



ESG STATEMENT

In both December 2021 and December 2022 we revised our ESG Statement which we originally formulated in March 2019. These revisions were made because the global economy and the circumstances surrounding ESG have been changing faster than expected, and due to the fact that we felt it was necessary to properly reflect our stance concerning stakeholder engagement and other matters into our ESG Statement.

Nomura Asset Management seeks to realize a sustainable, prosperous society in which the rich natural environment is preserved, human capital possessing diverse values are 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. In addition, we recognize that efforts to solve ESG issues in order to realize this kind of society are important for supporting a virtuous cycle in the investment chain. We believe that a critical factor for both sustainable corporate value improvement and higher investment returns is for a company to appropriately manage risks related to ESG issues, view solutions to ESG issues as new business opportunities, and properly incorporate them into management strategies. Furthermore, as a responsible investor, we encourage our portfolio companies to practice what we view as desirable management, while we ourselves will also continue to operate with a focus on ESG.



Climate Change

The Paris Agreement, which was concluded in 2015, stipulates that efforts shall be made to limit the increase in the global average temperature to 1.5°C since before the Industrial Revolution based on scientific evidence. To achieve this goal, it is necessary to reach net zero global greenhouse gas emissions by 2050. We believe that companies must address climate change issues from the perspective of both risk management and the pursuit of business opportunities in order to achieve sustainable improvement of corporate value.

ENVIRONMENT



CDP

Signature Timing: June 2015
Signature Timing: November 2021

Established in 2000. This is a global project in which institutional investors around the world encourage companies to disclose their strategies to combat climate change as well as their specific greenhouse gas emissions. Current areas of focus include climate change, water and forests.



TCFD

(Task Force on Climate - Related Financial Disclosures)

Signature Timing: March 2019

A private-sector led task force launched in December 2015 by the Financial Stability Board (FSB) that encourages enhanced information disclosure related to climate change.

High Priority ESG issues

While the importance of each ESG issue differs depending on the specific characteristics of the business in question, we identify the following 6 issues as common ESG issues that are particularly important across many businesses.



Core ESG Initiatives



Principles for Responsible Investment PRI

Signature Timing: March 2011

PRI (Principles for Responsible Investment) are a set of principles formulated in April 2006 that require investors to incorporate ESG into actual investment analysis and decision-making processes.

Signed as Nomura Group



Climate Action 100+

Signature Timing: December 2019

An investor initiative in which institutional investors collaborate (group engagement) to encourage the world's largest corporate greenhouse gas emitters to disclose information related to climate change and respond accordingly.



PCAF (Partnership for Carbon Accounting Financials)

Signature Timing: August 2021
Signature Timing: March 2022

An international initiative established in the Netherlands in 2015 to create a standard method for measuring and disclosing greenhouse gas emissions. The PCAF Japan Coalition was established in November 2021, and Nomura Asset Management has been a member since its establishment.

NZAM

(Net Zero Asset Managers initiative)

Signature Timing: August 2021

A global initiative established in December 2020 comprising asset managers which aim for net-zero emissions of greenhouse gases (GHGs) from portfolio companies by 2050, in line with the goals of the Paris Agreement.



Natural Capital

Companies benefit from biodiversity through the utilization of forests, water sources, and other natural capital in their business activities. We believe that companies must exercise proper risk management in relation to activities that could negatively impact natural capital and biodiversity, as well as pursue business opportunities that solve social issues, such as the preservation of natural capital and biodiversity.



FAIRR

(Farm Animal Investment Risk and Return)

Signature Timing: June 2019

A livestock industry-related institutional investor initiative launched in 2015 by Jeremy Collier, the founder of Collier Capital (U.K.). The initiative educates people about livestock industry risks, including the impact on the environment, as well as food safety (antibiotics) issues.

SOCIAL



Human Rights

Corporate business activities involve a large number of people including employees and local residents, which is even broader when the supply chain is considered. Companies are expected to exercise proper risk management to ensure that their activities do not infringe upon human rights. We believe that companies must exercise human rights due diligence and other forms of proper human rights risk management in order to achieve sustainable improvement of corporate value.



UNGC

(The United Nations Global Compact)

Signature Timing: June 2015

Non-binding action principles advocated by then UN Secretary-General, Kofi Annan, at the Davos Forum in 1999. It encourages businesses and groups worldwide to take actions in the areas of human rights, labor, the environment and preventing corruption.



Diversity Equity Inclusion & Belonging (DEI&B)

In order to realize sustainable improvement in corporate value, we believe that it is necessary for companies' human capital to be comprised of people with diverse values without regard to factors such as gender, nationality, race or age, and for companies to create a corporate culture that provides equal opportunities to employees and that welcomes diversity and inclusion. In addition, we feel that it is critical for companies to foster a sense of unity under which senior management and employees share a sense of purpose to sustainably improve corporate value.



30% Club Japan

(Investor Group)

Signature Timing: December 2019

A group of asset owners and asset managers that engages in constructive dialogue with the boards of directors and senior management of portfolio companies, with the aim of highlighting the importance of gender diversity within senior management and realizing such gender diversity.



Women in ETFs

Signature Timing: April 2022

"Women in ETFs" advocates for the goal of bringing together people from the ETF industry around the world to actively promote equality, diversity and inclusiveness. Its mission is to develop and sponsor human resources, recognize women's achievements in the ETF industry, and advance and grow the ETF community.



Well-Being

Well-being refers to a state in which all people can seek happiness and live healthy lives. Well-being in society is realized by solving social issues in a variety of fields. Specific examples include health and safety, education and intelligence, and regional revitalization. In our view, the development and provision of products and services that contribute to addressing these social issues represent important business opportunities for companies, and could lead to sustainable improvement of corporate value.



Access to Medicine Index

(Access to Medicine Foundation)

Signature Timing: July 2019

Founded in 2003 by Dutch entrepreneur Wim Leereveld. The organization encourages the pharmaceutical industry to do more to help low- and middle-income countries who have limited access to medicine. Signatories support the foundation's index.



Access to Nutrition Initiative

Signature Timing: May 2021

Founded in 2013 by Dutch businesswoman Inge Kauer. Using proprietary analytical tools, the Initiative evaluates the level of response by the food and beverage industry to the two global nutritional issues of overnutrition and undernutrition, and urges the food and beverage industry to improve the dietary habits of adults and children around the world.



Corporate governance

Corporate governance is a structure for transparent, fair, timely and decisive decision-making by companies. From this perspective, the board of directors is responsible for the supervision of management, while nominations, compensation, and audits are the means to ensure the board fulfills its role. We believe that companies must strengthen corporate governance so that their management can properly manage various risks including the ESG issues mentioned above, while pursuing business opportunities to achieve sustainable improvement of corporate value.



ICGN
International Corporate Governance Network

ICGN
(The International Corporate Governance Network)

Signature Timing: December 2018

Established in 1995 to promote effective corporate governance standards and foster responsible investment to advance efficient markets and sustainable economies worldwide.



ACGA
(The Asian Corporate Governance Association)

Signature Timing: December 2018

Established in 1999 to engage in research and provide corporate support and education related to corporate governance in order to promote corporate governance in Asia.



JSI
(Japan Stewardship Initiative)

Signature Timing: November 2019

Aims to identify practical issues between asset owners and asset managers and to support efficient transmission of information aimed at advancing and deepening stewardship activities.

GOVERNANCE

Other ESG Related Initiatives



GRESB

Signature Timing: March 2021

Measures the environmental, social, and governance (ESG) of individual companies and investment funds in the real estate sector. GRESB was launched in 2009, mainly by European pension funds, as a source of information to use when selecting investments and during dialogue with portfolio companies and investment funds.

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Principles for Financial Action for the 21st Century

Signature Timing: January 2012

Formulated in October 2011 based on a proposal by the Ministry of the Environment's Central Environmental Council as action guidelines for financial institutions that wish to fulfill their responsibilities and roles as required for the formation of a sustainable society.



Environment Programme –Finance Initiative UNEP FI

Signature Timing: January 2019

UNEP FI is a partnership established between the United Nations Environment Program (UNEP) and financial institutions worldwide. Since its establishment in 1992, UNEP FI has been cooperating with financial institutions and regulatory authorities to promote a shift to a financial system that integrates economic development with ESG considerations.



Our Activities

Stewardship Activities

Through our activities, including proxy voting and constructive dialogue (engagement), we encourage the management of portfolio companies to manage risks and pursue business opportunities that are associated with ESG issues and also to disclose information in accordance with relevant global initiatives.

Business Opportunities

We place particular focus on the realization of well-being within society when viewing business opportunities associated with ESG issues. We encourage portfolio companies to properly incorporate the realization of well-being within society into their management strategies and to quantify outcomes and disclose them along with the relevant targets.

Investment Decisions

We assess our portfolio companies' initiatives to address ESG issues based on our own standards from the perspectives of both risks and opportunities and incorporate the results in our investment decisions. If we assess a company's initiatives as insufficient, or if we determine that the issues cannot be solved through engagement, it may result in divestment or exclusion from our investment universe.

Monitoring

We conduct monitoring based on global initiatives, including the Task Force on Climate-related Financial Disclosures (TCFD), in order to ascertain the status of ESG issues in our investment portfolio. Specifically, we monitor greenhouse gas emissions and other factors.

Our Business Activities

We recognize that business activities that take into account social value creation are important elements for realizing a sustainable and prosperous society. We strive to contribute to asset formation by offering investment products and services that help to address ESG issues and through efforts to expand the investment base through measures such as financial education. (For details, please refer to Pages 11-12.)

Initiatives

We participate in international initiatives and actively embrace accepted standards and norms. Through these initiatives, we conduct engagement jointly with other institutional investors and share best practices by actively cooperating with a wide range of stakeholders.

Governance and Disclosure to Promote ESG

At Nomura Asset Management, important decisions on management execution including this Statement are made by the Executive Management Committee, which consists of senior executives, to whom the proper authority has been delegated by the board of directors. We have established the Investment Policy Committee and the Responsible Investment Committee as the highest decision-making bodies in investment decisions and responsible investment to address ESG issues

within a proactive framework. We have also established the Conflict of Interest Management Policy as well as a Responsible Investment Council and a Fund Business Operation Council, which have oversight for our responsible investment activities and products to ensure their appropriateness and validity. In addition, in order to properly fulfill our accountability, we will actively work on information disclosure regarding the above-mentioned "our activities".



Results of the 2021 PRI Assessment
With respect to our responsible investment efforts in January
– December 2020, under the new assessment methodology we
obtained the highest score of “Five Stars” for a total of six modules,
including our overall policy and five (5) out of 10 direct modules.

Nomura Asset Management Co., Ltd. (NAM), the core company within the Investment Management Division of Nomura Group, received the highest rating of “Five Stars” in six Modules in the 2021 Principles for Responsible Investment assessment. This assessment involved NAM’s initiatives in 2020 spanning a total of 15 modules.

The Principles for Responsible Investment (PRI) were formulated in 2006 to encourage the incorporation of environmental, social, and governance (ESG) factors into the actual investment analyses and decision-making processes of investors. NAM became a PRI signatory in March 2011. The PRI secretariat assesses the implementation status of responsible investment on a five-star scale for each module based on reports that PRI signatories submit. NAM received the highest rating of “Five Stars” in Investment & Stewardship Policy, three modules for Direct Listed Equity, and two modules for Direct Fixed Income. The scores for each of these modules also greatly exceeded the respective median values.

2021 PRI Assessment results

			Module score	Module median	Star score	AUM coverage	
	Investment & Stewardship Policy		94	60	★★★★★		
Direct	Listed equity	Active quantitative	100	65	★★★★★	<10%	
		Active fundamental	100	71	★★★★★	<10%	
		Passive	90	35	★★★★★	>=10 and <=50%	
		incorporation					
	voting	Active quantitative	89	61	★★★★★	<10%	
		Active fundamental	89	54	★★★★★	>=10 and <=50%	
		Investment trusts	89	60	★★★★★	<10%	
		Passive	89	57	★★★★★	>=10 and <=50%	
	Fixed income	SSA	-	92	50	★★★★★	>=10 and <=50%
		Corporate	-	91	62	★★★★★	<10%
Hedge funds	Long/short credit	-	0	29	★★★★★	<10%	
Indirect	Listed equity	Passive	-	67	57	★★★★★	<10%
		Active	-	74	67	★★★★★	<10%
	Fixed income	Passive	-	68	43	★★★★★	<10%
		Active	-	75	57	★★★★★	<10%

*In the PRI Assessment Report, Nomura Asset Management was assessed on a total of 15 modules. Please refer to the reports listed below for more information on all assessments, including indirect modules.

[Reference materials (English only)]

PRI Assessment Report 2021 https://www.nomura-am.co.jp/news/Assessment_Report_2021.pdf

PRI Public Transparency Report 2021 https://www.nomura-am.co.jp/news/Public_Transparency_Report_2021.pdf