

## I would like Nomura Asset Management to pursue corporate governance appropriate for an asset management company

I have been a member of the Responsible Investment Council since its establishment, during which time I have also attended Responsible Investment Committee meetings. Recently, there has been an increase in proposals related to corporate restructurings and acquisitions. Both deal structures and interests among involved parties have become increasingly complex, but Responsible Investment Committee members give their opinions and hold serious discussions on each proposed matter. Even for matters involving conflicts of interest, the Responsible Investment Committee stringently applies the proxy voting standards when making decisions, under the supervision of the Responsible Investment Council.

I am also an outside director and chair of the Audit and Supervisory Committee, so I would also like to talk about company-wide efforts. Since 2021, the Board of Directors has narrowed its agenda items to important management issues, and this has made meetings more efficient and led to lively discussions. The Audit and Supervisory Committee regularly submits the findings of audit activities to the Board of Directors, and in 2021 the executive side began providing written countermeasures to deal with issues identified in the findings. I expect that Nomura Asset Management will continue to pursue corporate governance suitable for an asset management firm that engages

with its portfolio companies regarding their business activities.

In addition, Nomura Asset Management has set achieving diversity and inclusion as a key issue, and is instituting various measures to achieve its target ratio of women employees in managerial positions. Incorporating diverse opinions into the company's management is important, so I hope that the company achieves this goal.

**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)

**Akiko Kimura**  
Outside director

Appointed in 2016



## Messages from the Responsible Investment Council

**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)

**Yumiko Miwa**  
Outside Expert

Appointed in 2020



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 meeting regardless of whether or not a conflict of interest is being discussed. In 2021, the Responsible Investment Committee held discussions on amending the Basic Policy for Responsible Investment, and the Responsible Investment Council members, including myself, proactively stated our opinions and were satisfied with the outcome. I think that both the Responsible Investment Committee and the Responsible Investment Council functioned very effectively throughout the year.

As an academic, I study trends

among institutional investors both in Japan and overseas, and I find that ESG is becoming increasingly important both in terms of investment decisions and dialogue. The Corporate Governance Code was revised in June 2021, and the revised version includes specific language about enhancing the functions of the Board of Directors, promoting diversity in managerial positions, and addressing issues surrounding sustainability. In November 2020, Nomura Asset Management introduced proxy voting standards that promote the concept of a monitoring board. These standards were developed in anticipation of the revision of the Corporate Governance Code, and I am encouraged to see such forward-looking

action. At COP 26 held in November 2021, significant progress was made on corporate disclosure of ESG-related information. Nomura Asset Management is actively pursuing ESG initiatives as a responsible investor, including participating in collaborative engagement with international organizations.

I would like to see Nomura Asset Management become an ESG leader in the asset management industry.

## I would like Nomura Asset Management to be a leader in the domestic and international asset management industry in the field of ESG

# Nomura Asset Management has a sincere and detailed approach to discussions. I look forward to their ambitious initiatives.

I became an outside director and a member of the Responsible Investment Council in June 2021. At the first Responsible Investment Committee meeting I attended, the committee reviewed recent engagement activities and discussed key topics. Over the subsequent six months, agenda items included revisions of the proxy voting standards, decisions on individual proposals, and revisions of Basic Policy for Responsible Investment. I

have been in the investment industry and also worked in equities investment for many years. In light of my experience over the years, I feel that the Responsible Investment Committee has a serious approach and holds detailed discussions. The Responsible Investment Council's main responsibility is to monitor conflicts of interest. I believe this to be synonymous with monitoring whether or not the Responsible Investment Committee is following through with its earnest approach.

ESG, which is gaining increasing attention, is an important topic not only for the Responsible Investment Committee, but also for Nomura Asset Management as a whole. After another revision of the Corporate

Governance Code and the changes to the Tokyo Stock Exchange's market segments, I think ESG has become firmly established as an issue that companies need to address. In October, Nomura Asset Management established a 2050 Net Zero goal, and then revised its ESG Statement in December. To me, these actions show the willingness not just of the Investment and Research Division (which includes the Responsible Investment Committee), but also among senior management, to actively engage in ESG. As a member of the Responsible Investment Council, I look forward to observing and supporting Nomura Asset Management's ambitious efforts.



**Ryoji Maeda**  
Outside director

Appointed in 2021

**April 1977**

**April 2002**

**December 2002**

**June 2007**

**April 2018**

**June 2021**

Joined Sumitomo Life Insurance Company

Executive Officer, CIO of Investment Headquarters, Sumitomo Life Investment Co., Ltd.

Operating officer, Sumitomo Mitsui Asset Management Co., Ltd. President and CEO, (Chairman of the company from April 2014), Sumitomo Mitsui Asset Management Co., Ltd.

Permanent Audit & Supervisory Board Member, Allianz Global Investors Japan Co., Ltd.

Outside Director, Nomura Asset Management Co., Ltd.



## 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).

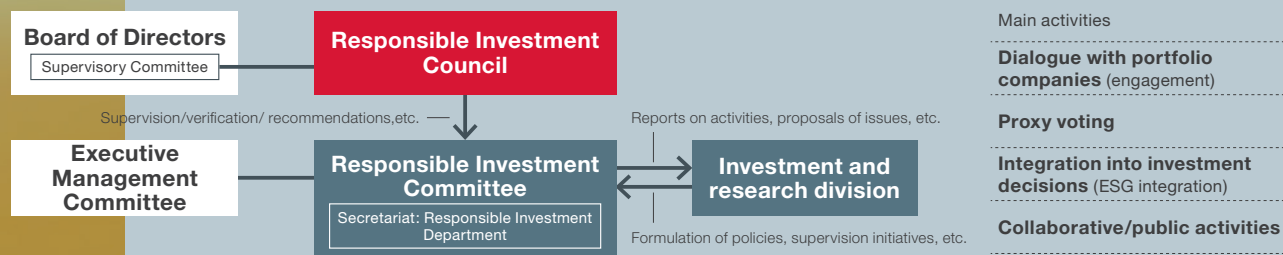
## Meetings held

Since its establishment in September 2016, the Responsible Investment Council has met a total of 38 times through December 31, 2021. 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



# Results of Self-Evaluation of 2021 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 2021 (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 rerevision 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* <sup>1</sup> members – 5 Responsible Investment Committee Secretariat members – 8 Responsible Investment Council* <sup>2</sup> members – 4	
Questionnaire timing	December 2021	
Period covered	January-December 2021	
Response format	Signed (not anonymous) Multiple choice (4 choices) Write comments freely	
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 portfolio companies):	1 questions
	Principle 4 (Engagement):	3 questions
	Principle 5 (Proxy voting):	3 questions
	Principle 6 (Report to clients and beneficiaries):	1 questions
	Principle 7 (Skills for engagement activities):	1 questions



## 2 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.

- Deepen discussion in the Responsible Investment Committee about a new stewardship activities policy in order to respond to diversifying ESG<sup>\*3</sup> issues and heightened expectations.
- Based on the above discussions, deepen the awareness of issues among members of the Investment and Research Division, allocate appropriate resources, and further strengthen stewardship activities.
- Strive for even more accessible and easy-to-understand disclosure in order to promote an understanding of our stewardship activities among various stakeholders.

Among our stewardship activities in 2021, the following were brought up as particularly effective initiatives.

- We once again held discussions regarding our policy related to stewardship activities, and revised our Basic Policy for Responsible Investment on December 30, 2021.
- The Responsible Investment Committee was able to hold effective and efficient discussions about various topics, including the basic responsible investment policy.
- Senior management took aggressive actions, including bolstering the personnel involved in stewardship activities and setting a net zero target for greenhouse gas emissions by assets under management.
- We established the Engagement Department on November 1 with the aim of further enhancing stewardship activities.
- We shared information, particularly among analysts and ESG specialists, and were able to strengthen coordination in the Investment and Research Division.

On the other hand, the following were identified as points to be improved in order to further enhance the effectiveness of our stewardship activities.

- Consider a strategy 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 Division, which is responsible for stewardship activities.
- Establish an implementation system for stewardship activities, centering on the Engagement Department created in November 2021.

<sup>\*1</sup> Comprises members from the investment and research functions

<sup>\*2</sup> Comprises one Chief Conflict Officer, two independent outside directors and one outside expert

<sup>\*3</sup> "ESG" stands for Environment, Social, and (Corporate) Governance. Nomura Asset Management emphasizes ESG issues as issues that companies should address from the perspectives of social responsibility and sustainability.

## 3 Future Actions

The Responsible Investment Committee will continue to discuss the points that need to be enhanced as identified through this self-evaluation, and work to further bolster our stewardship activities.



## Nomura Asset Management's ESG Communication Activities

Nomura Asset Management is also focusing on delivering information about ESG. NAM employees give presentations and participate as panelists at seminars to help people gain a better understanding of ESG. We communicate our knowledge about ESG to various stakeholders.

### Examples of Initiatives Ex. 01

### Collaboration with initiatives, domestic and foreign public institutions, etc.

- The Japan Association of Finance for Sustainable Development (JA-FSUS) (the board of director)
- 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
- The Global Steering Group for Impact Investment (GSG) Japan National Advisory Board, Chair of IMM Working Group
- Chair, Constructive Dialogue Promotion Working Group, Committee on Financial and Capital Markets, Japan Business Federation (Keidanren)
- Committee member, "Impact Investing Roundtable" co-hosted by GSG and FSA

### Examples of Initiatives Ex. 02

### Internal Seminars in NAM

- In-house study session on the revision of our own ESG score
- Internal seminars about ESG (total of seven seminars held online – topics included our engagement policy, key themes, and proxy voting)
- Seminar about advancing the way ESG data vendors are utilized (for investment professionals in Japan and overseas)
- Internal lecture by expert about human rights (Australian university professor specializing in human rights)
- Held internal talk session (online) by NAM outside director on the topic of "Why we now have hopes for active participation by women"

## Main External Activities in 2021

Jan.	■ Gave presentation about Nomura Asset Management's proxy voting at Listed Company Board Member's Governance Forum
Feb.	■ Gave presentation about Nomura Asset Management's proxy voting at meeting sponsored by ICJ ■ Participated in panel discussion about "Utilizing TCFD disclosure Towards Carbon Neutrality" at TCFD Consortium
Mar.	■ Gave presentation and participated in panel discussion at the online seminar entitled "Changes in Environmental Management and Response Expected of Companies" organized by the Ministry of the Environment ■ Gave presentation about Nomura Asset Management's proxy voting standards at Japan Corporate Governance Research Institute ■ Participated in panel discussion about ESG corporate bonds at Euromoney conference
Apr.	■ Gave presentation about Japanese companies' corporate governance at Japan Federation of Bar Associations' public lecture ■ Gave presentation about Nomura Asset Management's ESG approach at EM Investors Alliance
May.	■ Participated in panel discussion entitled "Special Symposium – Sustainable Society under a Green Recovery" at the Nikkei SDGs Forum ■ Gave report on "ESG-related Dialogue, Engagement Experience and Issues" at Trust Companies Association of Japan's ESG Study Group ■ Participated in panel discussion entitled "Financing a Green and Inclusive Recovery" during an Asian Impact webinar held by the Asian Development Bank
Jun.	■ Gave presentation about "Responsible credit investment" during Fitch webinar event ■ Participated in panel discussion regarding the "Asia's changing role in the global economy" at the Global Borrowers Forum sponsored by Euromoney
Jul.	■ Participated in panel discussion "Corporate Disclosure related to Climate Change" at the CFA Society Japan's 5th webinar lecture ■ Gave presentation about ESG disclosure at outside workshop ■ Participated in panel discussion about "Creating Sustainable and Responsible Investment Portfolios" at the Green Social Sustainable Bonds Series 4 by the Asian Development Bank
Aug.	■ Gave presentation about "Promoting Social bonds for impact investments in Asia" seminar held by the Asian Development Bank ■ Participated in panel discussion about "Impact bonds" at the Euromoney Global Capital Japan Top Credits roundtable
Sept.	■ Gave presentation "ESG in Bond Investment: The Role of Fixed Income in Building a Sustainable and Resilient Society and Economy" at a CIO Conference webinar sponsored by a ESG data vendor ■ Nomura Asset Management's CEO presented about NAM's ESG initiatives at the Nikkei SDGs Forum ■ Participated in panel discussion about impact bonds at seminar sponsored by the Asian Development Bank
Oct.	■ Panelist in Access to Medicine Initiative (ATMI) AMR (antimicrobial resistance) panel discussion ■ Participated in panel discussion about diversity at CFA Society Japan's annual event ■ Gave presentation about impact bonds at the Impact Investing Forum ■ Participated in panel discussion sponsored by Euromoney about "Transition bonds, green bonds and sustainability bonds: How best to unlock capital for climate"
Nov.	■ Introduced NAM's initiatives at the Access to Nutrition Initiative's (ATNI) ATNI Global Index 2021 - Japanese Launch Event ■ Participated in panel discussion about NAM's ESG investing and ATNI's expectations of Japanese companies
Dec.	■ Participated in panel discussion entitled "Gender Diversity as a Key Driver for Company Growth and Roles of Investors" at the Global Pension Symposium ■ Gave presentation about Nomura Asset Management's Fixed Income ESG (emerging markets) at EM Investors Alliance Members ■ Participated in panel discussion about proxy voting at the Osaka Kabukun ■ Participated in panel discussion "Health and Productivity Management: From the Perspective of ESG Investors" at the 4th Well Aging Society Summit Asia-Japan (sponsored by METI and the Nikkei Shimbun) ■ Gave presentation about NAM's ESG initiatives at Women in ETFs event ■ Participated in panel discussion at a sustainable bond workshop sponsored by the Asian Development Bank and the Securities and Exchange Regulator of Cambodia
	■ Participated in panel discussion on "Disclosure of Climate-related Risk based on TCFD – Transition and Opportunities and Asset Management for Decarbonization" co-sponsored by Responsible Investor and FTSE Russell ■ Gave presentation about Nomura Asset Management's proxy voting at seminar sponsored by a trust bank



## NAM's Asset Management Research Center

In December 2020, we established the Asset Management Research Center as a dedicated department specializing in responding to the increasingly sophisticated asset management needs of investors. The Center's role is to communicate information based on our asset management-related insights and know-how in an easy-to-understand manner. We are working to solve social issues by providing a wide range of outlooks and solutions with an eye to the future. The "ESG Project" is one of the Center's main projects.

### Main Projects

100-Year Lifespan Project

Goal-Based Project

"Tsumitate" Project – Gradual Investment

Investment Education Project

ESG Project

Digital Project

Capital Markets Research Project

### ESG Project

With growing interest in ESG investment, asset management firms like us are receiving an increasing number of inquiries about ESG investment, as well as requests to speak at seminars and hold workshops, among other things. Many people think that "ESG investment is good for the world," but in many cases they do not have much detailed knowledge about it. In order for all people to be able to utilize ESG investment, it is important to use easy-to-understand language to carefully explain the concept of ESG investment, the efforts and aims of asset management companies, and other aspects of ESG investment to those people who are not familiar with investing. To that end, we have developed our own training program that allows people to learn about ESG investment, and we are providing it mainly to financial institutions. The content of the program is structured to allow people to efficiently acquire basic knowledge related to ESG investment. Content includes ESG investment information gained through our initiatives thus far, as well as answers to questions and feedback that we have received at seminars. We are working to make ESG investment more widespread in Japan and to support the realization of a sustainable society from the finance side.

### Specific examples of the training program

**The basics of ESG investing**  
Definitions, history, assets under management, etc.

**The importance of ESG investing**  
Key environmental, social, and governance issues, etc.

**ESG investing in action**  
Asset management firm's initiatives, etc.

**ESG investment returns**  
Academic and empirical analyses of returns, etc.

**ESG investing keywords**  
SDGs, regional revitalization, etc.

## Review of 2021

The world took further steps towards decarbonization in 2021. Financial institutions around the world accelerated the movement to unite around a range of initiatives with the aim of realizing net zero emissions by 2050. A new roadmap in this effort was announced at COP26 held in November 2021. However, it is clear that achieving the net zero target by 2050 will be impossible simply by continuing to deal with the situation as it has been. In addition to corporate efforts, there are expectations for investors to play a role in tackling this difficult problem.

At Nomura Asset Management, we have ramped up our efforts to help realize global decarbonization efforts by 2050. In August 2021, we joined the Net Zero Asset Managers initiative, while in October 2021 we set and announced a 2030 interim target for our 2050 net zero goal. To this end, we began enhancing the visibility of both the status of

decarbonization efforts among portfolio companies on a company-wide level and the consistency of our investment portfolio with the Paris Agreement. We also began formulating an action plan (including engagement with portfolio companies) targeting net zero greenhouse gas emissions on an individual investment portfolio basis.

Additionally, ahead of Tokyo Stock Exchange's restructuring of market segments in April 2022, we have introduced measures to further support corporate governance reform among Japanese companies. We continued encouraging Japanese companies to shift their boards of directors to monitoring boards, and revised our proxy voting standards to incorporate the outcomes of engagement in our voting activity. Also, in November 2021 we newly established the Engagement Department. This department is expanding the scope of engagement to include bonds and other

## 2022 and Beyond

The world is now in a race for financing to realize a sustainable society. The amount of ESG investment has increased dramatically in the last few years, and countries are focusing on tightening ESG regulations and attracting investment money that truly contributes to sustainable growth. Meanwhile, the primary mission of asset management firms is to fulfill their fiduciary duty. This will come down to tackling head-on and realizing the expectations of end beneficiaries. Environmental and social issues are solved over very long periods of time. On the other hand, when it comes to individual investment strategies, there is demand for prompt results in relation to decarbonization and other ESG issues. The values demanded of asset managers have become increasingly diverse, and over the past few years the domains in which asset managers are expected to play a role have expanded dramatically. Only those asset managers who are able to adapt to such environmental changes will be able to survive.

Over the last few years, we have significantly improved our ability to address climate change. We have made progress developing climate-related data and analytical methods, and we have enhanced our ability to engage with portfolio companies. In addition, last year we started monitoring related to human rights for portfolio companies, and we have also strengthened our response to human rights issues. Biodiversity remains a difficult challenge, but one we think will be overcome with time. We will continue to encourage our portfolio companies to make improvements on ESG issues, build strong value chains, and thereby improve their competitiveness.

Our ultimate aim is to continue discovering portfolio companies that have a high impact on society and building upon our achievements that lead to the resolution of social issues around the world. Going forward, we will continue working to ensure that our responsible investment initiatives yield results with social impact.

### Other Related Initiatives that Nomura Asset Management has Joined



Signature Timing March 2011

#### Principles for Responsible Investment PRI

The UN PRI (United Nations' 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.



Signature Timing January 2012

#### The financial principles toward the formation of a sustainable society (21 Principles for Financial Action for the 21st Century)

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.



Signature Timing March 2021

#### GRESB

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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Head of the Responsible Investment Department  
**Toshiyuki Imamura**

assets, enhancing the integration of engagement outcomes into our investment activity, and strengthening our engagement platform looking ahead to 2022 and beyond.

PRI assessment results		FY2019-2020	PRI Median evaluation
Strategy and governance		A+	A
Status of integration into responsible investment for listed stocks		A+	A
	Active ownership	A+	B
	Engagement	A+	-
	Proxy voting	A+	-
Bond investment	SSA	A+	B
	Corporate (Non-Financial)	A+	B
	Corporate (Financial)	A+	B

\*The publication of the PRI evaluation for 2020-2021 has been delayed. The plan is to announce it around September 2022.

#### Nomura Asset Management Stewardship Code Signing Status

UK*	Dec. 2010
JAPAN	May 2014
HONG KONG	Sep. 2016
SINGAPORE	Sep. 2016
TAIWAN	Dec. 2016
MALAYSIA	Apr. 2017

\*In March 2022, Nomura Asset Management UK was approved by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code 2020.