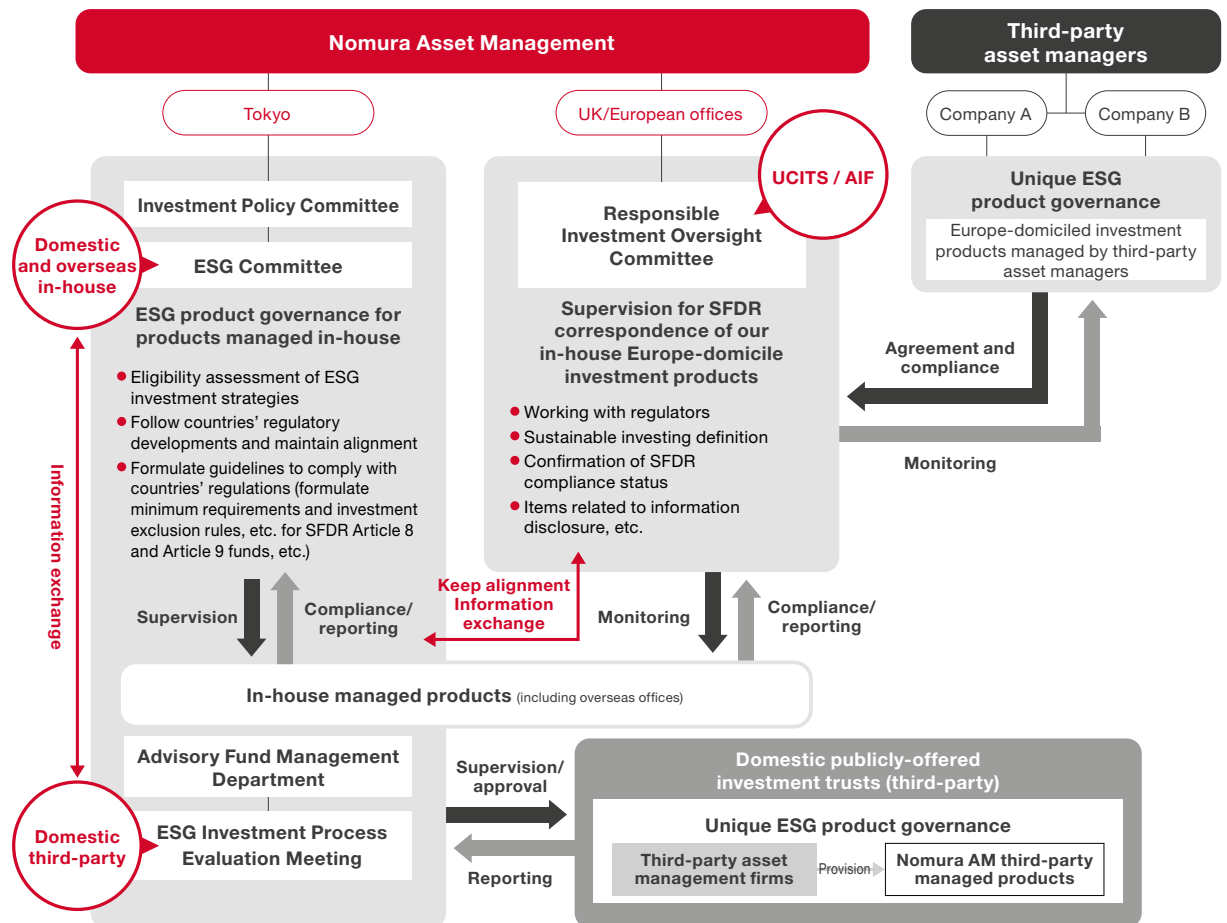


Our Product Governance Initiatives

Our Product Governance Initiatives

Overall ESG Product Governance System for the Investment Side



To earn and keep our clients' trust, we believe we must be able to comply with global ESG regulations and provide high-quality investment products with accountability. For that reason, we not only manage ESG investment quality, but also continuously engage in ESG product governance initiatives, including those related to information disclosure. Our ESG investments are not limited to investments we manage internally, but also includes funds managed by third-party asset managers, and we are bolstering our governance efforts targeting these funds as well. (Please refer to **P.55 ▶** "Overall ESG Product Governance System for the Investment Side" for more information on our overall product structure.) Our ESG Committee is the body responsible for quality control for ESG investments for which we make investment decisions internally. In addition to checking the ESG processes of Japan-domiciled funds, when it comes to overseas-domiciled funds (funds compliant with the European Commission's UCITS Directive), the ESG Committee is responsible for complying with the European SFDR (Sustainable Finance Disclosure Regulation) and other overseas regulations including Taxonomy, sorting out the issues regarding ESG investment policies to ensure such compliance and identifying matters to disclose, among other issues. For our Europe-domiciled funds, we have established a Responsible Investment Oversight Committee (RIOCI) in our UK European base to strengthen supervisory functions in Europe, including dealing with local regulatory authorities.

Regarding recent developments in Europe, in November 2025 the European Commission announced a proposal for a major revision to the SFDR. The proposal includes clarifying product categories

based on their level of sustainability and introducing minimum requirements for each product category, such as negative screening. This is expected to reshape the framework from a "disclosure regulation" into a "labeling regulation." Going forward, the final revision proposal for the SFDR is expected to be determined through tri-lateral negotiations between the European Commission, the European Parliament, and the Council of the European Union. However, the details remain fluid, as lobbying by relevant industry associations and other stakeholders across EU member states is also anticipated. Although full implementation of the revised framework is expected to take several years, we will continue to strengthen governance initiatives at the product level while closely monitoring regulatory developments.

As part of our efforts in product governance, we have been issuing a Fund Review Report since FY2023. In FY2024, we enhanced the evaluation methodologies for information disclosure in the report, specifically assessing whether sufficient details regarding ESG are provided. In order to help customers understand that it is an ESG fund, we have revised the expressions related to ESG in the prospectuses and reports to be more specific. We are also making improvements by including the measurement results for impact indicators, as well as noting key ESG issues and initiatives for companies held in the fund. In individual disclosure reports, we include information about the investment philosophy and framework, engagement, ESG officers and other matters, as we work to make ESG more accessible to our customers. In order to fulfill our fiduciary responsibility, when using a third-party asset manager

we believe we should check and understand that asset manager's investment system, investment strategy, investment performance, and other specifics in the same way as we do for investments we manage internally, at an appropriate frequency and level of depth. Therefore, in the same way as for in-house investments, we are improving the quality of funds by performing due diligence on, and enhancing disclosure about, funds managed by third-party asset managers and funds based on indices provided by ESG index providers. (Please refer to **P.57-58 ▶** for more information about ESG index providers, and refer to **P.59-60 ▶** for more information about third-party asset managers.)

ESG investing has evolved to an era in which investments will be stringently selected. We will continue to monitor ESG-related regulations and developments, pursue true ESG investment, and continue to enhance our information disclosure to help investors make investment decisions.



We have implemented the above-mentioned initiatives in terms of structure and have clarified the definition of ESG funds, which was disclosed in August 2022.

For more information about our main 'ESG funds,' please refer to the following link on our website.

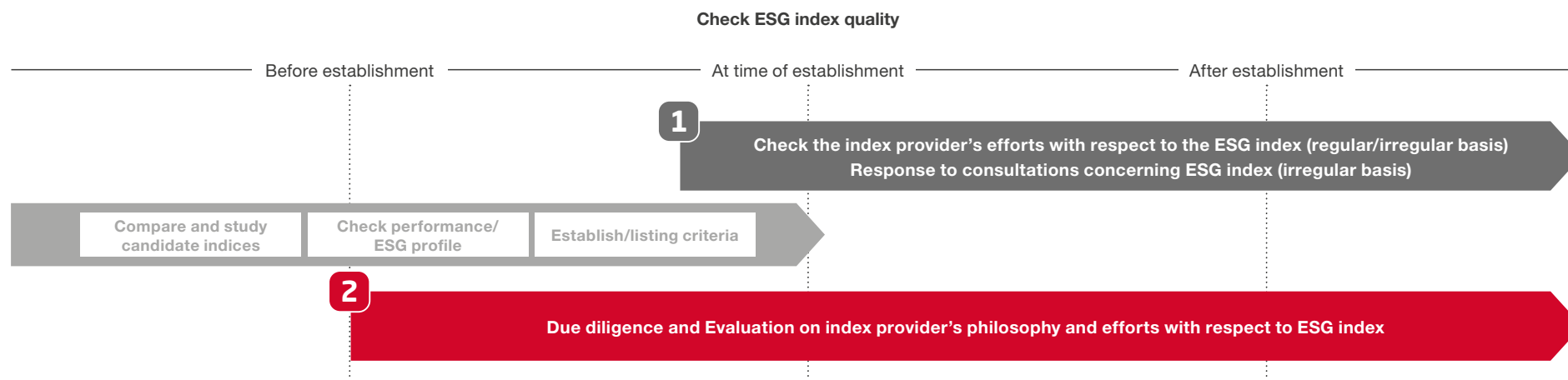
<https://www.nomura-am.co.jp/special/esg/esg-integration/esglineup.html>

ESG Product Governance for Index Funds

Our Product Governance Initiatives

Nomura Asset Management is working to expand ESG investment solutions by providing individual and institutional investors with funds that track ESG indices.

We are also endeavoring to improve the quality of these ESG index funds by reviewing the ESG profiles of the adopted benchmark indices and bolstering communication with index providers.



1 Communication with ESG Index Providers

We regularly communicate with ESG index providers regarding matters such as whether their ESG indices are maintaining methodologies aligned with addressing ESG issues, as well as whether they are appropriately reflecting market structural changes in their indices. In addition, in response to consultations about ESG indices, we communicate our opinions, request improvements, or urge them to enhance index quality, as needed.

Also, Nomura Asset Management participates as an index advisory member for JPX Research Institute and FTSE. We exchange opinions based on our perspective as an asset management company, aiming to continuously improve overall index quality and governance.

Main topics of communication

Index providers' ESG research and ESG index provision system

Important topics in ESG evaluation and the latest global trends

Enhancement of information provision to end investors regarding ESG indices

2 Due Diligence on ESG Index Providers

We regularly interview index providers to check on matters including the status of their efforts to ensure index quality and secure the transparency of ESG evaluations. Based on the results of these interviews, we evaluate index providers in cooperation with the Investment Department, the Responsible Investment Department and other relevant departments, and report the results to the ESG Committee. Through the evaluation of ESG providers, we learn about the relative strengths and issues for each provider. Also, we may communicate our opinions to the index providers and request improvements, as necessary.

In 2025, we received responses from all providers of ESG indices that we use, and we confirmed that all providers, as providers of ESG indices, have frameworks in place to appropriately explain how they ensure quality, develop specialized personnel, maintain independence, manage conflicts of interest, and ensure transparency.

Also, for ESG indexes whose methodologies were revised over the past year, we have confirmed, through information-gathering and discussions with providers, that the changes and the background to those changes are consistent with the index concept.

Main topics of interview

Status of efforts to secure ESG index quality

Status of ensuring transparency and independence in computing ESG index, and conflict of interest management system

Efforts for ensuring specialized ESG assessment data as well as initiatives in collecting ESG assessment data

Initiatives for improving the quality of ESG indexes over the past year

ESG Product Governance for Index Funds

Our Product Governance Initiatives

Adopted Benchmarks and Overviews of Nomura Asset Management's ESG Index Funds

FTSE4Good Developed 100 Index

One of the indices in the FTSE4Good Index series.* This index excludes tobacco manufacturers and weapons and weapons system manufacturers from companies in developed countries around the world, and is comprised of approximately the top 100 companies by market capitalization screened using ESG selection standards.

*The FTSE4Good Index series is a series of stock indices targeting companies that meet globally recognized and accepted ESG selection criteria.

MSCI Japan Empowering Women (WIN) Select Index

A stock index developed by MSCI comprising Japanese companies that aim for and maintain a high level of gender diversity. In selecting companies, the index uses companies with high ratings in terms of gender diversity and scandal scores, as well as companies with high growth rates in capital investment and sales.

MSCI Global Climate 500 Japan Selection Index

A stock index comprising Japanese companies that are constituents of the MSCI ACWI Select Climate 500 Index. This index is designed to support investors who aim to reduce exposure to greenhouse gas emissions and increase exposure to companies certified by the Science Based Targets initiative (SBTi) for their emission reduction targets.

MSCI Japan Country Selection Index

A stock index developed by MSCI comprising Japanese companies with high ESG ratings compared to industry peers. This index has been designed to seek high ESG performance using a simple and highly transparent best-in-class approach based on the parent index, the MSCI Japan Index.



Governance of Third-Party Asset Managers' ESG Products

Our Product Governance Initiatives

Overview and Qualitative Assessment of Third-Party Funds

At Nomura Asset Management, we collaborate with third-party asset managers both in Japan and overseas to provide investors in Japan with third-party funds in a wide range of asset classes. The Advisory Fund Management Department and other departments specializing in third-party investment are responsible for managing third-party funds. The Advisory Fund Management Department, which primarily handles traditional assets, collaborates with approximately 100 asset management firms to provide third-party funds (net assets totaling approximately ¥8.7 trillion as

of December 31, 2025) to investors. These assets are broadly diversified in different asset classes, including equities, fixed income, and FOFs (funds of funds).

When we outsource investments to a third-party asset manager, we carefully examine the investment capabilities and operational execution capacity of that asset management firm before selecting them. In addition, in order to ensure the quality of a fund after we select it, we collaborate with Nomura Fiduciary Research & Consulting (NFRC) to continuously monitor the asset management firm, its investment system, investment processes, performance, and other matters as part of an annual third-party fund qualitative assessment. If we identify any serious issues in a

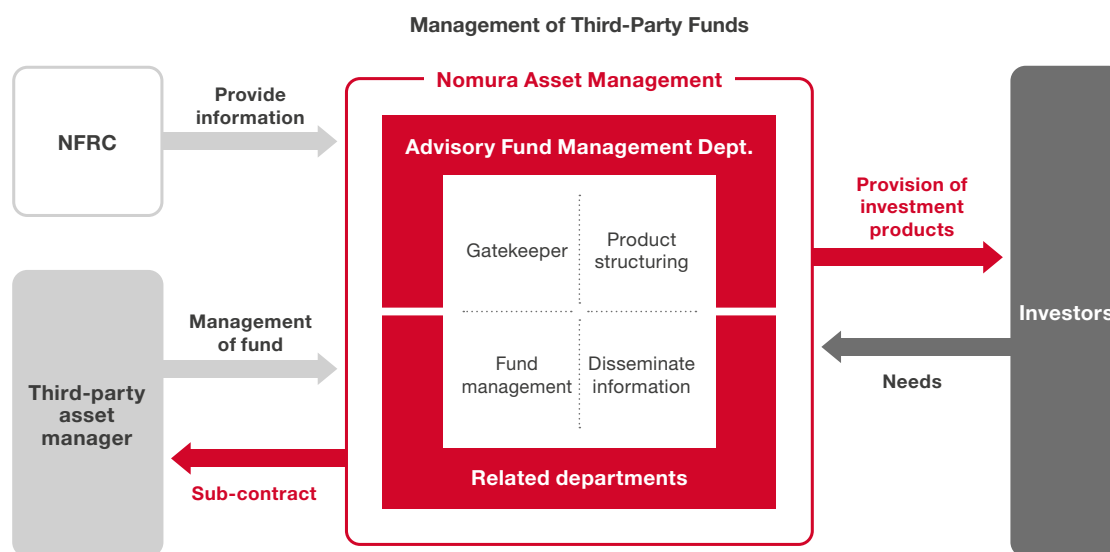
third-party fund's management, we demand that the asset manager make improvements to its investment operations. This is part of our effort to maintain and improve the quality of these third-party funds.

ESG Evaluations of Third-Party Funds

In our annual qualitative evaluations of third-party funds, we added questions about ESG (responsible investment) in 2018, and began monitoring ESG, including engagement activities and proxy voting processes. From 2021 onwards, to verify the integration of ESG factors into the investment process, we added questions regarding ESG research systems and specific investment processes.

We define ESG funds as those that actively utilize ESG integration, engagement and proxy voting, and other sustainable strategies. From 2021 onward, recognizing the importance of ESG issues and in light of our fiduciary duty, we have been conducting ESG-focused qualitative assessments under a framework separate from the annual qualitative evaluations of third-party funds. As of December 31, 2025, 12 of the third-party funds we offer are classified as ESG funds.

In 2024, we established an independent framework for ESG-related questions and implemented a new ESG survey that integrates questions used in the annual qualitative evaluation of Third-Party ESG funds mentioned above. This allows the Advisory Fund Management Department to perform similar ESG-specific evaluations across all traditional asset classes, thereby strengthening our ESG-related monitoring efforts.



Governance of Third-Party Asset Managers' ESG Products

Our Product Governance Initiatives

Qualitative Evaluation of ESG Funds

If a qualitative evaluation of an ESG fund reveals a serious issue in the management of that fund, we will ask the third-party asset management firm to improve its management in the same way as we would for any other third-party fund. Qualitative evaluations of ESG funds are led by the Advisory Fund Management Department, which is responsible for managing third-party funds. Starting from 2022, as part of our progress on bolstering our evaluation system, the Advisory Fund Management Department has been strengthening collaboration with the Responsible Investment Department and other ESG-related departments as part of an effort to build a framework under which a wide range of relevant internal parties participate in evaluating third-party funds.

The qualitative evaluations are performed based on the seven investment styles identified by the Global Sustainable Investment Alliance (GSIA): corporate engagement and proxy voting, ESG integration, negative screening, positive screening, norms-based screening, sustainability-themed investing, and impact investing. In 2022, we added third-party asset managers' responses to climate change and other ESG issues as well as cooperation with various initiatives as new items subject to evaluation.

In 2023, we engaged an external organization to provide consulting on our qualitative assessments, allowing us to receive evaluations from a third-party perspective. This has led to further improvements in our evaluation criteria, including the addition of new items such as initiatives related to human rights, biodiversity issues, and ESG risks. With

these improvements, we are now able to perform more concrete checks, including checks of detailed information on ESG investments by third-party asset managers and the status of initiatives on a wider range of ESG issues.

Our efforts targeting third-party managed funds have been assessed externally, and in the 2024 annual evaluation by the Principles for Responsible Investment (PRI), our scores for equities and bonds improved from four stars to five stars, and we maintained those five-star ratings in 2025.

As responsible investment spreads globally, there is a growing need to unify the definitions of investment approaches and clarify the necessary elements of responsible investment. For example, in 2023, the PRI, CFA Institute, and GSIA jointly published the *Definitions of Responsible Investment Approaches*. We aim to maintain and improve the quality of third-party funds by reflecting these changes in the evaluation process and conducting more appropriate evaluations.

Qualitative Evaluation Process for ESG Funds

