

Responsible Investment Report 2022



We create economic and social value through the asset management business

This is the philosophy of Nomura Asset Management

ABOUT NOMURA ASSET MANAGEMENT

- 03** Our Strengths in Responsible Investment
- 05** Cooperation with Overseas Offices
- 07** CEO Message
- 09** Investment Chain
- 11** Our Materiality
- 13** ESG Statement
- 18** PRI Assessment
- 19** Basic Policy for Responsible Investment
- 23** Towards Realizing a Monitoring Board
- 27** TCFD & NET ZERO GOAL BY 2050
- 41** Initiatives on Human Rights
- 45** Biodiversity
- 49** Sustainable Finance and ESG Product Governance



- 57** Basic Stance on Engagement
- 59** Engagement Process and Results
- 61** Engagement on Priority Topics
- 66** Review of Priority Topics
- 67** Engagement by Analysts
- 68** Measuring the Effects of Engagement Activities
- 69** Global Equity Engagement
- 70** Global Equity Milestone Management
- 72** Engagement by Sustainability
- 73** Cooperation with Initiatives

About photos in this report : Photos for this report were taken with the room doors open and adequate ventilation, and the size of the photography crews was limited to avoid over-crowding



- 75** The Outline of Proxy Voting / System to Manage Conflicts of Interest
- 77** Proxy Voting Process for Japanese and Global Equities
- 78** Changes in Results of Exercise of Voting Rights for Japanese Companies
- 79** Overview of Proxy Voting Standards for Japanese Companies
- 80** Changes to Proxy Voting Standards for Japanese Companies
- 81** Disclosure of Proxy Voting Results (Reasons for voting for or against proposals)
- 83** Proxy Voting FAQ



- 86** Features of Integration
- 87** Equity Integration
- 89** ESG Scores for Japanese Equities
- 91** IMPACT INVESTING (GSE, JSEG, ASE)
- 99** Fixed Income Integration
- 101** Global Net-Zero Bond Product
- 103** Global ESG Balance Fund Product
- 105** Fixed Income Engagement

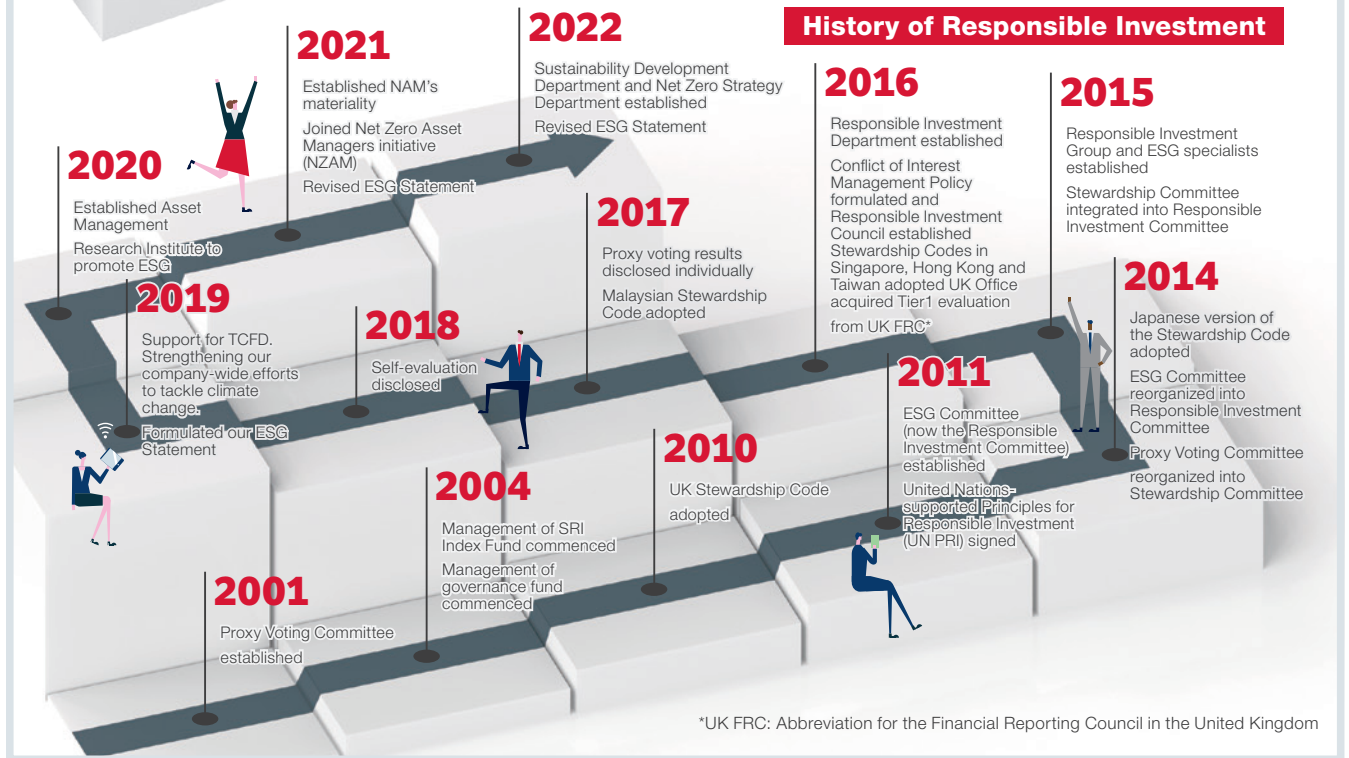
- 107** Messages from the Responsible Investment Council
- 109** Results of Self-Evaluation of 2022 Stewardship Activities

- 111** Nomura Asset Management's ESG Communication Activities
- 112** Review of 2022, 2023 and Beyond



Long-term commitment to responsible investment

Our company's first strength is our long history of engaging in responsible investment. The roots of the current Responsible Investment Committee lie in the Proxy Voting Committee established in 2001. Subsequently, the ESG Committee was established in 2011. The ESG Committee became the Responsible Investment Committee as part of a reorganization and an integration from 2014 to 2015. Based on many discussions over the years, and always remaining conscious of our mandate from clients, we have fostered a culture that is supportive of responsible investment, respects diverse opinions from a large number of professionals, and values lively discussion.



Systematic and Continuous ESG-related Initiatives

Our company's second strength is our systematic and ongoing efforts for ESG-related issues anticipating the needs and changes of the times. Examples of our efforts include the establishment of the Responsible Investment Committee as the highest decision-making body for responsible investment and the Responsible Investment Council which supervises the Committee, the establishment of policies including the ESG Statement, engagement and proxy voting in order to realize desirable management, as well as providing information to stakeholders through disclosure materials such as the Responsible Investment Report and the TCFD Report. We are also enhancing ESG from an organizational perspective. For example, we established the Sustainability Development Department in order to advance business operations with an emphasis on sustainability, while we created the Net Zero Strategy Department to bolster our efforts to address climate change.

Organizational Structure for Responsible Investment



Main activities

- Dialogue with portfolio companies (engagement)
- Proxy Voting
- Integration into investment decisions (ESG integration)
- Collaborative/public activities



Global Approach and Diversity

Our company's third strength is our global and highly-diverse investment and research framework. Based on our global platform for responsible investment, we have built an ESG investment and research framework made up of portfolio managers, corporate analysts and country specialists who manage ESG products in our overseas offices. Our team includes a large number of portfolio managers, ESG investment managers, corporate analysts, credit analysts and ESG specialists working in one of the largest active management institutions in Japan, all of whom are committed to applying their analytical abilities and insights to responsible investment.



Inclusive Discussions based on a Strong Organizational Platform

Our company's fourth strength is our emphasis on having "exhaustive discussions" that incorporate diverse opinions under a strong organizational platform.

The Responsible Investment Council was established as a body to oversee discussions by the Responsible Investment Committee in real time. It manages conflicts of interest with highly-independent outside directors and outside experts accounting for a majority of its members. In addition, the Responsible Investment Committee comprises members possessing abundant investment and research experience. The Committee held a total of 19 meetings in 2022. During discussions by the Committee about agenda proposals and ESG themes, matters can often be complicated. Members of the Responsible Investment Council also sit in on Committee meetings and actively participate in discussions without limiting themselves to only monitoring conflicts of interest.

Responsible Investment Committee Meetings January – December 2021



Responsible Investment Committee

19 times

Regular 4 times
Ad hoc 15 times



Responsible Investment Council

8 times

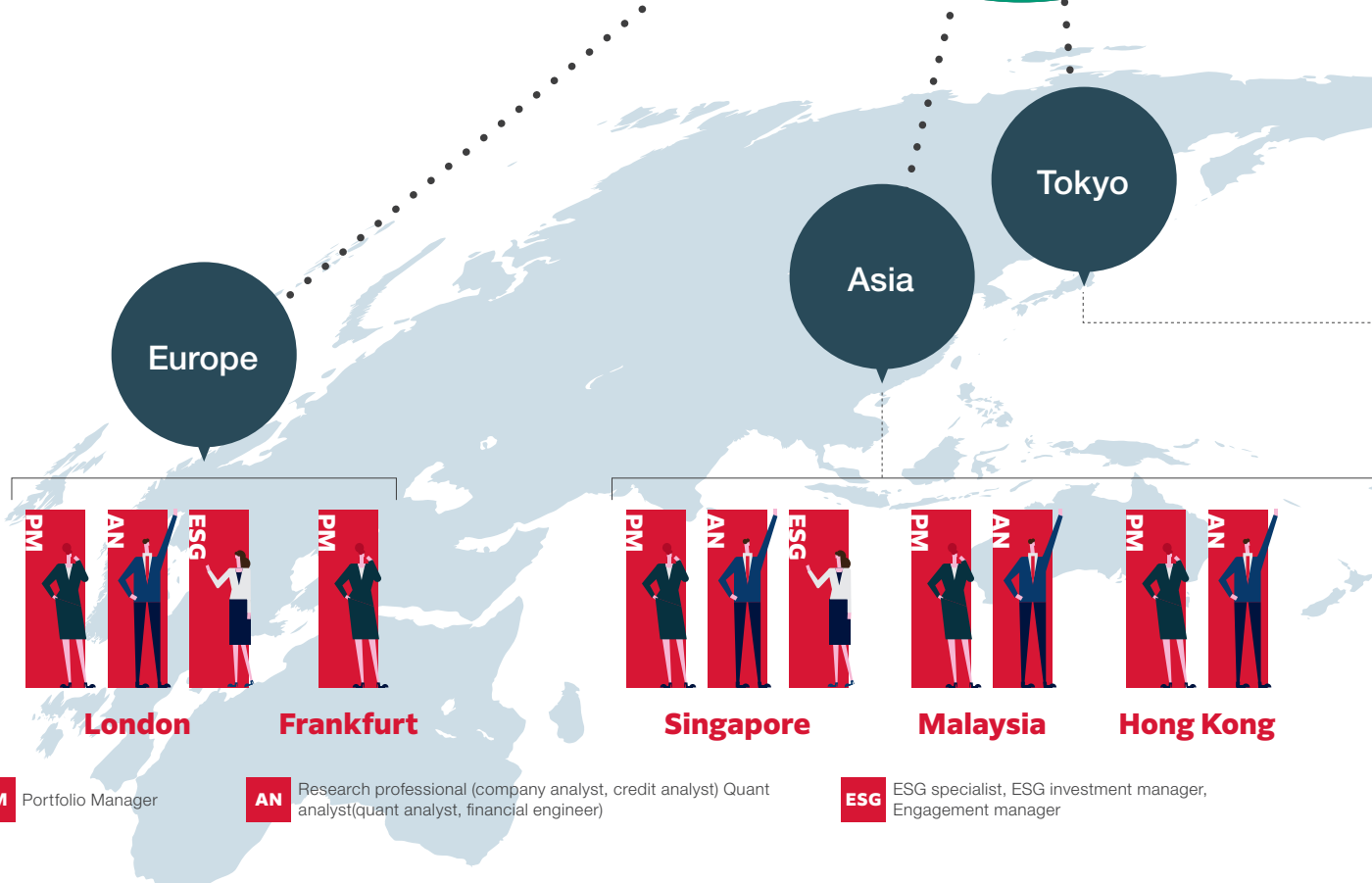
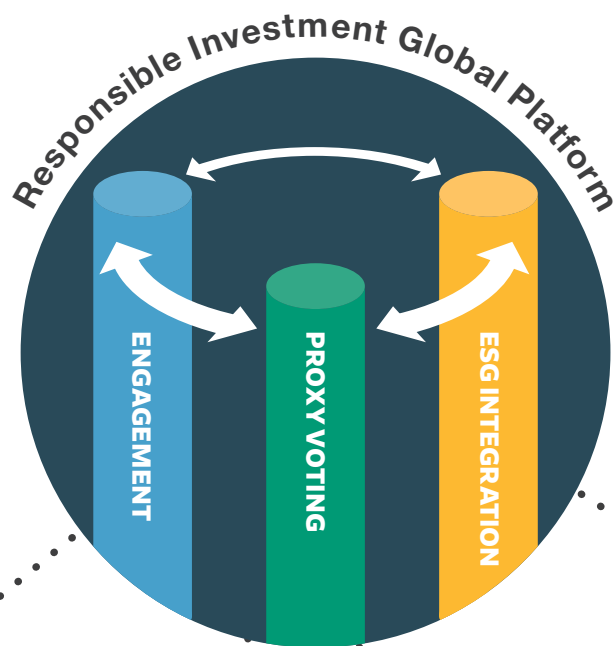
Regular 4 times
Ad hoc 4 times

COOPERATION OVERSEAS OFFICES

Cooperation With Overseas Offices

At Nomura Asset Management, we work globally to strengthen our ESG initiatives based on our global platform for responsible investment.

By utilizing this common platform, we are not only able to promote ESG initiatives at each office, but offices can also share detailed information with one another. Our ESG Statement is shared globally, and allows for a common understanding of the goals behind our ESG-related activities as well as ESG-related issues (refer to Pages 13-17).



PM Portfolio Manager

AN Research professional (company analyst, credit analyst) Quant analyst(quant analyst, financial engineer)

ESG ESG specialist, ESG investment manager, Engagement manager

WITH OUR

ENGAGEMENT

We engage in constructive dialogue with companies about important financial and non-financial risks and opportunities in accordance with our basic policy for engagement (refer to Pages 57-68). Specifically, our ESG specialists, ESG investment manager, engagement managers, company analysts and country specialists based in Japan and overseas offices collaborate to engage with portfolio companies.

We monitor the details of the engagement of managers in each country with target companies using common milestone management tools, which allows information to be easily shared among our offices. With respect to climate change, which is one of our key engagement themes, we urge portfolio companies to receive SBT approval, and by monitoring the status of these efforts on a global level we are able to check how much progress companies are making. Furthermore, ESG officers in overseas offices can now easily hold discussions with our ESG specialists in Tokyo about engagement details. (Refer to Pages 69-74)

PROXY VOTING

For proxy voting (excluding Japanese equities), we generally decide to vote in favor of or opposition to an issue in accordance with our Global Basic Policy on Proxy Voting. However, if the portfolio managers and analysts possessing a deep understanding of local conditions determine it to be necessary, we may, upon deliberation, make a decision that differs from the basic policy on proxy voting. The final decision is then shared with all offices, and proxy voting is then carried out uniformly on a global basis (refer to Page 77).

ESG INTEGRATION

In terms of integration, climate change analysis tools are used to evaluate the climate change risks and opportunities for portfolio companies and for each fund (refer to Pages 29-39), and in addition to sharing our ESG scores among all offices, ESG data from external sources and other data are incorporated and used to make investment decisions. The details of engagement with companies whose stocks our funds hold are shared with portfolio managers and utilized in discussions about whether to continue holding the stocks in question (refer to Pages 87-88).



Tokyo



Shanghai

USA

AN

New York

Nomura Asset Management Stewardship Code Signing Status

UK*	Dec. 2010
JAPAN	May 2014
HONG KONG	Sep. 2016
SINGAPORE	Sep. 2016
TAIWAN	Dec. 2016
MALAYSIA	Apr. 2017

* In March 2022, Nomura Asset Management UK was approved by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code 2020.