

INVESTMENT CHAIN & MATERIALITY



Realizing a desirable society through the investment chain

NAM's vision for society

-Excerpt from Nomura Asset Management's ESG Statement-

We seek to realize a sustainable, prosperous society in which the rich natural environment is preserved, diverse human capital is utilized, economic development is driven by technological innovation, human rights are respected, and well-being is promoted. It is a society in which ESG issues are addressed and the SDGs are achieved.

4 GOALS

- 1 Strengthening the Investment Chain
- 2 Realizing a Healthy Global Environment
- 3 Realization of a Society in which Human Rights are Respected
- 4 Corporate Value Improvement through Governance



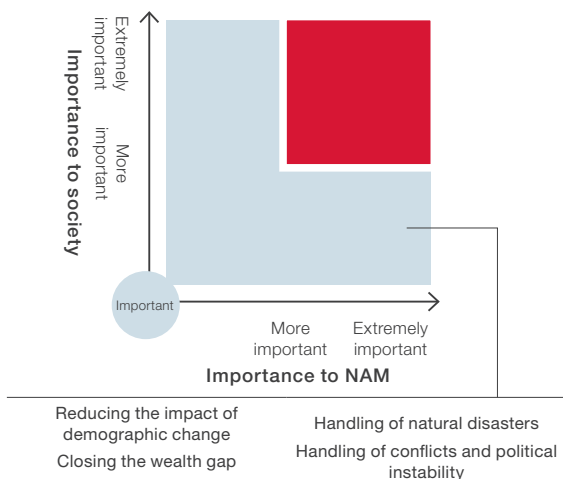
Key issues (materiality) targeting the realization of the investment chain

Nomura Asset Management announced its materiality in the Responsible Investment Report 2020. After engaging in deep internal discussions aimed at solving our materiality and based on advice from the Sustainability Advisory Board, in 2022 we established and announced KPI, and further promoted business operations with an emphasis on sustainability as an asset management firm. We will continue to ascertain our progress and accelerate our efforts aimed at achieving our goals, as we strive to realize a sustainable and prosperous society.

Materiality selection process



Materiality map



Materiality

	Goal	Materiality
Solving social problems through investment	1 Strengthening the Investment Chain	Provision of excellent products and services that help clients build wealth
		Promotion of responsible investment
		Enhancement of investment capabilities and client convenience through digitalization
		Promotion of financial and economics education
Sustainability as a company	2 Realizing a Healthy Global Environment	Support for regional revitalization
		Achieving a decarbonized society
	3 Realization of a Society in Which Human Rights are Respected	Preservation of Natural Capital
		Promotion of DEI&B (Diversity Equity Inclusion & Belonging)
4 Corporate Value Improvement through Governance	Sufficient display of corporate governance functions	
	Enhancement of internal control systems	
		Creating environments where employees can work with well-being

Objectives		Key initiatives
We will respond to clients' various asset management needs, and provide excellent investment performance		<ul style="list-style-type: none"> In addition to traditional assets, expand investment in areas such as ESG and alternative investments, and further improve asset allocation capabilities Development and provision of products and services for customers at various life stages
Through stewardship activities, we will continue to support portfolio companies' corporate value enhancement and social value creation		<ul style="list-style-type: none"> Enhancement of ESG integration to incorporate non-financial information into the investment process Proactive promotion of ESG engagement based on ESG perspectives and important topics
Realizing a healthy global environment	Targeting the shift to a sustainable decarbonized society, we will use engagement and other means to encourage portfolio companies to combat climate change.	<ul style="list-style-type: none"> Enhancement of the level of investment with respect to climate change risks and opportunities Use of engagement with portfolio companies to have them incorporate climate change initiatives into their management strategies
	We will demand that portfolio companies have management strategies that take the sustainability of natural capital into account.	<ul style="list-style-type: none"> Use of engagement with portfolio companies to have them incorporate initiatives aimed at the coexistence of natural capital and their business into their management strategies
Realization of a society in which human rights are respected	We will promote DEI&B in portfolio companies, in order to continuously create added value by allowing diverse human resources to display their abilities and individuality	<ul style="list-style-type: none"> Promotion of diversity and inclusion through engagement with portfolio companies Establishment and management of Japan Empowering Women Select Index ETF
	Our portfolio companies will improve productivity and create high value-added services by creating a high-quality work environment	<ul style="list-style-type: none"> Developing and managing investment strategies that focus on the performance of companies that are good places to work Realization of decent work through engagement with portfolio companies
Corporate Value Improvement through Governance	We will promote the thorough functioning of corporate governance in order for portfolio companies to achieve their established corporate philosophies and management targets	<ul style="list-style-type: none"> Engagement with portfolio companies with the aim of enhancing corporate governance Disciplined proxy voting in accordance with the proxy voting guidelines
We will utilize cutting-edge technologies to the maximum extent possible and provide clients with even more investment opportunities and added value		<ul style="list-style-type: none"> Enhancement of UI/UX for digital content and utilization of DX to cultivate new business domains Development of investment methods utilizing AI, alternative data, and other means
In order to familiarize potential customers with investment trusts, we will promote financial and economic education and work to expand the investor base		<ul style="list-style-type: none"> Enhancement of education/training that will lead to the promotion of wealth-building
We will work with regional financial institutions to create a strong movement for regional revitalization originating from regional financial institutions		<ul style="list-style-type: none"> Partner with regional financial institutions to launch donation schemes utilizing the corporate version of the hometown tax system Holding ESG forums with regional financial institutions to discuss regional revitalization and consider ESG
Strive to achieve carbon neutrality with the aim of transitioning to a sustainable, decarbonized society		<ul style="list-style-type: none"> Reduction of Nomura Asset Management's CO₂ emissions, with the aim of achieving carbon neutrality
Advance efforts to conserve natural capital		<ul style="list-style-type: none"> Utilization of environmentally-friendly and socially-friendly products
We will promote DEI&B within Nomura Asset Management, in order to continuously create added value by allowing diverse human resources to display their abilities and individuality		<ul style="list-style-type: none"> Introduction of job-grade personnel system Development and appointment of diverse professional human resources Support for balancing work and childcare/nursing care Continuous implementation of training and workshops to raise awareness of DEI&B
We will aim to realize high productivity and create high value-added services by developing a work environment that promotes employee well-being.		<ul style="list-style-type: none"> Correction of long working hours Strengthen communication with management to promote flexible work styles and increase employee engagement (willingness to contribute to the company) Education targeting improvements in health literacy Understanding employees' health status and conduct mental health checks Implementation of measures to prevent communicable diseases
We will promote the sufficient functioning of corporate governance in order to achieve our corporate philosophies and management targets.		<ul style="list-style-type: none"> Adoption of a monitoring model as a Company with Audit & Supervisory Committees Appointments of independent outside directors possessing expertise in specialized fields Creation of various committees
We will work to strengthen and enhance our internal control systems and conflict of interest management framework in order to protect our clients' assets and earn their unwavering trust		<ul style="list-style-type: none"> Construction of an internal control system based on three lines of defense Monitoring of market risk, credit risk, operational risk, etc., by various committees Enhancement of the conduct risk management system Construction of a robust crisis management system Strengthening the conflict of interest management system Creation of the Fund Management Council and the Responsible Investment Council, and appointment of independent outside experts as members of both councils Ensure independence of decision-making and personnel in investing and research