



NOMURA

Proxy Voting And ESG Related Activities For The Period April 2018 – March 2019

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Proxy Voting Policy

As an investment manager, the Company bears a fiduciary duty to enhance returns for its clients. In order to fulfil the Company's roles and responsibilities for proxy voting, the Company leverages on the services of Institutional Shareholder Services ("ISS") whereby ISS provides recommendations to the Company for every voting agenda of the investee companies. ISS is provided with and is guided by Nomura Asset Management ("NAM") Proxy Voting Policy (subject to review from time to time) in its voting recommendations to the Company. For full details of NAM Proxy Voting Policy, please click [here](#).

In instances where the voting agenda is not within ISS's purview, the Company strives to exercise proxy voting rights in the best interests of the clients.

Where clients have provided the Company with their own voting guidelines, the Company exercises proxy rights for securities held by such clients in accordance with clients' specific guidelines.

With this Policy in place, the Company aspires to encourage favourable management in investee companies, leading them to enhance corporate value and achieve sustainable growth. This is part of the Company's efforts to enhance medium to long term investment returns for its clients.

Proxy Voting Result

For the period April 2018 – March 2019, the Company voted on 486 voting agendas at 66 shareholder meetings. The results of the voting agendas can be found below. Kindly note that these figures only represent voting agendas based on NAM Proxy Voting Policy, and does not include voting agendas wherein voting rights were exercised based on clients' specific voting guidelines.

Voting Agenda	For	Against	Abstain	Total
Directorships	186	4	0	190
Remuneration	86	23	0	109
Ordinary Business*	71	2	0	73
New issuance	22	0	0	22
Related party transaction	46	4	0	50
Dividend	22	0	0	22
Others**	20	0	0	20
Total	453	33	0	486

Note:

* includes appointment of external auditors, and share buy backs.

** includes acquisitions, disposals, diversification of principal activities, provision of financial assistance, internal reorganization, scheme of arrangement, new/amended constitution, and new/amended articles of association

ESG Related Activities

We have initiated direct engagements with a conglomerate company operating in multiple industries including plantation and port businesses to discuss on an environmental impact pertaining to (a) the company's decision to resign from the Roundtable on Sustainable Palm Oil ("**RSPO**"); and (b) the involvement of its port as part of the value chain in the bauxite mining activities in Kuantan, Pahang, where we made the following findings:

- i. We were encouraged to discover that the company had pursued certification capacity through engagements with various bodies and had been involved with national as well as international certification scheme such as Malaysian Palm Oil Board Code of Practices, The Malaysian Sustainable Palm Oil, The Indonesian Sustainable Palm Oil, The International Sustainability and Carbon Certification. According to the company, any further endeavor in certification schemes such as RSPO or other schemes alike, would be a duplication of efforts, causing additional costs and strain on the existing scarce resources with arguably non-commensurable commercial benefits. Unless there were tangible or commensurable value-added benefits from a membership or a firm requirement by the buyers for such certification, the need to seek membership would have little merits.
- ii. We also discussed on the bauxite mining issue in Kuantan, Pahang which impacted the company's port business activities. We sought explanations on how the company managed the situation and addressed concerns arising from the above. The company clarified that it is neither involved in bauxite mining activities nor in the ground transportation of bauxite. The company could not legally refuse the use of their port facilities and had to provide associated port services under normal commercial arrangements, so long as exporters complied with all customs and necessary regulatory requirements. The port tried to manage the sudden surge in bauxite cargo by separating the lorries carrying bauxite to another side of the port and covering the bauxite stock piles properly. The port operations and procedures were revised and improved to comply with the moratorium imposed by the government. For example, the port provided washing bays to ensure the lorries ferrying the mineral did not pollute the area within their control. They had learned from this experience and would be more prepared to address similar problems and cargoes in the future.

We also used the services of GES International which is currently part of Sustainalytics, a company that engages and rates the sustainability of listed companies based on their environmental, social and corporate governance ("**ESG**") performance. An engagement with a petrochemical producer in the year under review included, among others, assessments of carbon dioxide emissions, energy and water consumption, and occupational health and safety. The objective of the engagement process was for the company to develop goals to reduce carbon intensity and to consider renewable energy as part of the energy mix. It was also recommended that the company tracks and discloses statistics on the grievance mechanisms to ensure that the system works effectively.

We further make references to MSCI ESG research and relevant public information to review companies' ESG practices.

Definition:

“Company” refers to Nomura Asset Management Malaysia Sdn. Bhd. and Nomura Islamic Asset Management Sdn. Bhd.
“We”

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