

# INVESTMENT MATERIALITY

## Nomura Asset Management's investment chain and materiality

Nomura Asset Management aims to be the Japanese asset management firm of choice for clients around the world. In accordance with our corporate principles, we will continue to proactively work to solve key issues (materiality) in order to realize a virtuous cycle of investment (investment chain).



# CHAIN &

## FOUR 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

Please refer to MATERIALITY for details [P.13](#) →

Enhancement of corporate value

Prosperous society

ESG Integration

Portfolio companies  
(practice desirable management)

- 1 Appropriate Initiatives on environmental /social issues
- 2 Value creation through efficient use of capital
- 3 Exercise of corporate governance functions
- 4 Appropriate information disclosure and dialogue with investors

Proxy Voting

Portfolio managers

Analysts

ESG specialists

Investment and research division

Engagement

# MATERIALITY



Left | Deputy Head of Corporate Unit  
Senior Managing Director

**Riyo Azechi**

Right | Head of Sustainability Development Dept.

**Mizue Oshima**

## Nomura Asset Management's sustainability initiatives

On April 1, 2022, Nomura Asset Management established the Sustainability Development Department with the aim of further promoting business operations with an emphasis on sustainability as an asset manager as well as to strengthen communication both internally and externally. We officially announced our materiality in our Responsible Investment Report 2020, and we are advancing internal discussions aimed at solving our materiality and are working towards setting and announcing KPI. Going forward, we will continue to strive to realize a sustainable and prosperous society by helping our clients build assets as a responsible institutional investor and accelerating our efforts to resolve our materiality as a company.

Important issue	
<b>1</b> <b>Strengthening the Investment Chain</b>	 <b>Provision of excellent products and services that help clients build wealth</b>
	 <b>Promotion of responsible investment</b>
	  <b>Enhancement of investment capabilities and client convenience through digitalization</b>
	 <b>Promotion of financial literacy education</b>
	 <b>Support for regional revitalization</b>
<b>2</b> <b>Realizing a Healthy Global Environment</b>	 <b>Achieving a decarbonized society</b>
	   <b>Preservation of Natural Capital</b>
<b>3</b> <b>Realization of a Society in Which Human Rights are Respected</b>	 <b>Promotion of diversity and inclusion</b>
	   <b>Creation of environments in which employees are excited to work</b>
	  <b>Realization of a healthy and long-lived society</b>
<b>4</b> <b>Corporate Value Improvement through Governance</b>	  <b>Sufficient display of corporate governance functions</b>
	 <b>Enhancement of internal control system</b>
	 <b>Strengthen and enhance the system for managing conflicts of interest</b>



As an institutional investor



As an operating company

Goal	Key initiatives
We will respond to clients' various asset management needs, and provide excellent investment performance	<ul style="list-style-type: none"> <li>■ In addition to traditional assets, expand investment in areas such as ESG and alternative investments, and further improve asset allocation capabilities</li> <li>■ Development and provision of products and services for customers at various life stages</li> </ul>
Through stewardship activities, we will continue to support portfolio companies' corporate value enhancement and social value creation	<ul style="list-style-type: none"> <li>■ Enhancement of ESG integration to incorporate non-financial information into the investment process</li> <li>■ Proactive promotion of ESG engagement based on ESG perspectives and important topics</li> </ul>
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"> <li>■ Enhancement of UI/UX for digital content and utilization of DX to cultivate new business domains</li> <li>■ Development of investment methods utilizing AI, alternative data, and other means</li> </ul>
In order to get clients familiar with investment trusts, we will promote financial literacy education and work to broaden the range of investors	<ul style="list-style-type: none"> <li>■ Enhancement of education/training that will lead to the promotion of wealth-building</li> </ul>
We will work with regional financial institutions to create strong movement for regional revitalization originating from regional financial institutions	<ul style="list-style-type: none"> <li>■ Partner with regional financial institutions to launch donation schemes utilizing the corporate version of the hometown tax system</li> <li>■ Holding ESG forums with regional financial institutions to discuss regional revitalization and consider ESG</li> </ul>
Targeting the shift to a sustainable decarbonized society, we will use engagement and other means to encourage portfolio companies to combat climate change, and aim to achieve carbon neutrality for Nomura Asset Management as well	<ul style="list-style-type: none"> <li>■ Enhancement of the level of investment with respect to climate change risks and opportunities</li> <li>■ Use of engagement with portfolio companies to have them incorporate climate change initiatives into their management strategies</li> <li>■ Reduction of Nomura Asset Management's CO<sub>2</sub> emissions, with the aim of achieving carbon neutrality</li> </ul>
We will demand that portfolio companies have management strategies that take the sustainability of natural capital into account, and promote initiatives within Nomura Asset Management to preserve natural capital	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ Utilization of environmentally-friendly and socially-friendly products</li> </ul>
We will promote diversity and inclusion in portfolio companies as well as 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"> <li>■ Promotion of diversity and inclusion through engagement with portfolio companies</li> <li>■ Establishment and management of Japan Empowering Women Select Index ETF</li> <li>■ Introduction of job-grade personnel system</li> <li>■ Development and appointment of diverse professional human resources</li> <li>■ Support for balancing work and raising children</li> </ul>
Our portfolio companies as well as Nomura Asset Management itself will improve productivity and create high value-added services by creating a high-quality work environment	<ul style="list-style-type: none"> <li>■ Developing and managing investment strategies that focus on the performance of companies that are good places to work</li> <li>■ Realization of decent work through engagement with portfolio companies</li> <li>■ Correction of long working hours</li> <li>■ Strengthen communication with management to promote flexible work styles and increase employee engagement (willingness to contribute to the company)</li> </ul>
In advance of the era of 100-year lifespans, we aim not only to help clients extend the longevity of their assets, but also realize a society in which people live long, healthy lives	<ul style="list-style-type: none"> <li>■ Contribution to medical research through the creation and provision of investment funds in collaboration with strategic partner ACI</li> <li>■ Joint engagement with initiatives aiming to improve access to healthcare</li> <li>■ Education targeting improvements in health literacy</li> <li>■ Understanding employees' health status and conduct mental health checks</li> <li>■ Implementation of measures to prevent communicable diseases</li> </ul>
We will promote the sufficient functioning of corporate governance in order for portfolio companies, as well as Nomura Asset Management itself, to achieve the corporate philosophies and management targets established by each	<ul style="list-style-type: none"> <li>■ Engagement with portfolio companies with the aim of enhancing corporate governance</li> <li>■ Disciplined proxy voting in accordance with the proxy voting guidelines</li> <li>■ Adoption of a monitoring model as a Company with Audit &amp; Supervisory Committee</li> <li>■ Appointments of independent outside directors possessing expertise in specialized fields</li> <li>■ Creation of various committees</li> </ul>
We will work to strengthen and enhance our internal control system and conflict of interest management framework in order to protect our clients' assets and earn their unwavering trust	<ul style="list-style-type: none"> <li>■ Construction of an internal control system based on three lines of defense</li> <li>■ Monitoring of market risk, credit risk, operational risk, etc., by various committees</li> <li>■ Enhancement of the conduct risk management system</li> <li>■ Construction of a robust crisis management system</li> <li>■ Creation of the Fund Management Council and the Responsible Investment Council, and appointment of independent outside experts as members of both councils</li> <li>■ Ensure independence of decision-making and personnel in investing and research</li> </ul>