The client can change the screening criteria.

LEI 05

Mandatory

Public

Core Assessed

PRI 1

LEI 05.1

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Review and evaluation of external research providers
- Other, specify

The client specifies the screen for the one fund that utilises a screen. The implementation of the screen is done by the company analyst/PM

- None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.5

Additional information. [Optional]

Screening is only used for one fund, all funds use a bottom up valuation of issues (integrated approach).

### (C) Implementation: Integration of ESG issues

LEI 08

Mandatory

Public




Core Assessed

PRI 1

LEI 08.1

Indicate which ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.



ESG issues	Proportion impacted by analysis
Environmental	 <p>Environmental</p> <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input type="radio"/> 51-90%  <input checked="" type="radio"/> &gt;90% </p>
Social	 <p>Social</p> <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input type="radio"/> 51-90%  <input checked="" type="radio"/> &gt;90% </p>
Corporate Governance	 <p>Corporate Governance</p> <p> <input type="radio"/> &lt;10%  <input type="radio"/> 10-50%  <input type="radio"/> 51-90%  <input checked="" type="radio"/> &gt;90% </p>

**LEI 08.2** Additional information. [Optional]

We review all material factors affecting valuations of stocks, including ESG issues

# Nikko AM Australian Equities

## Reported Information

### Public version

### Direct - Listed Equity Active Ownership

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## Engagement

### Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 01.1

Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2

Attach or provide a URL to your engagement policy.

Attachment provided:

[File 1:Responsible Investment Policy 2017.pdf](#)

URL provided:

LEA 01.3

Indicate what your engagement policy covers:

- Conflicts of interest
- Insider information
- Alignment with national stewardship code requirements
- Due diligence and monitoring process
- Prioritisation of engagements
- Transparency of engagement activities
- Environmental factors
- Social factors
- Governance factors
- Other, describe
- None of the above

LEA 01.4

Provide a brief overview of your organization's approach to engagement

Nikko AM Australian Equities has a long history of engaging with companies held in portfolios, with the objectives being to improve company value, further the understanding of the company and its environment, to improve the management of ESG issues and improve disclosure of ESG issues. Analysts and portfolio managers regularly meet with senior management and members of the Board.

For all companies held in portfolios, analysts are required to attempt to engage with both senior management and the Board. Analysts are responsible for company engagement as they have expert knowledge of the company and are best positioned to promote the interests of shareholders and investors. The analysts can utilise their knowledge to influence companies to improve performance including improving the company's performance on ESG issues.

No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
--------	-----------	--------	---------	-----------

**LEA 02.1** | Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers  <div style="background-color: #0072bc; color: white; padding: 5px; margin: 5px 0;">Please specify why your organisation does not engage via service providers.</div> <p>We have not found service providers to have sufficient understanding to add anything to our own efforts.</p>

**Process**

**Process for engagements run internally**

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 03.1** | Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

**LEA 03.2**

Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- Geography / market of the companies
  - Materiality of ESG factors
  - Systemic risks to global portfolios
  - Exposure (holdings)
  - In response to ESG impacts that have already occurred.
  - As a response to divestment pressure
  - Consultation with clients/beneficiaries
  - Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
  - As a follow-up from a voting decision
  - Client request
  - Other, describe
- No

**LEA 03.3**

Additional information. [Optional]

It is an ongoing responsibility of the stock analyst to engage management as part of their task of valuing the stock. Where we have a holding we engage the Board, particularly where there are material issues in the shareholder resolutions, or where there is particular governance risk.

**LEA 04****Mandatory****Public****Core Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

**LEA 04.2**

Indicate if you monitor the actions that companies take during and following your engagements activities carried out by internal staff.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

**LEA 04.3**

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

### Process for engagements conducted via collaborations

**LEA 05****Mandatory****Public****Core Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

Yes

**LEA 05.2**

Describe the criteria used to identify and prioritise collaborative engagements.

- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted by the collaboration
- Materiality of ESG factors addressed by the collaboration
- Systemic risks to global portfolios addressed by the collaboration
- Exposure (holdings) to companies targeted by the collaboration
- In reaction to ESG impacts addressed by the collaboration that have already occurred.
- As a response to divestment pressure
- As a follow-up from a voting decision
- Consultation with clients/beneficiaries
- Consultation with other stakeholders (i.e. NGOs, trade unions etc.)
- Other, describe

No

**LEA 06****Mandatory****Public****Core Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 06.1**

Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

**LEA 06.2**

Indicate if you monitor the actions companies take during and following your collaborative engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

**LEA 06.3**

Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- Define timelines for your objectives
- Tracking and/or monitoring progress against defined objectives
- Tracking and or monitoring progress of actions taken when original objectives are not met
- Revisit and, if necessary, revise objectives on continuous basis
- Other, please specify
- We do not monitor and evaluate progress of engagement activities carried out by internal staff

**LEA 06.4**

Additional information. [Optional]

Collaborative engagement is rare and depends on the specific circumstances and the availability of a willing partner with similar aims and views.

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**LEA 09.1**

Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

**LEA 09.2** Additional information. [Optional]

Results of engagements are reported to the whole investment team, and any effect on the valuation is also reported.

**LEA 10** **Mandatory** **Public** **Gateway** **PRI 2**

**LEA 10.1** Indicate if you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

**LEA 10.2** Additional information. [OPTIONAL]

We engage with the majority of companies we can invest in at a management level. For those companies we invest in, we have a high proportion of engagement with the Board.

**(Proxy) voting and shareholder resolutions**

**Overview**

**LEA 15** **Mandatory** **Public** **Core Assessed** **PRI 1,2,3**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**



**LEA 15.1**

Indicate whether your organisation has a formal voting policy.

 Yes**LEA 15.2**

Indicate what your voting policy covers:

- Conflicts of interest
- Share blocking
- Securities lending process
- Prioritisation of voting activities
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Regional voting practices
- Transparency of proxy voting activities
- Company dialogue pre/post vote
- Other, describe
- None of the above

**LEA 15.3**

Attach or provide a URL to your voting policy. [Optional]

URL

[http://www.nikkoam.com.au/files/proxy\\_voting/Proxy%20Voting%20Policy\\_NAM\\_AUS\\_EQ.pdf](http://www.nikkoam.com.au/files/proxy_voting/Proxy%20Voting%20Policy_NAM_AUS_EQ.pdf)

**LEA 15.4**

Provide a brief overview of your organization's approach to (proxy) voting.

We believe that exercising our entitlement to vote is an important act in fulfilling our fiduciary duty to investors. By voting and interacting with listed company Boards we can positively influence the returns to shareholders. In a broader sense we can encourage better corporate governance and financial decisions by Boards.

As a long-term investor, Nikko AM Limited is focused on the fundamental performance of the corporates in which we invest. By positively influencing corporate governance we can actively improve returns to investors while promoting long-term decision making by Boards and management. Voting is an important tool in promoting long-term corporate decision making.

Nikko AM Limited supports the consideration of Environmental, Social and Governance (ESG) factors by corporates. In the long-term ESG issues can materially affect corporate valuations. By promoting the consideration of ESG factors, Nikko AM Limited aims to positively influence investor returns and corporate decision making. By voting we can improve corporate governance and communicate the importance of ESG factors.

 No

## Process

LEA 16

Mandatory

Public

Descriptive

PRI 2

LEA 16.1

Indicate how you typically make your (proxy) voting decisions.

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.

Based on

- our own voting policy
  - our clients' requests or policy
  - other, explain
- We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) that make voting decisions on our behalf.

LEA 16.2

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

All proxy voting recommendations are presented to the investment team. Any exceptions to the voting policy must be agreed with the investment team.

Once the voting recommendations are accepted, a confirmation email is sent to all members of the team and the vote is processed.

LEA 16.3

Additional information.[Optional]

The primary decision maker is the analyst who is responsible for covering the stock and managing the engagement with the company.

LEA 20

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 20.1

Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting

- Yes, in most cases
- Sometimes, in the following cases:
- Neither we nor our service provider raise concerns with companies ahead of voting

<b>LEA 20.2</b>	Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.
-----------------	---

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

<b>LEA 20.3</b>	Additional information. [Optional]
-----------------	------------------------------------

We contact the Board to discuss issues that we have voted against.

We encourage regular contact with Boards where we have holdings. This is successful except in rare cases where corporate governance is especially poor.

## Outputs and outcomes

<b>LEA 21</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	---------------	----------------------	--------------

<b>LEA 21.1</b>	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information

	Votes cast (to the nearest 1%)
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	%
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100

	Specify the basis on which this percentage is calculated
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- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

**LEA 21.2** Explain your reason(s) for not voting certain holdings

- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- On request by clients
- Other

We voted all proxies

We do not track or collect this information

LEA 22	Mandatory	Public	Additional Assessed	PRI 2
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**LEA 22.1** Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

Yes, we track this information

**LEA 22.2** Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div style="display: flex; align-items: center;"> <div style="width: 98%; height: 20px; background-color: #0072bc; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <p>98</p>
Against (opposing) management recommendations	<div style="display: flex; align-items: center;"> <div style="width: 2%; height: 20px; background-color: #0072bc; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <p>2</p>
Abstentions	<div style="display: flex; align-items: center;"> <div style="width: 0%; height: 20px; background-color: #0072bc; margin-right: 5px;"></div> <span style="margin-left: 5px;">%</span> </div> <p>0</p>

100%

**LEA 22.3** Describe the actions you take in relation to voting against management recommendations.

Communicate with the company the reasons for voting against and pursue further engagement.

No, we do not track this information

# Nikko AM Australian Equities

## Reported Information

## Public version

## Assurance

## PRI disclaimer

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