

Message from the Chairperson of the Responsible Investment Council

MESSAGE



Outside Director
Appointed in 2021

Ryoji Maeda

The primary role of the Responsible Investment Council (the “Council”) is to monitor potential conflicts of interest within the Responsible Investment Committee (the “Committee”). In addition to the agenda items for shareholders’ meetings of group affiliates, matters involving mergers and acquisitions or fundraising for investee companies where group affiliates are involved are also subject to monitoring, as they might pose a risk of conflicts of interest. To ensure that decisions are made under the same criteria as when there are no conflicts of interest, members of the Council always attend Committee meetings, regardless of whether or not a conflict of interest exists. In practice, the members actively participate in the Committee discussions, thereby ensuring effective oversight related to stewardship activities, including conflict of interest management.

For decision-making on proxy voting, the Committee takes evolving societal trends into account and establishes voting standards by incorporating forward-looking elements related to ESG issues. The Committee discusses whether to vote for or against various agenda items that require individual deliberation, based on a thorough understanding of the background situation. Additionally, the Committee conducts engagement activities, focusing

on approximately 350 select Japanese companies that are designated as priority targets, and aligned with key themes set by the Committee. This engagement supports the enhancement of corporate value at investee companies. The details of engagement activities are shared internally as important information that help with investment decisions, and are reported to the Committee on a regular basis.

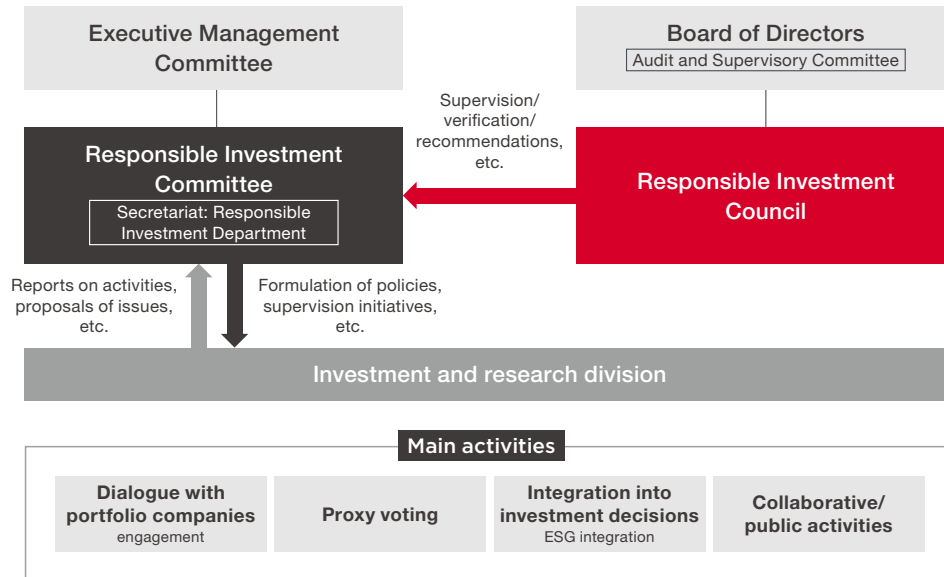
Over the past year, in response to the Tokyo Stock Exchange’s request for companies to focus on capital costs and stock prices, many companies have earnestly started initiatives aimed at enhancing corporate value, leading to efforts to eliminate price-to-book ratios below one and reduce strategically-held shares. Stock prices have responded positively to these efforts. In this market context, NAM, as a leading institutional investor, is sincerely engaging in stewardship activities to support positive initiatives aimed at enhancing the corporate value of investee companies.

To further expand these activities and ensure that the current market trend becomes more sustainable, I, as a member of the Council, intend to continue providing appropriate advice and support, as well as supervision focused on the management of conflicts of interest.

Biography

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

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 three members: one Chief Conflict Officer and two independent outside directors.

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 [P86](#) ➡).

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, while also strengthening the governance of responsible investment.

Meetings held

Since its establishment in September 2016, the Responsible Investment Council has met a total of 60 times through December 31, 2024. The Responsible Investment Committee is attended by the members of the Responsible Investment Council, who promptly provide their opinions.

Message from the Chairperson of the Board of Directors



Outside Director
Seichiro Yamamoto

I was appointed as an independent outside director in 2021, and at the same time I also took on the role of Chairperson of the Board of Directors. Previously, I spent over 30 years in the asset management industry, with 14 years at a Japanese trust bank and 20 years at a foreign asset management firm. I would like to highlight two impressions I have of Nomura Asset Management. First, I observe that employees approach their work with a strong sense of awareness and perspective as leaders in the industry. Under the vision of becoming a "Leading Asset Management Center," I sense a strong commitment to contributing to the development of the entire investment chain, as the social responsibilities of asset management firms continue to grow. Second, although we are part of a major financial group, NAM operates independently. This was a pleasant surprise compared to my expectations before taking on this role. The Board of Directors operates without interference from the parent company, as do the Responsible Investment Committee and the Responsible Investment Council. As a steward, I believe that rigorous discussions take place, especially with respect to managing conflicts of interest.

In our approach to ESG, it is crucial to maintain a proactive stance centered on the question, "As a trustee, how do we confront social challenges?" from a long-term and sustained perspective. On the surface, ESG might seem susceptible to fluctuations influenced by the current political situation. However, NAM has declared the realization of a prosperous society as our purpose, and within our ESG Statement, we state that "We recognize that it is important for companies to properly manage the risks related to ESG issues, and to view the resolution of ESG issues as new business opportunities and appropriately reflect them in management strategies."

While we cannot completely detach ourselves from superficial trends, I am hopeful that we can continually engage in self-reflection and consider our ideal role alongside our investee companies, and continue to put our principles into practice.

Biography

April 1985	Joined the Yasuda Trust & Banking (Currently Mizuho Trust & Banking)
December 2006	Director, AllianceBernstein Japan
March 2012	President & CEO, AllianceBernstein Japan. (Chairman from December 2018)
June 2014	Partner, Alliance Bernstein L.P. (U.S. Headquarters)
April 2019	Founded Y-Labs, Inc.; specially-appointed professor, Sophia University (current)
July 2019	Board Member of the University of California at Berkeley Haas Business School (current)
April 2021	Chairperson of the Board of Directors, Nomura Asset Management Co., Ltd. (current)

Results of Self-Evaluation of 2024 Stewardship Activities

We are actively engaged in stewardship activities in order to encourage investee 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 2024 (January to December), the results of which are discussed 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.

Self-Evaluation Methodology

We conducted a survey mainly of 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.

Survey Overview

People surveyed

The following people responded according to the questions.

Responsible Investment
Committee members

6

(Comprises 6 members from the
investment and research functions)

Responsible Investment
Committee Secretariat
members

5

Responsible Investment
Council members

4

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

Survey timing

December 2024

Period covered

January-December 2024

Response format

Signed

Multiple choice
(4 choices)

Comments
written freely

Results of self-assessment (overall) Future Actions

More than 90% of respondents indicated that stewardship activities in Nomura Asset Management were appropriate. The Responsible Investment Committee held discussions based on the results of the survey and comments received, and the final assessment was that the company was generally able to carry out appropriate stewardship activities, including addressing the points for improvement identified in the previous assessment.

The points for improvement identified in the previous assessment

- 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.
- In addition to the above, a reassessment of the structure of the Responsible Investment Council was also planned. (For more details, please refer to “Results of Self-Evaluation of 2024 Stewardship Activities,” specifically “Principle 2: Management of Conflicts of Interest.”)

Among the 2024 stewardship activities, the following initiatives were highlighted for enhancing effectiveness:

Improvement and sharing of knowledge through internal workshops

Revision of policies and related matters through appropriate processes

Enhancement of collaboration in engagement

Reinforcement of the Responsible Investment Council's structure

Future Actions

The following points were identified as areas that need to be bolstered to further enhance the effectiveness of our stewardship activities in 2025.

- In light of the increasing complexity of proposals and the advancement of proxy voting standards, enhance the robustness of the proxy voting operations to ensure accurate assessments of proposals.
- Further enhance the processes, considering the rising standards required for engagement, such as the escalation to proxy voting.
- To fulfill our stewardship responsibilities, strengthen efforts to further develop and maximize the value of our human resources.

Additionally, following the strengthening of the structure of the Responsible Investment Council, discussions were held on aiming for further enhancement of corporate governance as an asset management company.



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://global.nomura-am.co.jp/responsibility-investment/investors/stewardship.html>

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.

- Steering Committee member and Chair of the Multistakeholder Working Group, Japan Stewardship Initiative (JSI)
- 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 and Impact Investment Working Group, Committee on Financial and Capital Markets, Japan Business Federation (Keidanren)
- 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
- PRI Japan Advisory Committee member
- PRI Sustainable Systems Investment Managers Reference Group (SSIMRG) member
- ICGN Global Policy Committee and Future Leaders Committee members
- 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

- Held an internal workshop on 'Animal Welfare Needed by Companies,' led by Chihiro Okada, Executive Director of the Certified NPO Animal Rights Center
- Held internal workshops for the Investment and Research Unit on "Risk Management in the Digital Society," "Human Rights and Human Capital," "Well-Being," and "Climate Change and Natural Capital."
- Held an internal workshop for NAM employees on the revisions to NAM's Proxy Voting Standards
- Held an internal lecture entitled 'Creating Financial Flows that Improve Society,' presented by Haruka Mera, Founder and CEO of READYFOR Inc.
- Held an internal workshop for our analysts on the revisions to NAM's Proxy Voting Standards
- Held internal workshops for the Investment and Research Unit on "Human Rights," "Well-Being," and "Risk Management in the Digital Society."

External Activities in 2024

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| <p>Jan.</p> <ul style="list-style-type: none"> ■ Delivered explanatory video at ICJ about NAM's Proxy Voting Standards to issuer companies ■ Participated in the MIT/Federal Reserve Board Conference: Measuring Cyber Risk in the Financial Services Sector (Boston) <p>Feb.</p> <ul style="list-style-type: none"> ■ Delivered explanatory video about NAM's proxy voting at listed company board member's governance forum ■ Published two-part Cybersecurity Risk Engagement Guide for Investors on Nomura Connects <p>Mar.</p> <ul style="list-style-type: none"> ■ Co-authored a presentation titled "Analysis of the Relationship Between Profitability and Corporate Environmental Activities, and Automatic Generation of Improvement Proposals", delivered at The Association for Natural Language Processing. ■ Participated in a panel discussion at Moody's Sustainable Finance Conference (Tokyo) - Fixed Income Investor Considerations for Green Bonds and Impact Investment ■ Participated as a moderator for the RepRisk-hosted panel discussion on 'Deep Dive into Trends in ESG Data: Innovation and Risk Mitigation'. <p>Apr.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion at IFRS Seminar Series 2023 on Advancement of Sustainability-related Information Disclosures and Dialogue towards Enhancement of Corporate Value- 5th Session: Sector Analysts' View on How to Use IFRS S2 (Climate-related Disclosures) (Tokyo) ■ Participated in a panel discussion at AFME European Sustainable Finance Conference (Amsterdam) - International Perspectives on Operating Sustainable Finance Business Across Borders ■ Participated in a panel discussion at Asian Investors/RepRisk Conference - Deep Dive into ESG Trends from Innovation to Risk Mitigation (Tokyo) ■ Participated in a panel discussion at the AIGCC-hosted 'Investor Response to Natural Capital in Japan'. <p>May.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion at Japan Electrical Manufacturers' Association (JEMA) GX Reporting session - Green Transformation Pathways for Electrical Industry: Decoupling GHG emission reduction and economic growth (Tokyo) ■ Presented at ADB/OJK Workshop on Promoting Municipal Bond/Sukuk Issuance for Sustainable City Development in Indonesia (Jakarta) ■ Submitted a paper titled 'Determinants of Natural Capital: An Empirical Study by Income, Regional, and Temporal Differences' to SSRN, a global cooperative organization for evaluating and sharing research papers. <p>Jun.</p> <ul style="list-style-type: none"> ■ Submitted a paper to SSRN titled "Determinants of Natural Capital: An Empirical Study By Income, Regional and Temporal Differences" https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4867405 ■ Participated in a panel discussion at AFD/ADB SUFIP (Sustainable Finance in the Indo-Pacific) 2024 Conference on Building Resilience in the Indo-Pacific Region (Bangkok) ■ Participated in a panel discussion at the PRI-hosted webinar entitled 'Animal Welfare: Perspectives on Food Safety and Corporate Assessment'. ■ Presented a paper entitled 'Does Executive Compensation with ESG Targets Improve firm's ESG Performance' at the session 'Applied Informatics in Finance and Economics' of the international conference hosted by the International Institute of Applied Informatics. ■ Presented on the topic "Does Executive Compensation with ESG Targets Improve firm's ESG Performance? — Evidence from Japan" at the 2024 16th IIAI International Congress on Advanced Applied Informatics (IIAI-AAI) <p>Jul.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion at the WBCSD (World Business Council for Sustainable Development) session - Promoting Sustainability in the Business Sphere (Tokyo) ■ Participated in a panel discussion at the SSDH/ADB Knowledge Sharing Workshop for Sovereign Sustainability Linked Debt ■ Presented at ADB ASEAN+3 Bond Market Forum - "Scaling up private climate finance in Developing Asia and Pacific: Policy Instruments to Leverage Private Climate Finance" (Kumamoto) | <p>Aug.</p> <ul style="list-style-type: none"> ■ Participated as a speaker at the AIGCC-hosted workshop 'Examining Deforestation in Nature and Responsible Investment Policies' ■ Participated in a panel discussion at Nomura Sustainability Week 2024: Key Cybersecurity Issues to Address in Financial Capital Markets (Tokyo) ■ Lectured on 'Human Capital Management from an Investor's Perspective' at the Executive Seminar on 'Trends in Human Capital' hosted by Nomura Securities (Nagoya and Osaka) <p>Sep.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion at PwC Japan Seminar - How do IASB Projects Change Dialogues between Managements and Investors (Tokyo) ■ Presented at ADB/Thailand SEC Seminar on Transition Finance: Bridging the Gap to Sustainability: "Financial Institutions Perspective - Assessing Credible Transition Plans" (Bangkok) ■ Participated in a panel discussion hosted by PRI on 'Natural Capital and Stewardship Activities' (Sydney) ■ Participated in a panel discussion about 'The Value of Biodiversity in the Financial Sector: Thematic Engagement' hosted by Morningstar Sustainability. ■ Participated in a panel discussion at the investor session 'Food, Finance, and Biodiversity' hosted by FAIRR at COP16 (Cali, Colombia) ■ Participated in a roundtable on 'The Role of Finance in the Transition to Regenerative Agriculture' hosted by the World Biodiversity Summit (Cali, Colombia) ■ Participated in a panel discussion at the 'Tokyo Sustainable Seafood Summit 2024' hosted by Seafood Legacy. <p>Oct.</p> <ul style="list-style-type: none"> ■ Co-authored a presentation titled "An efficient machine learning method for obtaining ESG information from corporate websites", delivered at Special Interest Group on Financial Informatics of Japanese Society for Artificial Intelligence. ■ Participated in a panel discussion for Bitsight Japan Luminate Exchange Summit: Cybersecurity from Investors Perspective in Japan (Tokyo) ■ Published "Climate Finance Policy Support for Mobilizing Transition Finance in Asia - Japan's Regulatory and Policy Approach to Transition Finance" in ADB Asia Bond Monitor Sept 2024 issue ■ Presented for GFANZ Asia Pacific and Malaysia Securities Commission on "Sector Specific Guidelines for Navigating the Risks and Opportunities for Investment in Hard to Abate Sectors" (Kuala Lumpur) ■ Participated in a panel discussion at the Responsible Investor Asia 2024 Conference: "Transition Investment and the Fixed Income Market" (Singapore) ■ Participated in a panel discussion about proxy voting at the Osaka Stock Council ■ Participated in a roundtable on 'Biodiversity/Ecosystems and Human Rights' hosted by the IFRS Foundation. <p>Nov.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion on 'Governance: Expectations for Japanese Companies' at the Human Capital Management Summit 2024, hosted by the General Incorporated Association for Promoting Human Capital Management, with the theme 'The Reality of Human Resource Strategy Transformation: Leveraging Human Capital' ■ Contributed to the "ADB Asia-Pacific Climate Report 2024" 'Climate Policies and Private Climate Finance - Literature Review and Policy Surveys' <p>Dec.</p> <ul style="list-style-type: none"> ■ Participated in a panel discussion at the 'Aquaculture Traceability Engagement: Progress Update' hosted by FAIRR. ■ Participated in a panel discussion at the PRI webinar "Serious Human Rights Accountability by Investors: Business and Human Rights Practices" ■ Participated in a panel discussion for ADB/OJK regarding municipal bonds and Sukuk for sustainable city development in Indonesia - "Trends and Use of proceeds of GSS+ Muni Bonds in Japan" (Jakarta) |
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2024

Review of 2024

In the “Policy Plan for Promoting Japan as a Leading Asset Management Center” announced by the Japanese government in 2023, promoting the supply of growth capital to startup companies is positioned as one of the key elements for achieving sustainable economic growth and diversification of managed assets in Japan. There are rising expectations for startups with deep tech that provide innovative solutions targeting the various challenges facing Japan. Japan must bring together capital and talented management for the technologies and solutions needed to enrich society, facilitate the growth of such startups, and firmly implement these technologies in society. Therefore, we believe that supplying capital to technologies that change and enrich society from the pre-IPO stage, while supporting the establishment of a competitive management structure along with robust information disclosure, will lead to healthy market growth and the realization of a prosperous society. To this end, we began impact-driven crossover investments in 2024. The year 2025 marks the 10th year since the establishment of the Responsible Investment Department in April 2016. We have embarked on new challenges in responsible investment in the private market, aiming to expand the investment chain into the private market and restore vitality to Japanese society.

2025

2025 and Beyond

Looking at the recent ESG landscape, a notable anti-ESG movement has emerged in the U.S., and there is some turmoil as major financial institutions in Europe and the U.S. have increasingly withdrawn from investor initiatives due to concerns related to antitrust laws. Similar developments are beginning to spread in Japan as well, with major financial institutions also withdrawing from climate change-related initiatives.

However, we view these developments as reflections of differing approaches and stances over time, and believe that the fundamental direction—namely, the aim toward a sustainable society—has not changed. We will continue to promote sustainability activities related to issues such as climate change and human rights from a global perspective, grounded in our fiduciary duty and stewardship responsibility.

On the domestic front, in anticipation of the stewardship code revision and the amendment to the Companies Act, both of which will be the first in five years, discussions are underway regarding the framework and rules for engagement, such as the beneficial ownership verification system and shareholder proposal rights.

Going forward, we believe there will be an even greater need for both action as a responsible investor and the promotion of effective dialogue.



Head of the Responsible
Investment Department

Yosuke Uchida