

# Responsible Investment Report 2021



# We create economic and social value through the asset management business

This is the philosophy of Nomura Asset Management



## ABOUT NOMURA ASSET MANAGEMENT

- 03 Introducing Nomura Asset Management
- 05 Responsible Investment Strengths
- 07 Framework for Collaboration with Overseas Offices
- 09 CEO Message
- 11 Investment Chain
- 13 Materiality
- 15 ESG Statement
- 19 Basic Policy for Responsible Investment
- 23 TCFD & NET ZERO GOAL BY 2050
- 33 Contributing to a carbon-free society by Japanese companies Decarbonization Japan
- 35 Nomura Asset Management's Initiatives on Human Rights
- 39 Biodiversity



## ENGAGEMENT

- 42 Our Idea of Constructive Dialogue with Portfolio Companies
- 43 Engagement Target Companies and Results
- 44 Milestone Management
- 45 Engagement on Priority Topics
- 50 Review of Priority Topics
- 51 Enhancing ESG Engagement
- 53 Global Equity Engagement
- 56 Engagement by Sustainalytics
- 57 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.

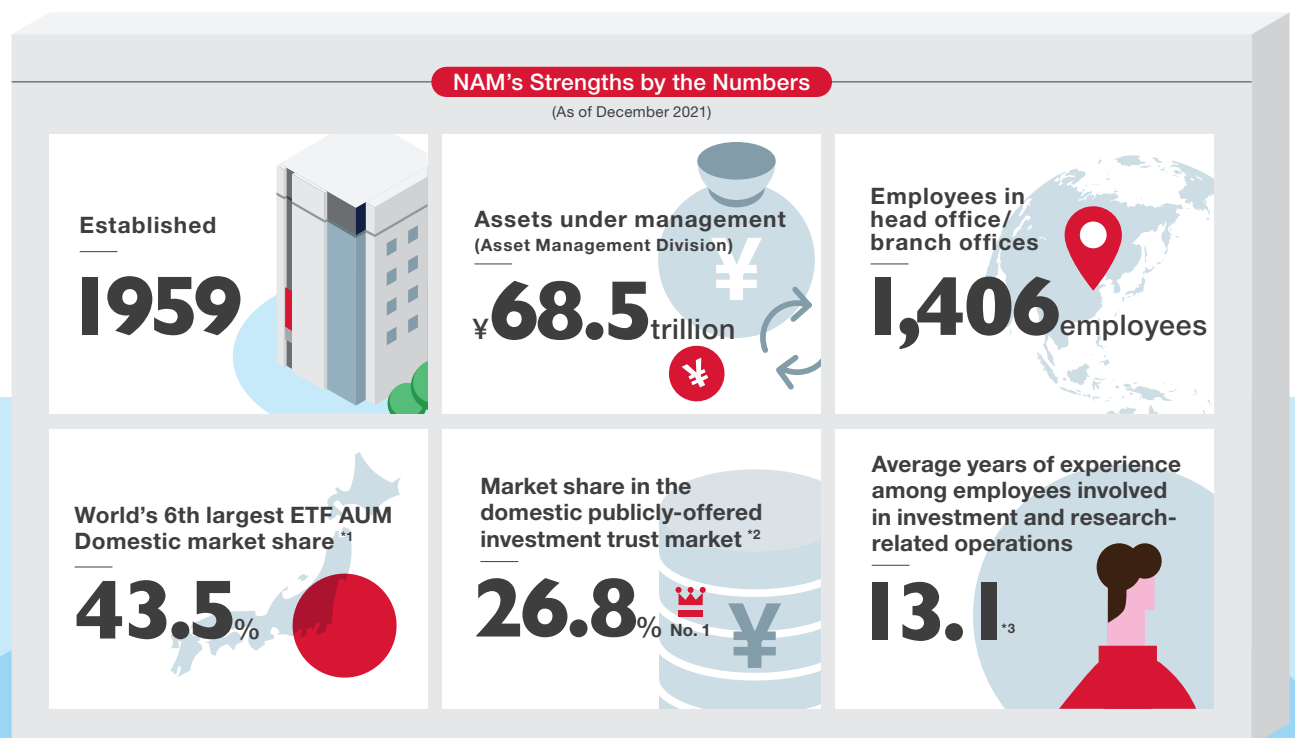
## 02

# Nomura Asset

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.

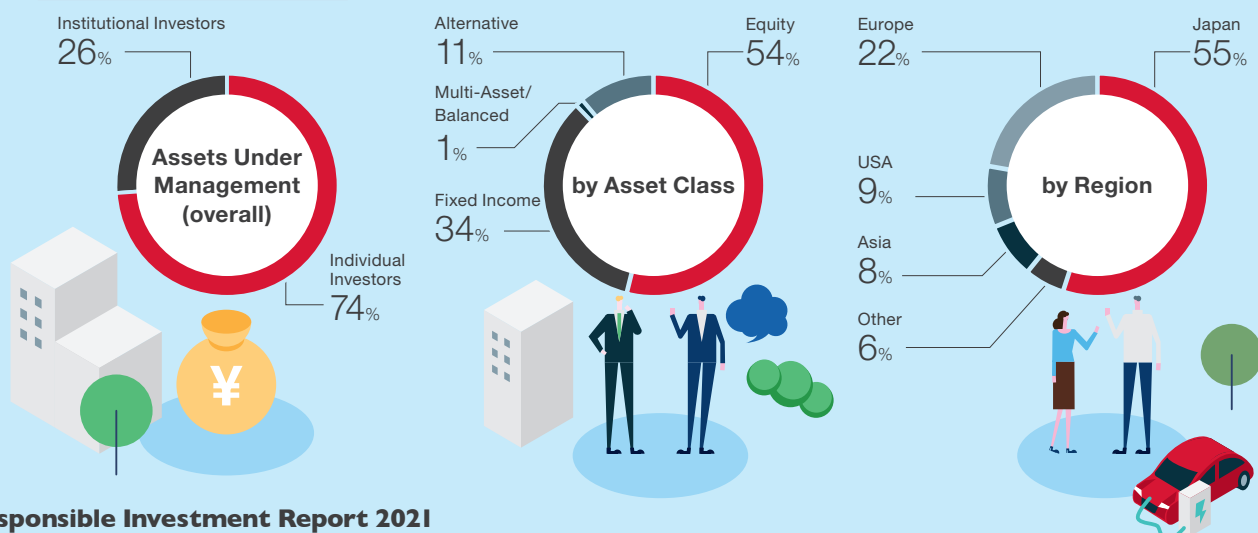


<sup>\*1</sup> Prepared by Nomura Asset Management based on NRI Fundmark/DL data.

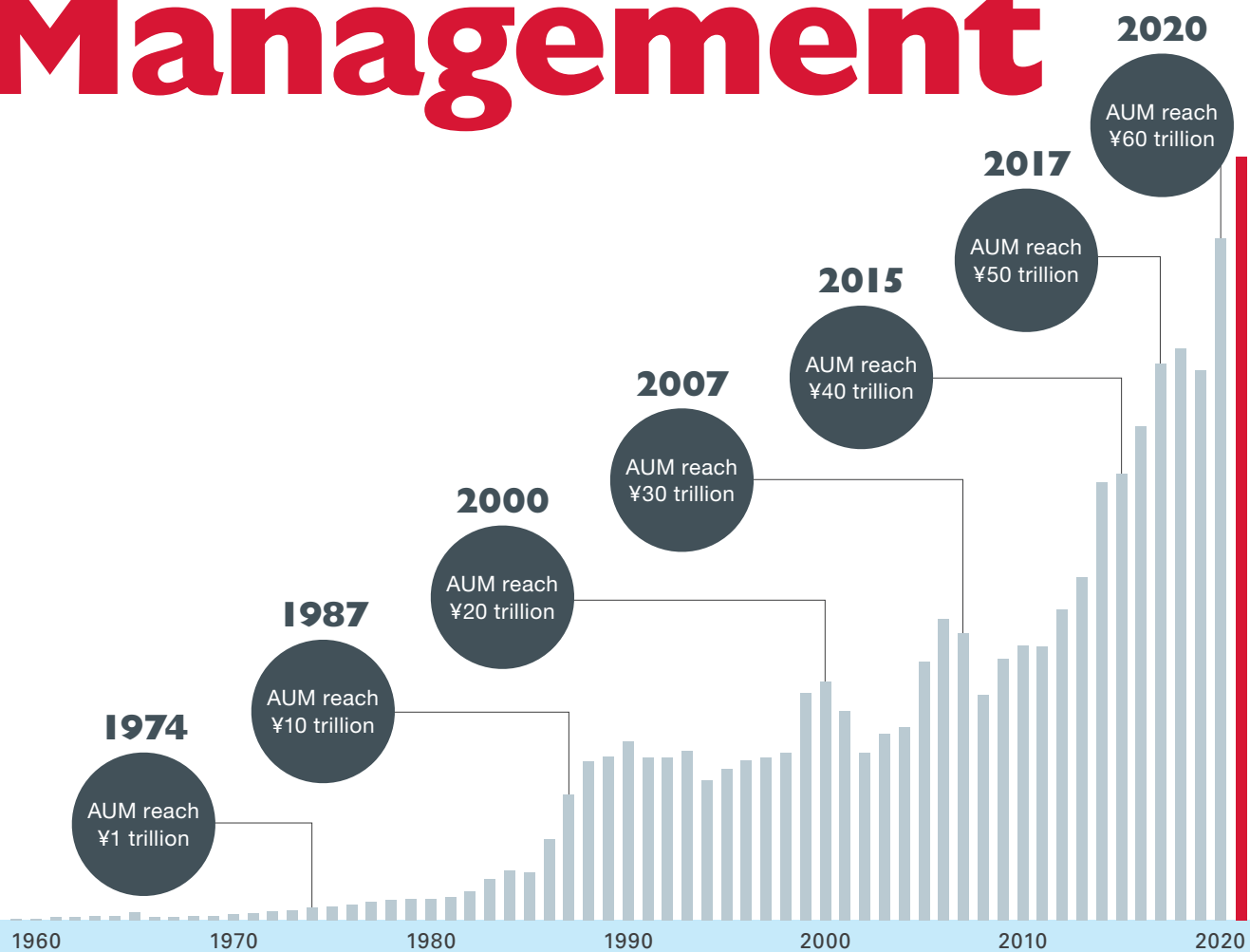
<sup>\*2</sup> Prepared by Nomura Asset Management based on The Investment Trusts association, Japan data.

<sup>\*3</sup> Calculated by an investment and research manager at Nomura Asset Management.

## Ratio of AUM by Asset Class



# Management



## 1960~1970s

- December 1960 Investment trust**  
Launched the Company's first opened 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)
- 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

## 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

## 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

## 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

## 1990s

- May 1992 Investment trust**  
Launched MMF
- April 1995 ETF**  
Launched the Nikkei 300 Stock Index Listed Fund, the first ETF in Japan
- 1996**  
Established Sydney branch office
- April 1998 Investment trust**  
Launched MRF

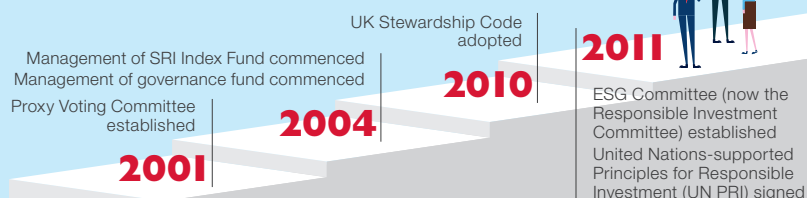
## 2020s

- October 2020 Investment Trust**  
Created a donation scheme to support regional revitalization through ESG funds in collaboration with regional financial institutions
- August 2021 Investment Trust**  
Launched an investment trust that invests in Japanese companies contributing to decarbonization
- Opening/establishment of overseas office**
- NAM product**

# Our Strengths in Responsible Investment

## 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.



## Systematic and Continuous ESG-related Initiatives

The second strength is our systematic and continuous effort 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.

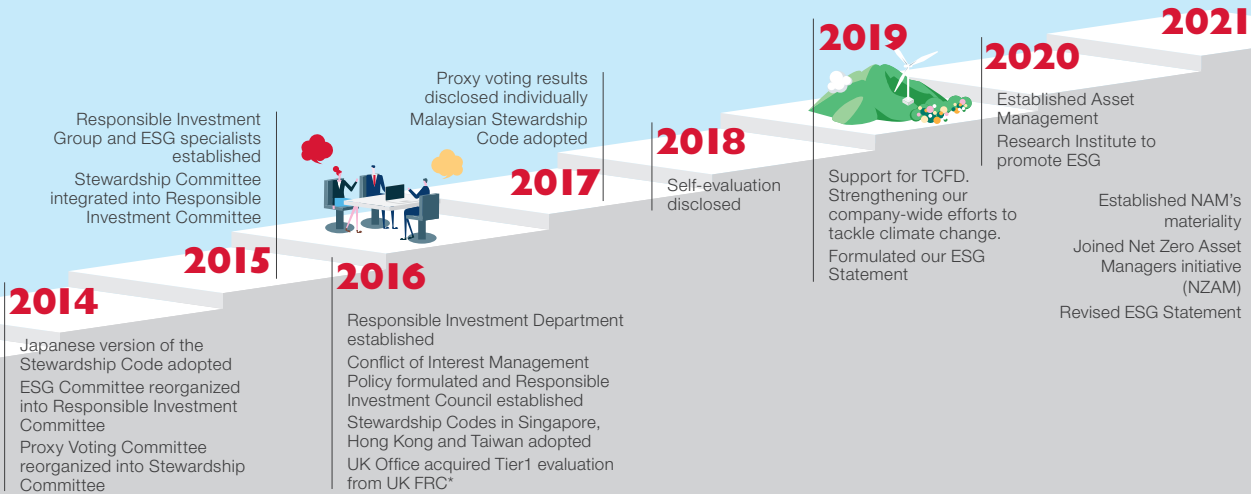
## Global Approach and Diversity

The 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. A large number of portfolio managers, corporate analysts, credit 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.

## Inclusive Discussions based on a Strong Organizational Platform

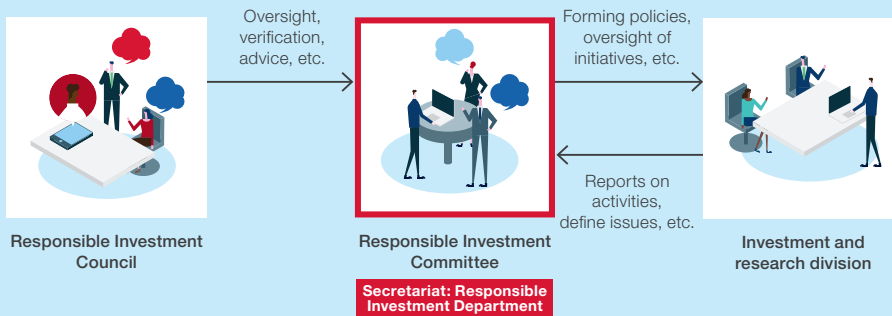
The fourth strength is our emphasis on having “exhaustive discussions” that incorporate diverse opinions under a strong organizational platform. The Responsible Investment Council was established as a body to oversee discussions by the Responsible Investment Committee in real time. It manages conflicts 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 15 meetings in 2021. 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.

## History of Responsible Investment



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

## Organizational Structure for Responsible Investment

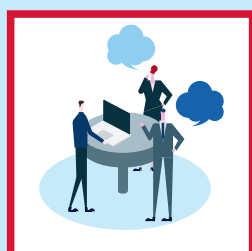


## Main activities

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



## Responsible Investment Committee Meetings January – December 2020



Responsible Investment Committee

**15** times

Regular 4times Ad hoc 11times

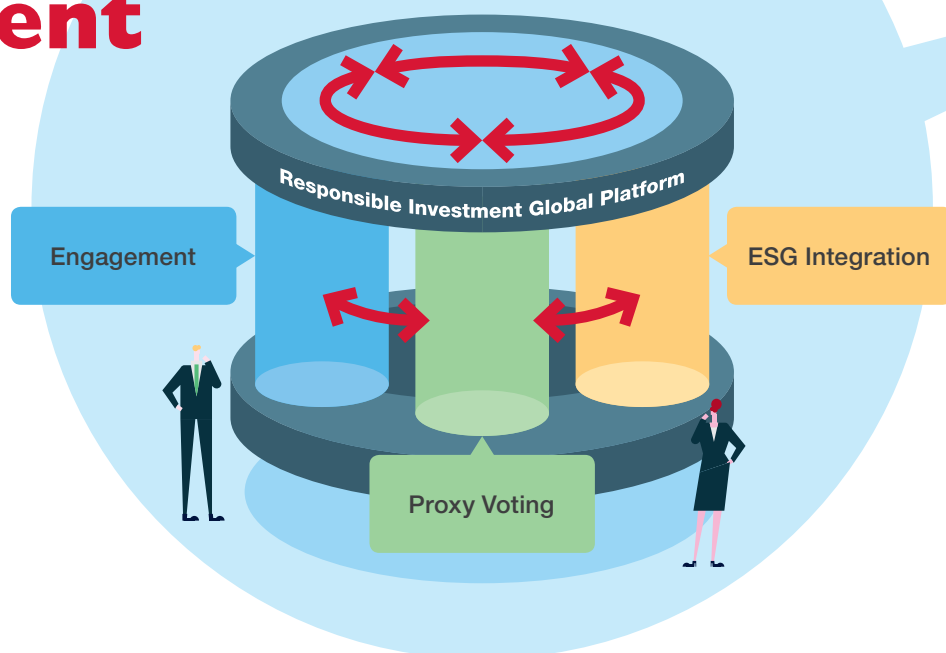


Responsible Investment Council

**4** times

Regular 4times

# Nomura Asset Management Global Platform and Coordination on Responsible Investment



## 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 15-18).

### 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 63).

### 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 41). 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. 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 55-60).

### 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 25-31), 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 72-74,83-84,88).



