

Responsible Investment Report 2020





We create economic and social value through the asset management business

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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.

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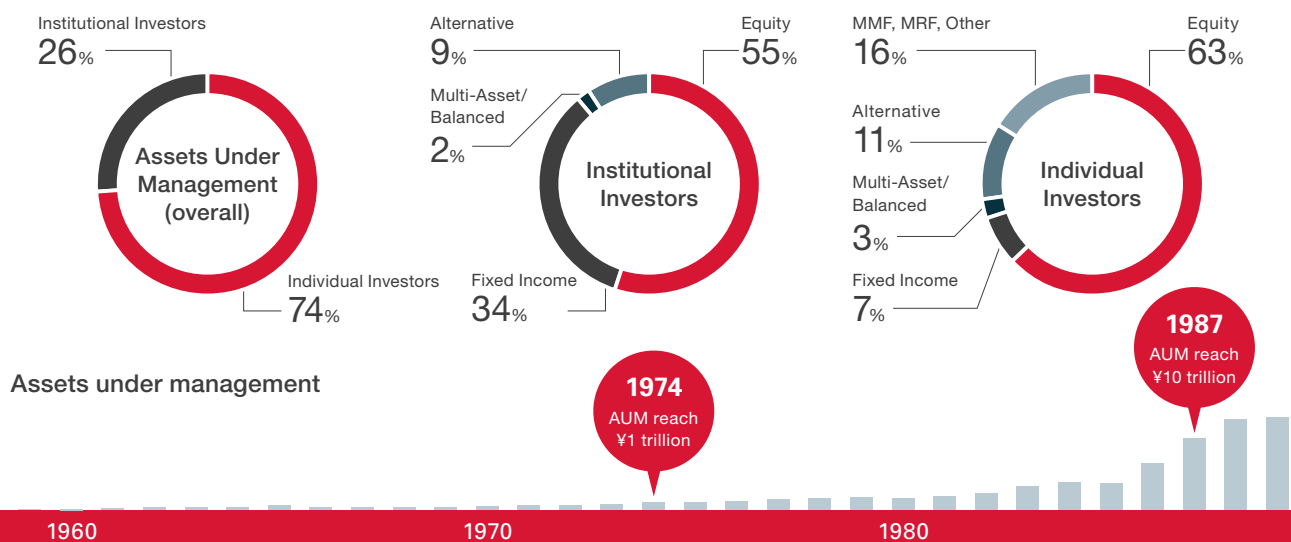
Nomura Asset Management

Established in December 1959, Nomura Asset Management is a global asset management firm with business operations in Japan, North America, Latin America, Asia, and Europe. We meet the asset management needs of a diverse range of clients, from individual investors to institutional clients including large pension funds and institutional investors. As a responsible investor entrusted with our clients' assets, in addition to providing investment returns, we proactively work to create medium-to long-term sustainability, including for ESG (environmental, social, and governance) issues.

It's all about the client.

Based on this philosophy, our offices collaborate to meet the expectations of our clients around the world.

Ratio of AUM by Asset Class



1960s

- December 1960 Investment trust**
Launched the Company's first openend stock investment trust ("Open No. 1")
- January 1961 Investment trust**
Launched a bond investment trust
- September 1969 Investment trust**
Launched Nomura Capital Fund of Japan
Began US pension fund management (Japanese stock investment products in the US)

1970s

- February 1972 Investment trust**
Launched Japan's first foreign securities investment fund following the abolishment of the 50% limit on foreign securities holdings
- 1976**
Opened New York Representative Office

1980s

- January 1980 Investment trust**
Launched the Medium-Term Japanese Government Bond Fund, the first of its kind in Japan
- August 1980 Investment trust**
Began management of Japan's first index fund
- 1984**
Established London branch office
- March 1986 Investment trust**
Launched the Long-Term Government Bond Fund (Nickname: "Top")
- 1988**
Established Singapore branch office
Established Hong Kong branch office

📍 Opening/establishment of overseas office

📊 NAM product

NAM's Strengths by the Numbers

(As of December 2020)



Established

1959



Assets under management
(Asset Management Division)

¥61.2trillion



Employees in head office/
branch offices

1,404employees



World's 5th largest ETF AUM
Domestic market share *1

45.0%



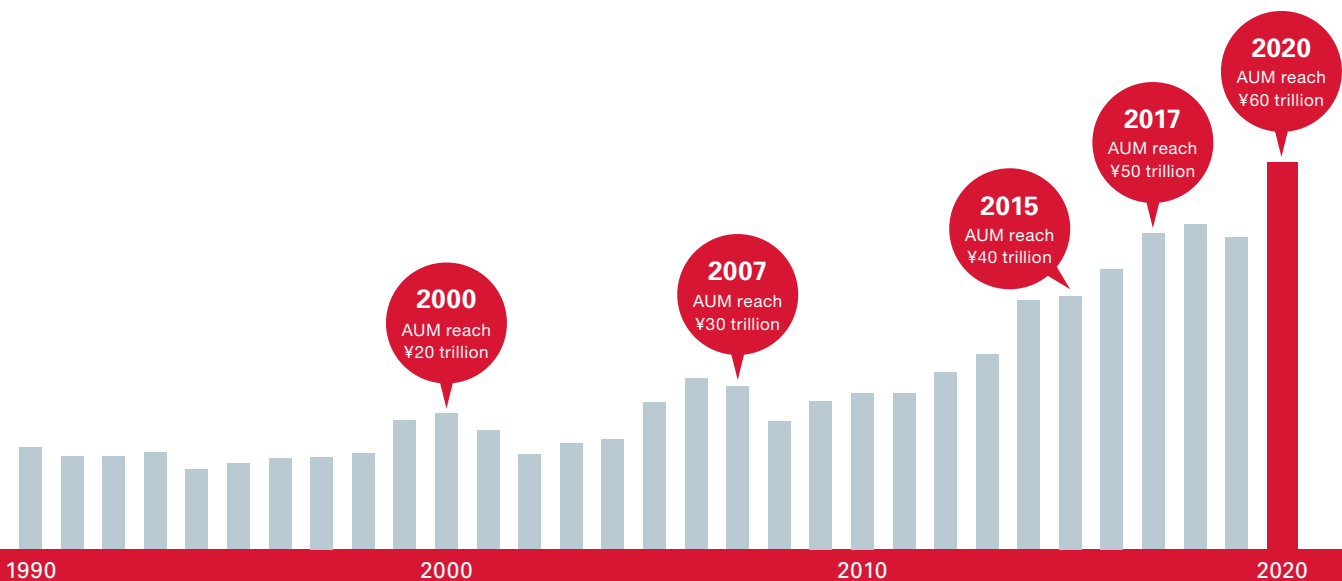
Market share in the ¥139 trillion
domestic publicly-offered
investment trust market *2

28.3% No. 1



Average years of experience among
employees involved in investment
and research-related operations

12.8 *3



1990s

May 1992 Investment trust
Launched MMF

April 1995 ETF
Launched the Nikkei 300 Stock Index Listed Fund, the first ETF in Japan

1986
Established Sydney branch office

April 1998 Investment trust
Launched MRF

2000s

June/July 2001 ETF
Launched and listed the Nikkei 225 ETF and the TOPIX index ETF

October 2005 Investment trust
Launched the Nomura Global 6 Assets Diversified Fund, a balanced fund sold through Japan Post

August 2007 ETF
Launched and listed the Gold-Price-Linked ETF, Japan's first ETF using index-linked bonds

March 2008 ETF
<NEXTFUNDS> Launched and listed 17 TOPIX-17 ETF series ETFs

September 2008 ETF
Launched and listed the Tokyo Stock Exchange REIT Index ETF

2010s

2011
Opened Shanghai representative office

May 2011 Investment trust
Launched the East Japan Revival Support Bond Fund (redeemed in May 2016)

2014
Opened Taiwan office through a joint venture

2015
Formed business partnership with American Century Investments (ACI)

May 2018 ETF
Launched and Listed the Japan Empowering Women ETF

October 2018 Investment trust
Launched the ACI Advanced Medical Impact Fund

November 2019 Investment trust
Announced Japan's first fund merger

Nomura Asset Management

Our Strengths in Responsible Investment

1

Long-term commitment to responsible investment

The 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.

History of Responsible Investment



*UK FRC: Abbreviation for the Financial Reporting Council in the United Kingdom

2

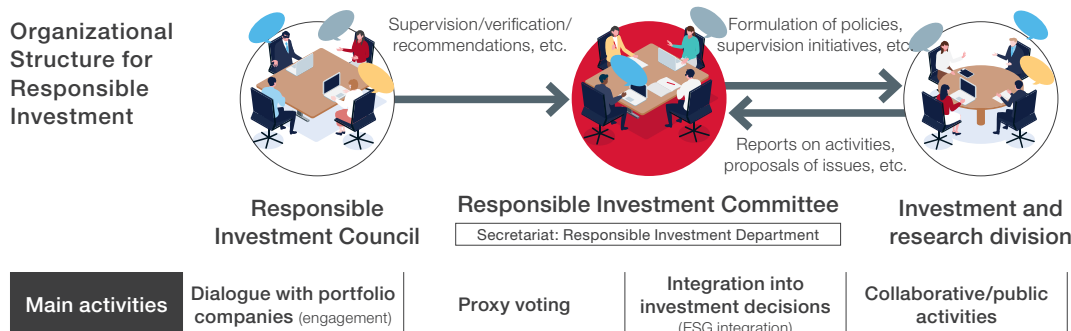
Building a strong responsible investment platform

The second strength is our robust responsible investment platform. Our systems, processes and organization have undergone continuous reform to reflect and respond to the changing needs of investors and wider society. One example is the Responsible Investment Council, which was established in 2016 as an oversight body of the Responsible Investment Committee.

Independent outside directors and Outside Expert make up the majority of the Council, thus enhancing the management of conflicts of interest. Having the Council monitor Committee discussions in real time is an unprecedented initiative in the industry.

Please refer to Page 52 for more information on conflict of interest management, and Pages 81-82 for a message from the Responsible Investment Council.

Organizational Structure for Responsible Investment



3

Global, diverse personnel and research capabilities with respect to responsible investment

The third strength is our global and diverse personnel and their research capabilities. A large number of portfolio managers, analysts and ESG specialists working in one of the largest active management institutions in Japan are committed to applying their analytical abilities and insights to responsible investment.



4

Emphasis on responsible investment discussion and debate

The fourth strength is the emphasis we place on exhaustive discussions.

In 2020, the Responsible Investment Committee held discussions about agenda proposals from shareholders such as director elections and M&A-related issues, and also discussed the response to the newly-revised Japan Stewardship Code and amendments of the firm's proxy voting guidelines. On many occasions there were splits in opinion, or the Secretariat's plans were overturned. The members of the Responsible Investment Council were also present at Committee meetings and actively participated in discussions, without limiting themselves to monitoring conflicts of interest.

We believe that such rigorous monitoring structure and interactive discussions bring productive results, and consider this to be one of our key strengths.

Responsible Investment Committee Meetings January – December 2020



Responsible Investment
Committee

19times

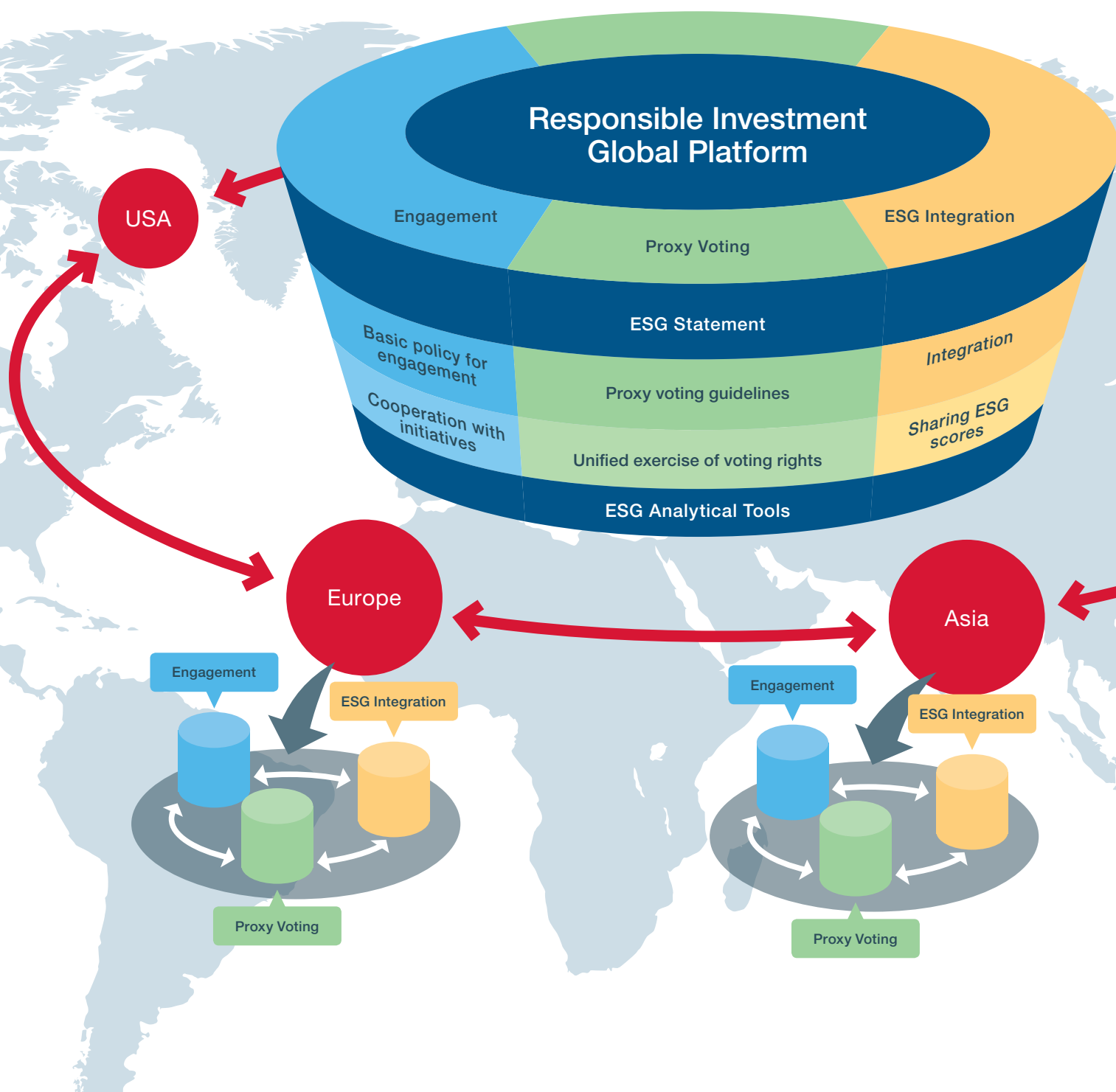
Regular 4 times Ad hoc 15 times



Responsible Investment
Council

8times

Regular 4 times Ad hoc 4 times



Nomura Asset Management Global Platform and Coordination on Responsible

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 Page 15).

Engagement

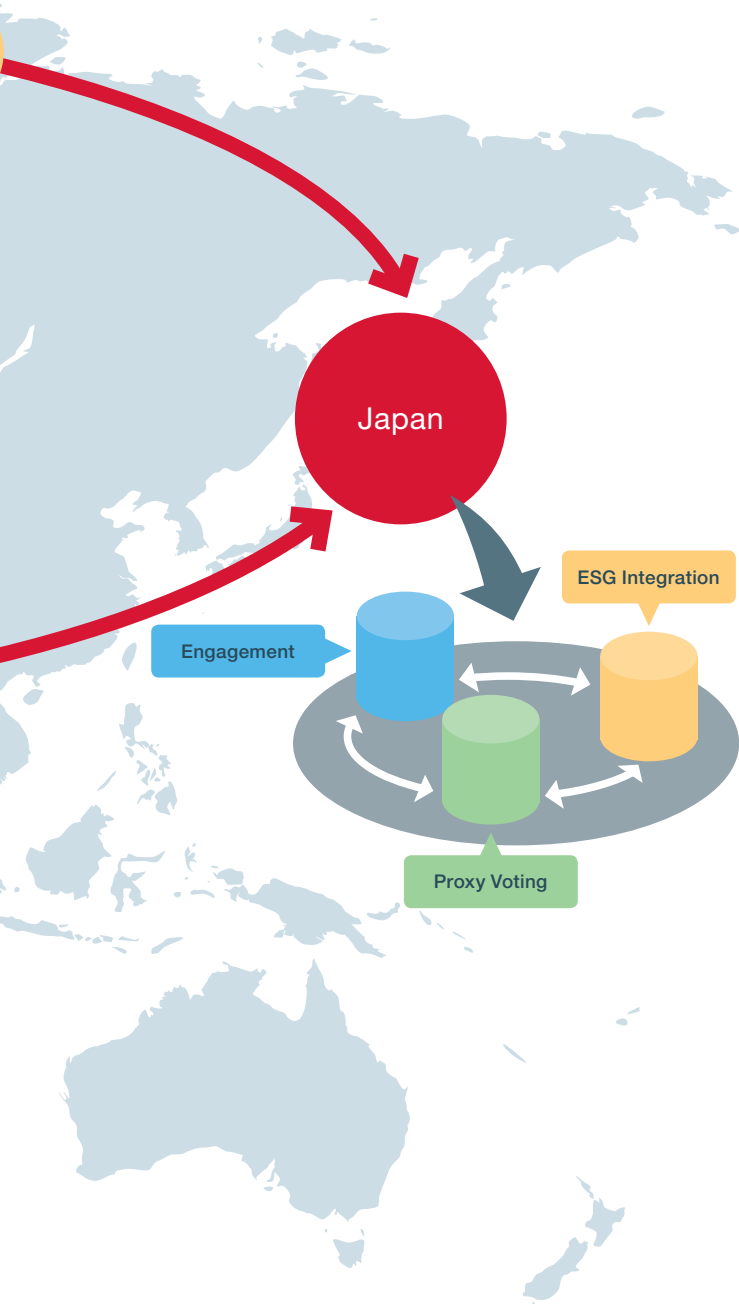
We engage in constructive dialogue with companies about important financial and non-financial risks and opportunities in accordance with our basic policy for engagement (refer to Page 35). Specifically, our ESG specialists, ESG investment manager, company analysts, and country specialists based in Japan 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 (refer to Pages 38, 44). For example, ESG specialists in Tokyo discuss the details of engagements with Japan-based pharmaceutical companies in which portfolio managers in the UK office participate, as well as the details of portfolio company engagements conducted by ESG investment professionals in Singapore and portfolio managers in Hong Kong (refer to Pages 45-48).

Proxy Voting

For proxy voting (excluding Japanese equities), we generally decide to agree or oppose 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 51).

ESG Integration

In terms of integration, climate change analysis tools are used to evaluate the climate change risks and opportunities for each fund (refer to Pages 22-26), 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 62-65).



Investment