



Statement

**We seek to realize a sustainable, prosperous society in which the rich natural environment is preserved, diverse human capital is utilized, economy development is driven by technological innovation, human rights are respected, and well-being is promoted.
It is a society in which ESG issues are addressed and the SDGs are achieved.**

(Excerpt from NAM's ESG Statement)



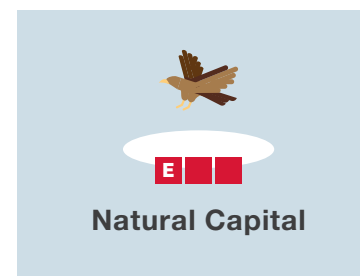
In March 2019, Nomura Asset Management announced our “ESG Statement”. In this statement, we expressed the future direction of our ESG activities and how we will respond to environmental (E) and social (S) risks. Also, by sharing the details of our plans with stakeholders, we aim to realize a sustainable and prosperous society.

Nomura Asset Management seeks to realize a sustainable, prosperous society in which the rich natural environment is preserved, human capital possessing diverse values are utilized, economic development is driven by technological innovation, human rights are respected, and well-being is promoted. It is a society in which ESG issues are addressed and the SDGs are achieved. In addition, we recognize that efforts to solve ESG issues in order to realize this kind of society are important for supporting a virtuous cycle in the investment chain. We believe that a critical factor for both sustainable corporate value improvement and higher investment returns is for a company to appropriately manage risks related to ESG issues, view solutions to ESG issues as new business opportunities, and properly incorporate them into management strategies.

Furthermore, as a responsible investor, we encourage our portfolio companies to practice what we view as desirable management, while we ourselves will also continue to operate with a focus on ESG.

High Priority ESG issues

While the importance of each ESG issue differs depending on the specific characteristics of the business in question, we identify the following 6 issues as common ESG issues that are particularly important across many businesses. We also partner with a variety of initiatives to work to solve each issue.



Core ESG Initiatives



Principles for Responsible Investment PRI

Signature Timing
March 2011

PRI (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.

PRI Japan Advisory Committee member	Support for educating the public about and energizing PRI's activities in Japan (became committee member in 2023)
PRI Advance Signatory Advisory Committee member	Collaborative engagement for human rights (started in 2022)
PRI Spring Signatory Advisory Committee member	Collaborative engagement for nature and bio diversity (started in 2023)



Environment

^N Signed as Nomura Group

Climate Change

The Paris Agreement, which was concluded in 2015, stipulates that efforts shall be made to limit the increase in the global average temperature to 1.5°C since before the Industrial Revolution based on scientific evidence. To achieve this goal, it is necessary to reach net zero global greenhouse gas emissions by 2050. We believe that companies must address climate change issues from the perspective of both risk management and the pursuit of business opportunities in order to achieve sustainable improvement of corporate value.



CDP

Signature Timing: June 2015 ^N
Signature Timing: November 2021

Established in 2000. This is a global project in which institutional investors around the world encourage companies to disclose their strategies to combat climate change as well as their specific greenhouse gas emissions. Current areas of focus include climate change, water and forests.



PCAF

(Partnership for Carbon Accounting Financials)

Signature Timing:g: August 2021
Signature Timing: March 2022 ^N

An international initiative established in the Netherlands in 2015 to create a standard method for measuring and disclosing greenhouse gas emissions. The PCAF Japan Coalition was established in November 2021, and Nomura Asset Management has been a member since its establishment.



TCFD

(Task Force on Climate - Related Financial Disclosures)

Signature Timing: March 2019

A private-sector led task force launched in December 2015 by the Financial Stability Board (FSB) that encourages enhanced information disclosure related to climate change.



CA100+

Signature Timing: December 2019

An investor initiative in which institutional investors collaborate (group engagement) to encourage the world's largest corporate greenhouse gas emitters to disclose information related to climate change and respond accordingly.

NZAM

(Net Zero Asset Managers initiative)

Signature Timing: August 2021

A global initiative established in December 2020 comprising asset managers which aim for net-zero emissions of greenhouse gases (GHGs) from portfolio companies by 2050, in line with the goals of the Paris Agreement.

Natural Capital

Companies benefit from biodiversity through the utilization of forests, water sources, and other natural capital in their business activities. In 2021, the Taskforce on Nature-related Financial Disclosures ("TNFD"), an international organization that builds frameworks for appropriately assessing and disclosing risks and opportunities related to natural capital and biodiversity, was launched. In September 2023, the TNFD issued its final recommendations regarding the disclosure framework, and a foundation is being formed to create a nature-positive flow of funds. In order to respond to such changes in the environment surrounding natural capital, we believe that companies must exercise proper risk management in relation to activities that could negatively impact natural capital and biodiversity, as well as pursue business opportunities that address social issues, such as the preservation of natural capital and biodiversity.



FAIRR

(Farm Animal Investment Risk and Return)

Signature Timing: June 2019

A livestock industry-related institutional investor initiative launched in 2015 by Jeremy Collier, the founder of Collier Capital (U.K.). The initiative educates people about livestock industry risks, including the impact on the environment, as well as food safety (antibiotics) issues.



TNFD Forum

Signature Timing: July 2023

As a collection of stakeholders supporting the TNFD debate, the TNFD Forum enables discussion of the TNFD framework and raising awareness of the risks and opportunities associated with natural capital and biodiversity.



Social

N Signed as Nomura Group

Human Rights



Corporate business activities involve a large number of people including employees and local residents, which is even broader when the supply chain is considered. Companies are expected to exercise proper risk management to ensure that their activities do not infringe upon human rights. We believe that companies must exercise human rights due diligence and other forms of proper human rights risk management in order to achieve sustainable improvement of corporate value.



UNGC
(The United Nations Global Compact)

Signature Timing: June 2015 **N**

Non-binding action principles advocated by then UN Secretary-General, Kofi Annan, at the Davos Forum in 1999. It encourages businesses and groups worldwide to take actions in the areas of human rights, labor, the environment and preventing corruption.

Diversity Equity Inclusion & Belonging (DEI&B)



In order to realize sustainable improvement in corporate value, we believe that it is necessary for companies' human capital to be comprised of people with diverse values without regard to factors such as gender, nationality, race or age, and for companies to create a corporate culture that provides equal opportunities to employees and that welcomes diversity and inclusion. In addition, we feel that it is critical for companies to foster a sense of unity under which senior management and employees share a sense of purpose to sustainably improve corporate value.



30% Club Japan
(Investor Group)

Signature Timing: December 2019

A group of asset owners and asset managers that engages in constructive dialogue with the boards of directors and senior management of portfolio companies, with the aim of highlighting the importance of gender diversity within senior management and realizing such gender diversity.



Women in ETFs

Signature Timing: April 2022

"Women in ETFs" advocates for the goal of bringing together people from the ETF industry around the world to actively promote equality, diversity and inclusiveness. Its mission is to develop and sponsor human resources, recognize women's achievements in the ETF industry, and advance and grow the ETF community.

Well-Being



Well-being refers to a state in which all people can seek happiness and live healthy lives. Well-being in society is realized by solving social issues in a variety of fields. Specific examples include health and safety, education and intelligence, and regional revitalization. In our view, the development and provision of products and services that contribute to addressing these social issues represent important business opportunities for companies, and could lead to sustainable improvement of corporate value.



Access to Medicine Index
(Access to Medicine Foundation)

Signature Timing: July 2019

Founded in 2003 by Dutch entrepreneur Wim Leereveld. The organization encourages the pharmaceutical industry to do more to help low- and middle-income countries who have limited access to medicine. Signatories support the foundation's index.



Access to Nutrition Initiative

Signature Timing: May 2021

Founded in 2013 by Dutch businesswoman Inge Kauer. Using proprietary analytical tools, the Initiative evaluates the level of response by the food and beverage industry to the two global nutritional issues of overnutrition and undernutrition, and urges the food and beverage industry to improve the dietary habits of adults and children around the world.



Triple I for GH
(Impact Investment Initiative for Global Health)

Signature Timing: September 2023

The aim of this initiative is to promote the flow of public and private funds towards the field of global health and contribute to achieving universal health coverage* and the SDGs, primarily in developing countries. An additional goal is to contribute to solving international social issues by sharing impact reporting and good practices in the global health field.

©Triple I for Global Health

* A state in which all people can receive appropriate health care services such as prevention, treatment, and rehabilitation, at an affordable cost.



Governance

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Corporate governance



Corporate governance is a structure for transparent, fair, timely and decisive decision-making by companies. From this perspective, the board of directors is responsible for the supervision of management, while nominations, compensation, and audits are the means to ensure the board fulfills its role. We believe that companies must strengthen corporate governance so that their management can properly manage various risks including the ESG issues mentioned above, while pursuing business opportunities to achieve sustainable improvement of corporate value.



ICGN
(The International Corporate Governance Network)

Signature Timing: December 2018

Established in 1995 to promote effective corporate governance standards and foster responsible investment to advance efficient markets and sustainable economies worldwide.



ACGA
(The Asian Corporate Governance Association)

Signature Timing: December 2018

Established in 1999 to engage in research and provide corporate support and education related to corporate governance in order to promote corporate governance in Asia.



JSI
(Japan Stewardship Initiative)

Signature Timing: November 2019

Aims to identify practical issues between asset owners and asset managers and to support efficient transmission of information aimed at advancing and deepening stewardship activities.



Other ESG Related Initiatives



GRESB

Signature Timing: March 2021

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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Principles for Financial Action for the 21st Century

Signature Timing: January 2012

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.



Environment Programme –Finance Initiative UNEP FI

Signature Timing: January 2019 N

UNEP FI is a partnership established between the United Nations Environment Program (UNEP) and financial institutions worldwide. Since its establishment in 1992, UNEP FI has been cooperating with financial institutions and regulatory authorities to promote a shift to a financial system that integrates economic development with ESG considerations.

ICMA Principles Membership

Signature Timing: June 2023

An international initiative that establishes standards, including the Green Bond Principles, the Social Bond Principles, and the Sustainability-Linked Bond Principles. The initiative aims to promote the healthy development of the global bond market by ensuring market transparency and through information disclosure and reporting.

Our Activities

Stewardship Activities

Through our activities, including proxy voting and constructive dialogue (engagement), we encourage the management of portfolio companies to manage risks and pursue business opportunities that are associated with ESG issues and also to disclose information in accordance with relevant global initiatives.

Investment Decisions

We assess our portfolio companies' initiatives to address ESG issues based on our own standards from the perspectives of both risks and opportunities and incorporate the results in our investment decisions. If we assess a company's initiatives as insufficient, or if we determine that the issues cannot be solved through engagement, it may result in divestment or exclusion from our investment universe.

Our Business Activities

We recognize that business activities that take into account social value creation are important elements for realizing a sustainable and prosperous society. We strive to contribute to asset formation by offering investment products and services that help to address ESG issues and through efforts to expand the investment base through measures such as financial education. (For details, please refer to Pages 9-12 of our Sustainability report 2023.)

Business Opportunities

We place particular focus on the realization of well-being within society when viewing business opportunities associated with ESG issues. We encourage portfolio companies to properly incorporate the realization of well-being within society into their management strategies and to quantify outcomes and disclose them along with the relevant targets.

Monitoring

We conduct monitoring based on global initiatives, including the Task Force on Climate-related Financial Disclosures (TCFD), in order to ascertain the status of ESG issues in our investment portfolio. Specifically, we monitor greenhouse gas emissions and other factors.

Initiatives

We participate in international initiatives and actively embrace accepted standards and norms. Through these initiatives, we conduct engagement jointly with other institutional investors and share best practices by actively cooperating with a wide range of stakeholders.

Reference > https://www.nomura-am.co.jp/special/sustainability/pdf/sustainability_report2023_e.pdf

Governance and Disclosure to Promote ESG

At Nomura Asset Management, important decisions on management execution including this Statement are made by the Executive Management Committee, which consists of senior executives, to whom the proper authority has been delegated by the board of directors. We have established the Investment Policy Committee and the Responsible Investment Committee as the highest decision-making bodies in investment decisions and responsible investment to address ESG issues within a proactive framework. We have also established the Conflict of Interest Management Policy as well as a Responsible Investment Council and a Fund Business Operation Council, which have oversight for our responsible investment activities and products to ensure their appropriateness and validity. In addition, in order to properly fulfill our accountability, we will actively work on information disclosure regarding the above-mentioned "our activities".

NAM's initiatives on PRI

The PRI (Principles for Responsible Investment) is a set of investment principles proposed by UN Secretary-General Kofi Annan in 2006 and designed to reflect environmental, social and governance (ESG) in investment analysis and the decision-making processes. NAM and other institutional investors have the duty to act in the best long-term interest of beneficiaries. Believing that advancing initiatives in line with the investment principles espoused in the PRI is important in terms of fulfilling our fiduciary duty, NAM signed PRI in March 2011 and is strengthening its activities related to responsible investment. We also participate in PRI's annual evaluation, which helps us to improve our responsible investment activities. As of December 31, 2023, there are 5,372 signatories globally.

NAM has been proactively contributing to PRI's activities. In 2023, NAM was appointed as a member of the PRI Japan Advisory Committee, as well as "Spring", which is PRI's stewardship initiative for nature. In Advance, the PRI's collaborative initiative on human rights and social issues which has been active since 2022, NAM is leading engagement with specific companies as a lead investor.

Main activities related to PRI

PRI Japan Advisory Committee Member

Support for PRI promotion activities in Japan (Appointed in 2023).

PRI Advance

Collaborative initiative for human rights and social issues **Started in 2022**

PRI Spring

Collaborative initiative for natural capital and biodiversity **Started in 2023**

NAM became a member of the Advisory Committee for "Advance" and "Spring", the PRI's collaborative initiatives, and we have taken a leading role in both building the collaborative engagement framework and in carrying out dialogue with companies.

PRI SSIMRG Member

PRI's new initiative for investment managers **Started in 2023**

Discuss issues related to responsible investment and sustainable financial systems.

PRI Nature Reference Group Member

Support signatory awareness of natural capital and building investor capacity to address biodiversity loss and other nature-related risks.

Results of the 2023 PRI Assessment

NAM received the highest rating of "Five Stars" in six Modules in the 2023 PRI Assessment. This assessment involved NAM's initiatives in 2022 spanning a total of 10 modules.

The PRI secretariat assesses the implementation status of responsible investment on a five-star scale for each module based on reports that PRI signatories submit. The scores for 8 modules out of 10 modules greatly exceeded the respective median values. Among them, NAM received the highest rating of "Five Stars" in Policy Governance and Strategy, three modules for Direct Listed Equity, and two modules for Direct Fixed Income.

2023 PRI Assessment results

		Module score	Module median	Star score	AUM coverage
Policy Governance and Strategy		98	59	★★★★★	
Direct	Active quantitative	100	65	★★★★★	<10%
	Listed equity Active fundamental	100	71	★★★★★	<10%
	Passive	100	42	★★★★★	>=10 and <=50%
	Fixed income SSA	95	59	★★★★★	>=10 and <=50%
	Corporate	97	68	★★★★★	<10%
	Hedge funds Long/short credit	0	40	★☆☆☆☆	<10%
Indirect	Listed equity Active	82	57	★★★★★	<10%
	Fixed income Active	88	57	★★★★★	<10%
Confidence building measures		60	80	★★★★★	

*In the PRI Assessment Report, Nomura Asset Management was assessed on a total of 10 modules. Please refer to the reports listed below for more information on all assessments, including indirect modules.

Reference materials

Reference > PRI Assessment Report 2023

https://www.nomura-am.co.jp/news/Assessment_Report_2023.pdf

PRI Public Transparency Report 2023

https://www.nomura-am.co.jp/news/Public_Transparency_Report_2023.pdf

NAM and PRI Jointly Hosted Side Event at PRI in Person 2023

NAM became a member of the PRI Japan Advisory Committee in May 2023. Together with members of other companies, we have worked to expand the number of signatory organizations and raise awareness of PRI in Japan. There was a demand for dialogue with companies at PRI in Person 2023, which was held for the first time in Japan. NAM collaborated with the PRI to hold an official side event, titled “Investor-Company Forum”.

The side event took place on October 3, 2023. The first session of the forum, was moderated by Yuichi Murao, Senior Corporate Managing Director, Chief Investment Officer at NAM. The session involved discussion of issues related to communication gaps between companies and investors, while introducing trends related to the disclosure of non-financial information. Three panelists from leading Japanese companies - Ricoh Company, Ltd., Sumitomo Forestry Co., Ltd. and Mitsubishi Corporation, took the stage to discuss sustainability initiatives and information disclosure, focusing on climate change, biodiversity and human rights issues.

In the second part of the session, a total of eight companies – including Nomura Holdings, Inc. – engaged in direct dialogue with investors. The companies responded earnestly to numerous questions such as “How did you decide the various KPIs to which executive compensation is linked?” “Do you have any plans in relation to avoided GHG emissions?”

Foreign investors were impressed with the candor of some of the Japanese companies when explaining the sustainability challenges they faced and how they were addressing them, and commented that it was a good chance to hear directly from the participating companies. We received positive feedback both from investors and companies. “I am pleased that NAM has been able to provide a forum to connect overseas investors with Japanese companies in collaboration with PRI, at the world’s largest ESG conference,” commented Yuichi Murao, CIO, NAM.

Right: Yuichi Murao, CIO at NAM, moderating the first session of the side event.



Participated in panel discussions about natural capital and human rights at PRI in Person 2023

We participated in panel discussions on natural capital and human rights at PRI in Person 2023 held in Tokyo, and took part in lively discussions with other investors.

At the panel on natural capital stewardship, the discussion centered on where the added value exists in joining multiple nature-related initiatives, amid the growing debate about appropriate assessments and disclosure of risks and opportunities related to natural capital, as well as system design. We pointed out that the greatest added value lies in being “mutually complementary.” Natural capital is a relatively new topic in the investment community. Therefore, we told the audience that joining multiple initiatives enables us form networks and share knowledge with a wide range of professionals.

During the panel discussion on human rights issues in the value chain, the participants talked about how investors should carry out human rights due diligence as regulations regarding forced labor and human rights due diligence become stricter, and also discussed case studies. In Japan, further improvements are expected based on conducting on-site inspections of business partners and disclosing human rights due diligence. While introducing NAM’s human rights risk monitoring process and positive examples of engagement, we pointed out the importance of raising the overall standard of human rights risk management and collaborative engagement.

Left: Wakaba Kawai, Senior ESG Specialist at NAM, attending a panel discussion about human rights.

Right, left in the picture: Dai Yamawaki, ESG investment manager at NAM, attending a panel discussion about natural capital.



Column