



DISCUSSION

Messages from the Responsible Investment Council

01
Theme

Role of the Responsible Investment Council / Impressions after being appointed/Discussions during Council meetings

Over seven years have passed since the Responsible Investment Council was established, and the content of discussions have changed over those years. Director Kimura*, you have been a member of the Responsible Investment Council since its establishment. How do you assess Nomura Asset Management (NAM)'s responsible investment initiatives?

* Director Kimura retired on March 31 2024. The interview took place in January 2024.

Both the Responsible Investment Council and the Responsible Investment Committee have become more effective in conjunction with the changes in what is deliberated upon

Kimura NAM was the first company in the industry to establish a Responsible Investment Committee (“Committee”) and a Responsible Investment Council (“Council”), and at the beginning we were still finding our way. That was a time when conflicts of interest between asset management companies and other companies in the same corporate group were being identified and criticized. The main purpose of the Council is to manage conflicts of interest, and the Committee has been operating appropriately based on stringent proxy voting standards.

A recent topic of discussion has been the

management of conflicts of interest between controlling shareholders and minority shareholders when exercising voting rights regarding corporate restructuring and M&A. The number of shareholder proposals is increasing, as are the number of complex and difficult to judge agenda items. The structure of the Committee has changed along with this, and two women in charge of ESG have recently joined the Committee, enabling progress in terms of diversity. Also, more appropriate stewardship activities are being carried out. Both the Committee and the Council were established from scratch, and I feel that both have become considerably more effective over the past few years.

The manner in which the Council monitors the Committee in real time is unique to NAM. As the company continues

to manage conflicts of interest, our reputation has steadily improved. It re-emphasizes the point that for asset management firms, trust is paramount. Professor Miwa and Director Maeda, you both joined the Council after the discourse and activities of both bodies had already advanced to a certain point. Was there a gap between your expectations before your appointment and what you have observed and experienced since joining the Council?

Miwa I was appointed to the Council in May 2020. When I attended my first Committee meeting, I was surprised to see how Director Kimura* actively spoke up, and was not just there as an observer. I learned that the Council actively oversees and commits not only to managing conflicts of interest, but also to stewardship activities and proxy voting decisions. Before I took office, I had the impression that NAM would not oppose proposals if the parent company was involved, but once I joined the Council, I found that conflicts of interest were being appropriately managed.

As a member of the Council, I have told the Committee members that I would like to see NAM be more conscious of its role in society and for them to be leaders in proxy voting standards. I do feel that the Committee's decisions have changed, and I believe that NAM has an effective system in place to ensure responsible investment.

Maeda In March 2014, I stepped down as President and CEO of a Japanese asset management company and became Chairman of that company. Despite being away from executive duties for a few years, I was appointed as a member of NAM's Council in June 2021. In the Committee meetings, detailed and lively discussions took place based on standards, not only regarding managing potential conflicts of interest regarding matters involving Nomura Securities, but also regarding proxy voting decisions. I found it challenging just listening to the conversations and understanding them with respect to making a decision on whether to approve or oppose specific proposals.

There were also new elements about sustainability and ESG for me, so I have certainly learned a lot over the past two and a half years.

It seems that other asset management companies have similar types of committees, but the committee members in those companies are mainly from the investment divisions, so I doubt they have a two-tiered structure with an independent committee and council like we have. NAM is well ahead of the curve, including with respect to stewardship activities. I think the company should actually do more to promote this fact.

02 The role that institutional investors play in the capital markets and society

Theme

When you look at global trends, how do you see the role that Japanese institutional investors play in capital markets and society?

Asset management firms will play a central role in Japan becoming a Leading Asset Management Center

Miwa Looking back at history, since the 1990s, assets in advanced capitalist countries have been concentrated among institutional investors such as asset owners and asset managers. The financial sector then became larger than the real economy, and in the 2000s the actions of institutional investors were believed to be having a negative impact on the real economy. This is referred to as money manager capitalism or investor capitalism. To rectify this, in 2010 the UK established the Corporate Governance Code and the Stewardship Code. In response to the excessive market behavior, debate emerged about responsible investment, whereby investors take responsibility for the environment, social transformation, and corporate change. I think NAM is the leader in Japan when it comes to responsible investment.

In recent years, Japan has been encouraging

change among various entities in the investment chain, with the aim of turning Japan into a Leading Asset Management Center. Leading companies in Japan's asset management industry are now handling proxy voting and implementing engagement on a level on par with firms in Europe and the U.S. Asset management companies are in a position to play a central role in making Japan a Leading Asset Management Center, working with individuals, end beneficiaries, and asset owners to improve and enhance the investment chain.

Maeda I agree that NAM is the leader when it comes to stewardship activities. If we link stewardship activities with investment operations and can achieve top-class investment returns in the industry, we will firmly be number one both in name and reality. At the same time, it is important for asset owners to accept and appreciate the initiatives that asset managers are pursuing. From that point of view, I think asset ownership reform is a very important topic.

While deliberating on proxy voting proposals, more emphasis is now being placed on what is important to minority shareholders. Director Maeda, amid the growing awareness that economic value is not the only thing that matters, and with your background working in an asset management firm, how do you view NAM's role?

We are entering an era in which robust engagement is required to be a competitive asset manager

Maeda In recent years, not only has there been growing awareness of the importance improving corporate value, but also as PBRs of less than 1 are being corrected, engagement has become more important than ever. I see a lot of potential in the fact that not only financial information, but also non-financial information, is now a determining factor in improving corporate value. I firmly believe that we are now in an era in which asset managers cannot be competitive unless they have a strong engagement program.

Engagement involves having companies focus on addressing the environmental and social issues

suggested by investors, which in turn increases corporate value. The purpose of engagement is to ultimately benefit minority and general shareholders. We must continue to bolster our engagement platform in line with global trends.

Miwa Overseas, investors proactively conduct so-called policy engagement, whereby they engage not only with clients and issuers, but also with regulators and rule-making organizations. I would like to see NAM create its own soft policies in order to encourage change within society, and play an active role in creating a better future.

Increasing attention is being focused on ESG collaborative engagement, in which multiple investors work together to influence companies. When Japanese investors act as a bridge between overseas investors and Japanese companies, the language barrier disappears and some success stories are beginning to emerge.

Miwa Asset managers are able to conduct proxy voting and engage directly with companies. It is important to develop collaborative ESG engagement schemes with universal owners around the world.

03 The future of responsible investment

Theme

Professor Miwa mentioned that control is concentrated in the hands of institutional investors. Director Kimura*, what kind of contributions do you think NAM has made to the capital markets? And what are some areas for improvement?

Progressively revise proxy voting standards to make large contributions to the market

Kimura Our ultimate beneficiaries are entrusting us with an enormous number of voting rights. Therefore, we have the power to raise the corporate value of our portfolio companies and promote ESG. The reality is that NAM is practicing responsible investment and, in recent years, has been carrying out engagement on a wide scale. Going forward, if NAM continues to revise its proxy voting standards in a progressive manner, it will surely have a positive impact on Japanese companies as a whole. NAM makes significant contributions to the Japanese equity market overall, and I believe it is our responsibility.

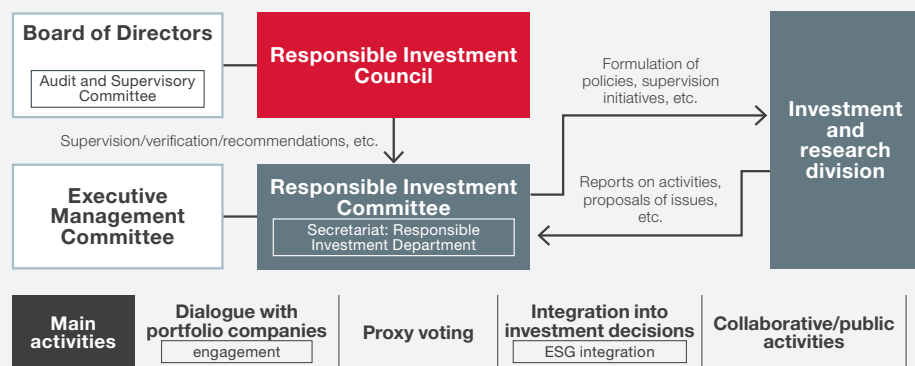
In the capital markets, while the traditional type of stock trading is important, non-financial information

is becoming increasingly important, and we are entering an era where economic returns are no longer all that matters. The Committee and the Council must continue to come to terms with this.

Asset owners, particularly those overseas, are now looking for asset managers who can outperform even with ESG constraints. However, it can be difficult to align the viewpoints of investment managers and analysts regarding what to ask of companies with respect to share price returns and ESG-related efforts.

Kimura Japan is entering a very challenging period. Until recently, if you invested in an ESG fund, the performance and returns were good, and the prevailing wisdom has been that if a company earnestly addresses ESG issues, its financial performance will improve and its stock price will rise. However, the global situation been changing over the past year or so, and there has been a net outflow of money from ESG funds, making it hard to launch new funds. However, the importance of ESG remains clear despite these developments, so NAM must take a long-term perspective and persevere in its efforts address ESG issues.

Organizational Structure for Responsible Investment



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 78).

Meetings held

Since its establishment in September 2016, the Responsible Investment Council has met a total of 53 times through December 31, 2023. 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.

Maeda If beneficiaries demand that ESG factors be included in the investment approach even if the returns are poor, it is the asset manager's duty to invest in accordance with that demand. Meanwhile, I think it is necessary to evaluate fund managers holistically, including qualitatively evaluating them while considering ESG constraints.

Responsible investment is becoming the investment business itself

NAM invests in approximately 2,400 Japanese companies. We are entering an era in which overseas companies will no longer invest in Japanese companies if these 2,400 companies do not promote ESG. There is also a risk that Japan's capital markets will go into decline, which would also mean a downturn in Japan's asset management sector. Additionally, ESG regulations are becoming stricter overseas, making it difficult to engage in the asset management business overseas without a strong focus on ESG. For NAM, responsible investment has become synonymous with the asset management business itself.

Miwa I think that statement really hits the mark. I would like to see NAM pour substantial resources in linking investment and research, and focus on increasing corporate value through systematic engagement. Overseas, especially in Europe, the approach to ESG is very proactive, so unless you systematically create a system, you cannot develop an effective business model. Another important point is linking non-financial information to employee compensation. One concern I have about NAM is the slow pace of its DX (digital transformation). In order to avoid falling behind our peers, non-financial information is an area in which we should use DX to make advances.

04 Expectations for NAM

Theme

I think Japan must move forward with its plan to become a Leading Asset Management Center, with the mindset that if we fail to do it now there will be no second chance. With this in mind, what are your hopes and expectations for NAM, especially in the responsible investment domain?

Determining the future direction of ESG

Kimura NAM was historically not very good at presenting its efforts to the outside world, and when I first joined the Council, the company's website mainly focused on sales information for funds. This has improved significantly in recent years, with more space being devoted to information about responsible investing. For example, our proxy voting standards are now clearly presented on the website. I am very encouraged by the progress being made in hiring and

promoting young people and women, especially in the Responsible Investment Department. Human capital is critical. Going forward, I hope to see further progress in appointing women as investment managers and increasing diversity in general.

Maeda As Japan aims to become a leading asset management center and is on the cusp of becoming an inflationary economy, the asset management industry is at a critical juncture. We should increase the level of organizational freedom to avoid falling behind in the competition with other companies. This year, we may see shareholder proposals not only related to ESG, but also regarding capital efficiency and rectifying PBRs below 1. As a frontrunner in the industry, I would like NAM to engage in stewardship activities more actively than ever before. The Council will support such efforts.

Miwa Recently, there has been a debate about where ESG is heading. I would like to see NAM vigorously promote ESG, aiming to chart its future, instead of simply observing and reacting.



Outside director **Akiko Kimura**

Appointed in 2016

- 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 (current)
- June 2015 Outside Director, Nomura Asset Management Co., Ltd.
- March 2024 Retired from Outside Director, Nomura Asset Management Co., Ltd.



Outside director **Ryoji Maeda**

Appointed in 2021

- April 1977 Joined Sumitomo Life Insurance Company
- April 2002 Executive Officer, CIO of Investment Headquarters, Sumitomo Life Investment Co., Ltd.
- December 2002 Operating officer, Sumitomo Mitsui Asset Management Co., Ltd.
- June 2007 President and CEO, (Chairman of the company from April 2014), Sumitomo Mitsui Asset Management Co., Ltd.
- April 2018 Permanent Audit & Supervisory Board Member, Allianz Global Investors Japan Co., Ltd.
- June 2021 Outside Director, Nomura Asset Management Co., Ltd. (current)



Outside Expert **Yumiko Miwa**

Appointed in 2020

- 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)
- March 2022 Outside Director, Pigeon Corporation (current)



Self-Evaluation Methodology

We conducted a survey of mainly members of the Responsible Investment Committee, the highest decision-making body for our stewardship activities, and held discussions based on the results of the survey. 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 survey and in subsequent discussions.

Results of Self-Evaluation of 2023 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 2023 (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 revision on March 24, 2020.

Survey Overview

Target

The following people responded according to the questions.

Responsible Investment Committee members
7

Comprises 7 members from the investment and research functions

Responsible Investment Committee Secretariat members
6

Responsible Investment Council members
4

Comprises one Chief Conflict Officer, two independent outside directors and one outside expert

Survey timing

December 2023

Period covered

January-December 2023

Response format

Signed Multiple choice (4 choices)
Wrote comments freely

Results of self-assessment (overall)

2

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 survey and comments received, and the final assessment was we were generally able to carry out appropriate stewardship activities, including evaluation of activities in 2023 and our response to the points identified in the previous year as areas to be strengthened.

Particularly outstanding initiatives among 2023 stewardship activities

Improved the diversity of the Responsible Investment Committee and enhanced its materials and operations

Revised the Basic Policy for Responsible Investment and Proxy Voting Standards for forward-looking investment

Reviewed priority engagement topics to reflect trends

Made progress in collaborative engagement in accordance with international initiatives

Enhanced information disclosure

Future Actions

3

The following points were identified as areas that need bolstering to further enhance the effectiveness of our stewardship activities.

The Responsible Investment Committee will deepen discussions on the points that need to be enhanced as identified through this self-evaluation, and work to further improve stewardship activities.

Bolster two-way information sharing and communication between personnel to enhance synergies between engagement and investment decisions

Systematically increase the level of understanding of those in charge with respect to the policies established by the Responsible Investment Committee in order to improve stewardship activities as an organization

Improve the methods for measuring the effectiveness of engagement, so as to quantitatively understand the relationship between the policies established by the Responsible Investment Committee and the results of engagement activities, which will then lead to process improvements.

Furthermore, considering that more than seven years have passed since the establishment of the Responsible Investment Council, we will re-examine the Council's structure.

Please refer to the link below for the results of our self-evaluation of our activities corresponding to each principle in Japan's Stewardship Code.

https://www.nomura-am.co.jp/special/esg/pdf/self_assessment_2023.pdf
(Japanese only)

Nomura Asset Management's ESG Communication Activities

Nomura Asset Management is also focusing on delivering information related to ESG. NAM employees give presentations and participate as panelists at seminars to help people gain a better understanding of ESG.

Also, we work with initiatives as well as public institutions to discuss ESG issues.

Furthermore, by participating in efforts to establish standards for ESG reporting, we convey our knowledge and insights about ESG to various stakeholders in an easy-to-understand manner.

Collaboration with initiatives, domestic and overseas public institutions, etc.

- Japan Stewardship Initiative (JSI) Steering Committee member
- Member of the Industry Advisory Panel (IAP) and Co-chair of the Working Group on the ASEAN Taxonomy & Transition established by the ASEAN regulatory authority
- Committee member, Constructive Dialogue Promotion Working Group, Committee on Financial and Capital Markets, Japan Business Federation (Keidanren)
- Committee member, "Impact Investing Roundtable" cohosted by GSG and FSA
- Advisory Committee member for "Advance," the PRI's collaborative initiative for human rights and social issues
- Advisory Committee member for "Spring," the PRI's collaborative initiative for nature
- Member of Ministry of the Environment's Working Group on the Green List
- PRI Japan Advisory Committee member
- PRI Sustainable Systems Investment Managers Reference Group (SSIMRG) member
- ICGN Global Stewardship Committee member
- Ministry of Economy, Trade and Industry: Skills Development and Responsible Business Conduct for Transition – Member of the project working group to develop business and human rights materials

Internal Seminars in NAM

- Miko Oyama of Keidanren gave an internal presentation about "What kind of global diversity competencies are required of us now? - Key points for management and changing individuals' mindsets"
- Held a talk session where Professor Masako Egawa, Chancellor of Seikei Gakuen, and Professor Yumiko Miwa of the School of Commerce, Meiji University, spoke with employees about what is expected of Nomura Asset Management as an asset management company
- Held workshops for the Investment and Research Unit on "Natural Capital," "Corporate Governance and Monitoring Boards," "Well-Being: ATM and ATN," "Human Capital/Human Rights Risks," and "Sustainability Governance and Risk Management"
- Held workshop for NAM employees about revisions to NAM's Proxy Voting Standards
- Lecture for young employees on ESG investing

External Activities in 2023

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|-------------|---|
| Jan. | <ul style="list-style-type: none"> ■ Delivered explanatory video at ICJ about NAM's Proxy Voting Standards to issuer companies ■ Delivered explanatory video about NAM's proxy voting at Listed company board member's governance forum |
| Feb. | <ul style="list-style-type: none"> ■ Participated in panel discussion on "ASEAN+3 Sustainable Finance's Future Direction" at the 36th ASEAN+3 Bond Market Forum ("ABMF"), a project to consider commonality and standardization in Asia's bond market (held in Manila, Philippines) ■ Participated in panel discussion at the Moody's event "Next-Generation Sustainability and ESG" forum |
| Mar. | <ul style="list-style-type: none"> ■ Spoke on the topic of "Investors' analysis and evaluation perspective on transition finance" at the Nomura Securities/Bloomberg co-sponsored seminar "GX Frontline / Changing Capital Markets Towards Carbon Neutrality (webinar)" ■ Presented a paper on "Why Cybersecurity is the Biggest Hidden ESG Risk" on Nomura Connect ■ Gave lecture on "ESG Investment Opportunities" at the China-Japan Finance and Economic Forum hosted by CICC ■ Presented a paper titled "Automated Evaluation of Integrated Reports Considering Interpretability" at the Financial Informatics Study Group of the Japanese Society for Artificial Intelligence |
| May. | <ul style="list-style-type: none"> ■ Presented at Nikkei SDGs Forum "Non-Financial Information Disclosure and Desirable Human Capital Management as Seen by Institutional Investors" ■ Participated in a discussion with the Ministry of Economy, Trade and Industry regarding the use of GX transition bond proceeds ■ Presented at an annual meeting for investors about sustainable bonds hosted by Nomura Asset Management Malaysia. ■ Participated in a panel discussion about "Sustainable Investment in Government Bonds" at the World Bank's Global Borrowers Forum (Stockholm, Sweden) |
| Jun. | <ul style="list-style-type: none"> ■ Presented at the "Sustainable Bonds and Net Zero Investment" seminar jointly sponsored by the Central Bank of Indonesia, Indonesia's Ministry of Finance, the Market Supervisory Authority, and the Asian Development Bank (Jakarta, Indonesia) |
| Aug. | <ul style="list-style-type: none"> ■ Gave presentations on "Challenges and efforts in human capital investment by Japanese companies" and "Initiatives in which NAM participates and collaborative engagement" at the institutional investor seminar "PROJECT BRIDGE/Invigorate with Japanese Equities" ■ Spoke at the United Nations Development Program (UNDP) Sustainable Finance Consultation (participated online, Jakarta, Indonesia) ■ Contributed an article to the Japan Association of Corporate Directors' August 2023 issue of Corporate Governance on the topic of "Corporate human capital management expected by institutional investors" |
| Sep. | <ul style="list-style-type: none"> ■ Served as moderator for the PRI webinar "The Big Picture on Sustainability" ■ Gave lecture on academic research using ESG under the topic of "The Latest in AI/FinTech: ESG Quants Edition" for the Waseda Fund Management Course |
| Oct. | <ul style="list-style-type: none"> ■ Participated in a panel discussion and opinion exchange hosted by the Regional Banks Association of Japan ■ Participated in panel discussion (natural capital, human rights) at PRI in Person 2023 (Tokyo) ■ Participated in panel discussion at the Tokyo Sustainable Seafood Summit ■ Served as moderator for the PRI in Person 2023 (Tokyo) official side event "Investor-Company Dialogue Forum: Serious Sustainability Management" ■ Participated in a panel discussion at the 2nd "Putting the TCFD Scenario Analysis into Practice," a workshop on climate-related financial information disclosure and nature-related financial information disclosure for businesses, held by the Ministry of the Environment ■ Participated as a speaker in the panel discussion on the topic of "Corporate problem-solving ability and avoided emissions" at the GGX x TCFD Summit ■ Participated as a speaker at the PRI in Person 2023 (Tokyo) official side event "Bond Net-Zero Investment Framework" ■ Presented at the Asian Development Bank's Consultation on the Development of Blue Bonds in the Asian Market ■ Released a paper titled "Sustainable Investment Functions and Application to Portfolio Selection" in the October 2023 issue of the Securities Analyst Journal ■ Presented at the Financial Informatics Study Group of the Japanese Society for Artificial Intelligence with the title "Automated Evaluation of Integrated Reports Considering Interpretability" ■ Presented at the Financial Informatics Study Group of the Japanese Society for Artificial Intelligence with the title "Automated Generation of Improvement Plans for Environmental Activities in Companies" |
| Nov. | <ul style="list-style-type: none"> ■ Spoke in panel discussion about proxy voting at the Osaka Stock Council ■ Presented at the Nikkei ESG Management Forum ■ Lectured in the Sustainable Investment Course at Sunway University in Malaysia ■ Participated in a panel discussion on "Using Sustainability Data in Investment Decision-Making" at FISD ■ Spoke at "Japan's Energy Issues" presented by the Economist Intelligence Corporate Network |
| Dec. | <ul style="list-style-type: none"> ■ Presented at the Japan Academy of Business Administration's symposium ■ Participated as a panelist in the Blue Bond Seminar hosted by the Asian Development Bank (Philippines) (participated online) ■ Participated in a panel discussion for the "Appropriate evaluation of avoided emissions toward a net-zero society" seminar hosted by the Ministry of Economy, Trade and Industry at the COP28 Japan Pavilion ■ Submitted a paper titled "Stochastic ESG Score and Capital Asset Pricing Model" to SSRN (a global collaborative organization that evaluates and shares research papers) |

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Review of 2023

In recent years, international collaborative engagement has become increasingly important. In particular, there has been a growing trend for Japanese companies to be the target of such engagement, and the role of Japanese institutional investors and their responsibilities have also grown in importance. Japanese asset management firms are becoming indispensable in acting as a bridge between global investors and Japanese companies, improving corporate disclosure and solving ESG issues, leading to increased corporate value. As a Japanese asset manager, Nomura Asset Management is an advisory member for two PRI initiatives: Advance, PRI's human rights collaborative engagement; and Spring, PRI's collaborative engagement on natural capital just launched in 2023, and we are playing a central role in both programs. We also participated in Triple I for GH, which aims to promote impact investing in the field of global health, and we have bolstered international collaboration, especially in order to solve medical problems in developing countries. We have worked to strengthen our initiative-based efforts, because demonstrating the impact of those initiatives in the international community is important to enhancing our competitiveness as an asset management firm.



Head of the Responsible
Investment Department
Toshiyuki Imamura

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2024 and Beyond

Responsible investment is now at the very heart of Nomura Asset Management's investment business. In particular, our investment assets have become increasingly passive in recent years, and the sustainable growth of portfolio companies has become essential to our business. Stewardship activities targeting portfolio companies are becoming more and more important. In addition, Nomura Asset Management operates a global asset management business, so it is impossible for us to do business without addressing individual countries' increasingly stringent ESG-related regulations, as well as the demands from our customers.

Also, our vantage point has been shifting from Japan to overseas. In recent years, in response to these changes in the business environment, we have focused on enhancing our own ESG product governance, expanding the ESG domains we address, and we have been endeavoring to play a central role in global ESG initiatives. Responsible investment and ESG have no national borders, and we are now in an era where only globally competitive asset management firms can be successful in Japan. We will continue to evolve our efforts to become an asset management firm that is trusted by investors and portfolio companies around the world.