



Akiko Kimura
Outside director

Appointed in 2016

“I expect Nomura Asset Management to play a role in solving ESG issues, undeterred by any headwinds.”

Members of the Responsible Investment Council attend Responsible Investment Committee meetings, and when the Committee deliberates on proxy voting on general shareholders meeting proposals involving Nomura Group companies, they adhere to the “customers-first principle” and make decisions that are in the best interest of our clients. Recently, when it comes to portfolio companies’ M&A-related proposals, conflicts of interest between large and minority shareholders are often the topic of deliberations. As transaction structures become increasingly complex, there are a growing number of cases requiring difficult judgments.

ESG has become an important theme in our engagement with portfolio companies and in proxy voting, and is significantly impacting conventional asset management thinking. The business objective of an asset management firm is to invest as efficiently as possible and provide the largest returns possible to investors, and this objective remains unchanged today. Currently, however, asset management firms are also taking on the role of urging their portfolio companies to increase their corporate value by addressing ESG issues. The sharp rise in energy prices since last year has become a headwind for addressing ESG issues. However, if companies continue to only pursue profits, they will destroy the natural environment, widen the gap between the rich and poor, and even threaten the earth’s survival. In this context, we hope that Nomura Asset Management will be undeterred by such headwinds and continue to push forward with addressing ESG issues.

- April 1973 Certified as an attorney (Dai-Ichi Tokyo Bar Association)
Joined Nishimura, Komatsu & Tomotsune (now Anderson Mori & Tomotsune)
- January 1977 Partner, Nishimura, Komatsu & Tomotsune
- June 1978 Harvard Law School (LL.M.)
- January 2011 Of Counsel, Anderson Mori & Tomotsune (present post)
- June 2015 Outside Director, Nomura Asset Management Co., Ltd. (present post)

Messages from the Responsible Investment Council

Member composition

The Responsible Investment Council comprises only the Chief Conflict Officer and persons in independent positions in Nomura Asset Management, including independent outside directors. Currently, the Responsible Investment Council has four members: one Chief Conflict Officer; two independent outside directors; and one outside expert.

Positioning

The Responsible Investment Council is positioned under the Audit and Supervisory Committee. As necessary, the Responsible Investment Council recommends improvements to the Executive Management Committee and/or the Responsible Investment Committee, and reports such recommendations to the Board of Directors and the Audit and Supervisory Committee (Refer to “System to Manage Conflicts of Interest” on Page 62).

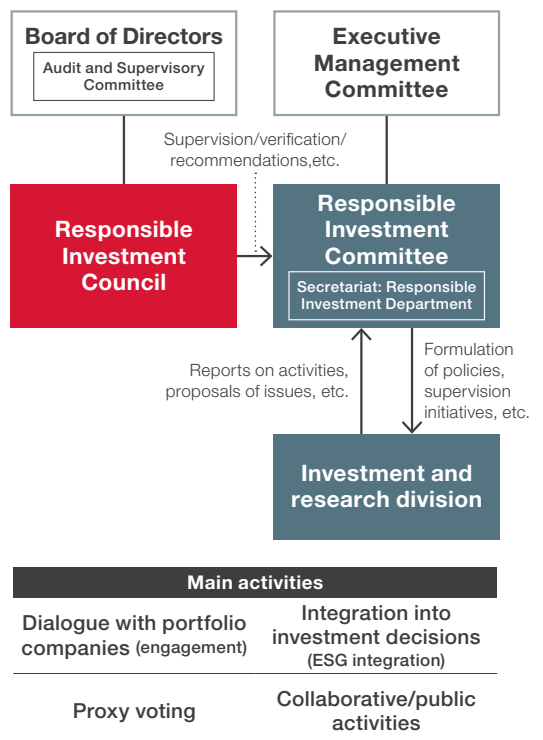
Meetings held

Since its establishment in September 2016, the Responsible Investment Council has met a total of 46 times through December 31, 2022. The Responsible Investment Committee is attended by the members of the Responsible Investment Council, who promptly provide their opinions.

About the Responsible Investment Council

The Responsible Investment Council verifies the appropriateness and validity of stewardship activities, including the formulation of proxy voting guidelines, proxy voting decisions, the formulation of engagement policies and engagement activities, thereby aiming to prevent adverse impacts on clients’ interests due to conflicts of interest or other issues.

Organizational Structure for Responsible Investment





Ryoji Maeda
Outside director

Appointed in 2021

“I expect Nomura Asset Management to strengthen structures for executing stewardship activities.”

This year marks my second year as a member of the Responsible Investment Council, and I attended the June Responsible Investment Committee meeting for the first time where we deliberated on general shareholders’ meeting proposals. Our main responsibility is to manage conflicts of interest, and with respect to proposals involving Group affiliates, we confirmed that the Committee is appropriately identifying areas in which conflicts of interest could arise and making judgments rigorously in accordance with our proxy voting standards. In addition, the details of shareholder proposals related to environmental and social issues are becoming increasingly diverse, and we confirmed that the Committee’s judgments are based on an understanding of portfolio companies’ situations through engagement and other means, and are made following sufficient discussion. Regarding our proxy voting standards, which we revised in November 2022, key points of debate were the growing interest in gender diversity and efforts to address cross-shareholdings, and the standards were quickly revised after considering societal demands, the situation at portfolio companies, and other factors.

With increasing numbers of requests for companies to disclose sustainability information, it is important to further strengthen cooperation within the entire Research and Investment Unit in order to accurately grasp the situation of portfolio companies. I hope that further enhancing the structure for systematically carrying out stewardship activities, led by the Engagement Department, will result in a higher level of investment quality. In addition, I hope that as a company itself, Nomura Asset Management will work with the Sustainability Development Department established in April 2022 to address sustainability issues.

- April 1977 Joined Sumitomo Life Insurance Company
- April 2002 Executive Officer, CIO of Investment Headquarters, Sumitomo Life Investment Co., Ltd.
- December 2002 Operating officer, Sumitomo Mitsui Asset Management Co., Ltd.
- June 2007 President and CEO, (Chairman of the company from April 2014), Sumitomo Mitsui Asset Management Co., Ltd.
- April 2018 Permanent Audit & Supervisory Board Member, Allianz Global Investors Japan Co., Ltd.
- June 2021 Outside Director, Nomura Asset Management Co., Ltd.



Yumiko Miwa
Outside director

Appointed in 2020

“As a responsible investor, I expect Nomura Asset Management to become an industry leader for social change.”

The Responsible Investment Council is tasked with managing conflicts of interest by verifying overall stewardship activities. Like other members, I attend every Responsible Investment Committee meetings regardless of whether or not a conflict of interest is being discussed. Nomura Asset Management established the Engagement Department in November 2021, and has been working to build an effective engagement system, including reviewing the desirable management style of portfolio companies in December 2021 and November 2022. At the Responsible Investment Committee, members of the Responsible Investment Council, including myself, actively express our opinions regarding reports from the Engagement Department, as we strive to carry out more effective engagement. I believe that both the Responsible Investment Committee and the Responsible Investment Council functioned in a highly-effective manner.

ESG has become increasingly important in investment decision-making and engagement. In recent years, in addition to climate change, environmental issues such as biodiversity and water resources, and social issues including diversity, human rights and well-being of society have become important themes. Companies are being urged to identify risks and business opportunities in these areas, and to go a step further by practicing sustainability management taking geopolitical risks into consideration.

Nomura Asset Management is proactively working on these kinds of ESG issues, including revising the key engagement themes in July 2022.

As a responsible investor, I would like to see Nomura Asset Management become an industry leader for social change.

- April 1996 Full-time Assistant, School of Commerce, Meiji University (Assistant Professor from April 2000)
- April 2002 Member, Fund Management Committee, Pension Fund Association for Local Government Officials
- October 2005 Professor, School of Commerce, Meiji University (current)
- April 2006 Visiting Professor, School of Business, University of Michigan
- April 2020 Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel (current)
- June 2020 Outside Director, Eisai Co., Ltd. (current)
- March 2022 Outside Director, Pigeon Corporation (current)

Results of Self-Evaluation of 2022 Stewardship Activities

We actively engaged in stewardship activities in order to encourage portfolio companies to increase their corporate value and promote sustainable growth, and to increase medium- to long-term investment returns for clients and beneficiaries.

To further enhance our activities, we performed a self-evaluation of our stewardship activities in 2022 (January to December), the results of which are in this section.

This self-evaluation corresponds to the self-evaluation required by Guideline 7-4 of the Japan Stewardship Code revision on March 24, 2020.



Self-Evaluation Methodology



We distributed a questionnaire mainly to members of the Responsible Investment Committee, the highest decision-making body for our stewardship activities, and held discussions based on the results of the questionnaire.

Members of the Responsible Investment Council, which monitors the Responsible Investment Committee, particularly with regards to matters related to conflicts of interest, also participated in the questionnaire and in subsequent discussions.

Questionnaire Overview

Target	The following people responded according to the questions. Responsible Investment Committee ¹ members – 5 Responsible Investment Committee Secretariat members – 7 Responsible Investment Council ² members – 4	Questionnaire	Total of 14 questions: Addressing each of the principles of Japan’s Stewardship Code	
			Principle 1 (Formulate and publicly disclose policy)	2 questions
Principle 2 (Manage conflicts of interest)	3 questions			
Principle 3 (Monitor investee companies)	1 question			
Principle 4 (Engagement)	3 questions			
Principle 5 (Proxy voting)	3 questions			
Principle 6 (Report to clients and beneficiaries)	1 question			
Questionnaire timing	January-December 2022	Principle 7 (Skills for stewardship activities)	1 question	
Period covered	January-December 2022			
Response format	Signed (not anonymous) Multiple choice (4 choices) Write comments freely			



Results of self-assessment (overall)

More than 90% of respondents indicated that stewardship activities in our company were appropriate.

The Responsible Investment Committee held discussions based on the results of the questionnaire and comments received, and the final assessment was we were generally able to carry out appropriate stewardship activities, including our response to the points identified in the previous year as areas to be strengthened.

- Consider a policy to increase the diversity of the Responsible Investment Committee in order to incorporate diverse opinions into discussions.
- Increase the awareness and level of understanding of the Basic Policy for Responsible Investment, which was revised in December 2021, within the Investment and Research Unit, which is responsible for stewardship activities.
- Establish an implementation system for stewardship activities, centering on the Engagement Department created in November 2021.

Among our stewardship activities in 2022, the following were brought up as particularly effective initiatives.

- The deliberation process and output related to the basic policy for responsible investment management.
- Robust deliberations and management of conflicts of interest at Responsible Investment Council meetings.
- Progress on bolstering systems with the creation of the Engagement Department
- Process for discussions about proxy voting, details of revisions to proxy voting standards.
- Disclosure related to Responsible Investment Report and proxy voting results, etc.



Future Actions

The Responsible Investment Committee will deepen discussions on the points that need to be enhanced as identified through this self-evaluation, and work to further improve stewardship activities.

The following points were identified as areas that need bolstering to further enhance the effectiveness of our stewardship activities.

- Continuing from the previous year, consider strategies to increase the diversity of the Responsible Investment Committee.
- Further enhance engagement by cultivating new ESG issues and elaborating processes, etc., and bolster information disclosure.
- Endeavor to revise forward-looking proxy voting standards based on domestic and international trends.

*1 Comprises members from the investment and research functions

*2 Comprises one Chief Conflict Officer, two independent outside directors and one outside expert

Nomura Asset Management's ESG Communication Activities

Nomura Asset Management is also focusing on delivering information related to ESG. NAM employees give presentations and participate as panelists at seminars to help people gain a better understanding of ESG.

Also, we work with initiatives as well as public institutions to discuss ESG issues.

Furthermore, by participating in efforts to establish standards for ESG reporting, we convey our knowledge and insights about ESG to various stakeholders in an easy-to-understand manner.

Collaboration with initiatives, domestic and overseas public institutions, etc.

- Japan Stewardship Initiative (JSI) Steering Committee member
- Member of the Industry Advisory Panel (IAP) and Working Group on the ASEAN Taxonomy established by the ASEAN regulatory authority
- Chair, Constructive Dialogue Promotion Working Group, Committee on Financial and Capital Markets, Japan Business Federation (Keidanren)
- Committee member, "Impact Investing Roundtable" cohosted by GSG and FSA
- Member of JPX's Study Panel on the Use of Digital Bonds in ESG Investing
- Advisory Committee member for "Advance," the PRI's collaborative initiative for human rights and social issues

Internal Seminars in NAM

- In-house study session on the revision of our own ESG score
- Internal seminars about ESG (topics included our proxy voting standards revisions and human rights engagement activities)
- Held internal seminar where human rights expert and Human Rights Watch Japan Director Kanae Doi presented on the topic of "Global Human Rights Issues and Efforts Towards Solutions"
- Held internal seminar where Dr. Mari Miura of Sophia University, an expert in gender and politics research, presented on the topic of "Gender Equality"

External Activities in 2022

- Jan.** ■ Participated in a panel discussion about ESG at a working group for non-financial companies organized by a consulting firm
- Feb.** ■ Presented at "The Role and Future of Transition Finance - Aiming to Realize Carbon Neutrality," a webinar jointly held by Nomura Securities and Bloomberg
- Mar.** ■ Lectured on academic research using ESG on the topic of "The Latest in AI/ Fintech - ESG Quants" at a Waseda University fund management course
 ■ Reported at the Association for Natural Language Processing under the title of "Quantification of Stakeholder Evaluation by ECS-BERT Model"
 ■ Presented and participated in panel discussion at the Ministry of Environment's online seminar "Changes in Environmental Management and Measures Expected of Companies"
 ■ Participated in panel discussion for Green and Blue Bonds Seminar jointly organized by the Asia Development Bank and the Thai Bond Market Association
 ■ Participated in a panel discussion at a seminar on impact investment
 ■ Presented at a seminar hosted by the Financial SDGs Study Group
 ■ Participated in a panel discussion on stewardship responsibilities at a JSI-sponsored seminar
- Apr.** ■ Spoke at NIKKEI LIVE "Deep Debate – Decarbonization Disclosure – The Focus of ESG Investors"
- May.** ■ Contributed the paper titled "The Value of Reputation Capital During the COVID-19 Crisis: Evidence from Japan" to Finance Research Letters
 ■ Participated in a panel discussion at Nikkei SDGs Forum Symposium with executives of unlisted venture companies focused on solving social issues
 ■ Participated in a panel discussion about corporate governance at RI Japan 2022
- Jun.** ■ Reported under the title of "Automated Extraction of ESG Data from Integrated Reports" at a Japanese Society for Artificial Intelligence event
 ■ Participated in a panel discussion titled "Japan's Path to Net Zero/ Carbon Neutrality" which was a jointly organized webinar by JPX Market Innovation & Research and FTSE Russel
- Jul.** ■ Participated in a panel discussion titled "Workshop on Transition Finance in Asia" organized by the Asian Development Bank Institute

External Activities in 2022

- Sep.** ■ Lectured on academic research using ESG on the topic of "The Latest in AI/ Fintech - ESG Quants" at a Waseda University fund management course
 ■ Participated in a panel discussion at the Japan Electrical Manufacturers' Association "Webinar on Responding to Climate Change Non-Financial Information Disclosure in the Electrical Industry"
 ■ The GX League's "GX Management Promotion Working Group" was established, and Nomura Holdings was appointed as the chair (NAM is active as a chair member)
 ■ Presented at ESG seminar for municipal governments
 ■ Participated in a panel discussion about shareholder activism at a ESG seminar for overseas private equity investors
- Oct.** ■ Participated in a panel discussion on "Concerns about ESG Investment for Asset Owners" at Nomura Sustainability Day 2022
 ■ Participated in a panel discussion at METI's "TCFD Summit 2022"
 ■ Presented on "Net Zero Bond Investment Philosophy and Evaluation Methodology" at CIO Conference 2022 held by S&P Global
 ■ Participated in a panel discussion at "Financial Risk Management & Cyber Security Forum 2022" organized by JTB Communication Design
 ■ Participated in a panel discussion titled "Making Impact Visible" at Nomura Sustainability Day 2022
 ■ Lectured at a university class about sustainable finance
- Nov.** ■ Presented on "Building Sustainable Equity Portfolios for Investors" stressing engagement to enhance corporate value and participated in panel discussions at the Global Pension Symposium
 ■ Participated in a panel discussion on sustainable investing at Japan Investor Forum 2022 organized by Asia Risk
 ■ Contributed an article titled "Integrating Cybersecurity Evaluations in ESG/Credit Risk Analysis for Sustainable and Resilient Investment" to Nomura Sustainability Quarterly, a quarterly publication from Nomura Institute of Capital Markets Research
 ■ Participated in a panel discussion on "Investors' and Underwriters' Perspectives on Sustainable Finance in ASEAN" at the Impact Webinar Series organized by the Asian Development Bank
 ■ Participated in a panel discussion on ESG regulations at a CFA Society Japan seminar
 ■ Participated in a panel discussion on proxy voting at the Osaka Kabukon
- Dec.** ■ Contributed an article titled "The Need for Quantitative Opportunity Evaluation by Investors Utilizing Climate-Related Non-Financial Information Disclosure and Future Issues" in the December 2022 issue of Denki, the journal of the Japan Electrical Manufacturers' Association.
 ■ Participated in a discussion at Access to Medicine Index investor event held in Tokyo

Review of 2022

In recent years, many different ESG-related movements have been sprouting up around the world.

In particular, in 2022, the tightening of ESG investment-related regulations sped up in many countries, and asset management firms are now being strongly urged to both comply with regulations and be accountable to end investors.

At the same time, the roles and responsibilities of institutional investors are also undergoing significant changes.

In short, there is growing demand for “investment with spirit,” which involves proactively addressing these ESG issues, complying with regulations and being accountable.

Behind this, there is the fact that what society wants from investment and what it should be aiming for have become clear.

For example, the Green Deal policy that has begun in Europe aims to transition to a new society in which sustainable growth is enabled.

Taxonomies are now being built and regulations strengthened as part of efforts to generate significant investment flows aimed at transforming society.

If we view the current ESG regulations as mere regulatory compliance, one could misread the large flow of investments.

At the same time, we may be seen as carrying out investment without spirit and lose the confidence of our end investors, which might cause us to no longer be sustainable as an asset management firm.

To demonstrate this spirit, in 2022 we focused on enhancing our own ESG product governance.

In addition to earning the confidence of our clients around the world by demonstrating our ability to comply with global ESG regulations both domestically and internationally, we also continued our efforts to enhance our own sustainability.



Head of the Responsible
Investment Department
Toshiyuki Imamura

2023 and Beyond

At a bare minimum, we believe there are three conditions we must meet in order to be accepted by clients around the world and to grow sustainably as an asset management firm.

First, we must respond to the changing needs of end investors.

Right now, there is a clear and growing movement to aspire for sustainable investment. This investment is also aimed at creating a more ideal society.

This sustainable investment movement has been progressing in stages. It began with Stage 1.0 which emphasized economic value, and then transitioned to Stage 2.0 which aimed to achieve both economic value as well as environmental and social value in a balanced manner. Sustainable investment is now in the process of advancing to Stage 3.0, in which more emphasis is placed on environmental and social value.

This does not mean that economic value is neglected, but rather, investment now aims to achieve greater social value while securing economic value. We must respond to these new investor needs.

Second, countries around the world are now adopting ESG regulations in order to attract sustainable investment.

If we do not comply with ESG regulations, our asset management business will fail. At the same time, we will lose the confidence of end investors.

We must establish advanced ESG product governance to

remain in compliance with these regulations.

To this end, it is critical to stay in compliance with the most rigorous standards. In our view, this will allow us to ultimately remain in compliance with the different regulations of each country.

Third, we must further foster the spirit of ESG within Nomura Asset Management. Going forward, we will need to continue to comply with a wide range of ESG regulations and client guidelines.

While doing this, we must not forget why these regulations and guidelines exist in the first place.

If we forget what we are aiming for and fail to invest with spirit, our compliance efforts will end up being merely procedural, which will diminish our value in the eyes of end investors.

If our investment lacks spirit, we will certainly find it difficult to survive going forward.

Sustainable investment is also an issue that is directly linked to our national interest. If Japanese companies and asset management firms are left behind in this global trend, it means that Japan will not be able to attract risk money, which will result in the decline of Japan as a whole.

To prevent this from happening, we must be sensitive to the demands of end investors and society, and change ourselves as needed.

As we move forward, Nomura Asset Management will continue striving to be a sustainable asset management company.