


Responsible Investment Report 2025

Nomura Asset Management


We create economic and social value through the asset management business.

This is the philosophy of Nomura Asset Management.

About Nomura Asset Management

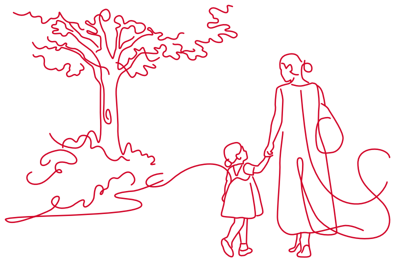
P.03

Engagement

P.67

Proxy Voting

P.83



ESG Integration

P.101

Others

The reporting period for the Responsible Investment Report 2025 is from January to December 2025.

NOMURA ASSET MANAGEMENT

Our Strengths in Responsible Investment

Strength

01

Long-term commitment to responsible investment

Our company's first strength is our long history of engaging in responsible investment. The roots of the current Responsible Investment Committee lie in the Proxy Voting Committee established in 2001. Subsequently, the ESG Committee was established in 2011. The ESG Committee became the Responsible Investment Committee as part of a reorganization and an integration from 2014 to 2015. Based on many discussions over the years, and always remaining conscious of our mandate from clients, we have fostered a culture that is supportive of responsible investment, respects diverse opinions from a large number of professionals, and values lively discussion.

History of Responsible Investment

- **2001**
  - Proxy Voting Committee established
- **2004**
  - Management of SRI Index Fund commenced
  - Management of governance fund commenced
- **2010**
  - UK Stewardship Code adopted
- **2011**
  - ESG Committee (now the Responsible Investment Committee) established
  - United Nations-supported Principles for Responsible Investment (UN PRI) signed
- **2014**
  - Japanese version of the Stewardship Code adopted
  - ESG Committee reorganized into Responsible Investment Committee
  - Proxy Voting Committee reorganized into Stewardship Committee
- **2015**
  - Responsible Investment Group and ESG specialists established
  - Stewardship Committee integrated into Responsible Investment Committee
- **2016**
  - Responsible Investment Department established
  - Conflict of Interest Management Policy formulated and Responsible Investment Council established
  - Stewardship Codes in Singapore, Hong Kong, and Taiwan adopted
  - UK Office acquired Tier 1 evaluation from UK FRC*1
- **2017**
  - Proxy voting results disclosed individually
  - Malaysian Stewardship Code adopted
- **2018**
  - Self-evaluation disclosed
- **2019**
  - Formulated our ESG Statement
  - Support for TCFD.*2
- **2020**
  - Established Asset Management Research Institute to promote ESG
- **2021**
  - Revised ESG Statement
  - Established our materiality
  - Joined Net Zero Asset Managers initiative (NZAM)
- **2022**
  - Sustainability Development Department and Net Zero Strategy Department established
- **2023**
  - Corporate Sustainability Report 2023 published
- **2024**
  - TNFD disclosure started
  - Establishment of Start-up Investment Dept.
- **2025**
  - Integrated the Engagement Department and the Net Zero Strategy Department to establish the Sustainable Investment Strategy Department.

*1 UK FRC (Financial Reporting Council)
*2 Although the TCFD has already dissolved, we included this information because we explicitly commenced our efforts to address climate change.

Strength

02

Systematic and Continuous ESG-related Initiatives

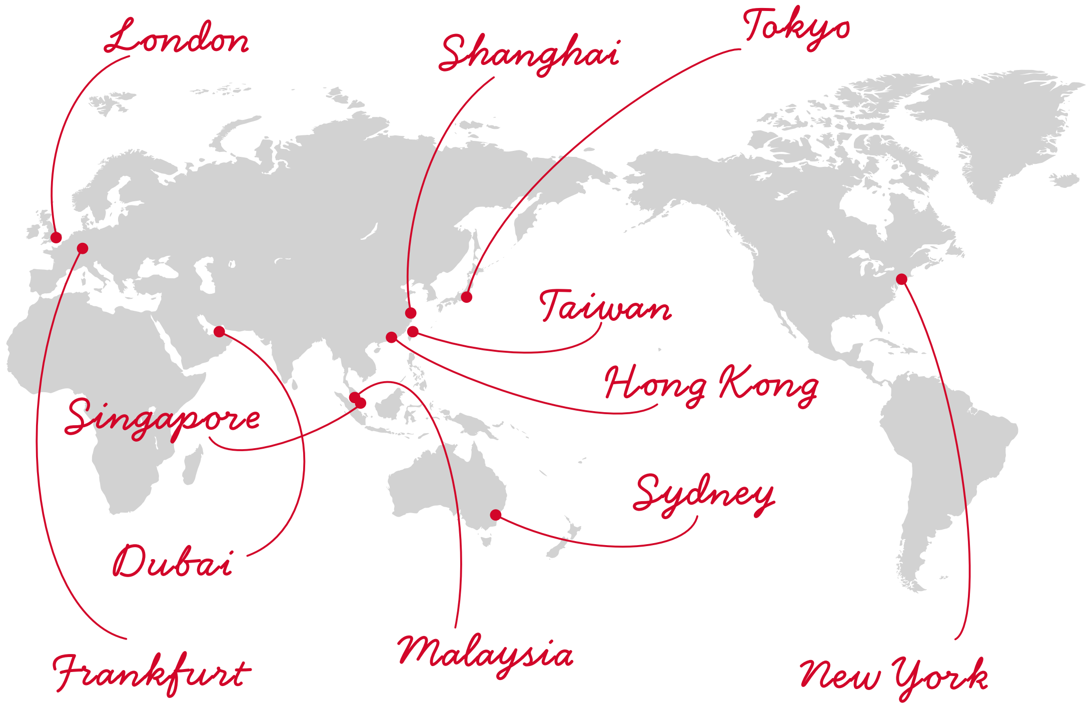
Our company's second strength is our systematic and ongoing effort to address ESG (Environment, Social and Governance)-related issues in anticipation of the needs and changes of the times. Examples of our efforts include the establishment of the Responsible Investment Committee as the highest decision-making body for responsible investment and the Responsible Investment Council which supervises the Committee, the establishment of policies including the ESG Statement, engagement and proxy voting in order to realize appropriate management, as well as providing information to stakeholders through disclosure materials such as the Responsible Investment Report, the TCFD Report and TNFD Report. In formulating engagement strategies for individual companies, we have established a system to comprehensively discuss efforts related to climate change issues alongside other management challenges. This aims to realize more efficient and effective engagement, leading to the establishment of the Sustainable Investment Strategy Department (an evolved integration of the Engagement Department and the Net Zero Strategy Department), thereby continuously strengthening our ESG-related organization. Furthermore, the Startup Investment Department has initiated efforts to expand both social and financial value through crossover impact investing in unlisted companies that create impact.

Main activities

- **Dialogue with portfolio companies** engagement
- **Proxy Voting**
- **Integration into investment decisions** ESG integration
- **Collaborative/public activities**

Strength 03

Global Approach and Diversity



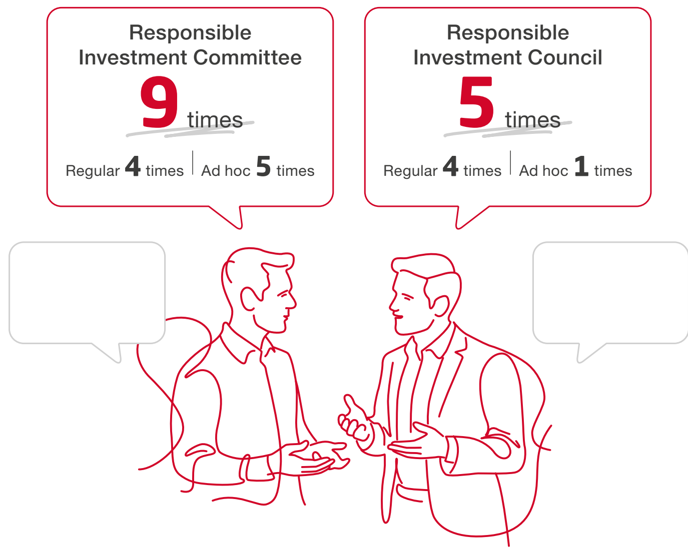
Our company's third strength is our global and highly-diverse investment and research framework. Based on our global platform for responsible investment, we have built an ESG investment and research framework made up of portfolio managers, corporate analysts and country specialists who manage ESG products in our overseas offices. Our team includes a large number of portfolio managers, ESG investment managers, corporate analysts, credit analysts and ESG specialists working in one of the largest active management institutions in Japan, all of whom are committed to applying their analytical abilities and insights to responsible investment.

Strength 04

Inclusive Discussions based on a Strong Organizational Platform

Our company's fourth strength is our emphasis on having "exhaustive discussions" that incorporate diverse opinions under a strong organizational platform. The Responsible Investment Council was established as a body to oversee discussions of the Responsible Investment Committee in real time. The majority of the Council consists of highly independent outside directors and outside experts in order to manage conflict of interest. It manages conflicts of interest with highly-independent outside directors and outside experts accounting for a majority of its members. In addition, the Responsible Investment Committee comprises members possessing abundant investment and research experience. The Committee held a total of nine meetings in 2025. The discussion at the Committee often heats up over the decision on proxy voting and ESG related issues. The members of the Council observes the Committee meetings not only to monitor the conflicts of interest but also to actively join the discussion.

Responsible Investment Committee Meetings
January – December 2025



Cooperation with our Overseas offices

At Nomura Asset Management, we work globally to strengthen our ESG initiatives based on our global platform for responsible investment. By utilizing this common platform, we are not only able to promote ESG initiatives at each office, but offices can also share detailed information with one another. Our ESG Statement is shared globally, and allows for a common understanding of the goals behind our ESG-related activities as well as ESG-related issues (refer to P.13-18)

Nomura Asset Management Stewardship Code Signing Status

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

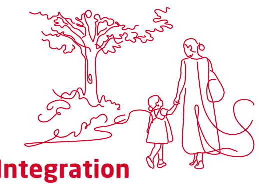
* In March 2022, Nomura Asset Management UK was approved by the Financial Reporting Council (FRC) as a signatory to the UK Stewardship Code 2020.

Engagement

We engage in constructive dialogue with companies about important financial and non-financial risks and opportunities in accordance with our basic policy for engagement (refer to P.67-82). Specifically, our ESG specialists, ESG investment manager, company analysts and country specialists based in Japan and overseas offices collaborate to engage with portfolio companies. We monitor the details of the engagement of managers in each country with target companies using common milestone management tools, which allows information to be easily shared among our offices. With respect to climate change, which is one of our key engagement themes, we urge portfolio companies to receive SBT approval, and by monitoring the status of these efforts on a global level we are able to check how much progress companies are making. Furthermore, ESG officers in overseas offices can now easily hold discussions with our ESG specialists in Tokyo about engagement details (refer to P.77-82).

Proxy Voting

For proxy voting (excluding Japanese equities), we generally decide to vote in favor of or opposition to an issue in accordance with our Global Basic Policy on Proxy Voting. However, if the portfolio managers and analysts possessing a deep understanding of local conditions determine it to be necessary, we may make a decision for or against based on discussions with our overseas office (refer to P.88).



ESG Integration

In terms of integration, the details of engagement with investee companies are shared with the portfolio managers, and if necessary, additional engagement is carried out, and the information gained is used in deciding whether to continue holding these companies (see P.102-103). By using external analytical tools, we assess the climate change and natural capital-related risks and opportunities associated with the investee companies, and we also conduct ESG evaluations of these companies (see P.39-50 P.109-110). Additionally, we share our ESG scores across our offices and incorporate external ESG information to support our investment decision-making.

PM

Portfolio Manager

AN

Research professional

company analyst

credit analyst

Quant analyst

quant analyst

financial engineer

ESG

ESG specialist

ESG investment manager

Nomura Asset Management

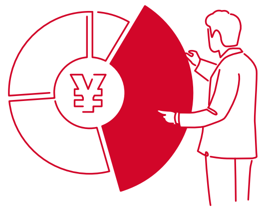
Overview

Nomura Asset Management is one of Japan's largest asset management companies and operates on a global scale. As the core company of the Nomura Group's Investment Management Division, we provide investment trusts and ETFs to a broad range of clients in Japan and overseas, and investment management services for institutional investors.

Established

1959

Market share for domestic publicly offered investment trusts



No. **1**

Launched Japan's first ETF
Domestic ETF market share

No. **1** in the industry

Assets under management

Approximately
¥**108.4** trillion

Employees in more than 10 countries and regions

Approximately
1,560

Defined contribution pension dedicated fund market share

No. **1**

UCITS fund assets*

Approximately
¥ **2.1** trillion

(Source) Compiled by Nomura Asset Management based on data from the Investment Management Association of Japan and other sources. As of the end of December 2025

*UCITS is a general term for funds that meet the standards of the European Commission Directive.

Message from Chairperson

Striving to be an asset management firm that makes the world a better place for the next 100 years

Hiroyasu Koike
Chairperson

I was appointed Chairperson of the Board of Directors in April 2026. Since taking office as President & CEO in April 2021, I have been committed to driving our company's growth and transformation under the goals of becoming an overwhelmingly leading company chosen by clients, evolving into an asset management solutions provider, and being an asset management firm that makes the world a better place. Achieving 100 trillion yen in assets under management in December 2025, a milestone year marking the 100th anniversary of the Nomura Group, was made possible only through the support of our clients and many other stakeholders. I would like to once again express my sincere gratitude for your continued support.

In 2025, the markets were significantly affected by factors such as U.S. import tariffs and changes in the international landscape. Even so, Japan's corporate earnings and equity markets remained resilient throughout the year, supported by firm global economic activity and corporate efforts.

In March 2022, we launched "Project BRIDGE" with the aim of sharing the appeal of Japanese companies with investors around the world. Since then, we have actively shared information globally and visited many overseas investors. At first, many foreign investors viewed Japan with some skepticism, particularly in light of concerns about the country's projected population decline. Over time, however, those perceptions have begun to change, helped in part by progress on corporate governance reform among Japanese companies. One of the key initiatives under Project BRIDGE has been our CEO Engagement program. Through this program, we, as an institutional investor, engage in meaningful dialogue with the CEOs of investee companies, focusing on the challenges they face and the measures needed to enhance corporate value. To date, we have engaged in such dialogue 36 times, and reports on these engagements are available on our website*1. We believe that this kind of dialogue between investors and companies can play an important role in driving the transformation needed to enhance corporate value, and that its impact is increasingly being reflected in the equity markets.

Moreover, to realize our aspiration of being "an asset management firm that makes the world a better place," we believe it is essential to sustain the investment chain—a virtuous cycle in which we provide products and services that support asset formation by helping enhance corporate value through ESG and other initiatives, while also improving investment returns. To achieve this, it is important not only to engage with investee companies, but also to strengthen product governance. We regularly monitor the performance of each of our funds and we are also integrating and liquidating funds in order to further enhance product quality. These initiatives are disclosed on our website as part of our Fund Review*2.

Our challenge continues as we seek to help build a society full of hope through this virtuous cycle of investment. Looking ahead to the next 100 years, we will remain committed to fulfilling our role in responsible investment and contributing to society, guided by the Nomura Group's purpose: "We aspire to create a better world by harnessing the power of financial markets."

*1 CEO Engagement
https://global.nomura-am.co.jp/responsibility-investment/investors/ex-engagement.html#EFA
*2 Fund Review (Japanese)
https://www.nomura-am.co.jp/corporate/service/fund-review/

CEO MESSAGE

Shoichi Ohkoshi
President & CEO

Making Japan a leading asset management center with the aim of realizing a sustainable and prosperous society

I was appointed President and CEO in April 2026. Drawing on my years of experience, I will devote myself to delivering investment performance that meets our clients' expectations and to providing high value-added services.

To help realize the Japanese government's vision of making Japan a leading asset management center, we have worked with others in the asset management industry to improve the public's trust in the asset management business as well as its transparency. In recent years, the environment surrounding our industry has changed significantly. Steady progress is being made on structural changes in Japan's capital markets, including the shift of household financial assets from savings to investment, as reflected in the expansion of NISA, corporate governance reforms among listed companies, and reforms within the asset management industry and among asset owners. As an asset management firm, we will seek to further accelerate these trends and contribute to the continued advancement and sustainable growth of the asset management industry.

At present, momentum around ESG initiatives appears to have slowed somewhat, particularly in the U.S. However, I see sustainability initiatives not as costs, but as key drivers of companies' medium- to long-term growth potential. Companies can achieve sustainable growth when they incorporate responses to environmental and social challenges into their management strategies. I also believe that stronger corporate governance—especially greater board effectiveness—supports disciplined risk-taking and enables appropriate capital allocation and growth investment.

We have long led the industry by staying one step ahead, including by becoming the first asset management firm in Japan to establish a dedicated responsible investment team. We have also earned deep trust in our investment capabilities, as shown by the multiple mandates awarded to us by European institutional investors, who are at the forefront of responsible investment. Going forward, we will continue to take on new challenges and drive further transformation by enhancing our advanced and transparent proxy voting process, drawing on a broader range of internal and external expertise, and advancing engagement that is trusted by our investee companies.

At Nomura Asset Management, we will continue to fulfill our fiduciary duty and work with our clients, investee companies, and other stakeholders to realize a sustainable and prosperous society through the virtuous cycle of investment.

Nomura Asset Management's Vision for the Investment Chain

Investment Chain

Virtuous cycle of investment to realize a sustainable and prosperous society

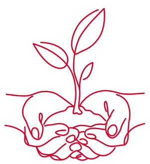
We seek to realize a sustainable, prosperous society in which the rich natural environment is preserved, diverse human capital is utilized, economic development is driven by technological innovation, human rights are respected, and well-being is promoted. It is a society in which ESG issues are addressed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

High Priority E S G issues

P.13-18

E

Climate Change

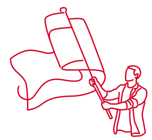
E

Natural Capital

S

Human Rights

S

Diversity Equity Inclusion & Belonging (DEI&B)

S

Value Creation to Realize Well-Being Within Society

G

Corporate Governance

For clients

Nomura Asset Management's vision

Continue to provide the highest value-added and be the asset management firm of choice

Materiality

Provision of excellent products and services that help clients build wealth

Execution of fiduciary duty

Fiduciary duty | A duty to manage our business activities in the best interest of our clients.

- Fiduciary duty is a concept expressing the responsibility of an investment company that gives top priority to customer interests.
- In order to fulfill their fiduciary duty, financial institutions must properly develop, manage, and sell products so that they truly benefit investors.

In order to enhance clients' investment returns

In order to create a society in which clients can enjoy abundance

Together with portfolio companies

Nomura Asset Management's vision

Through dialogue, we strive to both improve the corporate value of portfolio companies and create economic value, as well as solve ESG issues and other issues at portfolio companies to create social value, while Nomura Asset Management itself also works to create similar value

Materiality

Economic growth
Enhance corporate value by practicing desirable management and contribute to sustainable economic growth

Environment
Realize a decarbonized society, protect natural capital and biodiversity, and achieve a circular economy

Social
Respect for human rights, Promotion of human capital management

Governance
Realization of effective corporate governance

Our materiality aimed at achieving a sustainable and prosperous society through our asset management business

Materiality

Key issues

We aim realize a sustainable, prosperous society through our asset management business

Please refer to the following link for Nomura Asset Management's materiality
https://global.nomura-am.co.jp/special/sustainability/

For society

Nomura Asset Management's vision

Widely contribute to advances in society through the asset management business

Materiality

Promote financial and economics education
In order to familiarize people with wealth building, promote financial and economics education and work to widen the breadth of investors

Support for regional revitalization
Work with regional financial institutions to create momentum for regional revitalization originating from regional financial institutions

Partner and collaborate with various stakeholders
As an asset management firm, partner and collaborate with various stakeholders to work to solve social issues






ESG 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.

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 (Sustainable Development Goals) 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.

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.

Signatory of:

PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

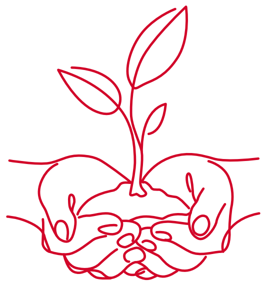
PRI Japan Advisory Committee member	Support for educating the public about and energizing PRI's activities in Japan (became committee member in 2023)
PRI Advance Signatory Advisory Committee member	Collaborative engagement for human rights (started in 2022)
PRI Spring Signatory Advisory Committee member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

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.

E Climate Change

P.15

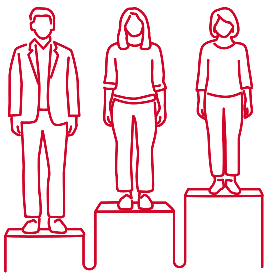


E Natural Capital

P.15

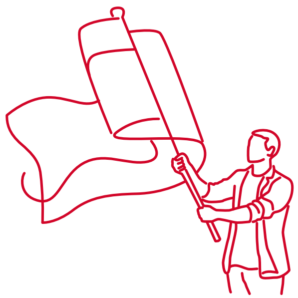
S Human Rights

P.16



S Diversity Equity Inclusion & Belonging (DEI&B)

P.16



S Value Creation to Realize Well-Being Within Society

P.17

G Corporate governance

P.17

E 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: 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.

TCFD (Task Force on Climate - Related Financial Disclosures)

Signature Timing: June 2018 N /Signature Timing: March 2019

A private-sector led task force launched in December 2015 by the Financial Stability Board (FSB) that advocated for the disclosure of climate change-related information and proposed a standardized framework. It garnered support from approximately 5,000 companies and organizations worldwide, but announced its dissolution in October 2023, with its activities being taken over by the International Sustainability Standards Board (ISSB), which operates under the IFRS Foundation. The ISSB standards are expected to serve as disclosure guidelines for non-financial information, including 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.

PCAF (Partnership for Carbon Accounting Financials)

Signature Timing: 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 inception.

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.

N Signed as Nomura Group

E 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, an international organization that builds frameworks for appropriately assessing and disclosing risks and opportunities related to natural capital and biodiversity ("TNFD"), was launched. In September 2023, the TNFD issued its final recommendations regarding the disclosure framework, and companies are increasingly disclosing information in accordance with that framework. 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 solve 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 Coller, the founder of Coller Capital (U.K.). The initiative educates people about livestock and fisheries industry risks, including the impact on the environment, as well as food safety (antibiotics) issues.

TNFD Forum Signature Timing: July 2023 / Signature Timing: October 2023 N

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.

Sustainable Blue Economy Finance Principles (SBEFP)

Signature Timing: July 2019

These finance principles were developed in 2018 by the European Commission and others to support the realization of a sustainable blue economy. Aimed at advancing the achievement of SDG 14, "Life Below Water," these principles promote the mainstreaming of sustainability in ocean-related sectors within the finance industry by setting ocean-specific standards.

N Signed as Nomura Group

S 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.

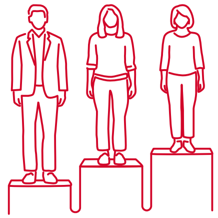
WE SUPPORT UN GLOBAL COMPACT

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.

N Signed as Nomura Group



S 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 PATH TO PARITY

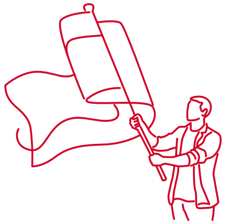
30% Club Japan (Investor Group) Signature Timing: December 2019

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.

WE WOMEN IN ETFs

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.



S 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 (access to medicines, health and nutrition, drug resistance, animal welfare, etc.) 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 (Access to Medicine Foundation)

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.

©Impact Investment Initiative for Global Health

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

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.

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

G 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: November 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.

N Signed as Nomura Group

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 where applicable. 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.

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.

For information regarding our activities related to 'sustainability,' please refer to the 'Sustainability Report'.
https://global.nomura-am.co.jp/special/sustainability/#report

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 abovementioned "our activities".

Nomura Asset Management's initiatives on PRI

Signatory of: PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

As a responsible institutional investor, we emphasize not only contributing to our clients' asset formation through the asset management business but also creating a "virtuous cycle of investment" through stewardship activities, thereby supporting the creation of social value in the companies we invest in.

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. Believing that advancing initiatives in line with the investment principles espoused in the PRI is important in terms of fulfilling our fiduciary duty, Nomura Asset Management signed PRI in March 2011 and is strengthening its activities related to responsible investment. As of March end, 2026, there are over 5,000 signatories globally, of which about 150 are Japanese signatories.

Nomura Asset Management has been proactively contributing to PRI's activities. We play a leading role as a member of the Japan Advisory Committee, which helps raise the profile of PRI in Japan, as well as the advisory committees of PRI's collaborative initiatives related to human rights and social issues (Advance) and natural capital and biodiversity (Spring).

Results of the 2025 PRI Assessment

We participate in PRI's annual evaluation, which helps us to improve our responsible investment activities. Nomura Asset Management was awarded the highest rating of "Five Stars" in eight modules in the 2025 PRI Assessment. This assessment involved Nomura Asset Management's initiatives in 2024 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. Continuing from last year, Nomura Asset Management received the highest rating of "Five Stars" in Policy Governance and Strategy, three modules for Direct Listed Equity, two modules for Direct Fixed Income, and one module each for Indirect Listed Equity and Indirect Fixed Income. Even amid a rise in median scores overall, we outperformed the median value in nine out of 10 categories.

* 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.

PRI Assessment Report 2025
https://www.nomura-am.co.jp/news/Assessment_Report_2025.pdf

PRI Public Transparency Report 2025
https://www.nomura-am.co.jp/news/Public_Transparency_Report_2025.pdf

Appointed Chair of the PRI Japan Advisory Committee and organized a human rights webinar

Since 2023, Senior ESG Specialist Fuyumi Takeuchi has served as a member of the PRI Japan Advisory Committee, and was appointed Chair for fiscal 2025. The committee includes a dozen responsible investment experts from diverse fields including asset management firms, asset owners, private equity, and real estate. As Chair, she oversees quarterly meetings and encourages active discussions.

In collaboration with PRI, the committee plans a variety of events and workshops. In February 2026, Nomura Asset Management took the lead in hosting the second human rights webinar, "Serious Investor Action on Human Rights Vol. 2: Expectations for the New National Action Plan (NAP) on Business and Human Rights and Examples of Corporate Human Rights Initiatives." Senior ESG Specialist Madoka Minagoshi spoke at the event and delivered the message that human rights risks can never be reduced to zero, no matter much action is taken, and therefore prevention, early detection, and early response are essential, and companies should implement a PDCA cycle for that purpose. More than 80% of participants responded that they were "satisfied" and that the session helped them understand the current state of corporate actions to address business and human rights as well as investor expectations. It has also been decided that Fuyumi Takeuchi will continue to serve as a chair in fiscal 2026, and we will keep working to further advance responsible investment in Japan.

2025 PRI Assessment results

			Module score	Module median	Star score	AUM coverage
Policy Governance and Strategy			97	66	★★★★★	
Direct	Listed equity	Active quantitative	100	76	★★★★★	<10%
Direct	Listed equity	Active fundamental	100	78	★★★★★	<10%
Direct	Listed equity	Passive	100	56	★★★★★	≧10 and ≦50%
Direct	Fixed income	SSA	95	70	★★★★★	≧10 and ≦50%
Direct	Fixed income	Corporate	97	75	★★★★★	<10%
Direct	Hedge funds	Long/short credit	0	58	★☆☆☆☆	<10%
Indirect	Listed equity	Active	94	66	★★★★★	<10%
Indirect	Fixed income	Active	100	66	★★★★★	<10%
Confidence building measures			86	80	★★★★☆	

Participated in the PRI in Person 2025 held in São Paulo, Brazil

Nomura Asset Management participated in the 17th PRI in Person 2025 held in São Paulo, Brazil, in November 2025. PRI in Person is the world's largest ESG conference, held annually. Over 1,200 participants attended the São Paulo event in person, including over 40 attendees from Japan.

The thematic focus was "Global challenges, resilient strategies, investable opportunities." Sessions covered global trends in responsible investment, and we discussed the latest topics and issues with many overseas investors.

At the session, Brazil's Minister of the Environment and the President of Latvia delivered remarks. In addition to existing themes such as the integration of climate, nature, and biodiversity, and system-level risks and opportunities such as climate change, inequality, and nature loss, lively discussions were also held on emerging topics including responding to anti-ESG sentiment, geopolitical risks, and the use of AI.

During the event, the official launch of Brazil's sustainable taxonomy drew particular attention. The conference also focused on Brazil- and region-specific issues such as preventing deforestation and restoring forests, and promoting investment in emerging markets. As PRI will mark its 20th anniversary in 2026, this edition of PRI in Person, held at such a milestone moment, offered all participants an opportunity to reflect deeply on the changing role of PRI and the future of responsible investment.

Spoke at side events on physical climate risks and collaborative initiatives

At PRI in Person 2025, Jason Mortimer, Head of Sustainable Investment for Fixed Income (pictured on right), and Senior ESG Specialist Fuyumi Takeuchi (pictured on left) each spoke at side events.

Jason Mortimer participated in a roundtable hosted by the MSCI Institute on the theme of "Corporate Resilience to Physical Climate Risks." He discussed how companies are responding to the realities of rising physical climate risks, as well as the opportunities for investors and the implications for policymakers. He advised investors to collect data, integrate it into the investment process, and make sure resilience is factored into prices.

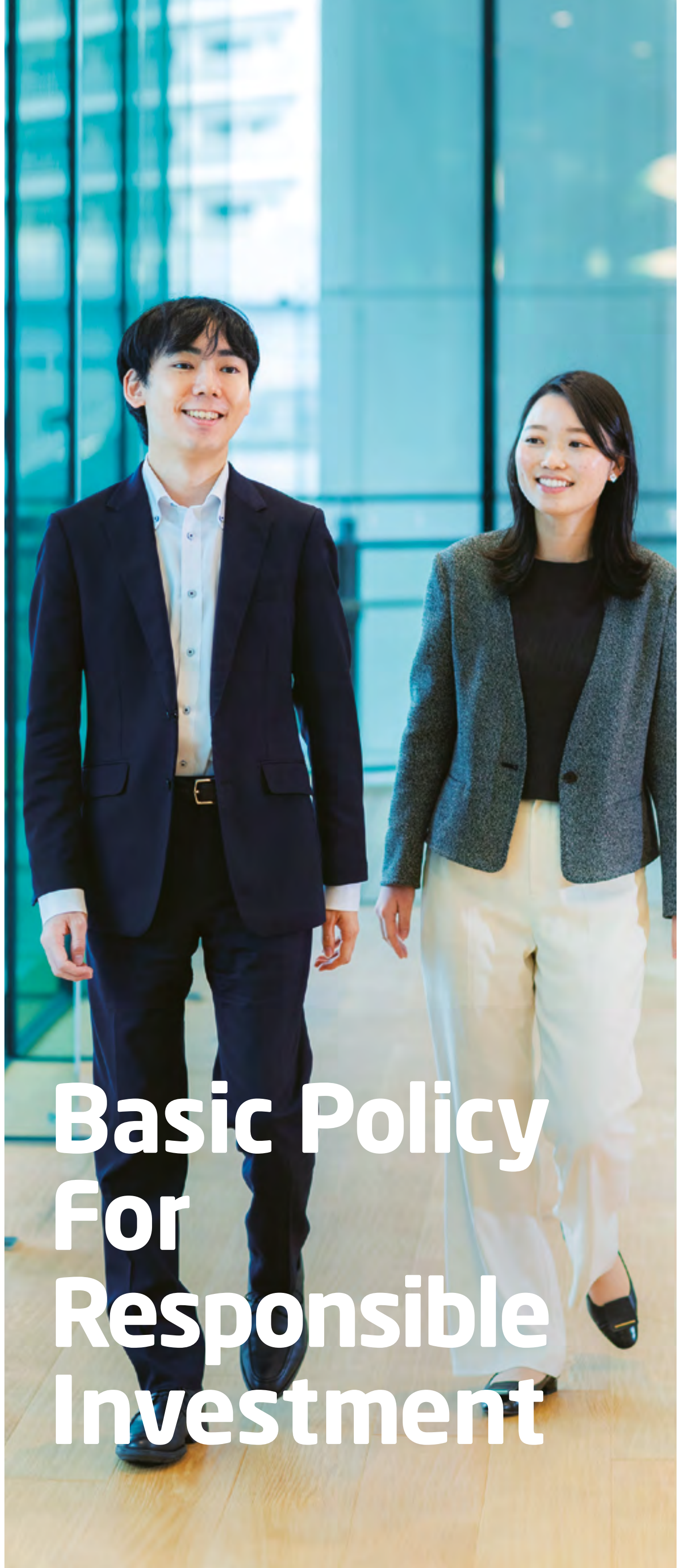
Fuyumi Takeuchi spoke at a side event on collaborative stewardship activities hosted by PRI. In addition to PRI's initiatives on natural capital and human rights, Nomura Asset Management also participates in international initiatives such as Access to Medicine, which works to improve access to medicines in low- and middle income countries, and we engage collaboratively with multiple investors. We serve as lead investor in many collaborative engagements, and the discussion focused on the significance of taking on that major role, our motivations, the outcomes achieved, and the challenges we face.

In recent years, the importance of international collaborative engagement has increased, and the trend toward initiatives including Japanese companies in their scope has also become stronger. She explained that the presence of Japanese asset management firms acting as a bridge between global investors and Japanese companies is growing. She also talked about how Nomura Asset Management believes that having a strong presence in international initiatives also contributes to bolstering the firm's investment capabilities and this is why we are stepping up our efforts.

Visited the Brazilian tropical savanna, the Cerrado, on a field trip hosted by PRI Spring

We participated in an investor field trip hosted by PRI Spring, in which we serve as an Advisory Committee member and a lead investor in engagements with two Japanese automobile manufacturers (pictured below). Together with investors from around the world, we observed initiatives aimed at forest conservation and improving the rights of Indigenous peoples in the Cerrado, a tropical savanna region spanning central-western Brazil. Once described as barren land, the Cerrado has been transformed through land improvement into one of the world's major soybean and beef-producing regions. While this has created economic value, more than 50% of the original vegetation has already been lost, and deforestation has become a major threat. How to balance rising demand for grains with preventing deforestation is one of the major themes in responsible investment.

On the first day, we observed and took part in the collection and planting of native seeds, one of the projects to restore the Cerrado's native vegetation. On the second day, we held discussions with community leaders in the Kalunga territory, which was established by formerly enslaved people of African descent, and visited the area which is rich in nature with the guidance of an Indigenous guide. Biodiversity and human rights are closely intertwined, and as investors, we felt even more strongly the need to encourage corporate activities that take the lives of local communities and the environment into account. We will apply the lessons learned from this trip into our day-to-day engagement activities.



BASIC POLICY FOR RESPONSIBLE INVESTMENT

On November 1, 2025, the Responsible Investment Committee revised the Basic Policy for Responsible Investment.

Specifically, we explicitly stated that key priorities should call for the verification of the business portfolio and the promotion of technological innovation. In addition, we added topics that should be emphasized more in relation to climate change and natural capital. Furthermore, regarding human capital, we explicitly stated that a talent strategy aligned with management strategy should be formulated.

In light of the revision to the Conflict of Interest Management Policy, some wording was changed effective April 9, 2026.

The basic policy for responsible investment defines our concept and specific approaches to responsible investment, and includes details regarding the "appropriate management practices" expected of investee companies and the engagement and voting rights to achieve this.

BASIC POLICY FOR RESPONSIBLE INVESTMENT
Concrete Actions

1. Understanding Investee Companies
2. Approach to Investee Companies
3. Reflection in Investment Decisions
4. Control Conflicts of Interests
5. Collaboration and Outside Activities
6. Information Disclosure and Accountability
7. Organization and Actions

2 Approach to Investee Companies

- In order for investee companies to enhance corporate value and achieve sustainable growth, stipulate the "Ideal Form of Business Management of Investee Companies" * and encourage investee companies to realize it.
- Stipulate "Basic Principles of Engagement" and "Global Proxy Voting Policy" and give encouragement to investee companies from a fair and consistent posture.
- Reflect the status of engagement in proxy voting.

*Ideal Form of Business Management of Investee Companies P.22-24

Basic Principles of Engagement/ Global Proxy Voting Policy
https://global.nomura-am.co.jp/responsibility-investment/pdf/basic_policy.pdf

Ideal Form of Business Management of Investee Companies

01

Proper Efforts on Environmental and Social Issues

We believe that making proper efforts on global environmental and social issues from the perspectives of risk management and the pursuit of business opportunities will lead to increase in corporate value and sustainable growth. We also see such efforts as a prerequisite for a company to be accepted as a member of the society. Examples of issues that we consider particularly important and efforts that portfolio companies need to make are shown on the right.

1	**Basic Policy**	Establishment of a basic policy regarding the company's efforts on ESG issues and establishment of a system to promote and oversee those efforts.
2	**Key issues (materiality)**	Identification of key issues by the senior management team, verification of the business portfolio and promotion of technological innovation to respond to key issues, responses to and disclosure of risks that are identified as key issues (e.g., production liability, as well as those listed in 3 through 8), and disclosure of business opportunities that are identified as key issues.
3	**Climate change**	Consideration and implementation of appropriate measures to address climate change, information disclosure on governance, strategy, risk management, metrics and targets related to the issue of climate change, setting of a net-zero target for greenhouse gas emissions (GHG) over the medium to long term, as well as approval of or commitment to science based targets (SBTs), measurement of avoided emissions and uptake of emissions as climate change opportunities, and the introduction of internal carbon pricing.
4	**Natural capital**	Setting of policies and targets to respond to risks and opportunities associated with biodiversity and circular economy toward the realization of nature positive business practices and information disclosure in line with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).
5	**Human rights**	Development of a policy on human rights at investee companies that is consistent with international norms, human rights due diligence and audits including supply chain, corrective action and relief mechanism and disclosure of due diligence results.
6	**Human capital with diverse values**	Formulation of a human capital strategy linked to management strategies, setting a medium- to long-term target for the percentage of women among board members, senior executives, or managers, developing a personnel system to enhance diversity, equity, inclusion, and the sense of belonging (including measures to prevent employees from leaving employment due to a life event, provision of fair opportunities, implementing an employee engagement survey and the disclosure of survey results and improvement measures, etc.), and the creation of a corporate culture that embraces diversity and inclusion.
7	**Well-being society**	Formulation and disclosure of strategies (including innovation driven by digital technologies) that incorporate contribution to the resolution of social issues, such as access to medicine, health and nutrition, antimicrobial resistance, animal welfare, and regional revitalization, as business opportunities, and measurement and disclosure of impact toward the resolution of social issues.
8	**Risk management in digital society**	Establishment of a cybersecurity management system (e.g. appointment of an officer in charge of cybersecurity, development and assignment of dedicated employees, and development of processes to respond to any incidents), as well as ethical and safe design, development, implementation, and use of artificial intelligence (AI) throughout its life cycle.
9	**Cooperation with stakeholders, such as participation in initiatives that are related to the issues listed above.**	

Ideal Form of Business Management of Investee Companies

02

Value Creation through Capital Efficiency

We believe that in order for investee companies to enhance corporate value and achieve sustainable growth, it is necessary for investees to create value that exceeds the cost of capital over the medium to long term by utilizing capital efficiently under proper risk management and constructing a business portfolio that has a high growth potential and is efficient. To this end, we consider that the following efforts are particularly important:

1. To formulate a growth strategy and an investment plan to create value that exceeds the cost of capital and to conduct proper progress management; To determine the cost of capital in due consideration of opinions of investors obtained through dialogue with them as well as stock price levels and changes thereof;
2. To verify the business portfolio against the growth strategy and replace businesses in the portfolio as necessary;
3. To sell assets that do not contribute to the creation of value that exceeds the cost of capital and, in particular, to reduce cross-shareholdings;
4. To implement group governance to enable the optimal allocation of management resources, etc.;
   If there is a listed company within the group, to regularly verify the reasonableness of maintaining a listed company within the group; to properly manage the conflict of interest with general shareholders; and to support the listed company's efforts to strengthen corporate governance;
5. To properly manage the risks associated with businesses, etc.;
6. To implement a capital structure and shareholder returns that reflect **1** through **5** above;
7. To properly disclose information about **1** through **6** above.

Ideal Form of Business Management of Investee Companies

03

Adequate Performance of Corporate Governance Function

We believe that it is necessary for a company to have sufficiently functioning corporate governance as a prerequisite for value creation through the efficient utilization of capital and proper efforts on environmental and social issues. We believe that the following components should be covered to realise appropriate corporate governance systems.

1 The board consists of an adequate number of qualified and diverse members who have the ability and experience, including business management, finance and ESG, to supervise the execution of management and any conflict of interest with the management, controlling shareholder, or any other parties on behalf of shareholders and functions effectively.

2 The audit committee, audit and supervisory committee or the board of auditors consists of qualified members who are capable of auditing directors' operations on behalf of shareholders and functions effectively.

3 Committees relating to nomination and compensation have been established, each of which consists of qualified and independent members and adequately fulfills the necessary roles and responsibilities in **4** and **5** below.

4 Standards and processes to determine whether the replacement of senior executives is required have been established, and a succession plan in case of such replacement has been formulated.

5 Compensation of senior executives is appropriate as their incentive and commitment for value creation through the efficient utilization of capital and proper efforts on environmental and social issues.

6 The board makes appropriate judgment in the best interest of minority shareholders on any transaction involving a conflict of interest or fight for control of the company.
In our view, as anti-takeover measures limit the rights of shareholders to buy and sell shares freely, they are unnecessary unless there is a risk that such a transaction or fight will significantly impair corporate value and the common interest of shareholders.

7 The board of directors monitors environmental and social issues and business and other risks and oversees initiatives by senior executives, and corporate governance systems are in place to ensure sufficient internal control in terms of compliance and internal auditing.

8 Comply with laws and regulations, and properly respond to the Corporate Governance Code

Ideal Form of Business Management of Investee Companies

04

Adequate information disclosure and a dialogue with investors

We believe that it is important for companies to fulfill their accountability for the matters stated in **01** through **03**. To this end, we consider that the following efforts are particularly important.

1 To disclose information in a timely and appropriate manner in accordance with appropriate standards based on the trends of regulatory authorities in each country and international initiatives. In particular, a company is expected to obtain third-party audits and assurances as much as possible, especially for quantitative information.

2 To actively hold dialogue with each investor in order to appropriately reflect investors' opinions in corporate management.

3 If a company is found to have engaged in any activity that is materially harmful to corporate value, it is important for the company to provide sufficient disclosure and explanations on investigations of cause, clarification of where responsibility lies, and the formulation and dissemination of effective recurrence countermeasures.

Well-being

The Importance of Well-being

The importance of managing with a focus on well-being has been increasing in recent years. Well-being is a coined term derived from "Well" and "Being," referring to a state in which all people seek happiness and can lead healthy lives.

It began to gain traction following its use in the preamble of the WHO Constitution in 1946, and the direction toward achieving well-being was also included in the declaration of the Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly in 2015.

As the year 2030, which marks the goal of the SDGs, approaches, discussions about the next target, post-SDGs, are gaining momentum. In the context of an uncertain social environment, the concepts of happiness and satisfaction, which cannot be fully captured by GDP, are being reevaluated. At the United Nations Summit of the Future held in September 2024, the "Pact for the Future" was adopted as an agreement for the future. Within this pact, specific next steps have been agreed upon to capture the well-being and sustainability of humanity and the planet beyond GDP. Official discussions on the post-SDGs are scheduled to begin at the UN Summit in 2027.

Global Trends

International organizations and countries around the world are making progress in addressing well-being. In France and Italy, it has been legally mandated to incorporate well-being into both budgetary processes and the cycle of economic and fiscal policy planning. New Zealand introduced the "Wellbeing Budget" in 2019, aimed at improving the well-being of its citizens, which has led to an increase in budget for mental health and the construction of schools and hospitals. In Australia and the European Union (EU), efforts are advancing to collect well-being data, perform policy analysis, and improve data systems.

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD), launched in September 2024, has begun developing a framework for identifying and assessing companies' financial risks and impacts related to social issues. In October 2025, TISFD released a discussion paper titled "Conceptual Foundations." It defines the social issues in its scope as issues related to people and inequality, and emphasizes respect for human rights and the improvement of well-being as the foundation of human- and social-related capital. By understanding and measuring well-being, governments and companies can gain a comprehensive view of people's condition and determine whether efforts aimed at improvement have been effective. Respect for human rights and the enhancement of well-being lead to the management of risks and opportunities not only for individual companies, but for the economy and society as a whole.

Trends in Japan

Since the 1980s, research on well-being has been conducted in Japan, and in recent years, collaboration among relevant government ministries has been advanced. Since 2019, the Cabinet Office has been conducting an annual "Survey on Satisfaction and Quality of Life." This survey aims to understand the structure of Japan's economy and society from the perspective of people's satisfaction (well-being) in

a multifaceted manner and to utilize the findings in policymaking. In addition, a coordinating council of relevant ministries and agencies was established following the decision to set key performance indicators (KPIs) related to well-being in various basic plans established by the government. Progress is also being made with respect to investment of resources in work-style reforms, mental health measures, and support for raising children.

An increasing number of Japanese companies are setting goals aimed at achieving well-being and moving forward with related initiatives. However, Japan's "happiness level," which is closely related to well-being, remains low when compared to other countries. According to the 2026 edition of the "World Happiness Report" published annually by the United Nations, Japan fell in the rankings to 61st place, down from the previous year. With Japan perceived as lagging behind globally, the importance of Japanese companies steering their management toward well-being-conscious practices is becoming ever greater.

Nomura Asset Management's Views on Well-Being

We view the realization of a "well-being society" as one of the business opportunities related to ESG, and we highlight its importance in our ESG Statement. P.17

In our concept of "Proper Efforts on Environmental and Social Issues P.22" under our view of "Appropriate management practices of investee companies", we also emphasize the formulation and disclosure of strategies (including innovation driven by digital technologies) that incorporate contribution to the resolution of social issues, such as access to medicine, health and nutrition, antimicrobial resistance, animal welfare, and regional revitalization, as business opportunities. Furthermore, we underscore the need for measuring and disclosing the impact toward the resolution of social issues. We believe that developing and providing products and services that contribute to solving these societal issues represent crucial business opportunities for the company and lead to sustainable enhancement of corporate value.

Many Japanese companies have been increasingly focusing on enhancing well-being within the company, such as improving employee engagement and emphasizing health and productivity management that considers employees' health. Companies with high levels of employee well-being tend to see higher productivity and motivation among employees, as well as lower turnover rates, resulting in a positive impact on corporate value. Research findings also suggest that companies with high levels of employee well-being tend to perform better in the stock market.

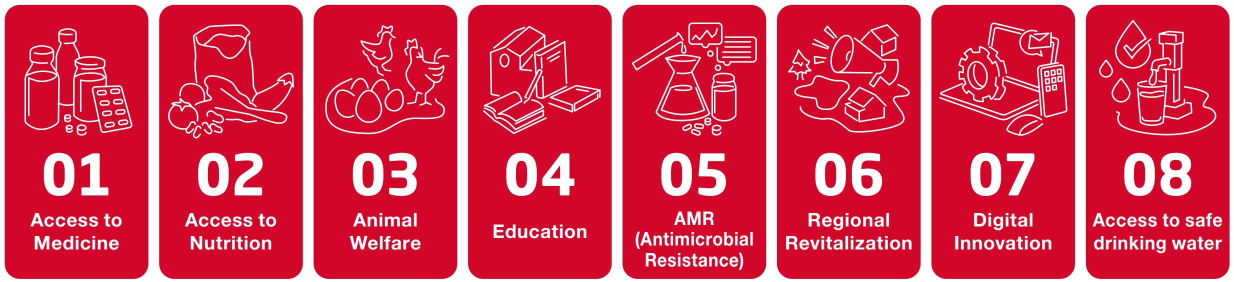
We focus on companies that not only work on the well-being of their own employees, but also strive to support the well-being of consumers and local communities. Efforts from such companies to realize a well-being society directly correlate with business growth and improved corporate value. From a global perspective, initiatives aimed at well-being for society are gaining more attention.

One of "Priority Engagement Topics" for 2025 (P.76) is "Well-Being Society," and we engage with companies while keeping in mind business opportunities that contribute to such a society.

In addition to engaging with individual companies, we actively participate in collaborative initiatives. In recent years, we have taken a leading role in collaborative engagement related to well-being, further raising our profile. Specifically, we collaborate with initiatives such as Access to Medicine, which aims to improve access to medicine in low- and middle-income countries; Access to Nutrition, which seeks to solve nutrition-related challenges; and FAIRR, which incorporates animal welfare and AMR (antimicrobial resistance) into its assessment criteria.

By serving as a bridge between overseas investors and Japanese companies, we contribute not only to solving issues faced by investee companies and enhancing their corporate value, but also to improving their standing from a global perspective.

Nomura Asset Management's Engagement Topics Related to Well-Being



Domestic Engagement Activities Related to Well-Being

Target company

Pharmaceutical company A

Period
3 years
Most recent interview February 2025

Priority topics
Improvement of Access to Medicine

Milestone progress

1 … 2 … 3 … 4 … 5 (Completion)

Engagement goals
Setting and disclosing future targets and goals for ATM

Overview of engagement

Nomura Asset Management's concerns

No future commitments on ATM are in place, and related initiatives are not incorporated into CEO incentives.

Engagement progress

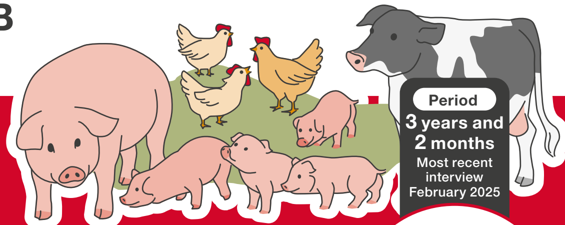
While the company has disclosed information on the creation of sustainable impact for patients, society, and its business, we have continued our dialogue for nearly three years due to concerns that the KPIs for measuring overall progress in access to medicines were insufficient. Through multiple meetings, we encouraged the company to establish ATM-related KPIs and targets. We confirmed that it has set KPIs such as improving access to new products and strengthening access programs in low- and middle-income countries, and that these are also disclosed in its integrated report. In addition, its explanation of the link to corporate value has been enhanced.

Current status

In our dialogue in February 2025, we confirmed a certain degree of progress and determined that the milestone targets had been achieved, so we decided to conclude this engagement. We will continue to seek further improvements in access to medicines through our regular engagement activities.

Target company

Food company B



Period
3 years and 2 months
Most recent interview February 2025

Priority topics
Animal Welfare

Milestone progress
Company shares a recognition of the issues

1 … 2 … 3 … 4 … 5

Engagement goals
Promoting animal welfare

Overview of engagement

Nomura Asset Management's concerns

As a major food company, promoting business activities that take animal welfare into consideration is essential for sustainable growth.

Engagement progress

Japanese food companies, including this company, have continued to receive low scores in global indices such as FAIRR, and it is necessary to encourage progress with respect to animal welfare. In discussions with the company, we have specifically called for the elimination of gestation crates for pigs, as well as for the establishment of targets and clarification of policies aimed at improving its ranking in global indices. In the most recent dialogue, we confirmed that the company intends to prioritize actions and implement them step by step while consulting with relevant organizations.

Current status

We have confirmed that the company is phasing out gestation crates and primarily implementing measures that comply with domestic standards. Going forward, we will continue our engagement to encourage even more progressive actions from a global perspective.

Global Initiatives Related to Well-Being

Access to Medicine (ATM)

We became a signatory to Access to Medicine (ATM) in 2019, an initiative aimed at improving access to medicines in low- and middle-income countries. The ATM Foundation ranks the world's 20 leading pharmaceutical companies and identifies each company's strengths and challenges regarding access to medicines.

We are actively involved in ATM activities through both our Tokyo and UK offices, and since 2023, our Tokyo office has served as the lead investor for Daiichi Sankyo Co., Ltd. In 2025, we held multiple meetings with the company and the ATM Foundation. The company's efforts to expand access to innovative products have been recognized by the Foundation, and its ability to explain its initiatives has also improved. We are engaging in focused dialogue to support improvements to the comprehensive access strategy sought by the Foundation.

In addition, we have participated in investor meetings to share progress and have used insights from other companies as input for our engagement activities. In May 2025, we also participated in the Foundation's consultation on revising the index methodology. By discussing issues such as the gap between the global standards sought by the Foundation and business practices in Japanese companies, we have also contributed to deepening the Foundation's understanding.

Please refer to P.81 for details on our UK office's ATM-related activities.

Access to Nutrition (ATN)

Since 2021, NAM has participated in Access to Nutrition (ATN) initiatives, aiming to address global nutritional challenges, and has been leading engagements with major Japanese food companies. ATN produces a Global Index that ranks the world's 30 leading food and beverage companies based on criteria such as product profile and responsible marketing. By clarifying each company's strengths and challenges in addressing nutrition-related issues, it seeks to promote access to affordable, nutritious food.

At the end of 2024, we became the lead investor for Nissin Foods Holdings Co., Ltd. The company uses its proprietary nutrition profiling system ("NISSIN-NPS") to score the nutritional value of its products and support nutrition improvement. While we recognize and value this initiative, we are also calling for greater transparency in the company's governance framework for addressing nutrition-related issues.

In the past, we have also participated in ATN engagement with Meiji Holdings Co., Ltd., and from 2026 onward, we will serve as its lead investor. The company has introduced its proprietary nutrition profiling system ("Meiji NPS") and is focusing on improving nutrition. Going forward, we will encourage more transparent disclosure.

AMR (antimicrobial resistance) and Animal Welfare

The global risk of antimicrobial resistance (AMR), in which antibiotics become ineffective, is increasing. This is driven by the overuse and misuse of antimicrobials in healthcare, livestock farming, and agriculture, as well as the environmental spread of residual antimicrobials. In 2024, we signed a statement calling attention to concerns about AMR, issued by IAAMR (Investor Action on Antimicrobial Resistance), which is supported by ATM and FAIRR, among others. IAAMR points out that if the AMR problem is not addressed, rising global economic costs could potentially drag down global GDP.

In recent years, animal welfare—humane livestock management that takes the burden on animals into account—has also increasingly come to be regarded as an important ESG evaluation criterion for companies. We are a member of FAIRR, an initiative related to natural capital and livestock, and FAIRR also evaluates companies' efforts on AMR and animal welfare. AMR and animal welfare are closely linked, as both are related to enhancing value in food production. Please refer to P.48 for our initiatives related to FAIRR's collaborative engagement. We will continue to closely monitor global trends and actively pursue engagement in this area.

charity: water (Promoting access to safe drinking water)

charity: water is a nonprofit organization founded in 2006 with the aim of providing clean drinking water and sanitation facilities to people in Africa, Asia, and Latin America. According to the organization, one in ten people worldwide lacks access to clean, safe drinking water. We began making donations to the organization in December 2022.

charity: water partners with local organizations in each country to carry out projects that provide clean, safe water to communities that lack access. From 2022 to 2023, our donations were used for construction projects in Niger, including sustainable drinking-water systems, toilets, and clothes changing facilities in schools, in Ethiopia for the installation of piped water systems, and for the construction of water supply, toilets, and handwashing facilities at schools in Bangladesh and Mali. In total, nearly 4,000 people have benefited.

The projects we funded in Kenya, Cambodia, and Uganda in 2024 are expected to be completed by autumn 2026, and an additional 950 people are expected to gain access to water. We will continue to work toward resolving the challenge of ensuring access to safe drinking water.

Utilizing Human Capital

The Importance of Human Capital Management and Our Initiatives

In recent years, the importance of non-financial capital to corporate value has increased dramatically, and the sources of corporate competitiveness have shifted from traditional tangible assets such as machinery and equipment to intangible assets. With the advancement of the fourth industrial revolution driven by AI and robotics—and the resulting shortening of product cycles and wider variety of services—the innovations and transformative business models that are not mere extensions of the past have become even more important than before.

The labor market is also changing significantly. Amid a deepening labor shortage, the rate of wage increases in the 2026 spring labor negotiations are expected to exceed 5% for the third consecutive year. On the other hand, due to the diversification of individual lifestyles and values, as well as work style reforms, the transition from a once uniform and homogeneous way of working to a diverse and flexible approach has become a crucial theme related to talent acquisition and productivity. For companies to grow sustainably in this environment, they must not only secure, develop and retain management personnel who can drive global growth and talent capable of leading innovation, but also review human capital strategies aligned with corporate strategy—by reallocating and retraining employees to match changing business models and by establishing flexible HR systems, for example. As the sources of corporate value shift toward intangible assets created by people, human capital management—viewing people not as human resources (objects of cost management) but as human capital (targets of investment) and investing in them—can, in the long term, ensure business sustainability and, in the short term, support the realization of business strategies and the enhancement of corporate value (see Figure 1).

Figure 1 Difference Between Human Resources and Human Capital

Human Resources

Resources are the target of consumption

Suppress costs spent on human resources as much as possible

Human Capital

Capital is the target of investment

Necessary for the organization's growth strategy

Source: Prepared by Nomura Asset Management from various materials

In response to rising interest in human capital information, the International Sustainability Standards Board (ISSB), which operates under the IFRS Foundation that sets international accounting standards, selected "human capital" in April 2024 as one of the next themes for sustainability disclosure standards following climate-related disclosure. In December 2025, the ISSB published research toward establishing a disclosure system for human capital, and standard-setting is expected to progress.

Additionally, in August 2025, the International Organization for Standardization (ISO) revised the ISO30414 guideline for human capital disclosures,

About Nomura Asset Management
Engagement
Proxy Voting
ESG Integration
Others

the first such revision in seven years. The revision expanded relevant metrics and made 14 indicators mandatory for external disclosure, thereby requiring human capital disclosures that emphasize comparability and effectiveness.

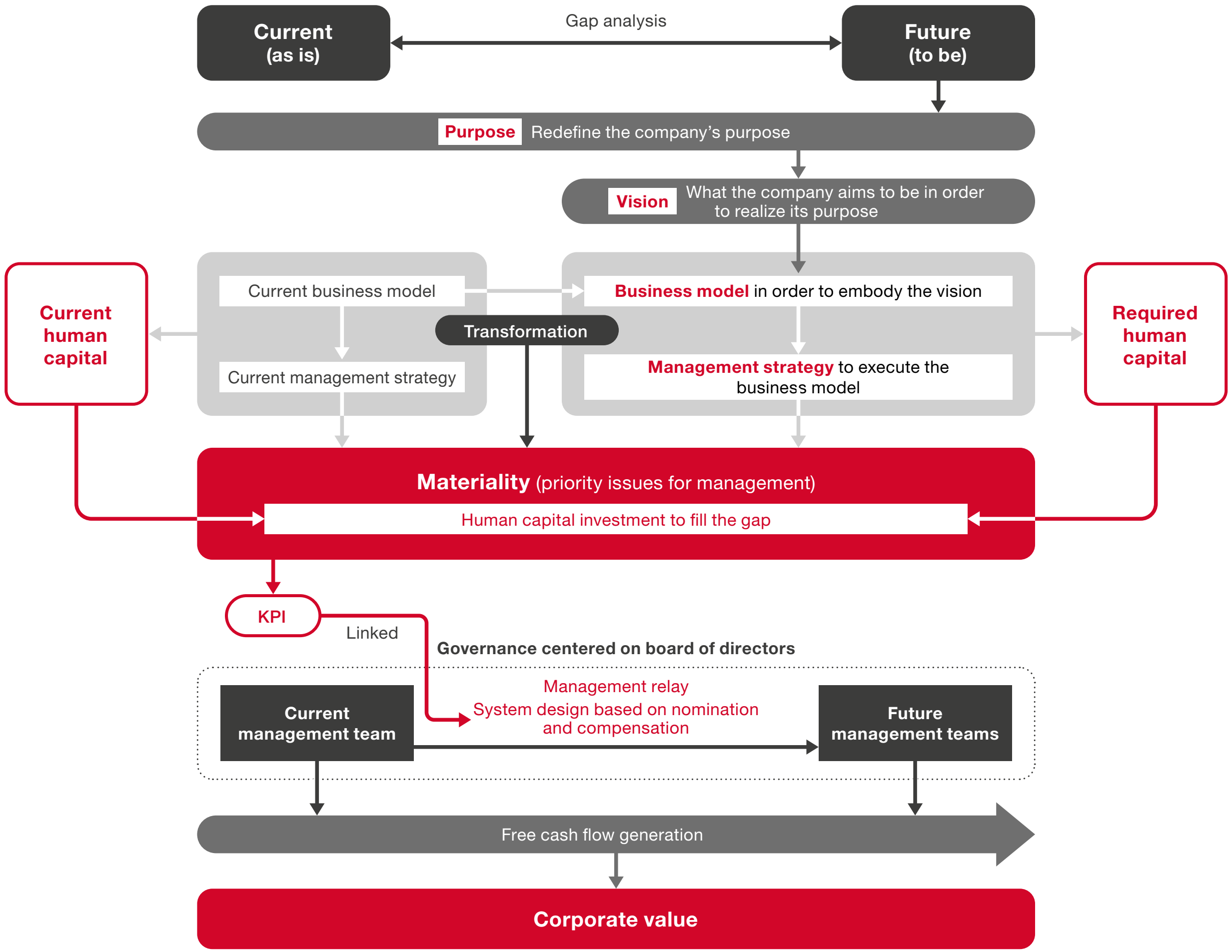
In Japan, since the disclosure of human capital information was made mandatory starting in FY2022 annual securities reports, the number of companies disclosing not only actual data but also targets has increased. Furthermore, draft amendments to Cabinet Office Ordinances on corporate disclosures published by the Financial Services Agency in November 2025 include further expansion of human capital disclosure, such as concrete policies linked to human capital strategies and policies on determining employee salaries. As disclosure standards are enhanced and progress is made on human capital information disclosure—improving the credibility, usefulness, and comparability of information—we expect such information to be more readily incorporated into investment decisions.

At Nomura Asset Management, we list “human capital with diverse values” as one of the most important issues in the “appropriate management practices” in our Basic Policy for Responsible Investment, and therefore we have positioned this as a priority area for our engagement with investee companies. When a company has a strategy of developing and maximizing the value of its human capital, improves the skills of its employees and places them in the right positions, it leads to improved productivity. In addition, developing human resources systems that enhance diversity, fairness, inclusion and a sense of belonging, and creating a corporate culture that promotes diversity and inclusion both enhance employee engagement, promote innovation, and bolster resilience through risk management based on diverse viewpoints. From this perspective, companies that proactively practice human-capital management can increase corporate value, and our firm engages with investee companies accordingly.

Nomura Asset Management’s View on Human-Capital Management

In order to ensure that Japanese companies’ human capital management leads to improved corporate value, it is first necessary to sort out the mechanisms and ideas that are the prerequisites for utilizing human capital. Our view is as follows. In finance theory, “corporate value” is defined as the present value of future cash flows. Those future cash flows are produced through a “relay” of management that includes not only the current management team but also future management. What makes this management relay possible is a future-oriented system design centered on nomination and compensation, which are essential elements of board of directors-centered governance. By properly linking KPI based on materiality to the system design, the two wheels of the management vehicle, execution and supervision, can function. The materiality of each company is determined by that company’s management strategy and its underlying business model. However, the environment surrounding companies is currently undergoing major changes and uncertainty is increasing. With this, the management strategies and business models that will generate future cash flows are also being forced to change in light of the future business environment and other factors. For this reason, companies need update their current management strategies and business models to those that will generate future cash flows. This requires “transformation”. A company is only able to execute its management strategy and business model if it has human resources capable of putting them into action. No matter how grand a business strategy is, it is merely a fantasy if it cannot be put into practice. A company needs to verify that it has sufficient human capital to execute the management strategy and business model to generate future cash flow. If it does not, it must add human capital. Human capital management holds the key to this transformation. Just as the current business model and management strategy differ from future business models and management strategies, the human capital supporting each will also be different. Only by recognizing this gap can the necessary human capital investment and management be realized. In other words, human capital management by a company is not possible without building the framework shown in Figure 2. Ultimately, through an analysis of the gap between the present and the future based on an “As-Is/To-Be” analysis, a company must redefine its purpose, which is its reason for existing as a company, and its vision, which is what it aspires to be in order to realize its purpose. A company’s ESG initiatives and human capital management cannot be effective without this series of frameworks for creating corporate value. We always approach our engagement with companies from this perspective, and strive to understand the actual situation in the company by confirming the links between each item in this framework.

Figure 2 **Positioning of the Frameworks and Human Capital Investment Leading to Higher Corporate Value**



Source: Prepared by Nomura Asset Management

Dialogue on Human Capital

Through dialogue, we aim to improve the value of portfolio companies and raise the level of the Japanese market as a whole, and based on this we are focusing on engagement activities related to human capital with portfolio companies. For non-financial disclosure, the ISSB's standards on sustainability-related financial disclosure (S1) and climate-related disclosure (S2), and Japan's Sustainability Disclosure Standards by the Sustainability Standards Board of Japan (SSBJ), require disclosure within the "governance," "strategy," "risk management," and "metrics and targets" framework; human-capital information is also expected to follow this framework as the standard. Companies therefore need to build internal systems with this in mind.

Based on these four elements, the responses and information disclosures we expect from investee companies are shown in Figure 3. For example, under "governance," we expect strengthened board-level commitment to human capital by explaining how the board oversees human-capital strategy, clarifying management roles on human capital, and linking executive compensation to human-capital outcomes. Because it is difficult for companies to meet all expectations at once, we promote phased improvements through a "feedback loop." The process involves: initiating dialogue on human capital ▶ investee company organizing and disclosing its human-capital strategy ▶ our firm providing feedback through dialogue ▶ the company revising strategy and executing human-capital investments ▶ our firm reflecting these efforts in corporate valuation and providing further feedback. By repeating this cycle, we aim to advance investee companies' human-capital management and enhance corporate value (see Figure 4).

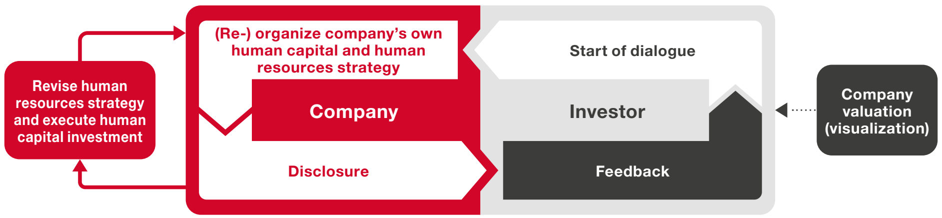
Utilizing Human Capital

Figure 3 Human Capital Engagement Framework

	Investors' expectations	Response and information disclosure demanded of company
Governance and management	● Strengthening of commitment by board of directors (Consideration, evaluation and monitoring of human capital)	● Disclosure of board oversight of and involvement in human capital ● Clarification of the role of senior managers with respect to human capital and linkage with executive compensation ● Description of the impact that the board's consideration of human capital has on strategic decision-making
Business model and strategy	● Clarify the relationship between human capital and the business model ● Human resources as strategic capital and implementation of necessary human capital investment ● Maximize value of human capital	● Identification and clarification of the scope of a company's human capital ● Description about methodology and implementation of strategic human capital investments ● Description of the value creation process with human capital ● Description of human capital in business model and corporate strategy ● Description of the impacts of risks and opportunities related to human capital on corporate management
Risk management	● Clarification of risks and opportunities arising from human capital and the company's response to these	● Description of processes for identifying, assessing and managing human capital-related risks and opportunities ● Explanation of risks and opportunities related to human capital that have the greatest impact
Metrics and targets	● Management of human capital information that impacts corporate value and management of targets	Management and disclosure of the following types of metrics and targets ● Metrics and targets for establishing a desirable corporate culture ● Employee engagement metrics and targets ● Metrics and targets related to incentive design, training/skill development, and promotions ● Other metrics and targets necessary to improve corporate value, such as diversity

Source: Prepared by Nomura Asset Management

Figure 4 Human Capital Dialogue Feedback Loop



Source: Prepared by Nomura Asset Management

Period of Engagement

Example of Engagement Japanese Equity

Engagement Goal

Demonstrating the ideal vision for the company and its talent strategy in consideration of regional challenges and development

37 Months
3 meetings

Nomura Asset Management | **Regional financial institution in Japan**

Background

Because the company is a regional financial institution, regional development is essential to its own growth. We felt that the company had not sufficiently articulated its vision for the region's future, the challenges facing the region, and the human resources strategy needed to address those challenges, and therefore engaged in dialogue with the company.

- Your company is a regional financial institution, and regional development is important for your own growth. Please outline your vision for the region's future, identify the challenges, and present a human resources strategy to expand the personnel needed to address those challenges.

- We understand the broad direction and the issues involved.

Initially, the company did not disclose detailed information. However, through continued dialogue, the company clarified the priority issues for achieving its long-term vision and, in March 2024, disclosed a new medium-term management plan that included its human resources strategy.

- The gap between the desired and current human capital portfolio is particularly large in IT/DX talent. What are the specific issues behind this gap?

- We would like to further enhance the content of our disclosures going forward.

Subsequently, the integrated report published in July 2025 disclosed the ideal state of the personnel portfolio in greater detail.

- Which business within the regional value co-creation initiative will serve as a driver for improving ROE through monetization?

- We are considering dividing IT/DX talent into personnel who work on systems development and those who handle planning, as well as monetizing DX while leveraging our subsidiaries.

Going forward, we plan to monitor progress toward achieving the medium-term management plan.

Initiatives on Human Rights

As legal and regulatory frameworks related to human rights become more stringent around the world, human rights issues have become an essential element of investment activities. The European Union (EU) enacted the Corporate Sustainability Due Diligence Directive (“CSDDD”) in July 2024, requiring large companies to perform environmental and human rights due diligence, and companies with high levels of human rights risks may be excluded from supply chains. With the spread of AI, new human rights challenges such as privacy violations and employment discrimination have emerged, and shareholder proposals in the United States requesting disclosure on AI governance are increasing.

In Japan, the Act on Promotion of Research and Development, and Utilization of AI-related Technology (“AI Act”) went into effect in June 2025. This act makes it possible to publicly disclose business operators in cases where serious human rights violations caused by AI have been confirmed, placing companies under pressure to address new human rights-related issues.

In Japan, the National Action Plan (NAP) on Business and Human Rights was revised in December 2025 for the first time in five years, once again indicating the expectations for companies to introduce and strengthen human rights due diligence. The TISFD (Task Force on Inequality and Social-related Financial Disclosure), established in September 2024, is developing a framework to assess corporate financial risks arising from social issues including human rights, and a beta version of the disclosure framework is expected to be released in spring 2026. As corporate efforts in the social domain become more visible, the ways that companies address human rights are increasingly likely to directly impact investment decisions and financing.

Corporate value chains carry diverse human rights risks at the procurement, production, transport, and delivery stages, and cross-border activities are particularly prone to affecting local workers and communities due to differences in legal systems and customs. When human rights issues surface, trust from local communities, employees, business partners, and customers can be eroded, leading to various losses such as operational risks (strikes, employee outflows), reputational risks (social media backlash), stock price declines, and legal risks (lawsuits and administrative penalties). If issues become prolonged, the time and cost required to restore a company’s reputation can significantly impact corporate value.

The Nomura Group upholds respect for human rights in the Nomura Group Code of Conduct, and respects international standards, having signed the UN Global Compact in 2015 and established the Nomura Group Human Rights Policy in 2023. Nomura Asset Management believes that promoting awareness and proactive measures on human rights at investee companies helps protect entrusted assets. In 2024, we participated in a working group to create educational materials for institutional investors organized by the Ministry of Economy, Trade and Industry and the International Labour Organization (ILO) for the Project for Skills Development and Responsible Business Conduct for Transition. We contributed to the creation of a booklet that outlines what constitutes an investment environment that encourages responsible corporate conduct from the perspective of business and human rights. In 2025, we jointly submitted comments with other institutional investors on the aforementioned revision of the NAP on Business and Human Rights, and spoke at webinars hosted by organizations such as the World Benchmark Alliance to present an institutional investor’s perspective on promoting human rights due diligence.

We identify human rights as a key issue in our ESG statement, and we evaluate investee companies’ human rights risk management systems and utilize those evaluations in engagement and ESG integration. By doing so, we fulfill our role as a responsible investor that engages in investment activities on a global basis.

Nomura Asset Management's Human Rights Risk Monitoring Process

Negative Screening

We broadly and continuously monitor the human rights risks of companies in our investment universe, as we seek to reduce the risk of human rights infringements at the investment portfolio level (Table A).

First, we screen companies in our investment universe for potential breaches of international norms—such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, ILO international labor standards, and the UN Guiding Principles on Business and Human Rights—referencing data from ESG research organizations. We share the resulting list within the division and monitor companies according to the fund policy. For some funds, companies listed on the screening list may be excluded from investment.

Human rights risk monitoring of companies (Japanese equities) Table A

Identification of stocks subject to human rights risk monitoring	• Confirmation of compliance with international norms • Investigation of scandals related to human rights violations • Identification of high-risk sectors
Human rights due diligence	• Formulation of human rights policies • Implementation and disclosure of human rights due diligence • Creation of grievance mechanisms • Action towards improvement
Integration into investment	• Buy • Sell • Continuous hold

Human Rights Due Diligence and Outcomes for Investment Universe (Japanese companies)

In order to ascertain the potential human rights risk level for companies in our investment universe, our ESG specialists perform human rights due diligence based on data including corporate disclosures, NGO reports and media information. The detailed method is as follows.

We designate sectors with long and complex supply chains or sectors that historically produce products at production or raw material sourcing locations with high human rights risk as human rights high-risk sectors (Table B), and focus our investigations on the human rights management systems of companies in these sectors.

Sectors with high risk of human rights issues Table B

Sector	Major sectors/products
Food/agriculture products	Food, daily goods, food retail
Automobiles	Finished cars, automobile parts, tires
ICT	Electric products, electronic components, semiconductor manufacturing equipment
Apparel	Textiles, shoes, clothing retail
Resources related	Mining/petroleum, steel, trading companies

The evaluation items comprise eight points across three categories: **human rights policy**: ❶ Is there a human rights policy that complies with international norms? ❷ Does the human rights policy cover the supply chain?, **human rights due diligence**: ❸ Are human rights risks and their impacts identified and assessed? ❹ Are corrective actions taken based on the evaluation results? ❺ Is there disclosure of the content/results of human rights due diligence? ❻ Do they conduct supply chain audits?, and **remedy mechanisms**: ❼ Is there a grievance mechanism for workers? ❽ Is there a grievance mechanism for external individuals and communities?

In 2025, recognizing that many human rights violations occur in corporate supply chains and that there is a growing global focus on the effectiveness of corporate human rights risk management systems, we added an evaluation item regarding supply chain audits ❻ to our human rights due diligence.

We also update the sectors subject to review to reflect current issues. For example, in 2024 we added large retailers to the review as customer harassment gained attention as a social issue, and in 2025 we added the media sector following a series of serious harassment problems.

As a result (Table C), it was confirmed that the majority of the Japanese companies surveyed have established human rights policies that comply with international norms and that these policies include the supply chain in their scope. Additionally, it was found that grievance mechanisms for workers are in place. Furthermore, approximately 70% of companies disclosed the content/results of their human rights due diligence, and slightly more than half implemented human rights risk assessments and actions based on assessment results, as well as had grievance mechanisms for external individuals and communities in place.

Nomura Asset Management's Human Rights Risk Monitoring Process

Meanwhile, only 40% of companies are conducting supply chain audits, indicating there is room for progress going forward.

Human rights risk management is important even for companies that do not belong to human rights high-risk sectors, and we engage with companies that score low on the human rights component of their ESG scores.

For those companies lagging behind in their efforts, Nomura Asset Management will continue to actively engage with respect to building human rights risk management systems.

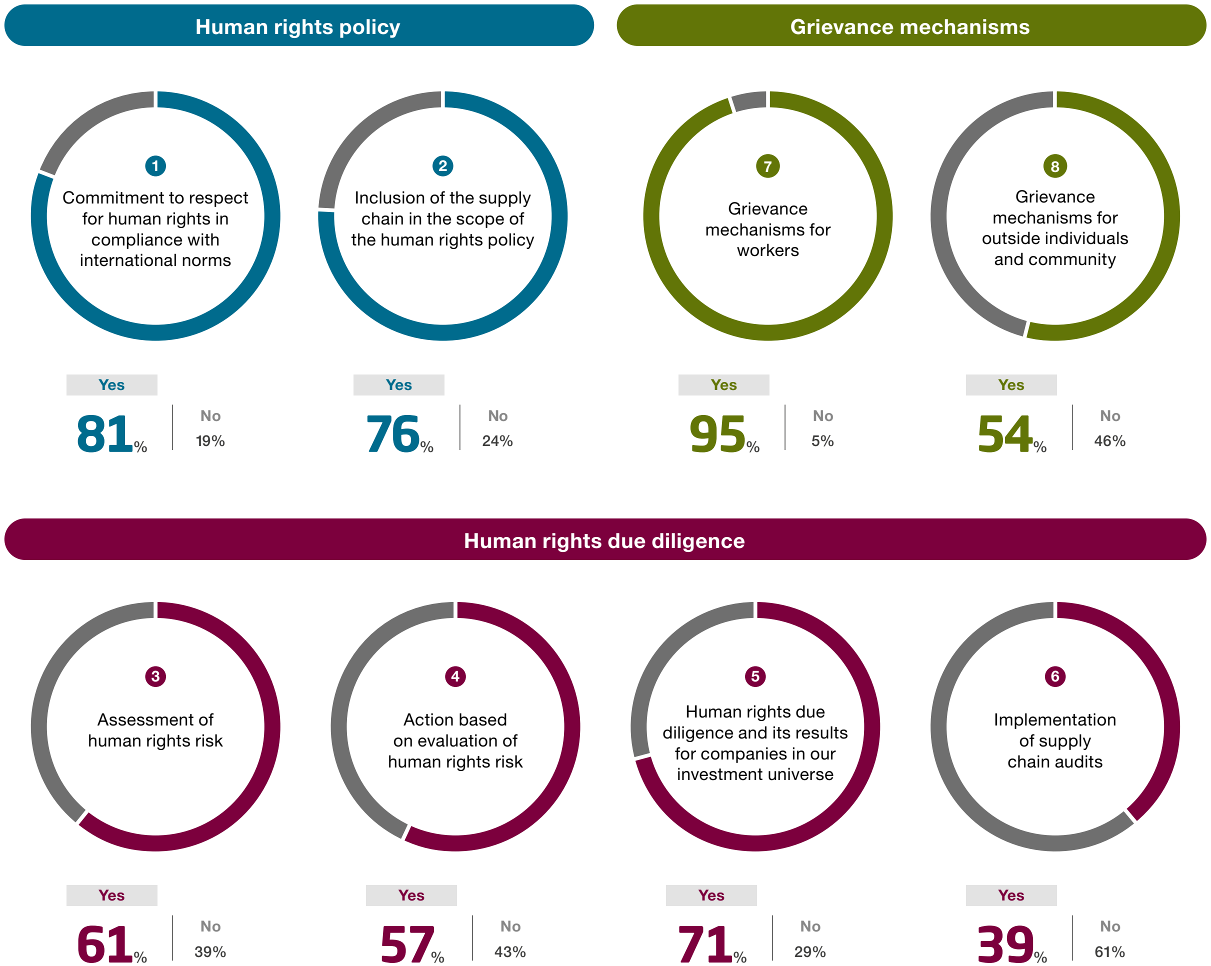
Human Rights Engagement and Integration

If, after performing human rights due diligence on the companies in our investment universe, we find that we hold the stock of a company that has been determined to have high human rights risks, we will proceed with engagement. The corporate analyst responsible for that stock, and ESG specialists hold discussions with the company about risk factors (such as an inadequate management system or insufficient disclosure of information), and discuss an action plan to make improvements. For companies that are continuing efforts to strengthen their human rights risk management systems, we monitor progress through regular engagement.

We believe that by repeating this human rights management at the portfolio level, we can gain a deep understanding of social risk carried by companies in our investment universe and reflect this in our investment decisions. We feel that this will also advance our ESG integration related to human rights risk.

Human rights due diligence on Japanese companies and results

Table C



Requirements for a Human Rights Management System

The Corporate Human Rights Benchmark (CHRB), which assesses the human rights performance of global companies, published a report titled “The State of Play on Business and Human Rights” in November 2024, summarizing the evaluation results from 2018 to 2023. In reflecting on the past five years, the report notes that while there has been an acceleration in the movement to integrate respect for human rights into business operations, there is still a lack of concrete actions. It also points out that there has been insufficient progress in enhancing the effectiveness of grievance mechanisms and in promoting responsible purchasing practices.

In recent years, companies have been increasingly required to conduct human rights risk assessments as part of their activities. We believe that companies with established human rights risk management processes can reduce human rights risks not only in maintaining relationships with existing customers but also when doing business with new client companies, and that more positive evaluations of their products and services can lead to more business opportunities.

Human rights issues can be managed to some extent by establishing a management system, but due to their nature, risks cannot be completely eliminated. Industries and companies with complex supply chains, and operations in regions with unstable political situations and human rights policies, can pose unexpected risks to companies.

In this context, we expect investee companies to establish effective human rights management systems. We believe that when companies establish human rights management systems, carry out risk assessments to identify high-priority risks, prioritize risks and take action, and reflect significant risks in management decisions, they can reduce the risk to corporate value from human rights issues coming to light. Because it takes time to build an effective management system, it is necessary to repeat the PDCA cycle, make improvements every year, and evolve step by step.

By widening disparities and causing social divisions, human rights violations are serious and significant risks that threaten the foundations of sustainable economic activity and affect long-term investment returns. We seek to reduce human rights risks by understanding the structures that cause human rights violations and working with portfolio companies to develop solutions to rectify them.

Example of Engagement — Japanese Equity

Progress: **5** Completed

Period of Engagement: **53** months, 4 interviews

Goal: Establishment of a human rights management system that includes the supply chain

Nomura Asset Management / **Japanese Machinery Company**

Background: Amid increasing attention on how the automotive industry addresses human rights risks, we started engagement due to notable delays in efforts and disclosures related to social issues.

Nomura Asset Management
- You have established a human rights policy, but where do you see the risks, including those within your group companies and suppliers? It also appears that the schedule, including the scope of entities you conduct due diligence on, is lagging behind.

Japanese Machinery Company
- We established a policy in October 2022, and also included it in our CSR handbook for suppliers. In particular, because European regulations are stringent and require a robust response, we have engaged external experts to identify where the risks lie and organize our response measures. We are targeting a global rollout starting from 2024.

Nomura Asset Management
- Investors are unable to ascertain the status of human rights risks, so we would like you to consider disclosing this information.

Japanese Machinery Company
- We have finished identifying significant human rights risks and are considering providing disclosure. As for suppliers, in addition to the research that can be done from our offices, we are working with external audit firms in China to conduct audits, starting with those companies with which we do the most business in terms of transaction value.

Nomura Asset Management
- The disclosure about the system for addressing human rights is clear, including the route for reporting to senior management. Meanwhile, we would also like you to provide more specific disclosure on the status of the management of human rights risks besides occupational health and safety, as well as supply chain risks, so that it is easier to ascertain the effectiveness of your human rights risk management.

Japanese Machinery Company
- We have conducted questionnaires and audits up to Tier 1 suppliers. Beyond that point, issues from a due diligence perspective remain.

Subsequently, we confirmed that the 2025 integrated report disclosed the results of the supplier questionnaire and how those results were being used, and we designated the engagement as "Completed."

Example of Engagement — Global Equity

Progress: **4** Company implements countermeasures

Period of Engagement: **16** months, 4 interviews

Goal: Improve the human-rights risk management framework and strengthen vertical integration.

Nomura Asset Management / **French Textiles, Apparel & Luxury Goods Company**

Nomura Asset Management
- The company's Italian subsidiary has been working with specific suppliers (tier 2 and tier 3), alleged to have mistreated workers, and is facing intense scrutiny from consumers and investors. The supply chain is a key element of brand positioning, and supply-chain risk management, including audits, is needed.

French Textiles, Apparel & Luxury Goods Company
- Explained that the situation in Italy is complex due to the widespread use of subcontracting and a recent wave of migration from China. Italy is the country the company audits most frequently; it has increased unannounced audits and conducted over 5,000 audits across the group. Suppliers are classified by risk, with different audit requirements depending on region and product type. Tier 3 subcontracting practices were previously difficult to trace, however, the company has implemented a new supplier approval process and revised its Code of Conduct to require written approval for the use of third parties.

Nomura Asset Management
- Please explain the different vertical integration strategies across brands. There are no universal targets set yet, but trend is clearly upward.

French Textiles, Apparel & Luxury Goods Company
- Vertical integration levels vary by brand because they are influenced by product complexity and the extent of subcontracting.

Nomura Asset Management
- There are similar supply-chain issues with another brand as well, notably involving the same country and tier-3 subcontractors.

French Textiles, Apparel & Luxury Goods Company
- The company has increased the number of audits and raised the level of audit management, while also establishing cooperation with industry peers. The company is also considering acquiring suppliers.

We urged them to strengthen their audit programme, improve consistency across business units in addressing sustainability risks, and enhance transparency in their supply chain disclosures.

The company will raise the level of audit management, expand in-house production, and increase the share of vertical integration to a higher level.

Activities within PRI Advance

Three years have passed since PRI's collaborative initiative Advance on human rights and social issues was launched. As an Advisory Committee member, we provide guidance on the initiative's development and support PRI's decision-making, and serve as a co-lead investor in a collaborative engagement with a Japanese steel company.

In December 2025, during our fifth dialogue with the company, we exchanged views on the fact that the company's latest integrated report has expanded its initiatives and disclosures related to human rights due diligence, including in its supply chain. In particular, we view positively the company's identification and disclosure of its negative impacts on human rights, which the investor group had been urging the company to address in previous dialogues. The investor group emphasized the importance of global-level human rights responses and risk management, the need for monitoring systems in high-risk areas, and transparency around processes for identifying human rights risks. We also shared good-practice examples from other companies on disclosures related to safety and health across the supply chain. In addition, we shared updates to the methodology of the World Benchmarking Alliance's corporate sustainability benchmarks and discussed which actions are likely to improve benchmark performance.

The company acknowledged the importance of global risk management and monitoring systems and explained that it will continue efforts to promote human rights due diligence in its supply chain and to further enhance safety disclosures. We were able to confirm their intention to strengthen these efforts going forward.

Disclosure in alignment with TCFD and TNFD

Introduction

The Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) developed guidelines for corporate disclosure of sustainability-related information. These guidelines aim to provide investors and other stakeholders with transparent and reliable information.

Information disclosure based on the former TCFD's recommendations (now succeeded by standards such as ISSB's IFRS S2; hereinafter "TCFD recommendations") and TNFD recommendations is a crucial tool for companies to properly manage their sustainability-related risks and opportunities, and to deliver transparent information to investors and other stakeholders.

While organizing information in line with the four pillars of the TCFD recommendations—Governance, Strategy, Risk Management, and Metrics and Targets—we partially categorize the structure of our disclosure in light of the differences in nature between climate change and natural capital. Specifically, Governance and Risk Management are described in a consistent manner as common frameworks for both issues, while Strategy and Metrics and Targets are presented separately under "Climate Change" and "Natural Capital," as the analytical methods and assessment indicators differ depending on the issue.

* TCFD was disbanded in October 2023, but its role has been succeeded by the IFRS Foundation and the International Sustainability Standards Board (ISSB).

Governance (Common to Climate Change and Natural Capital)

We regard climate and nature-related risks and opportunities as important elements, and thus keep an appropriate governance system in place. The data compiled by the Sustainable Investment Strategy Department and Responsible Investment Department are ultimately reported to the Board of Directors via the Executive Management Committee. The Board of Directors is then able to appropriately monitor these risks and opportunities.

The analytical data related to climate-related risks and opportunities compiled by the Secretariat are shared with portfolio managers and analysts. These data are then utilized in company analysis, engagement, and investment decision-making. The same applies to the analytical data related to nature-related risks and opportunities.

Risk Management (Common to Climate Change and Natural Capital)

We believe it is important to discern and analyze climate- and nature-related risks throughout the entire life cycle of a company's products and services as well as throughout the supply chain. First, we use external databases, such as from ISS (Institutional Shareholder Services), to manage portfolio risk. We identify and manage investee companies' climate-related transition risks and physical risks using our own corporate analysis and ESG scores, as well as through engagement. In addition, with respect to natural capital, we consider and analyze nature-related metrics, including disclosures on water consumption and waste volume. Such risk management analysis outcomes are integrated into the comprehensive risk management process. As such, they are shared within the Investment and Research Unit, and are reported to both the Executive Management Committee and the Board of Directors after being monitored by the Responsible Investment Committee.

Metrics and Targets, and Strategy (Managed separately for Climate Change and Natural Capital)

Metrics and Targets

Climate Change

In order to evaluate climate-related risks and opportunities, we measure four carbon metrics recommended in the TCFD's recommendations (financed emissions, carbon footprint, carbon intensity, and weighted average carbon intensity).

Natural Capital

We assess nature-related risks and opportunities associated with our equity and corporate bond portfolios, based on our strategy and risk management process. In particular, we focus on the metric called the Potentially Disappeared Fraction of species ("PDF") and we perform comparative analyses against benchmarks using ISS's data.

Strategy

Climate Change

We believe that promoting non-fossil energy is important from the standpoint of ensuring stable energy supply and corporate growth, while reducing excessive dependence on fossil fuels and building a resilient energy supply-demand structure capable of withstanding supply disruptions caused by geopolitical risks and price volatility. We also continue engaging with investee companies with high levels of GHG emissions, encouraging them to take measures to address climate change.

Natural Capital

We recognize nature-related risks and opportunities. In terms of transition risk, we are paying close attention to increased production costs, stranded assets and fluctuations in demand due to changes in consumer behavior and preferences. With respect to physical risks, we are focusing on forest fires, floods, droughts, and outbreaks of pests and diseases. We also recognize the interconnectedness between these risks and the systemic risks of ecosystem and financial stability.

Meanwhile, we are focusing on technologies, products and services that create positive impacts on nature or abate negative impacts. We ascertain the status of our investments in companies that have a large impact on natural capital. Also, through engagement we urge portfolio companies to recognize and disclose such risks.

The climate-related analysis in our portfolio

1 Analysis Policy

Reference Sources

We analyze climate-related risks and opportunities centered on financed emissions associated with our managed assets. In conducting this analysis, we primarily refer to the following standards:

- The Global GHG Accounting and Reporting Standard for the Financial Industry (Partnership for Carbon Accounting Financials, PCAF)
- Institutional Shareholder Services*
- World Energy Outlook (International Energy Agency, IEA)

* Due to changes in Institutional Shareholder Services's analytical methodology, methodologies such as for scenario analysis differ from those used in previous disclosures.

Reporting Period

In principle, this analysis covers managed assets as of the end of December 2025. However, descriptions other than numerical data also include activities from January 2026 onward.

Scope of Reporting

Managed assets covered by our financed emissions analysis include Japanese equities, global equities, Japanese bonds, and global bonds (for bonds, this includes corporate Bonds), and government bonds, to the extent measurable by us using external data and other sources.

Because data coverage and assumptions underlying estimation methodologies differ by asset class and issuer, we do not present a single uniform ratio to indicate overall coverage across all covered assets. We continue to expand the scope of our analysis and added government bonds beginning with our Responsible Investment Report 2022.

The climate-related analysis in our portfolio

Caution Regarding Future Projections

The information regarding the future included in this analysis is based on information available at the time of publication and certain assumptions deemed reasonable by our company, and it contains uncertainties.

2 Analysis Results

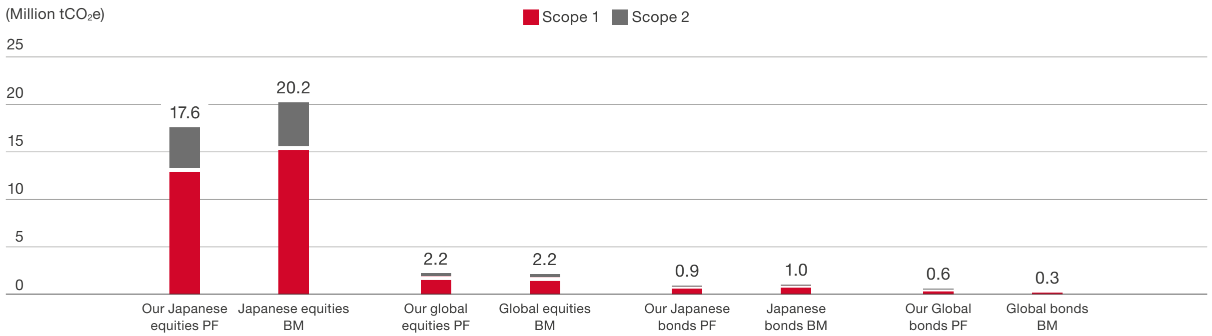
Among our managed assets, the financed emissions of our portfolio for Japanese equities showed favorable results, confirming that they are below the benchmark. Figure 1 Additionally, the financed emissions for Japanese bonds in our portfolio are nearly at the same level as the benchmark. For global equities and global bonds, the financed emissions of our portfolio were slightly higher than the benchmarks.

The weighted average carbon intensity (WACI, emissions per unit of revenue) for Japanese equities and Japanese bonds revealed that our portfolios were below the benchmarks. Figure 2

In the breakdown of financed emissions by industry, it is notable that the ratios of Energy, Materials, and Utilities are high. Additionally, in some asset classes, the ratio of Industrials is also relatively high. Figure 3

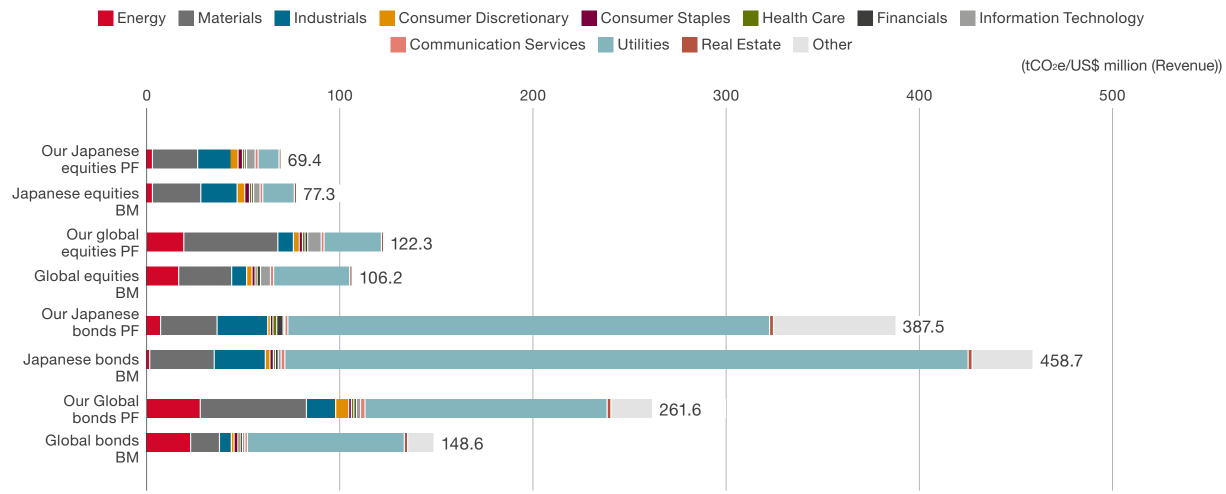
Moving forward, we will continue to engage with investee companies to encourage their efforts toward a decarbonized society.

Figure 1 Overview of Financed Emissions (Scope 1 and Scope 2)



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services (PF refers to our portfolio, and BM refers to the benchmark)
(Note) See page 49 for details on BM.

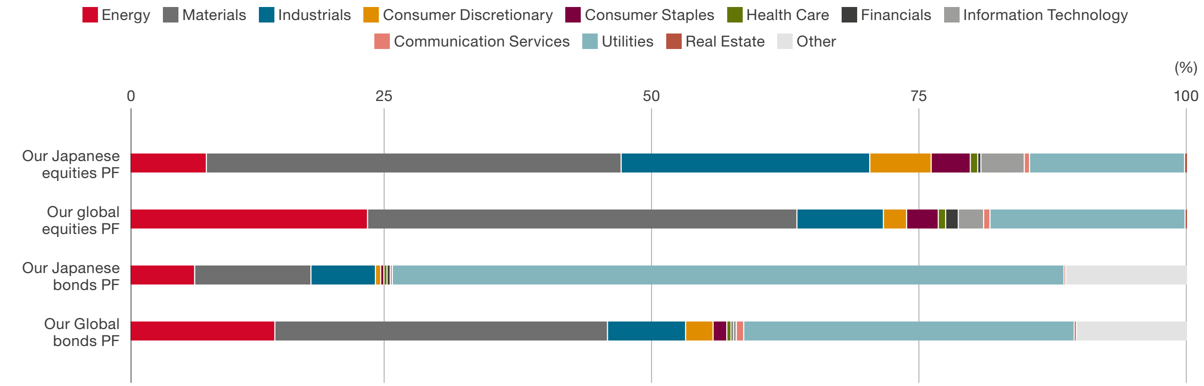
Figure 2 Weighted Average Carbon Intensity of Financed Emissions



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services
(Note) "WACI" stands for "Weighted Average Carbon Intensity," which is an indicator of greenhouse gas emissions per unit of revenue for companies or portfolios.

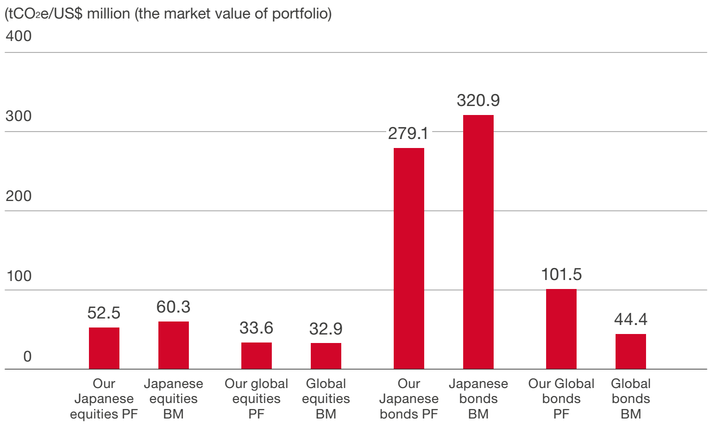
The climate-related analysis in our portfolio

Figure 3 **Breakdown of Financed Emissions by Industry**



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Figure 4 **Carbon Footprint of Financed Emissions**



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Figure 5 **Overview of Financed Emissions** (Scope 3)

		Our PF	BM	% of BM
Scope 3 (Million tCO_2e)	Japanese equities	301.7	334.9	90%
	Global equities	21.6	22.4	96%
		Our PF	**BM**	**% of BM**
	Japanese bonds	2.4	2.6	93%
	Global bonds	4.0	2.5	163%

(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services
(Note) Scope 3 is provided as reference information. This is due to the observation of non-continuous changes in the disclosure scope of GHG emissions by some companies.

3 Scenario Analysis

Analysis of Each Scenario

We analyze four asset classes—Japanese equities, global equities, Japanese bonds (mainly corporate bonds and similar instruments), and global bonds (mainly corporate bonds and similar instruments)—as an integrated four-asset portfolio. Sovereign bonds are described separately in "Analysis of Sovereign Bond Portfolio Emissions," because the measurement methodology is different.

For financed emissions in our integrated four-asset portfolio, we conducted scenario analyses using data from ISS based on three scenarios developed by the International Energy Agency (IEA) that illustrate energy transition pathways through 2050. The three scenarios are the Announced Pledges Scenario (APS) based on government pledges, the Stated Policies Scenario (STEPS) based on current policies, and the Net Zero Emissions by 2050 Scenario (NZE) which targets net-zero emissions. Figure 6

Figure 6 **Overview of Scenario Analysis**

Scenario	Description	Temperature rise in 2100
STEPS	Stated Policies Scenario	2.4°C
APS	Announced Pledges Scenario	1.7°C
NZE	Net Zero Emissions by 2050 Scenario	< 1.5°C

The climate-related analysis in our portfolio

Figure 7 shows, for our portfolio, annual trends under three types of emissions projections—Historical, Policies, and Target—together with the carbon budget for each scenario. The emissions projections (Historical/ Policies/Target) are ISS estimation categories, while the IEA scenarios (STEPS/APS/NZE) are used as frameworks for referencing carbon budgets.

Results

We assessed the alignment of our integrated four-asset portfolio using ITR (Implied Temperature Rise) and the Crosspoint year. ITR is an indicator that converts into degrees Celsius the level of global temperature rise implied by the future greenhouse gas emissions pathway of a company or portfolio (it does not itself indicate any specific IEA scenario name). The Crosspoint year refers to the year in which the portfolio's cumulative future emissions projection reaches the carbon budget under a given scenario (e.g., IEA's STEPS, APS, or NZE).

For our integrated four-asset portfolio, when cumulative Target-based projections were compared with the NZE carbon budget, the ITR was 1.7°C and the Crosspoint year was 2046. This estimate is based on current investee company targets and still remains misaligned with NZE (<1.5°C). This suggests that climate-related action is needed across the market as a whole, taking into account not only active management but passive management as well.

Figure 7 Projected Portfolio Emissions
(Comparison with IEA carbon budgets) (Scopes 1, 2, and 3; million tCO_2e)

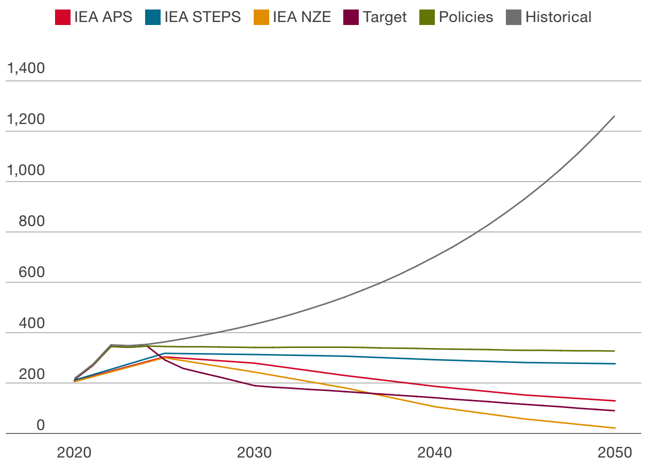
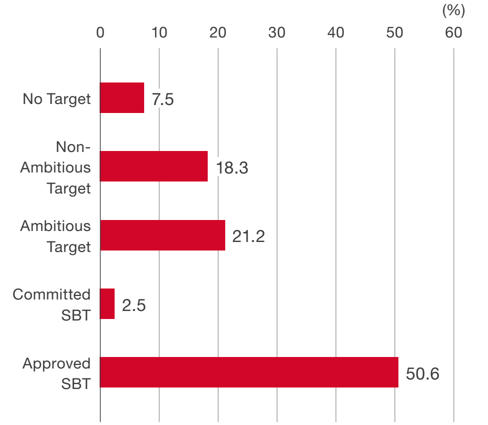
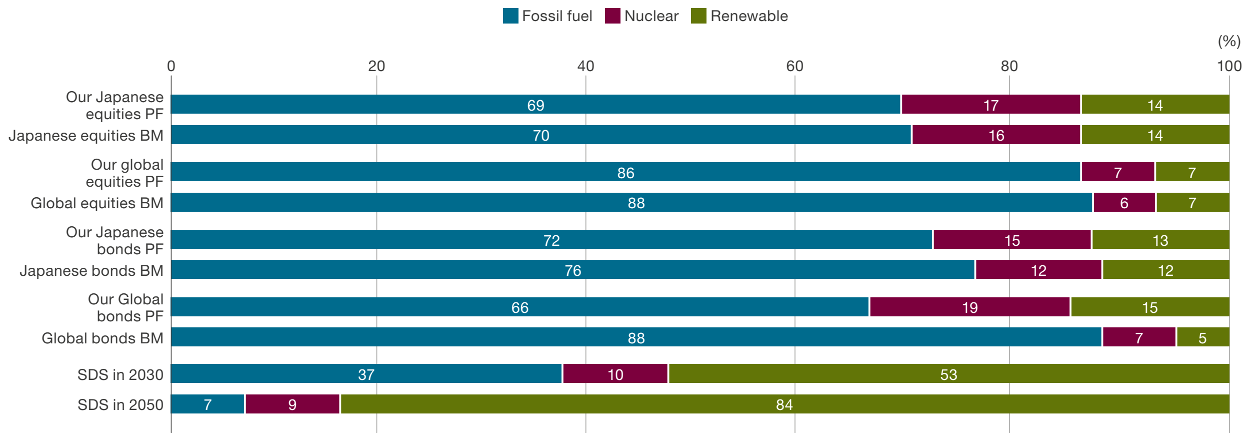


Figure 8 Status of GHG Reduction Targets in Our Four-Asset Integrated Portfolio



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Figure 9 Power Generation Mix (Portfolio, Benchmark, SDS)



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services
(Note) The total may not be 100 due to rounding.

The climate-related analysis in our portfolio

4 Status of Investee Companies' GHG Reduction Targets

As of the end of December 2025, the portfolio coverage ratio of companies in our integrated four-asset portfolio that had committed to or obtained validation under the Science Based Targets (SBT) initiative reached 50.6%. Commitment to and validation under the SBT indicate that an investee company has set and disclosed science-based GHG reduction targets. Figure 8

5 Analysis of Transition Risks Based on Power Generation Mix

We compare the power generation mix (on a generation basis) of our portfolio with that of the benchmark and the Sustainable Development Scenario (SDS)*. The power generation mix of our portfolio is broadly similar to that of each benchmark. Through engagement with investee companies, we seek to increase the share of non-fossil energy, reduce transition risks arising from fossil fuels, and promote reductions in carbon emissions. Figure 9

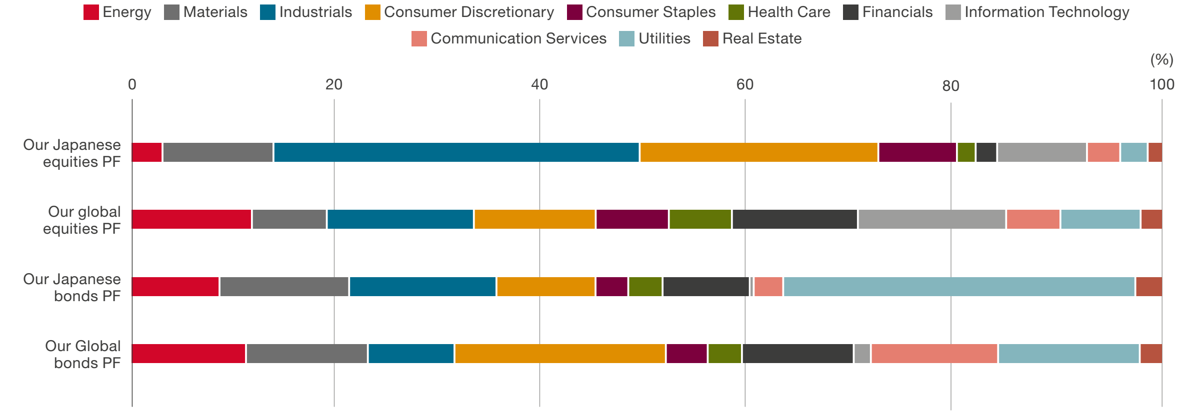
* Institutional Shareholder Services uses SDS in its analysis of the power generation mix.

6 Analysis of Physical Risks

Industry- and Region-Specific Physical Risk Analysis

We analyze industry- and region-specific physical risks using data from ISS. Figure 10 show the industry-specific composition of physical risk VaR for Japanese and global equities and bond portfolios related to climate change by 2050. Industries with higher ratios

Figure 10 Industry-Specific Composition Ratios of Value at Risk



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

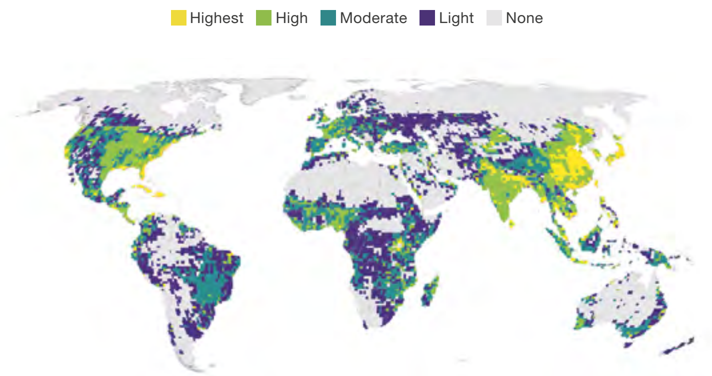
Figure 11 Value at Risk Ratio for Physical Risk

(portfolio/benchmark/difference)

	Our Japanese equities portfolio	Our global equities portfolio	Our Japanese bonds portfolio	Our Global bonds portfolio
Portfolio	1.4%	0.6%	2.3%	1.3%
Benchmark	1.5%	0.6%	2.5%	0.5%
Differential	-0.1%	0.0%	-0.2%	+0.8%

(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Figure 12 Region-Specific Physical Risks



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

are more likely to experience significant negative impacts on corporate value due to climate change. Figure 11 compares our portfolios with the benchmark by showing physical risk VaR for each asset class as a percentage of the amount invested (VaR ratio).

Region-Specific Physical Risks

Figure 12 shows the region-specific physical risks of our four-asset integrated portfolio. We use this information for guiding decisions on industry and regional allocations. Through this analysis, we can identify industries and regions that have high physical risk.

7 Climate-Related Engagement with Investee Companies

To mitigate climate-related risks in our portfolio and promote investments in climate-related opportunities, we are advancing the following initiatives through engagement with investee companies.

Our Engagement

- Active participation in climate change initiatives such as PRI and PCAF, collaborating with other investors and stakeholders, and sharing of best practices
- Enhance the integration of climate-related risk and opportunity analysis in our investment portfolio
- Develop financial analysis and corporate valuation methods using our internal carbon pricing and GHG removals
- Develop financial products that contribute to achieving a decarbonized society in line with our 2050 Net Zero Goal and 2030 Interim Target
- Increase transparency regarding our climate change efforts through disclosure

Initiatives by Investee Companies

- Disclose climate-related financial data, including scenario analysis, transition plans, and GHG reduction targets
- Report Scope 3 emissions and GHG removal data, enabling the assessment of GHG emissions throughout the product and service lifecycle and supply chain, while encouraging GHG reductions among suppliers and customers
- Set climate change measures and external evaluations related to climate change as KPIs for executive compensation
- Obtain or commit to SBT (Science Based Targets) approval
- Secure verification and assurance for data related to GHG emissions and other metrics

The climate-related analysis in our portfolio

8 Analysis of GHG Emissions from the Government Bond Portfolio

The method for measuring GHG emissions from sovereign bond portfolios differs from that used for measuring emissions from listed equities and corporate bonds in terms of the definitions of the scopes related to emissions and the calculation of investment ratios used for measurement. For the supply chain emissions of a country that serve as the basis for measurement, Scope 1 is defined as domestic emissions based on production, Scope 2 as imported emissions related to energy, and Scope 3 as emissions associated with non-energy imports from other countries. Figure 13 When calculating the attribution factor, which represents the investment ratio in investee companies, the method differs from that used for measuring emissions from listed equities and corporate bonds, where the ratio is based on the amount invested in relation to the EVIC (Enterprise Value Including Cash). In contrast, for measuring emissions from government bond portfolios, the ratio is based on the amount invested relative to the GDP adjusted for purchasing power parity (PPP) of a country.

We analyze emissions from our sovereign bond portfolio using data from ISS, as we do for equities and corporate bonds.

Figure 13 Definitions of Scopes and Consumption Emissions for Measuring Government Bond Portfolio Emissions

Scope 1	Scope 2	Scope 3
GHG emissions generated from emission sources located within the country	GHG emissions resulting from the use within the domestic market of electricity, heat, steam, and cooling imported from other countries	GHG emissions associated with non-energy goods and services imported from other countries as a result of activities within the domestic market

Figure 14 Sovereign Bond Portfolio Emissions

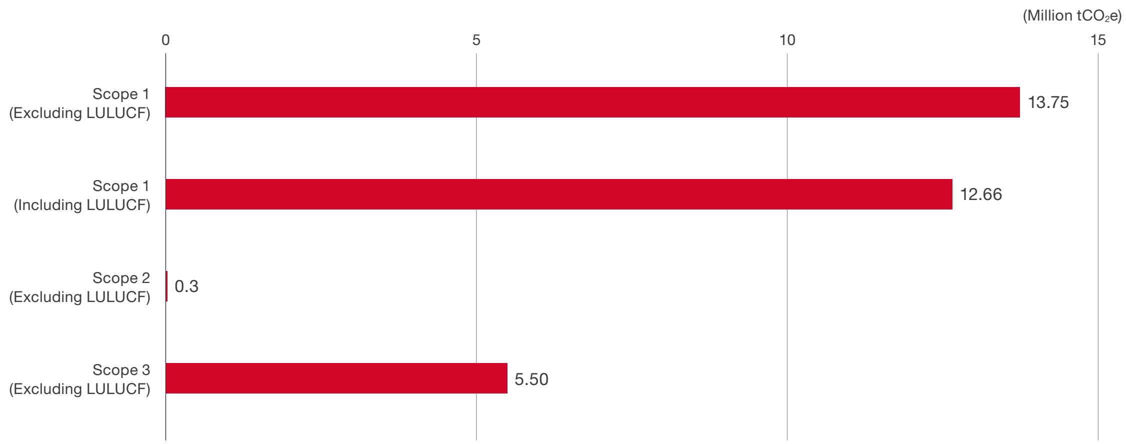
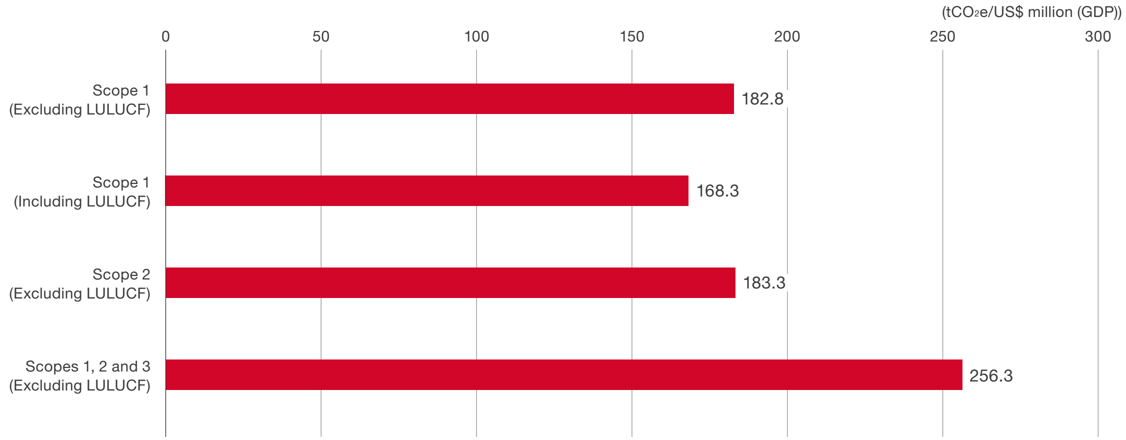


Figure 15 Sovereign Bond Portfolio Emissions Intensity (Carbon Intensity)



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

9 Participation and Collaboration in Climate Change-Related Initiatives

We declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) in March 2019 and have been disclosing information in accordance with TCFD recommendations regarding our portfolios of Japanese equities, global equities, Japanese bonds, and global bonds since the Responsible Investment Report 2019.

We actively engage in dialogue with the Securities Analysts Association Japan and companies regarding non-financial information. The Net Zero Strategy Department participates in the ISSB standards seminar series organized by the Securities Analysts Association Japan facilitating discussions between analysts, investors, and companies regarding sustainability disclosure information.

Furthermore, Nomura Holdings established the "GX Management Promotion Working Group" (GX Management Promotion WG) in September 2022, as part of a key initiative of Japan's GX (Green Transformation) League for "Rule Formation for Market Creation," alongside leading companies and member companies, with Nomura Holdings serving as the convener. The GX Management Promotion WG aims to build a framework through which opportunities for Japanese companies to contribute to climate action are appropriately evaluated, and mainly engages in activities targeting the societal implementation of avoided emissions.

As one outcome of the GX Management Promotion WG's activities, at COP30 held in November 2025, we joined group company Nomura Securities in introducing the GX Management Promotion WG and participated in a panel discussion.

In addition, within the PCAF Japan coalition, we continued to serve as secretariat for the subcommittee on avoided emissions in FY2025 following FY2024, engaging in discussions and research on how financial institutions can utilize avoided emissions concepts.

As part of the output from these studies and activities on avoided emissions, Nomura Holdings analyzed avoided emissions from multiple approaches from an investor perspective and published the results in a report in March 2025. Our Sustainable Investment Strategy Department participated in drafting this report.

Reference 1 What are Financed Emissions?

Financed emissions refer to the total amount of greenhouse gas (GHG) emissions generated indirectly through loans and investments provided by financial institutions, and they are an important metric in climate action by financial institutions. Financial institutions are expected to manage financed emissions in order to fulfill their responsibilities with respect to sustainable investment and the environment.

Reference 2 Overview of the PCAF Standard

Objectives of PCAF Standards

The main objectives of PCAF are as follows:

Enhancing Transparency
By publicly disclosing emissions from their loans and investments, financial institutions provide transparency to investors and stakeholders.

Sustainable Investment
Establishing standards for sustainable investment, which guides the selection of investee companies based on these criteria.

Alignment with the Paris Agreement
Supporting financial institutions in their efforts to contribute to emission reductions in line with the goals of the Paris Agreement.

Asset Classes Analyzed by PCAF

According to the PCAF 2022 Global GHG Accounting and Reporting Standard Part A: Financed Emissions, the following asset classes are included: At Nomura Asset Management, we primarily focus on analyzing asset classes 1 and 7. It should be noted that sovereign debt was added as a category for analysis starting in 2022.

1. **Listed Equity and Corporate Bonds**
2. **Business Loans and Unlisted Equity**
3. **Project Finance**
4. **Commercial Real Estate**
5. **Mortgages**
6. **Motor Vehicle Loans**
7. **Sovereign Debt**

Nature & Biodiversity

Actions to Protect Natural Capital

At CBD COP15 (the 15th Conference of the Parties to the Convention on Biological Diversity) in December 2022, the Kunming-Montreal Global Biodiversity Framework was adopted as a new global target through 2030, setting action targets such as 30 by 30, reducing pollution risks, ensuring the sustainable management of agriculture, forestry, and fisheries, as well as financial support. Indeed, the role of financial institutions in biodiversity conservation and restoration is becoming increasingly important.

Nomura Asset Management works to protect natural capital through participation in international initiatives and via collaboration with other asset managers. At COP15, together with PRI signatories, we endorsed an investor statement calling on governments to adopt the Global Biodiversity Framework and work together to address climate change and biodiversity protection and restoration. With respect to the TNFD, we joined the TNFD Forum in July 2023 and have participated in information gathering and technical discussions in light of the final recommendations issued in September 2023. In addition, we have communicated our efforts in various forums, including by speaking at events such as PRI in Person 2023, the PRI Nature Forum, and at meetings related to CBD COP16.

On the research front, in July 2024 we conducted a multivariate analysis of the determinants of natural capital holdings and published a paper on SSRN, a platform for posting and sharing research preprints and related materials. In February 2025, we added business opportunities related to nature positive as an assessment item in our Japanese equity ESG score.

Partnerships to Protect Natural Capital

Through both individual and collaborative engagement activities, Nomura Asset Management urges portfolio companies to address the loss of natural capital and biodiversity. In terms of other global initiatives, we leverage our collaboration with Farm Animal Investment Risk and Return (FAIRR) to engage with food-related companies, and we share insights and best practices. In FAIRR's "Seafood Traceability" collaborative program, we act as lead investor in driving dialogue with two Japanese seafood companies.

In collaborative engagement with Sustainalytics, we encourage a wide range of companies across the agricultural value chain—including financial institutions, retailers, food companies and chemicals companies—to strengthen risk management related to biodiversity impacts, dependencies, and opportunities, while also encouraging automotive-related companies to promote a circular economy, reduce linear economy risks, and strengthen accountability.

In addition, we participate in Spring, the natural capital collaborative initiative launched by PRI, and we serve on PRI's advisory body for natural capital issues. Spring's initial focus has been on forest loss and land degradation, and we serve as lead investor for two Japanese automotive companies. Going forward, we will continue to promote initiatives by investee companies through collaborative engagement and other means, and contribute to the enhancement of medium- to long-term corporate value and the sustainability of society.

Information disclosure aimed at preserving natural capital

The loss of natural capital, including biodiversity, affects not only the environment but also the economy and human health. As the finite nature of natural capital becomes more widely recognized, the importance of initiatives and information disclosure targeting the sustainable use of natural capital has increased in recent years.

Companies are required to understand their reliance on nature and the impacts on nature of their operations and supply chains, and link these to risk management and strategy. Biodiversity issues in supply chains can affect corporate value through higher procurement costs and reputational risks, while companies that incorporate the protection of natural capital into their management strategies may enhance long-term corporate value through improved evaluations of their products and services.

We have identified natural capital as a material issue and have explicitly included it in our ESG Statement since 2019. In addition to continuously researching natural capital-related data and regulatory trends, we assess risks and opportunities through engagement focused on natural capital and reflect them in our investment decisions. At the same time, recognizing that there is not yet a single, common global metric in this domain, we are bolstering our knowledge base and gathering information through our participation in initiatives and other means.

After participating in the TNFD Forum in July 2023, we registered ourselves as a TNFD adopter in January 2024, and we made our first TNFD disclosure in 2024.

Investment Portfolios' Impact and Dependence on Natural Capital

We evaluate natural capital-related risks for four portfolios we manage: domestic stocks; foreign stocks; domestic bonds; and foreign bonds. We focus in particular on the potentially disappeared fraction ("PDF"), a metric that quantitatively expresses the potential loss of endemic species due to environmental pressures. PDF is referred to in Life Cycle Assessment (LCA) models which are methods to quantitatively evaluate the environmental stress in the entire lifecycle of products and services, and widely used as a coefficient that indicates the amount of damage on affected domains (endpoints). The larger the PDF, the greater the impact on biodiversity.

We use ISS's data and analysis methods to analyze our portfolios against benchmarks. For benchmarks, we use TOPIX for Japanese equities, MSCI ACWI ex-Japan for global equities, NOMURA-BPI (overall) (only corporate bonds) for domestic bonds and the Bloomberg Global Aggregate Index for global bonds (only corporate bonds). Our analysis confirmed that the PDF of our portfolios was below the benchmarks for all asset classes except Japanese bonds. Meanwhile, for weighted average PDF intensity, both the Japanese bonds and global bonds portfolios were found to be below the benchmarks.

In addition, in order to understand our portfolios' dependencies on nature, we assessed the extent to which the activities of investee companies depend on the three major categories of ecosystem services: provisioning services, regulating services, and cultural services. We found that all four asset classes depend heavily on regulating services, while dependence on cultural services is relatively not so high, and that for global bonds dependence on provisioning services is higher than the benchmark, whereas no major benchmark-relative difference was observed in the other asset classes.

Furthermore, we also assessed the integrated four-asset portfolio from the perspective that environmental burdens materialize as endpoint damage through impact pathways (midpoints). The analysis revealed that the portfolio may affect ecosystems primarily through land transformation, climate change, and ocean acidification, and that Japan, China, and the United States are among the regions with the greatest impacts.

Figure 16 Absolute Biodiversity Impact

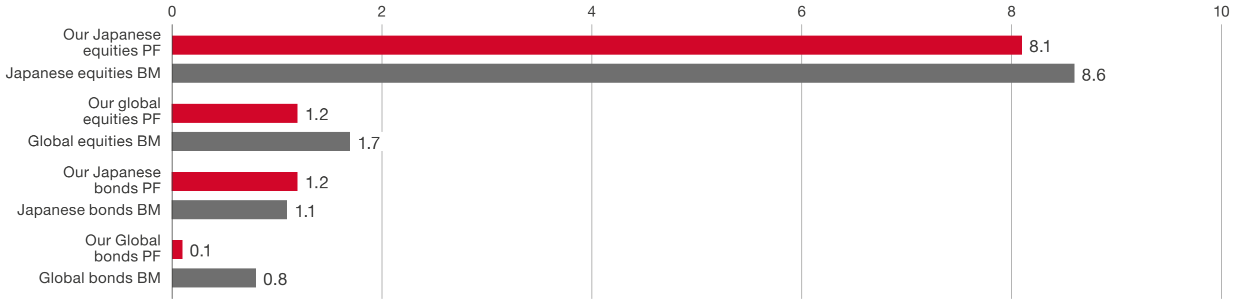


Figure 17 Weighted Average PDF Intensity by Industry

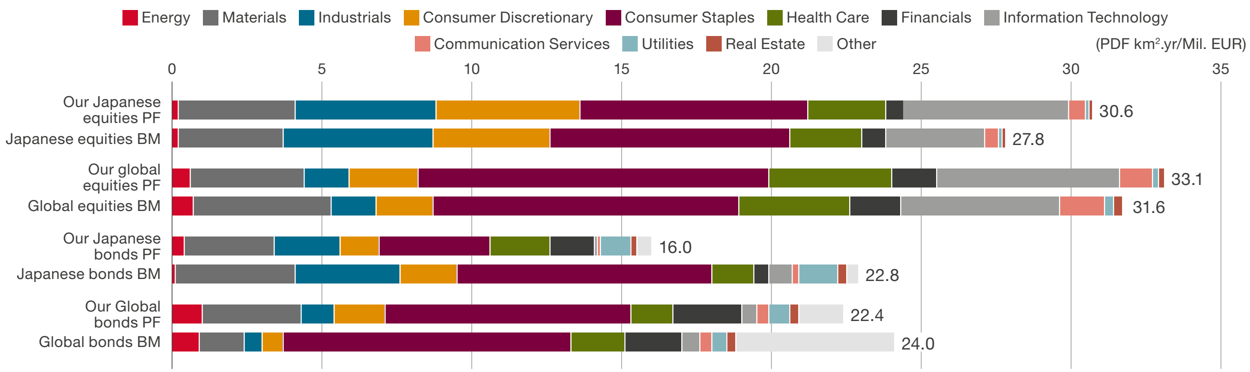


Figure 18 Ecosystem Services Dependencies (%)

	Provisioning	Regulation & Maintenance	Cultural
Our Japanese equities PF	22.7	70.4	6.9
Our global equities PF	22.3	71.3	6.4
Our Japanese bonds PF	19.9	74.3	5.8
Our Global bonds PF	19.8	71.2	8.9

Figure 19 Benchmark Comparison (%)

	Provisioning	Regulation & Maintenance	Cultural
Our Japanese equities PF	0.7	-0.2	-0.4
Our global equities PF	2.1	-2.4	0.3
Our Japanese bonds PF	-0.6	2.4	-1.7
Our Global bonds PF	17.9	-26.2	8.4

(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Nature & Biodiversity

Figure 20 Breakdown of Impact per Biodiversity Drivers of our four-asset integrated portfolio

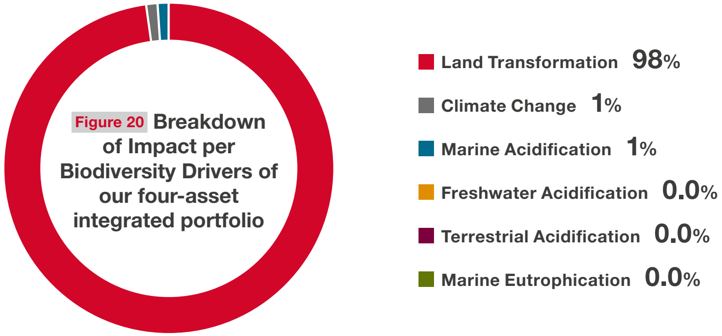
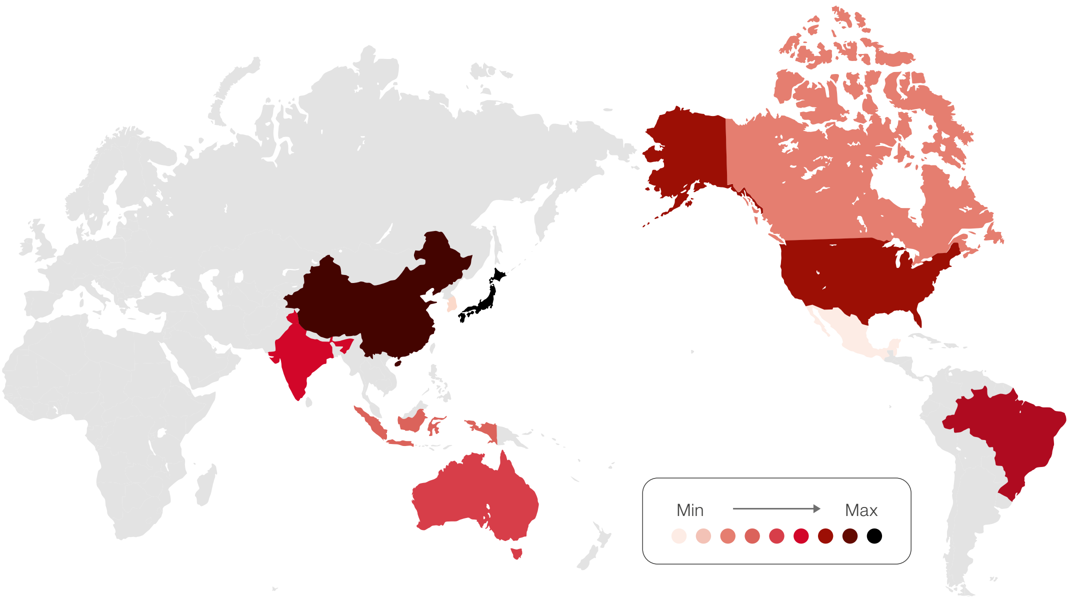


Figure 21 Breakdown of Impact per Region of our four-asset integrated portfolio



(Source) Created by Nomura Asset Management based on various materials, including Institutional Shareholder Services

Environmental Engagement

We check whether or not companies are undertaking initiatives towards sustainable production and procurement, especially companies where sales are highly dependent on commodities that have a significant impact on biodiversity, such as companies in the consumer staples, consumer discretionary, and materials sectors. For example, we look at the status of procurement of commodities that have been certified by third parties, including the Roundtable on Sustainable Palm Oil (RSPO) and the Forest Stewardship Council (FSC). Based on such monitoring data, portfolio managers, ESG specialists, and company analysts work together to engage with portfolio companies with the objective of managing nature-related risk.

Going forward, through qualitative and quantitative analysis and engagement activities in the environmental domain, we will continue to promote investee companies' initiatives—including recognition of natural capital risks, responses, and disclosure—and contribute to the enhancement of long-term corporate value and the sustainability of society.

Cybersecurity and AI Ethics

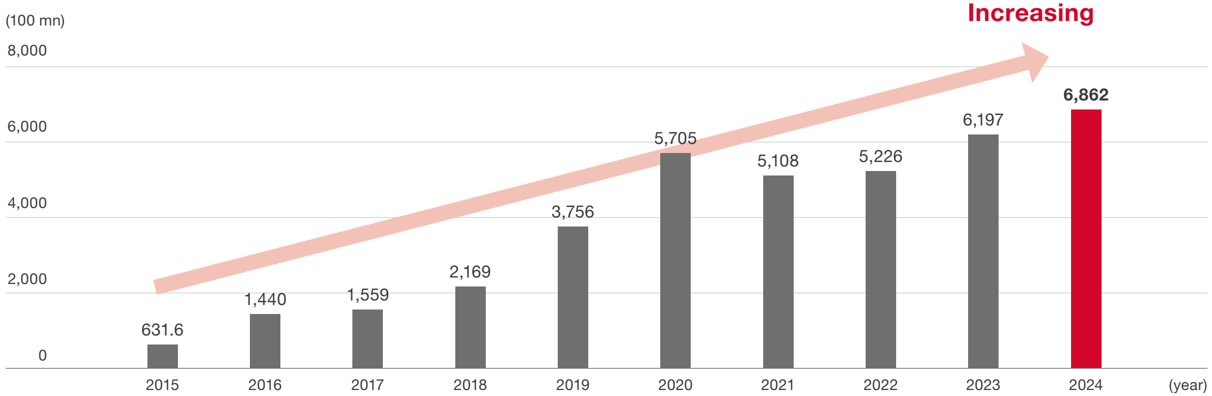
The management of digital-related risks, particularly those centered on information security, is becoming increasingly important. For example, in past incidents involving attacks on the servers of a major publishing company and a major beverage manufacturer, the damage was not limited to information leaks. In some cases, the attacks led to the stoppage of customer-facing sales systems and forced prolonged shipment stoppages or restrictions, resulting in significant financial impacts.

In the World Economic Forum's *Global Risks Report 2025*, cyber security–related risks rank among the top global risks in both the short term (within the next two years) and the long term (within the next 10 years).

Risk awareness is likely already widespread among corporate senior management teams, but the threats continue to intensify. In the Information Technology Promotion Agency's (IPA) *Top 10 Information Security Threats to Organizations* (2025 Edition), ransomware attacks remain the top threat, as they have consistently in previous years, while attacks targeting supply chains and vendors rank second. In addition, cyberattacks stemming from geopolitical risks have newly entered the rankings, underscoring the growing diversity of threats.

In recent years, malware and other types of cyberattacks have been on the rise. According to a survey by the National Institute of Information and Communications Technology (NICT), the total annual number of observed packets related to cyberattacks in 2024 reached 686.2 billion, representing an approximately tenfold increase over the past decade.

Total Annual Number of Observed Packets*



Source: Prepared based on the National Institute of Information and Communications Technology's *NICTER Observation Report 2024*
*Total number of packets related to cyberattacks observed in the NICTER Project

The actual damage is growing to a scale at which, in addition to direct losses and recovery costs, the impact on business operations can no longer be ignored. If the recovery process takes time, competitors may step in with substitute products or services, potentially leading to a loss of market share and prolonged negative impacts on business performance.

Also, for investors, deteriorating business performance can have an impact in the form of falling share prices and lower creditworthiness. It is also necessary to consider the degree of importance by sector. Cybersecurity is considered particularly critical for industries where cyberattacks could have major societal consequences, such as aviation, land transportation, and logistics; industries that support social infrastructure such as electric power and telecommunications; and financial institutions such as banks. E-commerce, in which consumers transact directly with companies online, is also of relatively high importance. In addition, companies may become targets for cyberattacks if they are seen as financially valuable or geopolitically significant.

For investors, it is challenging to possess the expertise needed to analyze cybersecurity in depth. As an approach, in addition to using external data, it is possible—particularly in important sectors—to identify gaps at a given company through comparisons within the industry. Examples include governance-related factors such as information security policies and the status of the organizational framework, as well as operational aspects such as the status of security monitoring. If such analysis results in improvements being deemed necessary, investors can engage with the company. While many companies have implemented countermeasures, disclosure is sometimes insufficient. Encouraging the disclosure that investors need is therefore also important.

In the Digital Inclusion Benchmark conducted by the World Benchmarking Alliance, companies' and other organizations' efforts toward an inclusive digital economy and society are evaluated from four perspectives: access to digital technology; digital skills; the use of digital technology; and innovation. Among these, elements related to a company's information security governance include the establishment of policies and systematic frameworks, incident response, and acquiring ISO27001 certification.

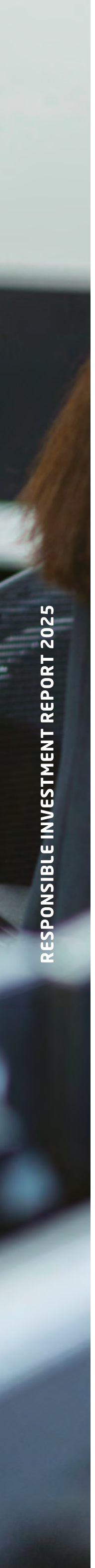
We also place particular importance on three major elements. The first is the formulation and disclosure of policies that demonstrate commitment from top management. The second is the establishment of a peacetime framework, including the identification of responsible personnel and the creation of a framework such as a CISO (Chief Information Security Officer) and expert committees. The third is the establishment of an emergency response framework, namely a CSIRT (Computer Security Incident Response Team).

According to our research (as of September 2025), the status of policy formulation, peacetime frameworks, and emergency response frameworks among TOPIX 100 constituent companies has improved compared with one year earlier, as shown in the table below. However, we believe that a relatively significant challenge remains in terms of the development of peacetime frameworks, such as identifying responsible officers and establishing committees. In particular, many companies still do not have a CISO in place, and the shortage of qualified personnel is likely one of the reasons for this. In this context, talent development is an issue not only in terms of those with overall responsibility but also for employees at the working level. In addition, efforts to address global supply chains are also a challenge. In particular, business partners at overseas locations may raise concerns about cybersecurity vulnerabilities. Companies are therefore expected to assess cybersecurity risks within their supply chains and continue monitoring those risks.

Status of Information Security Measures among TOPIX 100 Companies

		Policy	CISO	Committees	CSIRT	All measures in place
Overall TOPIX 100 (Previous survey: December 2024)	Number of companies with measures implemented	70	64	49	80	41
Overall TOPIX 100 (Current survey: September 2025)	Number of companies with measures implemented	77	70	59	85	63
Difference (Previous → Current)		**7**	**6**	**10**	**5**	**22**

Source: Nomura Asset Management, based on disclosed company materials and websites



Next, when looking at the risks associated with the use of AI, a wide range of risks exist, from technical risks and social risks (the amplification of existing risks), to information security issues, misinformation, and ethical concerns.

Looking at the state of AI use in companies, the use of language-based generative AI is advancing with the aim of improving internal productivity. One of the major concerns for companies is the leakage of information outside the company, and there is a growing need to establish AI governance to enable the responsible use of AI in practice. The *AI Guidelines for Business* issued by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry call not only for legal compliance, but also for respect for human rights, diversity, and a sustainable, fair, and equitable society, while emphasizing the importance of operating a PDCA cycle.

As for regulatory trends overseas, there is movement towards enacting legislation in Europe, but there is also opposition to regulation, which is creating a fluid situation.

Meanwhile, as a way to assess companies from an external perspective, the aforementioned World Benchmarking Alliance has proposed evaluating companies on criteria including whether they have publicly disclosed their own ethical AI principles and how those principles are being implemented.

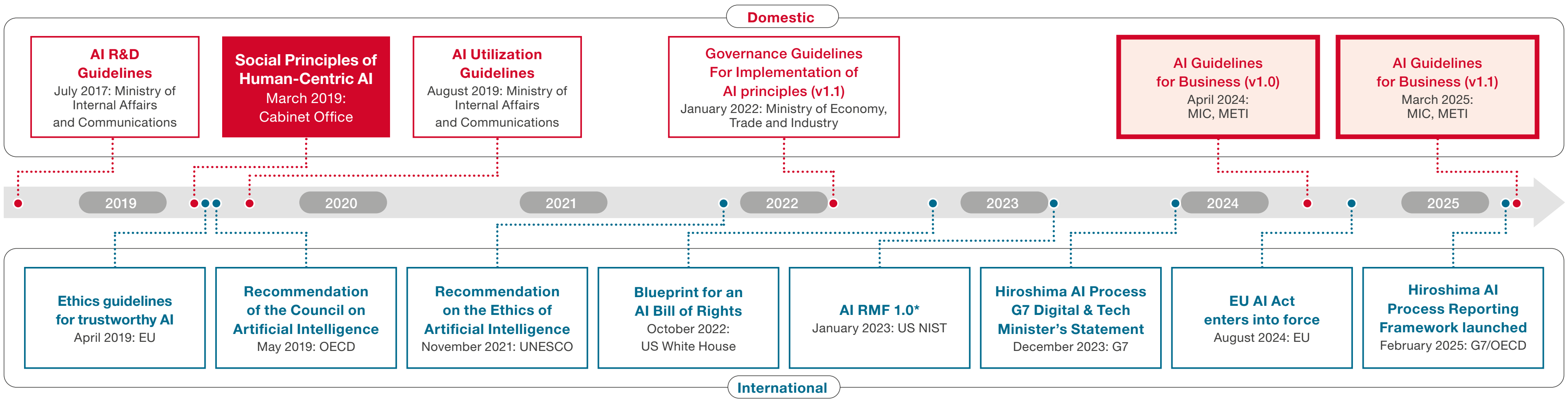
Specifically, this includes having an ethics committee whose existence and activities can be externally verified, as well as establishing AI guidelines.

Our approach is to leverage dialogue to encourage companies with identified issues to take appropriate actions. In conducting that dialogue, with regard to information security, we consider the three aforementioned elements to be key points, along with whether the scope of the company's efforts extends to overseas operations, group companies, and the supply chain. In some cases, companies also require their business partners to implement information security measures as a condition of doing business, which suggests that this may also have implications from a business perspective.

As for corporate disclosure, while some companies are lagging in their efforts, there are also good examples of companies providing comprehensive explanations on dedicated webpages or issuing annual reports focused specifically on information security.

Corporate initiatives related to AI ethics and governance are still at an early stage, but some companies—particularly in the information and communications sector—have drawn attention by providing detailed explanations on dedicated webpages. We will continue to encourage further efforts in this area.

Trends of Guidelines and Regulations Regarding the Use of AI



*AI Risk Management Framework 1.0

Source: Based on the overview of the *AI Guidelines for Business (Version 1.1)* issued by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry

Example of Engagement Japanese Equity

Theme Risk Management in the Digital Society

Nomura Asset Management | **Japanese Electrical Equipment Company**

Background In recent years, there has been growing concern about the impact of cyberattacks on corporate value. This company has been expanding its business by holding and utilizing vast amounts of data, including customers' personal information. Given this, we considered cybersecurity measures and related disclosure to be important and began engagement activities.

Engagement

When we checked the status of the company's cybersecurity measures, it reported that it had appointed responsible executives such as a Chief Digital Officer (CDO) and a Chief Information Security Officer (CISO), and had also designated responsible officers (EISOs) in each business division. However, explanations of these advanced initiatives are currently limited to the sustainability report, so we requested that disclosure be enhanced in future integrated reports and various meetings.

Company Response

We understand the importance of your comments. We will take the views you have provided into consideration in determining how we disseminate information going forward, including in our integrated report.

Results **"Cybersecurity Initiatives and Governance," which had previously been disclosed only in the sustainability report, began to be included in the integrated report starting in 2025.**

Example of Engagement Japanese Equity

Theme Risk Management in the Digital Society

Nomura Asset Management | **Japanese Services Company**

Background Given the high level of importance of data security for the company and its extensive M&A activity, we considered it necessary to strengthen group-wide information security initiatives and improve information disclosure, and therefore began our engagement activities.

Engagement

Given the high level of importance of data security for the company and its active M&A strategy, we asked the company to bolster its group-wide information security measures, and specifically the appointment of a responsible officer and more comprehensive disclosure. We also conveyed to the company that, because it is actively engaged in M&A and has many group subsidiaries, its information security framework should encompass the entire group.

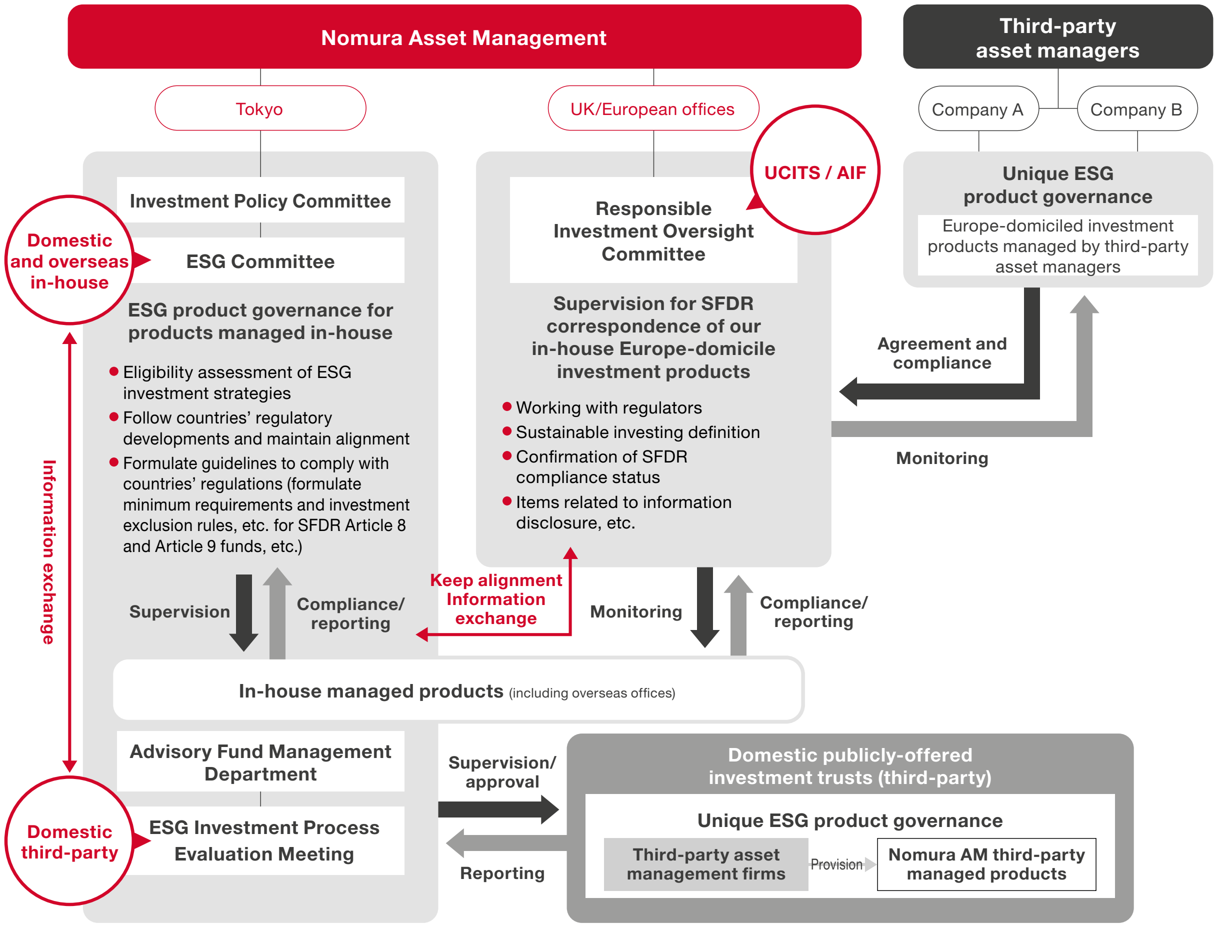
Company Response

At present, the scope is limited to the company alone. However, since we recognize this as an important issue with respect to our business model, we want to address it promptly.

Results **In January 2025, the company set forth seven basic policies, one of which was the establishment of an Information Security Basic Policy. In addition, in October 2025 an investor report was prepared, and this report included information on information security.**

Our Product Governance Initiatives

Overall ESG Product Governance System for the Investment Side



Our Product Governance Initiatives

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 (RIOC) 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.

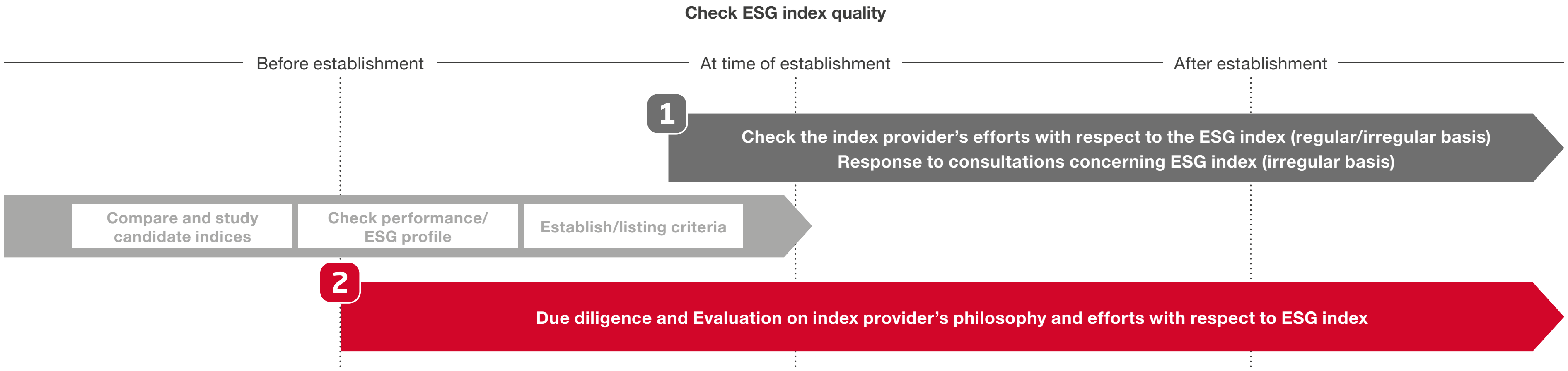
We have implemented the above-mentioned initiatives in terms of structure and have clarified the definition of ESG funds, which was disclosed in August 2022.

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

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

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.

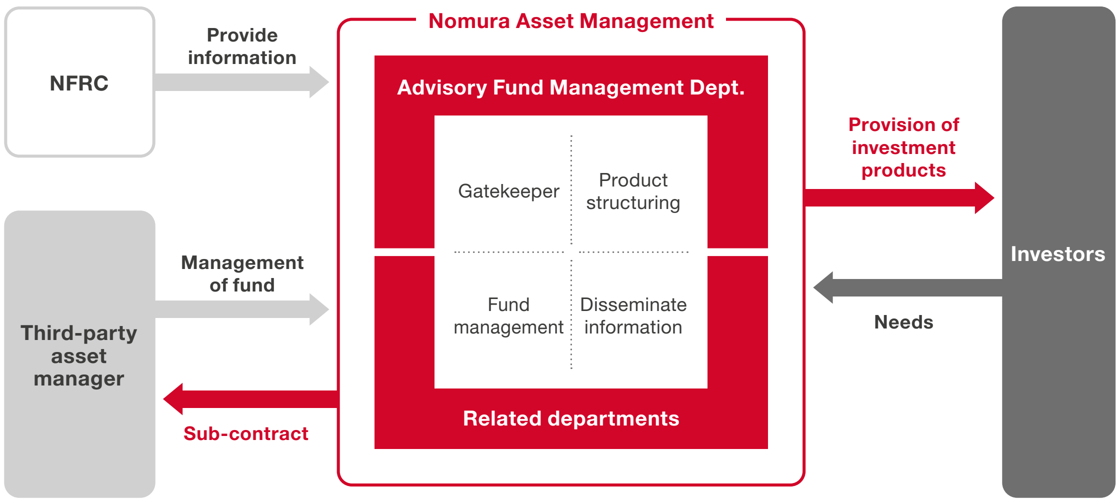
Governance of Third-Party Asset Managers' ESG Products

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.

Management of 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.

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.

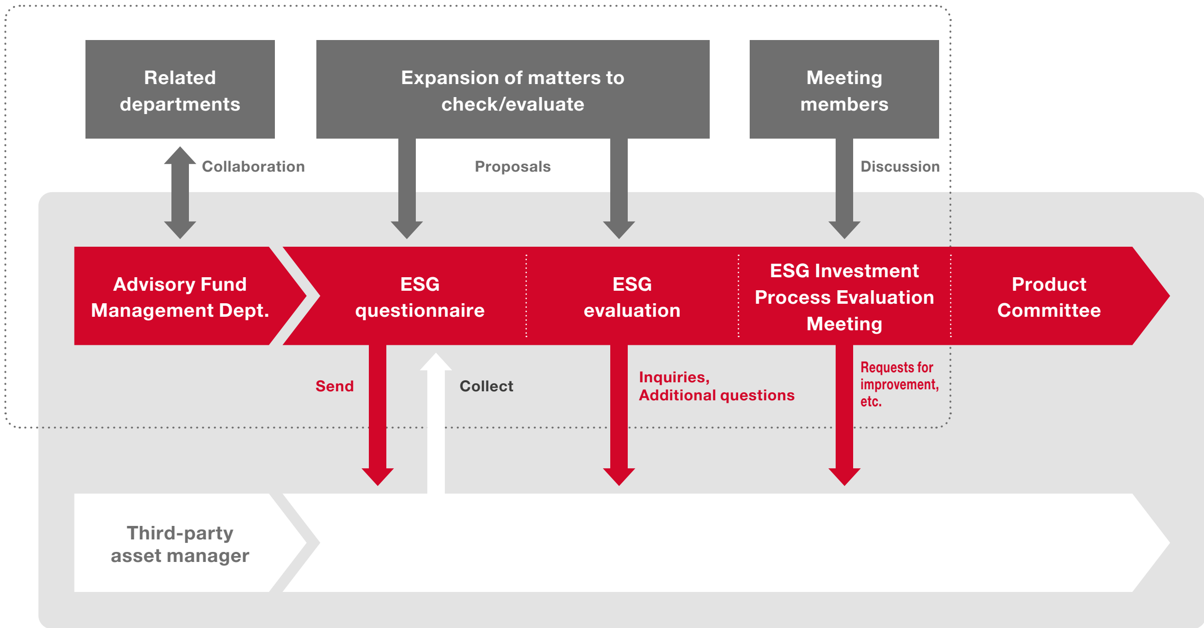
The qualitative evaluations are performed based on the seven investment styles identified by the Global Sustainable Investment Alliance (GSIA): corporate engagement and proxy voting, ESG integration, negative screening, positive screening, norms-based screening, sustainability-themed investing, and impact 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



Strategic Stewardship for Unlisted Companies

Bridging Capital Markets and Social Impact

Structural Challenges in Japan's Capital Markets and the Purpose of Launching XIF

We established the Startup Investment Department in 2024, recognizing that startups need to prepare from the pre-listing stage to achieve sustainable post-listing growth and secure fair market valuation. In addition, in December 2024 we launched the Cross-Over Impact Fund ("XIF") in collaboration with UntroD Capital Japan. Our core belief is that an initial public offering is not the ultimate objective of a company. Rather, we feel it is necessary for companies to articulate growth strategies, maintain appropriate disclosure, engage in dialogue with investors, and establish governance structures in a planned and deliberate manner from the pre-listing stage.

In 2025, the Tokyo Stock Exchange advanced initiatives to support high-growth startups through its Growth Market, with the goal of enhancing the market's attractiveness to investors. This underscored concerns that Japan has not sufficiently fostered startups capable of driving economic growth, given that companies whose market capitalization has increased more than tenfold since listing account for only 5% of the total number of listed companies.* The Growth Market's requirements for continued listing were revised from four billion yen after 10 years of being listed to 10 billion yen after five years of being listed, with the aim of fostering early-stage growth to a scale attractive to institutional investors, and supporting M&A among companies as well as entrepreneurs' subsequent ventures. Although the listing approval criteria remain unchanged, we believe that companies are now subject to more rigorous evaluation at the time of listing regarding their ability to sustain high growth after listing and achieve appropriate valuation in the capital markets.

In light of these changes in the environment, we have reaffirmed that the approach we have advocated—namely, treating the pre- and post-listing phases as a continuum and establishing the necessary growth trajectory and governance framework from the pre-listing stage—has become even more important. The importance of both preparation from the pre-listing stage and continued support after listing has further increased from the standpoint of both avoiding a vicious cycle in which support for growth becomes harder to secure after listing and to establish a market structure where risk capital circulates.

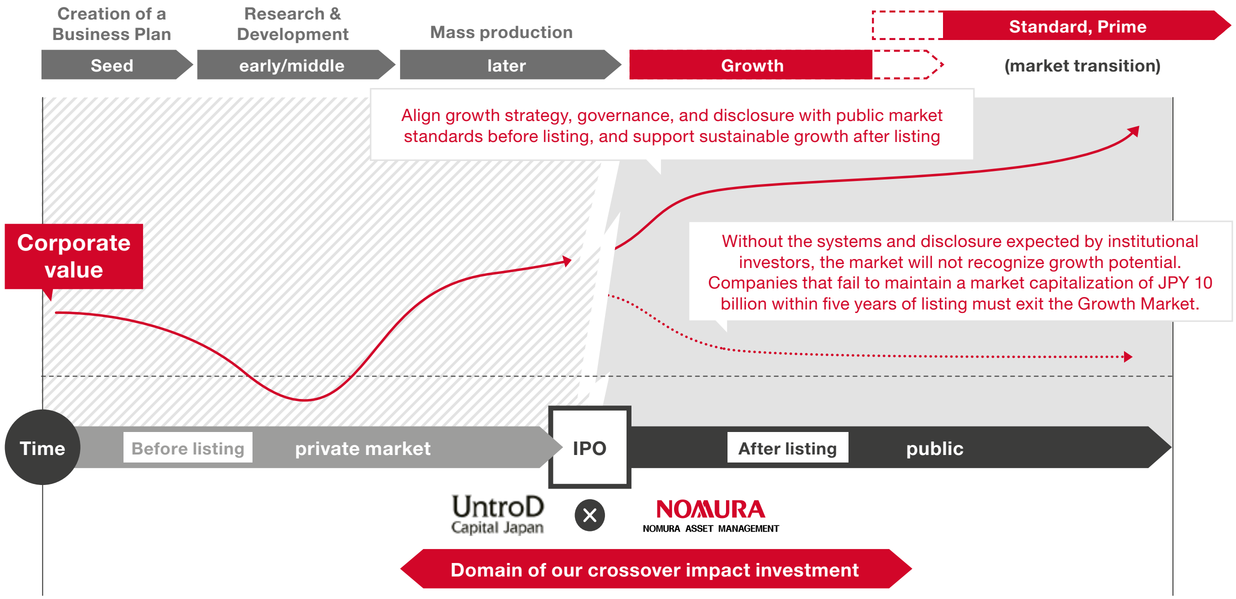
Progress and Impact in the First Year:

From Storytelling to Tangible Corporate Value Creation

Over the first year since launching XIF, our primary focus has been not merely on telling a compelling story about social impact, but on embedding it within companies as a practical framework that can contribute to future growth and corporate value. The pathways to value creation that we have identified are as follows: 1 addressing social issues leads to market expansion and business growth; 2 institutional investors provide long-term support from the pre-IPO stage through the post-IPO stage, supporting corporate governance, disclosure, and strategy execution to drive value enhancement; and 3 visualizing the scale of impact strengthens the investment case (equity story) and improves the likelihood of future cash flows, thereby helping to enhance valuation.

Specifically, we placed impact visualization and the development of a logic model at the core of our approach in consideration of investment and post-investment engagement. A logic model systematically maps the relationships among social issues, beneficiaries, the value delivered, drivers of adoption, business KPIs, and financial KPIs. Conventional logic models typically identify social issues that a company can take the initiative to

Image of crossover investment



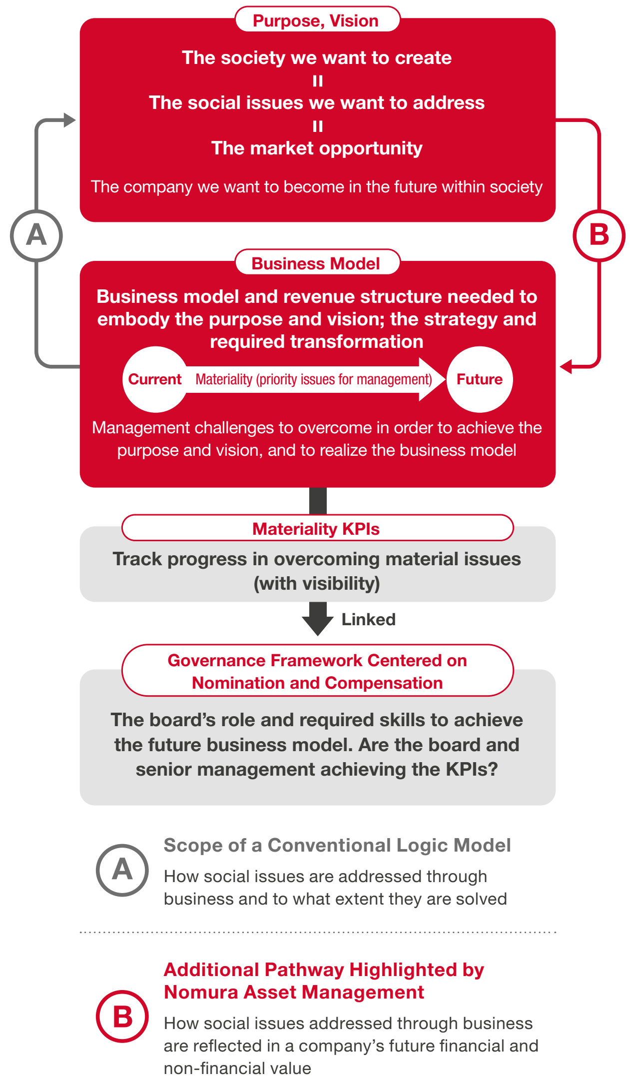
* Tokyo Stock Exchange: 20th Follow-up on the Review of Market Segments, Document 4, "Future Measures for the Growth Market" https://www.jpx.co.jp/equities/follow-up/nlsgeu000006gevo-att/um3qrc000000t58p.pdf

address and illustrate how social value (externalities) is created through the company's business activities and management activities, as well as how much those efforts translate into financial value for society (see Figure A on right). However, in many cases, they do not adequately capture how the creation of social impact is linked to a company's future financial value, or how non-financial capital enhanced through such efforts—such as human capital, the brand, technology, and trust—increases medium- to long-term financial value (see Figure B on right). We believe that quantitatively visualizing the impact and integrating it into a logic model enables social value (externalities) to be linked with a company's medium- to long-term financial value (internalities). This enables a broader understanding of future risks and emerging business opportunities, thereby improving the precision of management decisions. It also helps investors assess whether a company's initiatives contribute to solving social issues and better understand its future corporate value.

For example, in the case of one company, although its technological advantages were clearly articulated, a key challenge was that investors found it difficult to envision the potential scale of the market for the social issue that the technology could help address. Accordingly, we recommended restructuring the investment case in the following order: ① who the primary beneficiaries are; ② what improves and how; ③ what drives and accelerates adoption, such as regulation, cost structure, and barriers to substitution; and ④ how market size and the customer base expand over time as a result. In addition, we asked the company's management to distinguish the short- to medium-term horizon (e.g., 2030) from the long-term horizon (e.g., 2040), and to prioritize options including overseas expansion, partnerships, and M&A. Furthermore, because a business model with multiple possible directions can create uncertainty in terms of market valuation, we worked backwards from the question of what market capitalization scale should be targeted at listing, and clarified which model the company should ultimately converge on and, if a transition is necessary, what would need to change, such as the sales structure, pricing, product mix, and capital policy. We are also working to strengthen management's ability to engage with institutional investors after its listing. We asked senior management to clearly communicate the company's purpose and vision, the social issues it addresses, its trajectory since founding, and the long-term form of the business (which market it will target, what revenue model it will build, and what scale it aims to grow to). In addition, in discussions with CFOs, we discuss how to summarize and explain the significance of the stock listing, the use of proceeds from the listing, business KPIs and milestones, the cost of capital and target ROE, and investment and fundraising (including follow-on capital raises after listing), in order to demonstrate the likelihood of future growth from a financial perspective. Moreover, we work on preparations to meet post-listing evaluation standards, including defining the role of the board of directors, identifying the required skills, bolstering the presence of outside directors, designing corporate governance structures including nomination and compensation, and addressing human capital considerations (such as hiring plans, retention, and skill portfolios).

Our progress over the past year has been promising. By positioning impact not as an "idea" but as a core element of management strategy and disclosure, and by systematizing KPI data collection and disclosure preparation, investors can more clearly assess the likelihood of future cash flow generation, while companies can accelerate decision-making. The greatest value of crossover investment lies in encouraging a company's leaderships team to adopt a long-term perspective that looks beyond the IPO itself and toward post-listing valuation, investor dialogue, and growth in the capital markets. Going forward, in order to help strengthen Japan's capital markets, we will continue to refine our methodologies for seamlessly connecting corporate valuation approaches that often differ between the pre-listing and post-listing stages, as well as IR practices that enable the market to appropriately evaluate impact.

Framework for bridging capital markets and social impact



Japan Asset Management Forum

About Japan Asset Management Forum

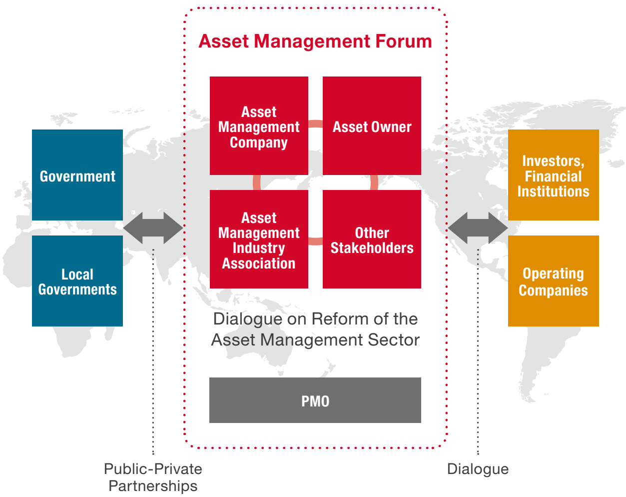
In December 2023, the Japanese government released the “Policy Plan for Promoting Japan as a Leading Asset Management Center.” The aim was to advance reforms in the asset management industry and asset ownership, with the goal of establishing Japan as a leading asset management center that will enable a virtuous cycle of growth and distribution leading to further investment and consumption.

To advance measures toward establishing Japan as a leading asset management center and an international financial center in line with the needs of relevant domestic and overseas businesses and investors, it is necessary to strengthen external information dissemination and communication regarding the attractiveness of the Japanese market and related policies. Accordingly, the “Asset Management Forum” was established with the participation and cooperation of relevant businesses, investors, and others, centered on domestic and overseas asset management companies.

At the inaugural annual meeting in October 2024, discussions covered topics such as the potential of alternative investments in the Japanese market, the expansion of transition finance, and Japanese equities as an investment target. At the annual meeting in October 2025, discussions focused on improving the value of Japanese companies and promoting investment in Japan, including regional areas, as well as alternative investments and the digital transformation in the asset management industry. In each working group, a leadership team made up of multiple financial institutions organized the discussions, and the results were published as a “Statement for Establishing Japan as a Leading Asset Management Center.”

Below, we introduce the discussions on “Enhancing the value of Japanese companies and promoting investment in Japan, including regional areas,” from the statement. Regarding topics related to enhancing the value of Japanese companies, discussions were held on “Reviewing the business portfolios of investee companies and revitalizing industry restructuring,” including: (**1**) encouraging higher ROE, (**2**) supporting the growth of small companies, and (**3**) strengthening efforts targeting unlisted companies. In addition, under “Revitalizing human capital in investee companies,” discussions covered: (**1**) formulating talent strategies and visualizing talent portfolios, and (**2**) providing incentives to employees. Regarding “Discovering and supporting promising regional companies in cooperation with local governments and regional financial institutions” and “Addressing shortages of management resources in Japan, including regional areas,” discussions focused on human capital investment in regional companies and the spread and retention of talent from urban areas. As a point of consideration, effective engagement may lead to a review of business portfolios and improvements in corporate value. In addition, sharing best practices is expected to enhance effectiveness.

Through these activities, we support the development of Japan’s asset management industry and contribute to stakeholders aiming to soundly grow their assets.



Source: Japan Asset Management Forum (a General Incorporated Association)
https://amforum.jp/en

Statement for making Japan a leading asset management center
https://www.nomura-am.co.jp/amrc/reports/2507.html

Nomura Asset Management Seminar 2025

As part of the government’s efforts to make Japan an international financial center and a leading asset management center, the third “Japan Weeks” was held in the fall of 2025, following the events held in the fall of 2023 and 2024. With the core week set from October 20-24, various events were held during the surrounding weeks with the participation of overseas investors, asset management companies, and others, and we also hosted a seminar to share information.

Nomura Asset Management Seminar 2025
“New Trends in Asset Management in Japan: Discovering New Investment Opportunities and a Look to the Future”
October 24, 2025 2:30 p.m. – 7:00 p.m.
Nomura Asset Management Co., Ltd.

Revitalization of Small-Cap and Growth Markets

To promote the sustainable growth of listed companies, enhance corporate value over the medium to long term, and create a market that is attractive to investors, the Tokyo Stock Exchange (TSE) carried out a market segment restructuring in April 2022. However, a number of challenges remained even after the restructuring. Regarding the issue of companies trading below price-to-book of 1.0, efforts are underway to improve capital efficiency. While companies are being asked to engage in dialogue with investors, some companies have said that they are unable to secure opportunities to meet because their market capitalization and liquidity do not meet the standards of institutional investors. In addition, as a challenge for the Growth market, the concentration of small-cap listings and the resulting insufficient participation by institutional investors have been pointed out.

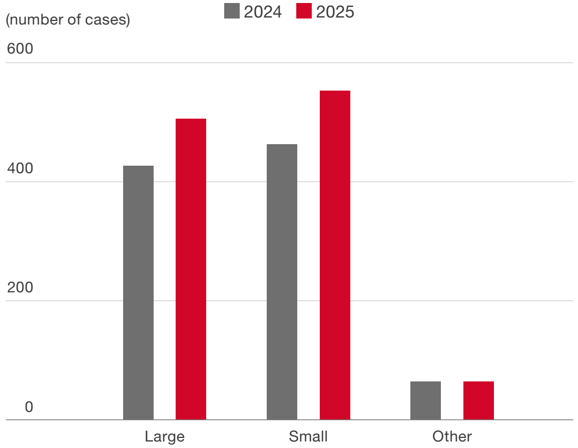
Against this backdrop, in July 2025 we co-hosted a seminar with the TSE and JPX, primarily targeting IR staffers at listed companies that have few opportunities to engage with institutional investors. At the seminar, we spoke in concrete terms, with examples, about the institutional investor perspective and the kind of information disclosure and communication institutional investors expect from listed companies (see the column on the right).

Until now, our engagement efforts have focused primarily on our so-called “Top 300” companies—those in which our shareholding ratio is high and that are therefore particularly important to us. As a result, the focus had been mainly on large companies that are widely held by passive funds, but we are now also expanding our scope to small- and mid-cap companies for which engagement requests have been received from actively-managed funds. For small- and mid-cap companies, company-specific factors have a greater impact on management than semi-macro or industry-wide factors, and we believe this is an area where our strengths can be fully leveraged, given that we have many experienced Japanese equity portfolio managers and analysts.

Following the aforementioned seminar, our portfolio managers met with several participating companies. We are planning to invite a number of these companies to discuss their current initiatives and talk about what they expect from institutional investors, and to organize a dialogue with our President on the challenges facing the capital markets.

At present, as a general rule, we are set up to accept all requests for dialogue and engagement from individual companies. In fact, small- and mid-cap companies often approach us for advice on improving their disclosures and on integrated reporting. We are also actively engaged in dialogue and information-sharing with small- and mid-cap companies—for example by having our small- and mid-cap equity portfolio managers and ESG specialists speak at seminars where they introduce our proxy voting criteria and our perspective on stock selection. Through these initiatives, we aim to contribute to revitalizing Japan’s capital markets.

Engagement Count by Company Size Based on Russell/Nomura Classification*
Engagement Count



*Russell/Nomura Japan Equity Index
This index consists of stocks that account for the top 98% of cumulative free-float adjusted market capitalization among all listed companies. Stocks in the top approximately 85% by free-float adjusted market capitalization are classified as Large Cap, while those in the bottom 15% are classified as Small Cap.

We also provide information on our website.
https://www.nomura-am.co.jp/special/japanequity_info/pdf/202508_seminarreport.pdf

The Seminar Co-hosted by TSE and JPX

The seminar was held on Wednesday, July 16, 2025, co-hosted by the Tokyo Stock Exchange, Inc., Japan Exchange Group, Inc., and our company. The seminar was attended mainly by IR professionals from listed companies that have limited opportunities to engage with institutional investors, and we, as an institutional investor, provided an explanation of institutional investors’ investment stance and management policies, as well as the information they seek from listed companies’ IR activities.

The Seminar Co-hosted by TSE and JPX
“Institutional Investors Explain: From Investment Policies to the Information Disclosure Expected of Listed Companies”

Our research results

Analysis and Evaluation of the Board of Directors Through a Skill Matrix

Enhancement of Our Overall Stewardship Operations

Dai Yamawaki
Nomura Asset Management U.K. Limited.
Vice President

We conduct research in the field of sustainability, and we endeavor to incorporate the insights obtained from research outcomes into our real-world stewardship operations.

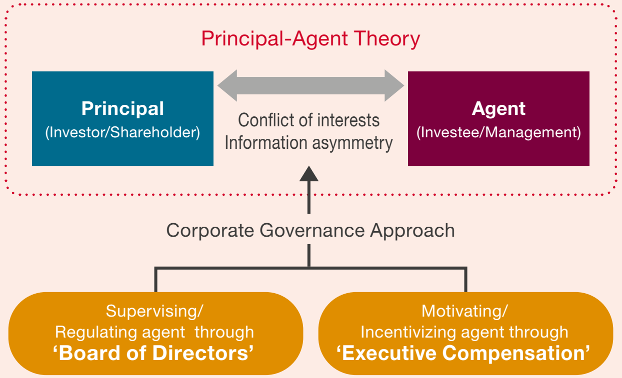
For example, the ‘Principal-Agent Theory’ referenced in microeconomics operates under the assumption that information asymmetries and conflicts of interest arise between principals (investors and shareholders) and agents (senior management of investee companies), and focuses on corporate governance as a means to resolve these issues. We focused on supervision and regulation through boards of directors (right side of diagram below), particularly on skills matrices whose disclosure is required under the revised Corporate Governance Code, and analyzed the relationship between the skills possessed by directors and companies’ financial and non-financial indicators.

However, given that skills matrices face challenges in terms of lack of objectivity and standardization (making horizontal comparisons difficult), in our research we automatically projected directors’ skills based on nomination rationale statements obtainable from listed companies’ shareholder meeting notices. After converting the obtained skills information into matrix form and analyzing the relationships between these skills and companies’ financial and non-financial indicators, several findings emerged. First, having at least one outside director with corporate management skills may contribute to enhancing ROE and overall ESG scores. Second, internal directors possessing overseas experience and directors having technical and specialized skills show positive correlations with ROE, potentially exerting favorable impacts on management performance.

These research findings are widely shared among internal stakeholders including portfolio managers and analysts, while simultaneously contributing to the enhancement of our overall stewardship operations through various applications such as ESG scores P.109 for Japanese equities that incorporate skills matrices, role model criteria P.92 for proxy voting, and the establishment of evidence-based engagement milestones P.69.

These research findings were presented at the international conference IIAI-AAI (International Institute of Applied Informatics - Advanced Applied Informatics) held in July 2025 under the title “*Director Skill Matrix Disclosure and Its Impact on Corporate Performance and ESG Scores: Evidence from Japan*”* and received the Best Paper Award, the highest honor.

Framework of the Principal-Agent Theory



Considerations (Summary)

- Having at least one outside director with corporate management skills may contribute to enhancing ROE and overall ESG scores.
- Internal directors possessing overseas experience and directors having technical and specialized skills show positive correlations with ROE, potentially exerting favorable impacts on management performance.

* Authors: Dr. Dai Yamawaki (Nomura Asset Management U.K. Ltd.), Dr. Koutaro Tamura (Uzabase, Inc., currently Nomura Research Institute, Ltd.), Dr. Kaito Takano (Innovation Lab Department, Nomura Asset Management Co., Ltd.) and Dr. Kei Nakagawa (Osaka Metropolitan University).

Our research results

Board Diversity and Corporate Value—Insights from a Faultline Perspective—

Enhancing diversity while limiting boardroom divisions may help support higher corporate value

Koki Manabe
Innovation Lab Dept.
(Innovation Lab Group)
Quants Analyst

We believe that corporate governance is effective when the board of directors itself is more effective. This belief guides both our engagement with investee companies and our in-house research. In this section, we introduce our research on the relationship between board diversity and corporate value.

The amended Corporate Governance Code also emphasizes that appointing directors with diverse backgrounds—including differences in gender, nationality and age—is expected to support sustainable growth in corporate value over the medium to long term. One reason for this is that boards are increasingly expected to draw on a wider range of perspectives in their decision-making as globalization and rapid technological change make the business environment increasingly complex.

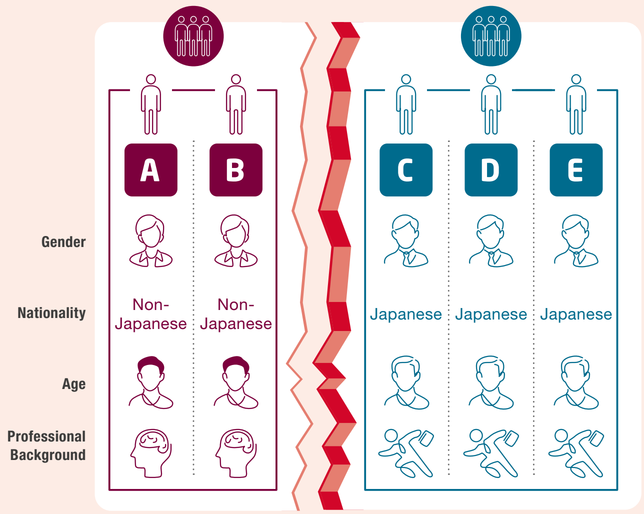
However, diversity does not automatically lead to higher corporate value. Differences in background can create friction in communication among board members. There is also a risk that diversity remains only superficial, with the perspectives of minority members not fully incorporated into board discussions and decisions. With this in mind, we focused on the concept of a "faultline"—a potential dividing line that can emerge due to differences in background within a group.

Figure 1 illustrates this idea. A board may appear diverse in terms of its overall composition, but if certain attributes—such as gender or nationality—tend to cluster along the same lines, members with similar characteristics may end up forming two distinct subgroups. When this happens, the dialogue needed to fully leverage different perspectives may weaken, making it harder for the board to function effectively. In this sense, the concept of a faultline captures the extent to which a board may become divided as subgroups form.

We applied this framework to board data from Japanese companies to examine the relationship between board diversity and ROA. Looking at all companies together, we did not find a clear relationship. However, as shown in Figure 2, a different picture emerged once faultline strength was taken into account. Among companies with lower levels of division, higher diversity tended to be associated with higher ROA. This finding suggests that what matters is not simply having diversity in superficial terms to show the outside world, but building a board structure that limits divisions and allows diverse viewpoints to be substantively reflected in decision-making.

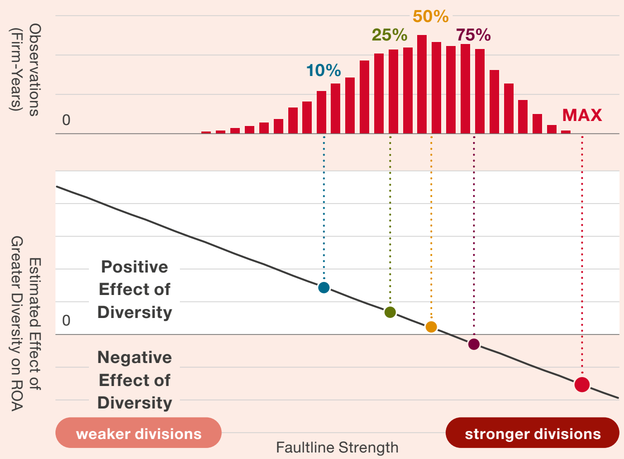
This research has attracted outside interest, including through presentations at the annual conference of the Nippon Finance Association (2024) and a seminar hosted by the Securities Analysts Association of Japan (2025), and it has also informed our external communications. At the same time, important challenges remain, including rigorously establishing causality beyond correlation and clarifying the specific mechanisms through which diversity contributes to higher corporate value. We will continue to advance this research and translate its findings into practice.

Figure 1 Illustration of Boardroom Faultlines



Illustrative example of a five-member board composition.

Figure 2 Board Diversity and ROA, Taking Faultline Strength into Account



Illustrative presentation of results from a fixed-effects panel regression of ROA on a board diversity index, faultline strength, and their interaction term. The analysis is based on director and financial data for TOPIX constituents from FY2016 to FY2023.

Engagement

We engage in constructive dialogue with companies to promote their continued value creation and sustainable growth

Our Idea of Constructive Dialogue with Portfolio Companies

We have established a basic policy for engagement as part of our responsible investment policy formulated by the Responsible Investment Committee, the highest decision-making body for responsible investment.

We believe that engagement, or constructive dialogue with portfolio companies, starts with a thorough understanding of the target company and its business environment as well as its future. We also view engagement as one of the most powerful means to fulfill our stewardship responsibility.

Basic stance on engagement

01 Engage in dialogue with a cordial and constructive attitude

02 Work to understand non-financial information, including companies' efforts to address ESG issues, and the strategies and philosophies behind them

03 Listen to the views of portfolio companies on the efficient use of capital, and communicate our thoughts

04 When a serious scandal or accident has occurred, promote sound management by hearing the causes and measures to prevent recurrence

Summary

In order to promote engagement activities, we established the Engagement Department in 2021 (which was restructured as the Sustainable Investment Strategy Department in 2025). Since 2022, the year following its establishment, we have held approximately 1,000 engagement meetings each year with investee companies, encouraging them to realize what we consider to be “desirable management.”

This year, we have also seen over 100 new engagement goals progress to the “completed” status, along with the “corporate change” that we were hoping for. (Please refer to P.70 for details.) We will continue to support the enhancement of Japanese companies’ corporate value by setting appropriate engagement goals and carrying out constructive, ongoing engagement activities.

On the other hand, it is also true that there are engagement goals for which the corporate changes we expect are not seen. In such cases, we will express our views by arranging opportunities to meet with outside directors and by reflecting our views in our proxy voting.

We will also continue with deep engagement. This involves identifying priority engagement companies in each sector and engaging in more in-depth dialogue with companies on topics such as optimizing business portfolios and improving capital policy. Since being requested by the TSE in 2023, Japanese companies’ interest in capital policy has increased markedly. At the same time, in Japan, where there are many conglomerates, optimizing business portfolios is indispensable for medium- to long-term growth. In this report, we introduce an engagement case study involving parent-subsidiary listed companies as a symbolic example in this area.

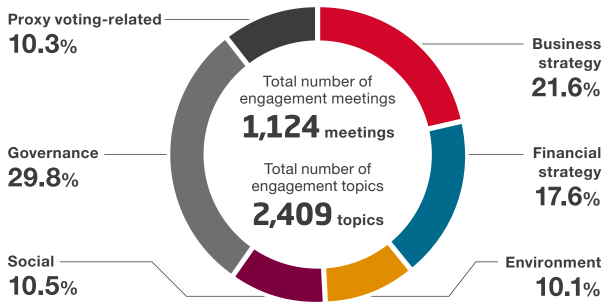
Continuing to Confirm the Positive Effects of our Engagement Activities on Tobin’s q

In addition, we place importance on not only managing the progress of individual engagement activities using milestones, but also on objectively verifying their outcomes through quantitative methods. Specifically, building on last year’s analysis and adding the latest one year of data, we continued to evaluate changes in Tobin’s q, a widely used indicator for assessing corporate value.

The results of the analysis are summarized in the figure on the right. In this analysis, we track changes in Tobin’s q before and after our engagement, and compare it with a group of companies that have not been engaged with, thereby estimating the magnitude of the impact of our engagement. In the figure on the right, during the period before engagement begins (black), there is no clear difference in Tobin’s q between the two groups of companies. By contrast, after our engagement begins (red), the companies we engaged with tend to show a gradual increase in Tobin’s q over time. This result is consistent with last year’s analysis and suggests that our engagement activities are contributing to medium-term improvements in corporate value over the course of several years. We will continue to accumulate data and measure outcomes, and use the insights attained to improve our engagement activities.

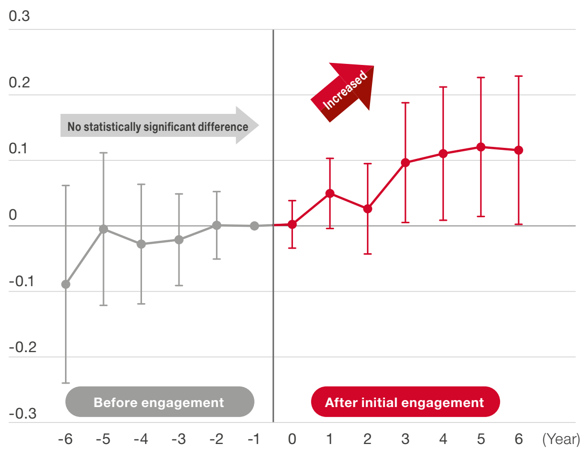
Recently, we are sensing rising expectations for engagement activities by institutional investors, including ourselves. Going forward, we will continue to raise the level of our engagement activities by advancing them while also refining and expanding their scope.

2025 Engagement Meetings



*Breakdown of engagement meetings throughout 2025 (number of topics)

Effects of our Engagement on Tobin’s q*



Note: The engagement records for the fiscal years 2016 to 2022 and the Tobin’s q data for the periods before and after, including 2013 to 2024, were used. The horizontal axis represents the years before and after the engagement commenced, while the vertical axis indicates the estimated effect of engagement. The engagement effect is measured using the difference between the change in Tobin’s q for the group of companies that received engagement (measured relative to just before the start of engagement) and the change in Tobin’s q for the group of companies that did not receive engagement.

* Tobin’s q is measured as (Market Capitalization + Interest-Bearing Debt) / Total Assets

Engagement Process

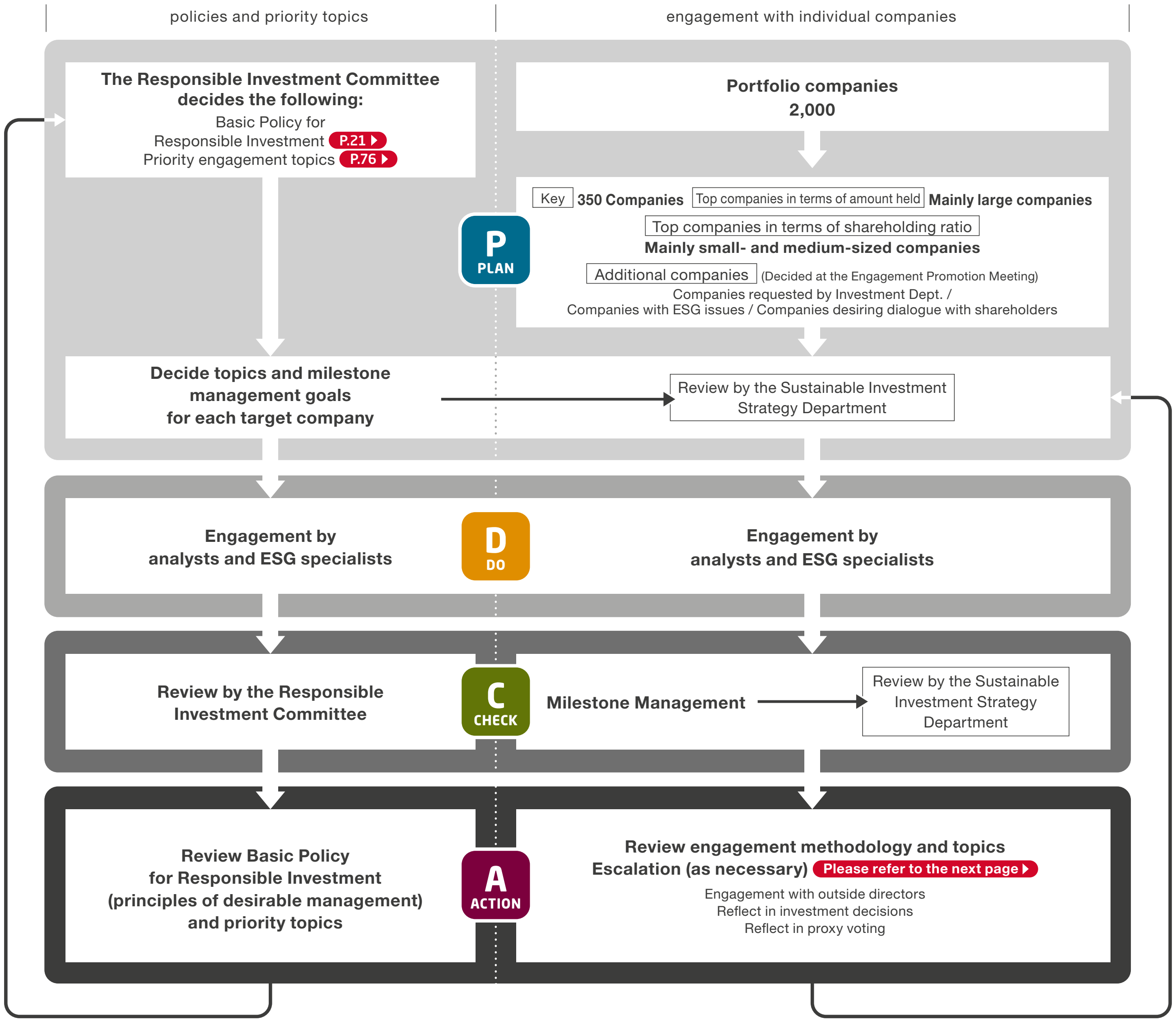
Our engagement activities are driven based on the "Basic Policy for Responsible Investment" and the "Priority Engagement Topics," which have been established by the Responsible Investment Committee. These priority topics encompass a wide range of topics, spanning from business and financial strategies to ESG issues such as environmental, social, and governance challenges.

Engagement with individual companies is carried out in accordance with these basic policy and priority topics. For the "Key 350 Companies", which are selected taking into account factors such as market capitalization, we establish engagement activity policies (engagement goals) for each company. Analysts, ESG specialists, and portfolio managers participate in the Engagement Promotion Meeting, where multi-faceted discussions are held to set goals. In the past, we focused our reviews on stocks with the highest market capitalizations, but recently, based on requests from portfolio managers and others, we have been advancing reviews of companies with greater room for improvement.

After the engagement goals are set, engagement is carried out by the assigned analysts and ESG specialists. The progress of the engagement is monitored and managed through milestones, and for goals that are showing insufficient progress, we will review the goals and change the engagement methods (such as escalation measures).

The "Basic Policy for Responsible Investment" and the "Priority Engagement Topics" are regularly reviewed based on the industry environment and our engagement progress. Both the "policies and priority topics" and "engagement with individual companies" follow a PDCA (Plan-Do-Check-Act) cycle to ensure a structured and effective process.

Promoting the PDCA Cycle in Engagement Activities

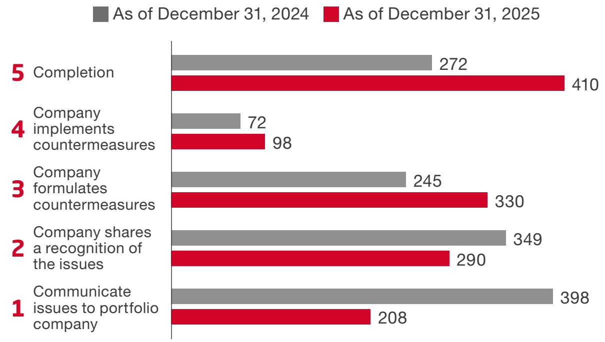


Escalation Process

The foundation of our engagement activities is constructive dialogue with the target companies. However, if no changes are expected from the companies after the engagement activities have been implemented, we will consider changing our engagement approach. The chart below outlines our escalation process. If no expected changes are observed in a company after three years of engagement, we will consider escalation. Escalation 1 involves dialogue with outside directors. Compared to executive officers and inside directors, outside directors hold a more neutral position. The goal here is to share the challenges faced by the company and the necessity of promoting solutions through discussions with outside directors, who lead the “supervision of management.”

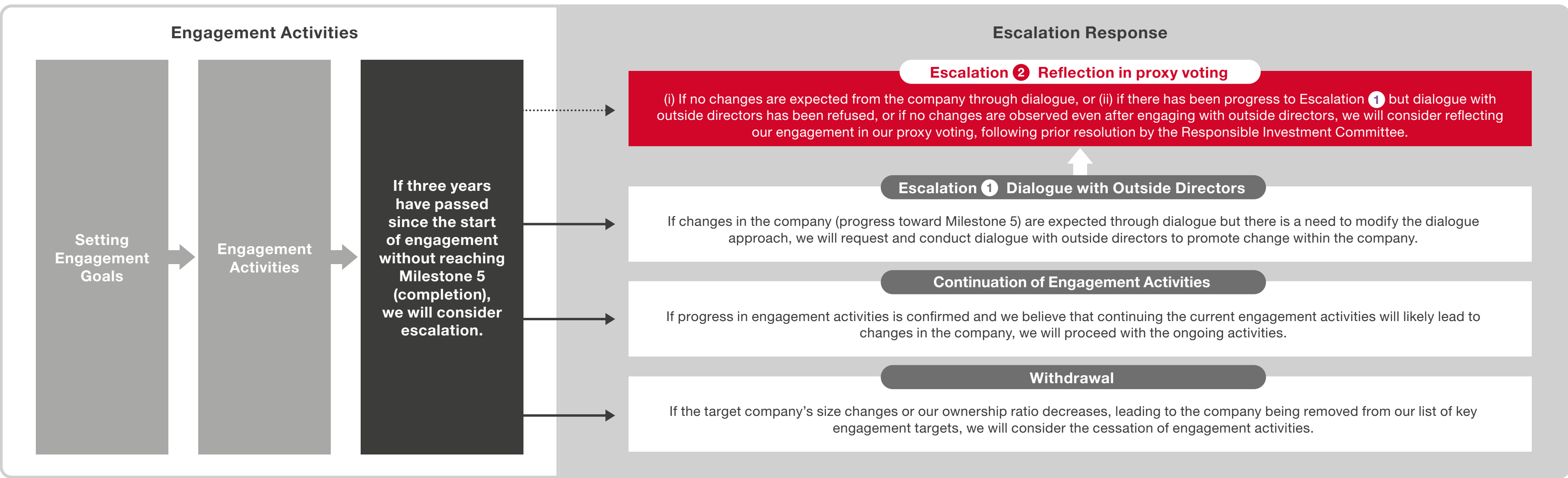
As the number of outside directors in Japan as a whole continues to increase and their influence grows, we believe that opportunities for dialogue between institutional investors and outside directors are extremely important.

Escalation 2 involves reflecting our engagement in proxy voting. If ongoing dialogue with various company representatives (inside and outside directors, the president/CEO, and IR officers) do not lead to expected changes, we will consider reflecting our engagement in proxy voting, following prior resolution by the Responsible Investment Committee. As mentioned earlier, escalation measures are a last resort in engagement activities, and instances of escalation are infrequent; however, we have already carried out proxy voting based on our engagement activities.



The chart above shows the progress of milestones in 2025. At the end of 2024, the main status was “**1**. Communicate issues”, but by the end of 2025, an increasing number of cases had progressed to corporate actions such as “**4**. Implement countermeasures” and “**5**. Complete”. In addition, this year, more than 100 new engagement goals reached “**5**. Complete”, and our expectation of “corporate change” was realized.

Overview of Our Escalation Process



Environmental Engagement

Concerns about Environmental Pollution from PFAS (Per- and poly-fluoroalkyl substances) are Rising Globally

Consideration for natural capital is essential to sustainable enhancement of corporate value. By advancing efforts to prevent environmental pollution, companies can reduce business risks and secure medium- to long-term stable growth as well as social approval. Against this backdrop, one of the groups of chemicals currently drawing concern globally with respect to environmental pollution is PFAS.

PFAS is a generic term for perfluoroalkyl compounds and polyfluoroalkylated compounds among organic fluorinated compounds. Due to their unique properties, such as heat resistance and chemical resistance, they are used in a wide range of industries and products, including semiconductors, automobiles, and communications devices/tablets. There are said to be more than 4,000 types of PFAS, and among them, certain substances such as PFOS (Perfluorooctane sulfonic acid) and PFOA (Perfluorooctanoic acid) have raised concerns over potential harm to human health, including an increased risk of cancer, leading to growing calls for tighter regulation and reduced use.

Engagement Activities to Reduce Risks in the PFAS Business

Given this situation, we bolstered our dialogue with the company in question on PFAS-related issues beginning in 2023, when concerns started to spread globally. The company had previously manufactured PFOA in Japan, and there were concerns about environmental pollution through groundwater contamination, particularly in the area surrounding a manufacturing site. In order to limit the concern and speculation, we encouraged the company to voluntarily disclose information related to this matter, after which a press release was issued.

In addition to expanding such disclosures, we have urged the company to take measures to reduce the risks associated with its PFAS business. Overseas, there have already been lawsuits filed by nearby residents concerning PFOA and related substances, and some overseas companies have begun withdrawing from or spinning off their PFAS-related businesses. When we asked about the company's efforts to reduce risk, we found that it was actively making environmental remediation investments such as groundwater pumping and purification, as well as strengthening communications with local residents.

Although the excessive debate at one point calling for regulations on all PFAS has now subsided, business risks remain unresolved. If the company is unable to gain the understanding of local residents, there is concern about direct litigation and compensation risks, but also reputational risk for the company as a whole. We plan to continue our dialogue, calling for the implementation of risk mitigation measures and proactive information disclosure to various stakeholders.

Future directions for PFAS in Japan*

Measures to Address PFOS and PFOA

To deal with PFOS and PFOA in a more robust way, it is necessary to continue and enhance the following four areas:

1 Strengthen controls
1. Strengthen controls, including accurately grasping of the volume of inventory in the market
2. Further promote the substitution of foam fire extinguishing agents
3. Thorough prevention of release into the environment
4. Study the handling of provisional water quality target values

2 Responses in areas where levels exceed provisional target values, etc.
1. Thorough prevention of drinking water exposure through the enhancement of "guidance manuals"
2. Monitoring of residents' health conditions by local governments

3 Risk communication
1. Implement thorough risk communication using the Q&A document to be prepared this time

4 Strengthen investigations related to existing business operations, etc.
1. Strengthen environmental monitoring, etc.
2. Consider the implementation of a full-scale survey for monitoring human exposure to chemical substances

*Ministry of the Environment: https://www.env.go.jp/water/pfas/pfas.html

Engagement with Company A, a Target Company for Engagement

Our Proposal	Changes at Company A
• Concerns about environmental pollution from PFAS are increasing globally. • As various reputational risks surrounding Company A's PFAS business come into focus, proactive information disclosure is likely to help contain the spread of such concerns. • In parallel, measures to curb environmental pollution are required.	• Information disclosure regarding this issue was enhanced through press releases and in the integrated report. A sustainability-related briefing was held, during which the company explained regulatory trends in this area and its response measures. • The company made various investments to reduce environmental pollution, such as groundwater pumping remediation.

Examples of engagement

Engagement with the Healthcare Sector

Driven by the rapid evolution of technology, many companies in the healthcare sector are also seeing rapid growth in operating performance. As a result of this fast growth, there are cases in which, although business scale and market capitalization have increased, the development of governance and risk management frameworks have not kept pace.
For sustainable corporate growth, we believe it is important to respect the entrepreneurial spirit of such companies while also advancing the development of systems for risk management, including governance. As such, we have been engaging in dialogue based on this perspective.

Transition to a Monitoring Board

We have been engaging continuously with M3, Inc. ("M3") since around 2020. First, with respect to governance, we have been encouraging M3 to transition to a monitoring board. In companies led by founders who have driven the business from inception through expansion, the founder's influence can remain very strong, and the board's checks-and-balances function may not work effectively. In particular, M3 had only a small number of outside directors, and there were concerns about the board's monitoring function. After repeated dialogue, including discussions with outside directors, M3 established a nomination and remuneration committee in which outside directors constitute a majority and an outside director serves as chair. Nomination and remuneration oversight is one of the most important functions in monitoring, and while we evaluate this initiative positively, we plan to continue dialogue aimed at further increasing the number of outside directors. We seek to not only increase the number of outside directors, but given that the company is a so-called net cash company, we also intend to encourage the appointment of outside directors with expertise in finance and capital policy, as well as those with business management experience. Such dialogue, taking skills matrices into account, is intended to promote governance above industry standards. We believe this is necessary, given the current size of M3 as a company.

Strengthening Risk Management in the Digital Domain

Disclosure has also continued to improve. Although it took time due in part to the COVID-19 pandemic, M3 published its first integrated report last year. The report provides a substantial explanation of the history behind M3's founding and its growth strategy, among other topics, but we hope to see further enhancement with respect to ESG-related disclosure going forward. In particular, we have recently been engaging in dialogue on strengthening the company's risk management framework in the digital domain. In 2024, we established "Risk Management in a Digital Society" as a new key engagement theme. For M3, which conducts much of its business via the internet, bolstering its information security framework is likely an important business issue. We only began discussing this matter in 2024, but by 2025 the company had already established seven basic policies, including an information security basic policy, indicating that efforts to strengthen the risk management framework are underway. Going forward, we hope to further deepen the discussion with an eye towards enhancing corporate value.

Aya Torii
Healthcare Industry
Senior Equity Analyst

Engagement with M3, Inc.

Our Proposal

- We believe that the primary function of the board of directors is to oversee management. M3's board has few outside directors, raising questions about the effectiveness of its monitoring function.
- Business risks in the digital domain have become a matter of growing concern in recent years. For M3, which conducts much of its business via the internet, strengthening risk management is an important issue.

Changes at M3

- A nomination and remuneration committee was established, with outside directors comprising a majority and an outside director serving as committee chair.
- Seven basic policies, including an information security policy, were formulated.

Comment **Comment from M3**

You have provided us with feedback not only on our business performance and future growth prospects, but also from a multifaceted perspective that includes corporate governance and other areas that contribute to enhancing corporate value. In many instances, our priorities have become clearer through our ongoing dialogue. We will continue to work on business growth and enhancing corporate value while taking into account your feedback and our dialogue with you.

The description of individual stocks does not constitute a recommendation to buy or sell a particular stock, nor does it imply a rise or fall in stock prices.

Engagement with Parent-Subsidiary Listed Companies

Business Portfolio Optimization is Required for Medium- to Long-term Corporate Value Enhancement

Since the Tokyo Stock Exchange's request in 2023, the number of Japanese companies working to improve capital efficiency has increased dramatically. Recently, efforts to strengthen capital policy—such as increasing shareholder returns and disclosure on capital allocation policies—have taken the lead. However, in terms of in medium- to long-term corporate value enhancement, improving profit margins, or strengthening earning power, is likely necessary. Measures to improve profit margins not only include initiatives within individual business units, such as productivity improvements, technological innovation, and bolstering pricing power, but also cross-business initiatives such as enhancing collaboration between business units to generate synergies and allocating resources more heavily to growth businesses.

While the primary actors in initiatives within individual business units are frontline production employees and sales personnel, the primary actors in initiatives to optimize the business portfolio are members of the senior management team. When we have the opportunity to engage with senior management, we actively deepen the discussion in this area.

Progress on Reviews of Listed Subsidiaries

Compared with overseas companies, Japanese companies tend to be more conglomerate-like, meaning that many of them have a large number of business segments relative to their overall corporate scale. Particularly distinctive in the Japanese corporate landscape is the existence of listed subsidiaries. In some cases, companies hold listed subsidiaries whose business domain differs from the parent company's core business, and there are limited synergies, raising concerns that efforts to optimize the business portfolio are lagging. In addition, when considering resource allocation across the entire group, subsidiaries that are distant from the parent company's core business tend to be neglected, and such imbalances in resource allocation can also hinder subsidiaries' growth.

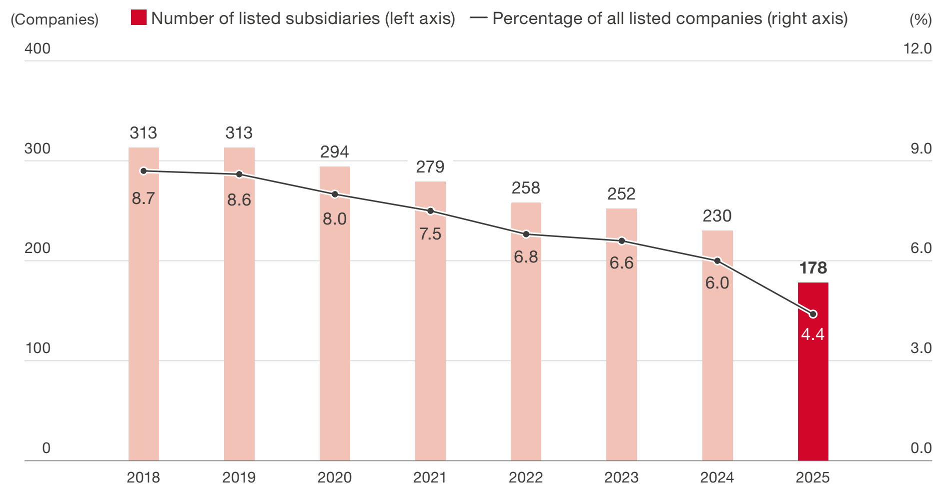
In addition to such business performance-related issues, listed subsidiaries are also viewed as problematic from a governance perspective. In cases where the parent company holds a majority stake in the listed subsidiary, there are concerns that minority shareholders' rights may not be sufficiently protected, which could lead to information asymmetry and conflicts of interest.

Recently, the number of listed subsidiaries has been declining. In addition to parent companies turning such listed subsidiaries into wholly-owned subsidiaries, there are also positive examples of share transfers to other companies in light of best ownership considerations. While some cases remain under development in terms of the method for calculating the price of shares to be transferred, we commend the efforts of senior management teams that have advanced large-scale business portfolio optimization, and we will continue to deepen discussions aimed at enhancing corporate value.

Main Concerns Regarding Parent-Subsidiary Listed Companies

Business impact on both companies	• If the parent company and the subsidiary are engaged in similar businesses, resources may be decentralized and efficiency may decline. • If the parent company and the subsidiary are engaged in very different businesses, questions arise from the perspective of the best-owner principle—namely, whether the company is truly the entity best positioned to maximize the subsidiary's corporate value. • Due to the complex ownership structure in which the subsidiary has multiple shareholders, it becomes more difficult to optimize the business portfolio across the entire group.
Governance	• Doubts about the subsidiary's independence from the parent company tend to arise. • Because the parent company is a major shareholder, there is a risk that its interests may be prioritized, resulting in insufficient protection of minority shareholders' rights.

Listed subsidiaries in Japan



Source: Compiled by Nomura Asset Management from data compiled by Tokyo Stock Exchange, etc.

Examples of engagement

Engagement with the Electric Wire Sector

Consolidation of listed subsidiaries is Progressing in the Electric Wire Industry

The electric wire and cable industry includes many companies with numerous business segments, reflecting both the long history of these companies and the fact that electric wire and cable products are used across a wide range of industrial applications, including but not limited to electric power and telecommunications, electronic equipment, and automobiles. While there are positive examples in which having multiple businesses promotes new product development and technological innovation through the creation of synergies, there are also concerns that insufficient resources may be allocated to businesses that are somewhat removed from each company's stated growth strategy.

The electric wire and cable industry attracted a lot of attention in the stock market in 2025. While a big reason for this was likely the sharp increase in demand for optical-related products driven by the increase in AI data centers, we believe other contributing factors to the positive view on this industry include the progress made in the restructuring of listed subsidiaries, the steady optimization of business portfolios, and the advances in governance improvements.

Engagement with Sumitomo Electric Industries, Ltd.

Since 2022, we have been engaging in discussions with Sumitomo Electric Industries, Ltd. ("Sumitomo Electric") regarding the consolidation of its listed subsidiaries. At the start of our engagement, Sumitomo Electric held multiple listed subsidiaries, and the businesses of those subsidiaries were diverse. While there were cases where making the subsidiary a wholly-owned subsidiary could be expected to facilitate the sharing of technical know-how and customer information, there were also cases in which it was unclear whether Sumitomo Electric could truly be regarded as the best owner. Sumitomo Electric has gradually implemented measures with respect to its listed subsidiaries, but 2025 marked a year of major changes. Among its listed subsidiaries, the company announced a policy to fully consolidate one subsidiary that is more closely related to Sumitomo Electric's core business and for which synergies are expected, including the sharing of customer information. Meanwhile, the company announced that it was planning to transfer shares of another subsidiary to a major company in the relevant industry. We welcome this restructuring of listed subsidiaries from the perspective of best ownership. As demand for optical-related products is expected to grow significantly going forward, Sumitomo Electric itself also requires growth investment capital. We hope that this restructuring activity will contribute to enhancing the corporate value of both the listed subsidiaries and Sumitomo Electric itself.

The AI sector is currently expected to experience rapid demand growth, and capital investment is expanding globally. The electric wire and cable sector is one of the few industries in which Japanese companies remain globally competitive, but continued technological innovation will require growth investment. Other companies in the electric wire and cable industry are also moving to restructure peripheral businesses and concentrate management resources on growth businesses. We will continue to support business portfolio reforms grounded in enhancing medium- to long-term corporate value.

Shuto Kimura
Iron and metal industry
Equity analyst

Engagement with Sumitomo Electric Industries, Ltd.

Our Proposal

- Sumitomo Electric has many listed subsidiaries. For some of these listed subsidiaries, it is difficult to identify business synergies with the parent company, raising questions about whether Sumitomo Electric can be deemed the best owner.
- Current demand in the electric wire and cable industry is strong, and growth investment will likely be necessary. The company should implement selection and concentration with respect to its management resources through the optimization of its business portfolio.

Changes at Sumitomo Electric

- Among its listed subsidiaries, the company fully consolidated one subsidiary for which synergies with Sumitomo Electric were expected, while announcing a plan to transfer shares in another subsidiary to a large company in a related industry.

*The description of individual stocks does not constitute a recommendation to buy or sell a particular stock, nor does it imply a rise or fall in stock prices.

Fixed Income Engagement

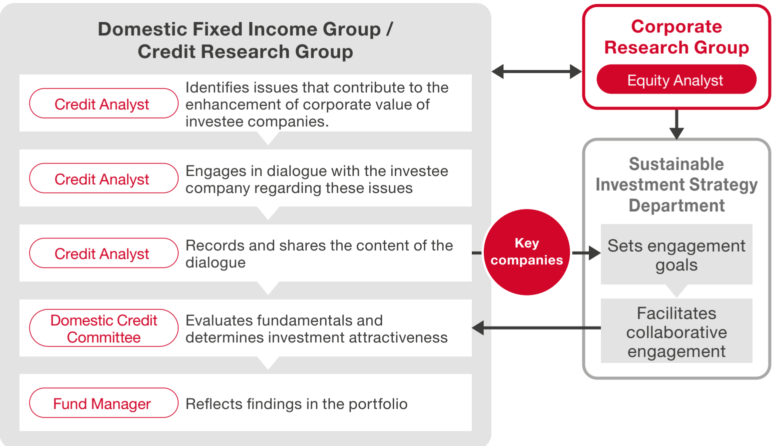
In domestic credit investment, credit analysts analyze the credit risk of individual issuers from multiple perspectives and make investment recommendations. In doing so, for issues that, if improvements were expected, more proactive investment recommendations would be possible, we explicitly note such matters in our research reports and continue dialogue through individual meetings with issuing companies.

Our dialogue with a leading company in the machinery sector became an example in which resolving issues led to a concrete investment action on our part. Although we recognized the company's strong technological capabilities and solid customer base, we had refrained from making a long-term investment because the company's financial policy was unclear. However, after the credit analysts and equity analysts discussed the matter, we reached the conclusion that the company's corporate value would likely increase if its financial policy was made clear, and we held several collaborative dialogues with the company.

As a result, the company announced a new financial policy, including the use of hybrid capital, and established clear financial targets. In response, we determined that the company's financial outlook had become less uncertain, and we proceeded to invest in newly issued bonds.

In this way, by promoting constructive dialogue not only through credit analysts acting alone, but also in coordination with equity analysts, our fixed income engagement activities contribute to enhancing corporate value and support higher-quality investment decisions.

Fixed Income Engagement Process



Examples of engagement **Food Service Industry**

Company A, a major restaurant operator, has actively expanded its business through M&A, and we view the resulting diversification of its revenue sources favorably. However, we consider it an issue that the company's approach to financial soundness is not easy to discern, and that its heavy reliance on hybrid finance involves latent risks to its financial base.

In addition, if Company A is to pursue sustainable business expansion, enhancing human capital will be important alongside its growth strategy overseas. However, disclosure in these areas is not sufficient, and we feel there is a possibility that the company's efforts are not being adequately communicated to investors.

After credit analysts and equity analysts discussed the situation, they jointly asked Company A to strengthen its commitment to financial soundness and to enhance disclosure on its overseas growth strategy and ESG information. Our dialogue with Company A has only just begun, but the credit and equity analysts will continue to work together on engagement going forward.

Issues That Contribute to Enhanced Corporate Value

- Insufficient explanation and disclosure regarding growth strategy, non-financial information, and financial soundness

Our Requests

- Strengthening the commitment to financial soundness and enhancing disclosure regarding the overseas growth strategy and ESG information

Comment Comment from the Senior Equity Analyst

Equity analysts and credit analysts may sometimes focus on different financial indicators and have different perspectives on corporate issues, but we share the same expectations for enhancing corporate value and the same enthusiasm for engagement. By actively making use of each other's opportunities for dialogue with companies, we hope to encourage change through collaborative engagement from our respective vantagepoints.

Kenta Asada
Credit Analyst

Li Xiang
Food Industry
Senior Equity Analyst

2025 Priority Topics

Our engagement activities cover a broad range of key themes, from business and financial strategy, to ESG issues such as environmental, social, and governance issues.

In 2025, we worked in particular to strengthen our engagement activities on risk management in a digital society. In 2025, there were several companies whose business continuity was affected by cyberattacks, and strengthening risk management in this area will likely become even more important going forward. In addition, although AI-driven operational efficiency improvements are advancing across many industries, concerns over AI ethics are growing in Europe and the US, where AI advances have taken place first. For AI to become even more widely adopted in Japan, Japanese companies will also need to address issues in this area.

In 2025, our engagement on this theme was initially advanced with technology companies, including the healthcare manufacturer introduced in this report, but going forward we plan to expand engagement across Japanese companies as a whole.

We will continue to encourage companies to explain rational growth strategies and strengthen their commitment to capital efficiency. Since the TSE's request in 2023, Japanese companies' efforts to improve capital efficiency have accelerated. At present, efforts to strengthen shareholder returns have taken the lead, but growth investment is also necessary to improve corporate value over the medium to long term. Along with growth investment, we are required to explain rational growth strategies. In addition to direct explanations of the effects of growth investment (investment returns), we believe that explanations from a medium- to long-term perspective, such as the ideal image of the company (the business portfolio to be aimed at), will help build investor expectations.

We will continue to engage with investee companies through constructive dialogue and understanding of them based on careful research.

Category	Priority Topic	Topic Overview
Business	1 Rational explanation of growth strategy	● Encourage rational explanations regarding strategies (including building the business portfolio) to achieve growth. ● Request an explanation of risk management associated with the above strategy (identification of key risks aligned with the growth strategy, establishment and enhancement of risk management systems, and identification of materiality).
Financial/ Governance	2 Strengthening commitment to capital efficiency	● Request a financial strategy aimed at achieving capital efficiency that exceeds the cost of capital (including setting capital costs based on stock price levels and fluctuations, and reducing strategically-held shares in consideration of dialogue with investors). ● Seek commitment through executive compensation towards achieving capital efficiency that exceeds the cost of capital.
Environment	3 Climate Change	● Request the setting of targets for achieving net zero and obtaining SBT certification. ● Request information disclosure and explanations of business opportunities related to climate change in line with the TCFD recommendations.
	4 Natural Capital	● Request information disclosures in line with the TNFD, and explanations concerning risks and business opportunities related to biodiversity, water resources and the circular economy, aiming to achieve nature-positive outcomes.
Social	5 Human Rights	● Request companies to formulate a human rights policy and to implement human rights due diligence. Specifically, this includes implementing response measures based on human rights impact assessments and disclosing the results, providing remediation and corrective measures, and integrating human rights risks into company-wide risk management.
	6 Human Capital with Diverse Values	● Request an explanation of the strategy related to human capital that aligns with growth strategies, including gender diversity and employee well-being.
	7 Well-Being Society	● Request explanations of strategies and business opportunities aimed at realizing a well-being society (e.g., addressing health issues such as access to medicine/nutrition, drug resistance), animal welfare, regional revitalization, and innovation utilizing digital technology). ● Request disclosure of the impact towards realizing a well-being society.
Social, Governance	8 Risk Management in a Digital Society	● Request responses to risks arising from digitization (e.g., addressing cybersecurity, ethical use of AI, and protection of personal information).
Governance	9 Highly-effective Monitoring Board	● Encourage the transition to an effective monitoring board, whereby the board of directors primarily bears the responsibility of overseeing senior management through nominations and compensation.

Global Equity Engagement

We continue to enhance our engagement activities for global equities as well. Companies are facing many global ESG issues, and collaboration with overseas investment teams is essential not only for engagement with overseas companies but also for engagement with Japanese companies. Because global equities encompass a large number of target countries and companies, we are leveraging the expertise of our investment teams around the globe, as well as utilizing outside resources, to optimize our engagement activities.

In 2025 our offices conducted engagement on a total of 448 topics (the total number of engagements was 188). We divide engagement topics into a total of six topics: Business strategy; Financial strategy; Environmental; Social, Corporate governance; and Disclosure/Dialogue. The investment managers and analysts in each office decide the engagement topics and carry out engagement with companies.

Our engagement partner overseas is Morningstar Sustainalytics, and we either conduct collaborative engagement with Morningstar Sustainalytics or fully outsource engagement to Morningstar Sustainalytics (Refer to P.80). In addition, we also work with international initiatives such as the Access to Medicine Foundation and conduct engagement on specific themes together with other asset managers and organizations. (For details, please refer to P.81-82).

Engagements with Global Equities

Total number of engagement topics by overseas offices

2025 **448** topics (188 meetings)

Engagements by Morningstar Sustainalytics*

2025 **486** meetings

* Target universe: MSCI ACWI ex Japan

	Ratio	Number of topics
Europe	21%	92
North America	19%	83
Asia and Emerging	61%	273
Total number of topics		**448**

	Ratio	Number of topics
Business strategy	10%	44
Financial strategy	6%	29
Environmental	34%	153
Social	20%	89
Governance	13%	59
Disclosure/ dialogue	17%	74
Total number of topics		**448**

Example of Engagement at Overseas Offices

Case study about PFAS and Forever Chemicals project

This year we have launched a project that focuses on engaging with several companies on the increasingly growing concern in the water quality space surrounding per- and polyfluoroalkyl substances (PFAS) and PFAS-related chemicals.

PFAS refers to a group of synthetic chemicals (sometimes dubbed as ‘forever chemicals’) used in various industrial applications, which do not biodegrade but bioaccumulate instead, posing multiple health risks to humans and the environment, notably through water contamination.

While there has been new and emerging regulation on PFAS contaminants in various geographies, the industry is still facing considerable challenges.

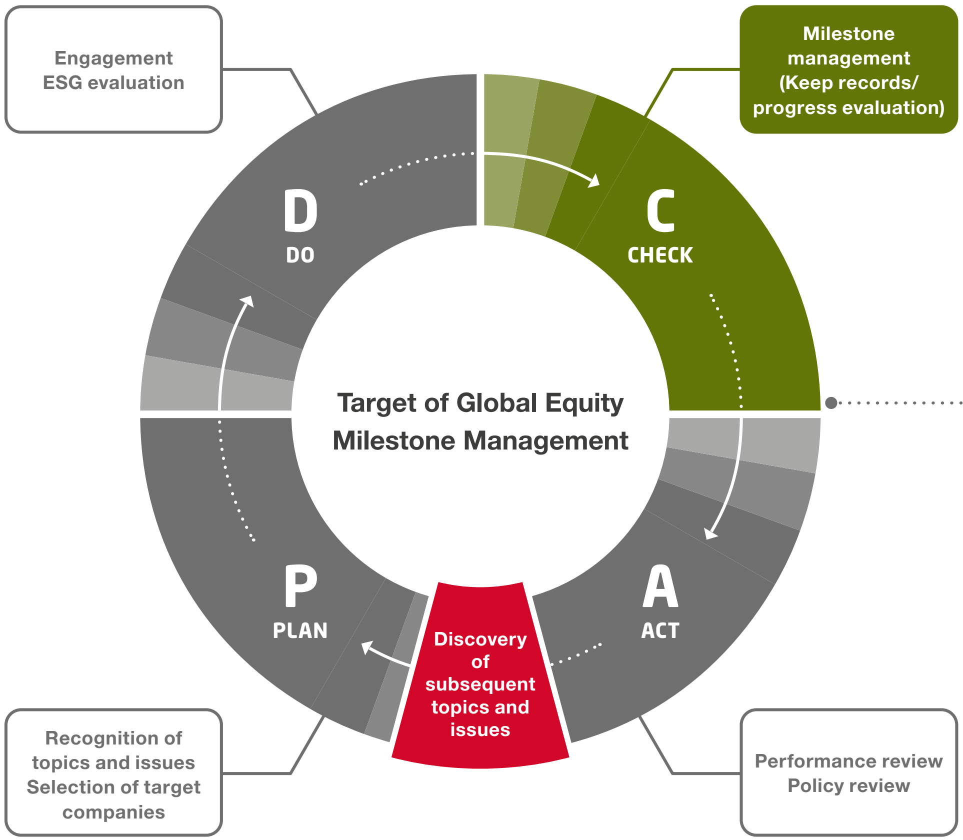
As part of the process to drive companies to be at the forefront of the phase out of PFAS and get ahead of regulatory changes concerning PFAS, we engaged with a global industrial conglomerate in September 2025 to discuss concerns surrounding PFAS-related lawsuits that have emerged and understand the direction of the company to mitigate further litigation and phase out PFAS in their operations.

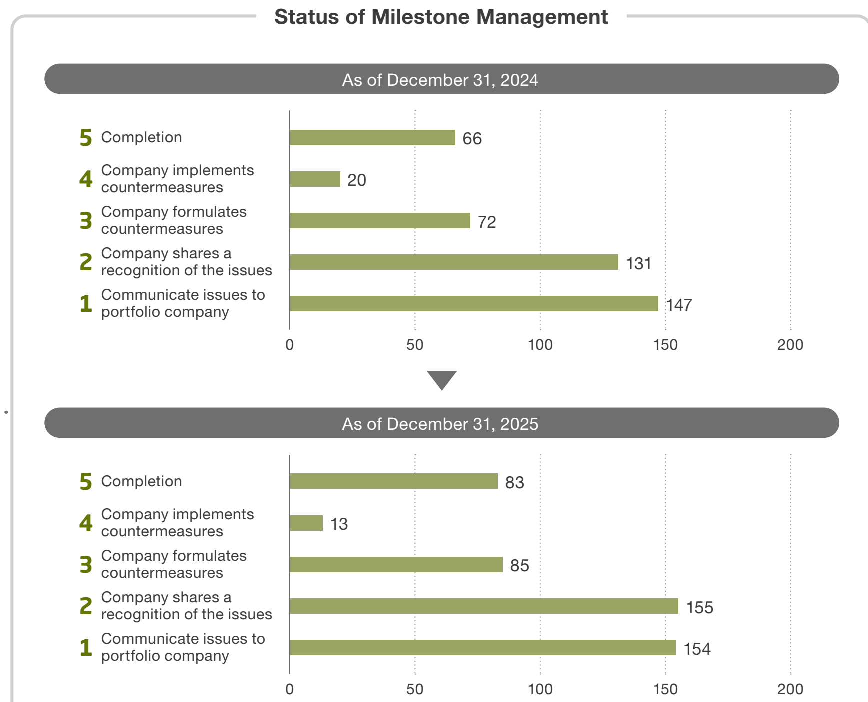
During Q3 2025, we also engaged with a leading provider of water solutions to understand the efforts the company was making to combat PFAS contamination. We were encouraged to learn that the business has been actively developing new solutions to reduce PFAS to a very low level for safe drinking water and has introduced new filters to market that treats almost 90 contaminants including PFAS to improve water quality.

This fits in with the project’s overall goal to support global access to clean drinking water (SDG 6). Going forward, we aim to continuously engage with companies to mitigate PFAS exposure to communities and workers, and also encourage companies to expand their policies surrounding water stewardship in order to advance water quality.

Global Equity Milestone Management

In our global equity engagement as well, we share our awareness of ESG issues with companies, set specific goals, and carry out milestone management until the goals are achieved. In addition to the engagement and milestone management that we conduct on our own, we also perform milestone management for collaborative engagement with Morningstar Sustainalytics. As with milestone management for Japanese companies, milestones are divided into five stages with an engagement period of three years. By establishing clear goals and having a set timeline, and then evaluating the engagement process, we are able to effectively implement PDCA (Plan, Do, Check, Act). The ESG issues focused on during engagement and the goals established vary greatly depending on the company.



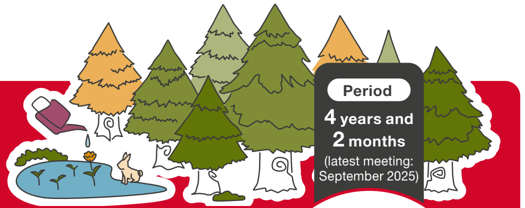


In 2025, we carried out engagement across 448 topics.
As of the end of 2025, we are managing milestones for a total of 490 topics (343 companies).
Of these, 83 topics are already at “Step 5: Completion”.

Global Equity Engagement example (milestone)

Target Company

Switzerland Beverages company A



Priority Topics

Protecting natural capital and eliminating deforestation in supply chains

Period

4 years and 2 months

(latest meeting: September 2025)

Milestone progress

1 2 3 4 5 (Completed)

Engagement Goal

Responding to cases of deforestation that occur in the supply chain and curbing future deforestation

Engagement overview

Our awareness of the issue

Monitoring systems and traceability efforts are needed in the supply chain to prevent deforestation.

Engagement progress

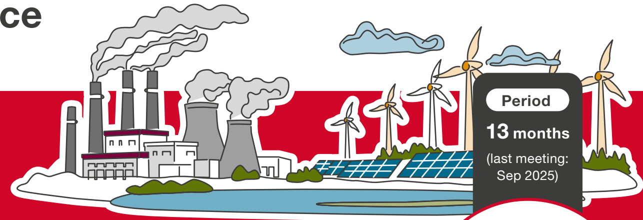
According to monitoring by Satelligence, multiple deforestation events allegedly linked to the company's palm oil supply chain were detected in Indonesia, which the company has commented on. In two cases the company has already stopped sourcing from the plantations where the deforestation events occurred (the information on those events was dated). In another case, the company had been sourcing from a mill that was reportedly linked to a deforestation event, but the company's own supply-chain data indicates it does not source from the plantation where the event occurred; the company intends to re-investigate because the mill is located close to that plantation.

Current situation

After a successful engagement programme with the company since 2021 we have decided we are comfortable with having achieved our milestone goal and want to conclude.

Target Company

France Insurance company B



Priority Topics

France Insurance company B

Period

13 months

(last meeting: Sep 2025)

Milestone progress

1 2 3 (Company formulates countermeasures) 4 5

Engagement Goal

To get clarity on the issue of provision of insurance to new oil and gas projects Engagement overview

Engagement overview

Our awareness of the issue

Policy on exposure to coal; need to strengthen disclosures on the approach to the oil and gas industry.

Engagement progress

Discussions focused on the insurer's policies regarding coal exposure, regional differences in customer treatment, and their process for monitoring and enabling positive change in customers' environmental practices.

The engagement addressed double materiality reporting, ESG integration in underwriting, executive compensation tied to sustainability goals, and the need for enhanced disclosure of Scope 3 emissions and oil & gas industry approach.

Current situation

The company suggests they have future plans to integrate social and insured emission targets into remuneration. The company agreed to our suggestion regarding the additional disclosure of Scope 3 emissions, and to provide more information related to liquefied natural gas (LNG) projects.

Engagement by Morningstar Sustainalytics

In global equity engagement, Nomura Asset Management's overseas offices also actively engage portfolio companies, but due to the broad scope of coverage for global equities, we partner with Morningstar Sustainalytics to carry out collaborative engagement and outsource engagement to Morningstar Sustainalytics. Morningstar Sustainalytics provides Global Standards Engagement, in which companies are selected for engagement based on violations of international norms such as the United Nations' Global Compact, Material Risk Engagement covering companies with critical ESG risks, and Thematic Engagement, which focuses on solutions to specific topics, such as biodiversity and natural capital, Net Zero transition from a global perspective.

Global Standards Engagement

Engagement Policy

Encourage companies to resolve severe incidents as well as build a strategy aimed at preventing future recurrences and improving ESG practices

Target companies

Companies that severely or systematically violate the United Nations' Global Compact or other international norms

Material Risk Engagement

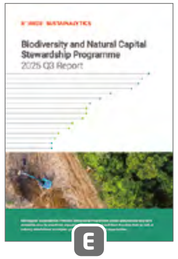
Engagement Policy

Encourages companies with financiallymaterial ESG issues to construct strategies to handle ESG risks and opportunities with the aim of increasing long-term corporate value

Target companies

Companies with particularly high ESG risk in their industry

Thematic Stewardship Programs



Biodiversity and Natural Capital Stewardship Programme

Net Zero Transition Stewardship Programme

Scaling Circular Economies Stewardship Programme

Human Capital Management Stewardship Programme

Human Rights and Transition Stewardship Programme

Sustainability and Good Governance Stewardship Programme

Cooperation with Initiatives

Initiative
01

Access to Medicine Foundation/Access to Medicine Index :

During 2024, one of our key healthcare engagements was working with non-governmental organisation (NGO) Access to Medicine (ATM) Foundation to influence a major US pharmaceutical business to submit fuller data to the NGO on their work around access to their medicine portfolio, which they ultimately committed to.

We think engaging on access to medicine is even more important now, given the uncertain backdrop, after the recent cuts to US Aid. Gavi, the Vaccine Alliance, recently fell short of its US$11.9bn funding target after these US cuts despite other new NGOs coming in to try to make up the shortfall. To limit the damage from these political decisions we would like to see the private sector lean in further to address these problems. In our work on engagement, we want to encourage the private sector to take the initiative to work with governments and NGOs to allow for greater provision of medicines in the developing world.

Moving into 2025, we were keen to bring a similar approach to another relative laggard in the Access to Medicine index, which ranks all companies by their access levels. In a similar way to our first engagement, the focus of this pharmaceutical company is in non-communicable diseases such as immunology and oncology that are not the focus for ATM Foundation. This emphasis on non-communicable diseases does make it more difficult for them to score highly as they have less impact in many of the areas that ATM Foundation measures. However, working with our co-lead investor, we have identified a number of steps that we think the company can take to improve their ranking and, most importantly, their work in maximising access to their medicines. In August 2025, we had an initial engagement meeting with the company to discuss these issues in greater depth. The company acknowledged some of the points - specifically around better quantifying patient reach - but no firm commitments were made. We continue to encourage the company to plan access as they launch research into individual drugs.

At our Tokyo office, we play the role of a lead investor in engaging with DAIICHI SANKYO COMPANY, LIMITED, which is one of the companies evaluated in the Access to Medicine Index, and discuss the company's evaluation in the Access to Medicine Index and drug access plans (please refer to P.28 for details).

Report published every two years

Initiative
02

The Business Case for Global Health Equity*: The Investor View

* Ensuring everyone, everywhere, has a fair chance to be healthy

We are proud to have contributed to “The Business Case for Global Health Equity: The Investor View” a recent report published by SLR Consulting, calling on pharmaceutical companies to rethink their growth strategy in low- and middle-income markets.

The report commissioned by the Gates Foundation, explores how improving access to medicines in low- and middle-income countries can drive commercial success for innovation-based pharmaceutical companies while progressing global health equity.

We were part of a group of investors from across our sector who contributed and shared views on the topic. We hope that this acts as a catalyst for a step-change in how emerging markets are considered by fellow investors and companies alike.

Download the report:
www.slrconsulting.com/insights/global-health-equity

Photo from the launch event of the report ‘The Business Case for Global Health Equity: The Investor View’. Benjamin Lacaille, Co-Portfolio Manager of the Global Sustainable Equities (GSE) strategy based in the UK, also took part in the event (not pictured above).

Proxy Voting

Promoting the transition to monitoring boards through disciplined proxy voting

Features of Proxy Voting

01
Systematic and Continuous Approach
Along with engagement, we aim to realize "appropriate management practices."

02
Effective and Robust Process
Thorough discussions within the Responsible Investment Committee + real-time monitoring of conflicts of interest by the Responsible Investment Council.

03
High Standards of Accountability
Disclosure of reasons to vote for or against all proposals.
Detailed explanations for proposals that require particular clarification.

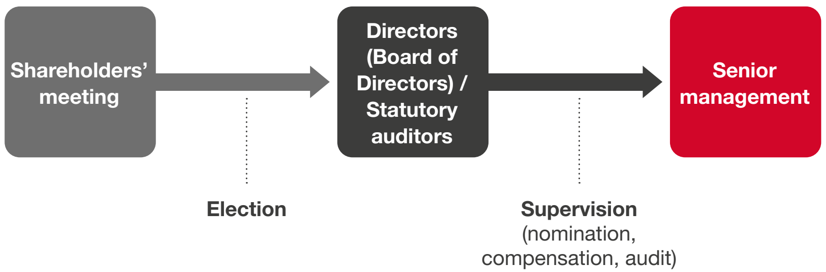
04
Standards Beyond Merely Listing Criteria to Vote Against
Introducing criteria not only to vote against when progress is lagging but also to encourage average companies to strive for higher levels.

Proxy Voting

In proxy voting, we focus on the corporate governance of investee companies. The basic structure of corporate governance is that directors and statutory auditors are elected at a shareholders' meeting, and directors (the board of directors) and statutory auditors supervise senior management through nominations, compensation matters, and audits. Accordingly, the following three aspects are particularly important in proxy voting: the election of directors (nomination), executive compensation (compensation) and the election of statutory auditors (audit). In addition, the appropriation of surplus funds is important when it comes to Japanese companies because Japanese companies are often criticized for retaining a large amount of cash and deposits and being unwilling to return profits to shareholders through dividends and share buybacks.

Moreover, proposals submitted by shareholders have also been increasing in recent years. Due to differences in legal systems, it is easier to make shareholder proposals in Japan than in Europe and the United States, and these proposals can often have a direct impact on the management of companies. Accordingly, these proposals must be considered carefully. We regard proxy voting as part of our engagement with investee companies, and in principle, we make judgments on proposals for investee companies in accordance with our own proxy voting standards.

Basic Structure



1 Basic Philosophy

Framework

We systematically establish our approach as shown in the diagram below for continuous initiatives for responsible investment, including proxy voting. In accordance with the ESG Statement formulated at the company-wide level, we have established our **Basic Policy for Responsible Investment Management** in the Investment and Research Division, which is responsible for proxy voting and engagement. Here, we define the appropriate management practices of investee companies and give encouragement to investee companies from a fair and consistent posture to realize this objective. Below, we explain our views on the adequate performance of corporate governance functions as one aspect of appropriate management practices.

Nomura Asset Management **ESG Statement**

Basic Policy for Responsible Investment Management

1. **Basic Principles for Responsible Investment**
2. **Concrete Actions***

(2) Approach to Investee Companies

- In order for investee companies to enhance corporate value and achieve sustainable growth, stipulate the **appropriate management practices of investee companies** and encourage investee companies to realize them.
- Stipulate the Basic Principles of Engagement and Global Proxy Voting Policy, and **provide encouragement to investee companies based on a fair and consistent posture.**

[Appendix 1] **Appropriate Management Practices of Investee Companies**
1. Proper efforts on environmental and social issues
2. Value creation through capital efficiency
3. **Adequate performance of corporate governance function**
4. Adequate information disclosure and a dialogue with investors

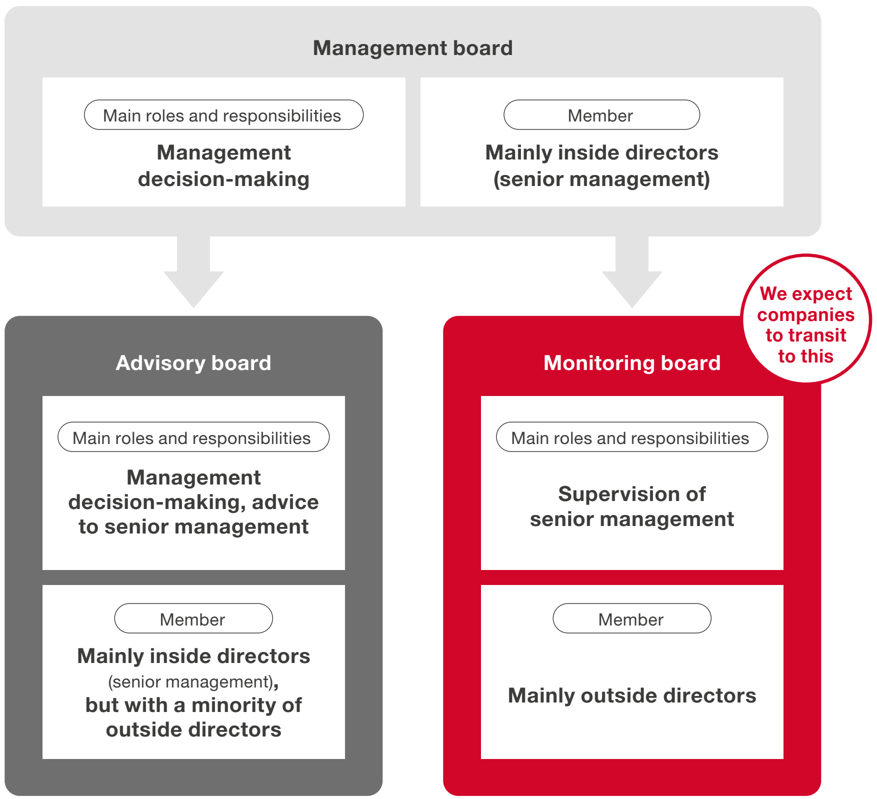
[Appendix 2] Basic Principles of Engagement
[Appendix 3] Global Proxy Voting Policy

* (1) and (3) to (7) are omitted.

Proxy Voting Standards for Japanese Companies

Nomura Asset Management supports the transition to monitoring boards

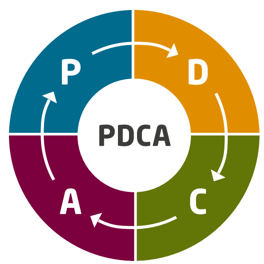
Traditionally, the boards of directors of Japanese companies have functioned as management boards focused on decision-making led by inside directors (i.e., senior management). However, following the introduction of the Corporate Governance Code (CG Code), the roles and responsibilities of boards of directors have changed with the increasing number of outside directors. There are two potential directions: one is an advisory board, where the management team receives advice from outside directors; the other is a monitoring board, where outside directors primarily supervise senior management. We expect the latter.



Why do we support the transition to a monitoring board?

The CG Code defines corporate governance as "a structure for **transparent, fair, timely and decisive decision-making**." Let us consider this definition. First, to ensure that decision-making is transparent, it is necessary to clarify who is responsible for decisions. Specifically, the management team, as decision makers, must fulfill their accountability to the board of directors and take responsibility for outcomes. Additionally, for the decision-making process to be fair, it must contribute to the enhancement of corporate value. When these requirements are met and appropriate authority is delegated to the senior management team, led by the CEO, timely and decisive decision-making becomes possible. As illustrated in the diagram below, such decision-making can be structured according to the PDCA cycle. While it is important for the management team to autonomously implement the PDCA cycle, particularly in the Check phase, the independent outside directors can add an element of outside authority that enhances transparency and fairness by taking a central role. A traditional management board focuses on the Do phase, but we believe that the importance of the Check phase is increasing in order to achieve transparent, fair, timely and decisive decision-making.

Therefore, we consider a board of directors that primarily takes on the role of supervising, that is, a monitoring board, to be the most appropriate structure. Since the CG Code highlights "monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management" as the role and responsibility of independent outside directors, we believe our view is in alignment with the aims of the CG Code.



P PLAN Senior management is accountable at the board of directors meetings for management strategy and other matters, and discussions take place so that the content contributes to the enhancement of corporate value. **(→ transparency, fairness)**

D DO Delegate authority to senior management for decision-making aligned with the management strategy, etc. The board of directors ascertains the situation based on reports received from senior management, and discusses the need for "Act." **(→ timely, decisive)**

C CHECK Evaluate the outcomes of decision-making, and reflect in the nominations of senior management (= whether to keep in office or replace) and compensation. **(→ transparency, fairness)**

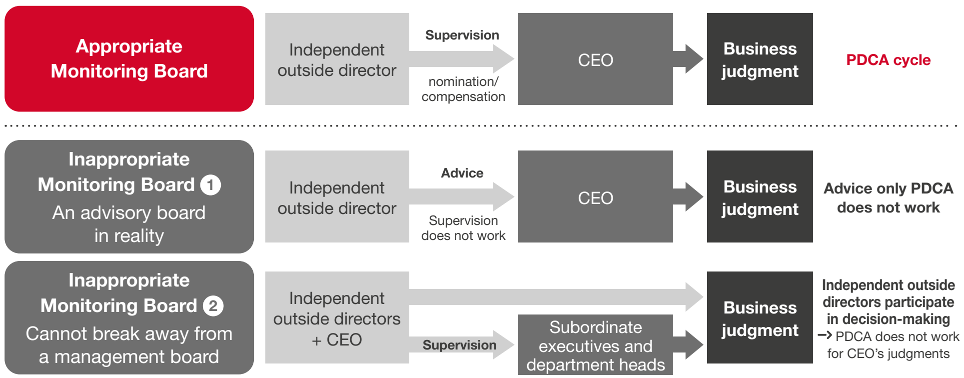
A ACT Provide feedback to senior management on the evaluation results and revise the management strategy, etc. **(→ timely, decisive)**

Appropriate Monitoring Board

Because corporate governance is defined as a "system," a board must satisfy formal requirements—such as having a sufficient number of independent outside directors—in order to function as a monitoring board. However, meeting those requirements alone is not sufficient. Even where the formal requirements are met, oversight of senior management may function effectively in some cases but not in others. Here, the former is referred to as an "appropriate monitoring board" and the latter as an "inappropriate monitoring board." The primary focus of supervision for an appropriate monitoring board is the CEO, that is, the person responsible for the highest level of decision-making within management, although titles vary from company to company. Independent outside directors engage in thorough discussions with the CEO on management strategy and related matters, evaluate the outcomes, and reflect those evaluations in nomination and compensation decisions. Nomination means deciding whether the CEO should be reappointed or replaced, and succession planning is also important. Because compensation serves both as an incentive and as a commitment to achieving targets, it should be designed to reflect management's efforts not only in terms of sales and profits, but also by taking into account capital efficiency indicators such as return on equity (ROE) and initiatives addressing environmental and social issues.

By contrast, two types of inappropriate monitoring boards can be identified. The first is a case in which independent outside directors place too much emphasis on giving advice, with the result that oversight does not function effectively. In substance, such a board would be more appropriately described as an advisory board.

The second is a case in which independent outside directors participate in decision-making together with the CEO, while directing their oversight not at the CEO but at the executives and department heads below the CEO. Even if there is a process for evaluating such executives and department heads for the purpose of developing candidates for appointment as internal directors or the next generation of senior management, oversight cannot be said to be functioning effectively unless there is also a process for regularly evaluating the CEO and deliberating on whether the CEO should be reappointed or replaced.



Required ability and experience of directors

The ability and experience (skills) required of directors vary depending on the characteristics of the business. However, considering that the role of a monitoring board entails supervising senior management in pursuit of sustainable enhancement of corporate value, there are certain skills that are commonly required across companies, including business management, finance, and ESG. Disclosing the skills of each director in a matrix format is not only clear but also useful for selecting successors. It is essential to distinguish between the skills of independent outside directors who are responsible for supervision, and those of the senior management team members who are being supervised (internal directors and executive officers). If the focus is on valuing the advice of independent outside directors, it may be reasonable to compensate for the skills lacking in senior management members with those skills possessed by independent outside directors. However, since the primary role is oversight, both senior management team members and independent outside directors should possess the necessary skills.

Protection of Minority Shareholders' Interests and Anti-Takeover Measures

In situations where conflicts of interest arise, such as when engaging in transactions with major shareholders or receiving acquisition proposals, the judgment of the board of directors, especially the independent outside directors, becomes crucial. We believe that, with the presence of a conflict of interest, it is not sufficient to merely demonstrate that such transactions do not harm the interests of minority shareholders; it is necessary to show that they are in the best interests of minority shareholders.

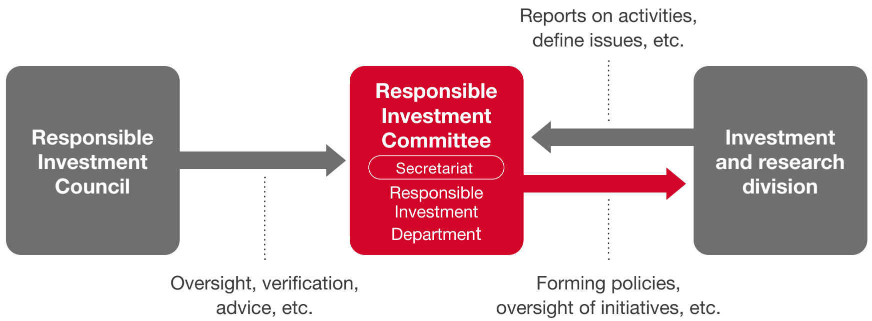
The protection of minority shareholders' interests is particularly questioned in the context of anti-takeover measures. In our view, as anti-takeover measures limit the rights of shareholders to buy and sell shares freely, they are unnecessary as long as the senior management team and the board are appropriately working to enhance corporate value and for the common interests of shareholders. An exception arises in cases where there is a significant risk that such a transaction or fight will significantly impair corporate value and the common interests of shareholders. In such instances, the board of directors is required to fulfill its accountability from the perspective of the best interests of minority shareholders regarding that risk. Recently, reactive anti-takeover measures activated in response to specific acquirers have garnered attention. However, even with proactive measures, if the design mandates a shareholders' meeting to confirm shareholder intent before activating countermeasures, such as the free allotment of new share subscription rights, it exhibits characteristics closer to those of reactive measures. We believe there is no fundamental difference regarding the importance of the board of directors' accountability, whether in proactive or reactive measures.

2 Structure of Proxy Voting

Responsible Investment Committee and Responsible Investment Council

The organizational structure for proxy voting is illustrated in the figure below. We have established a Responsible Investment Committee, which serves as the highest decision-making body, along with a Responsible Investment Council that oversees this committee. The Committee formulates the basic policy for responsible investment management and proxy voting standards, and it deliberates and makes decisions on proposals submitted to shareholder meetings that are unable to be judged in accordance with the standards. The Committee is comprised of six members, while the Council has three members: two independent outside directors and one Chief Conflict Officer (as of the end of December 2025). The chairperson of the Council is an independent outside director.

Organizational Structure for Responsible Investment



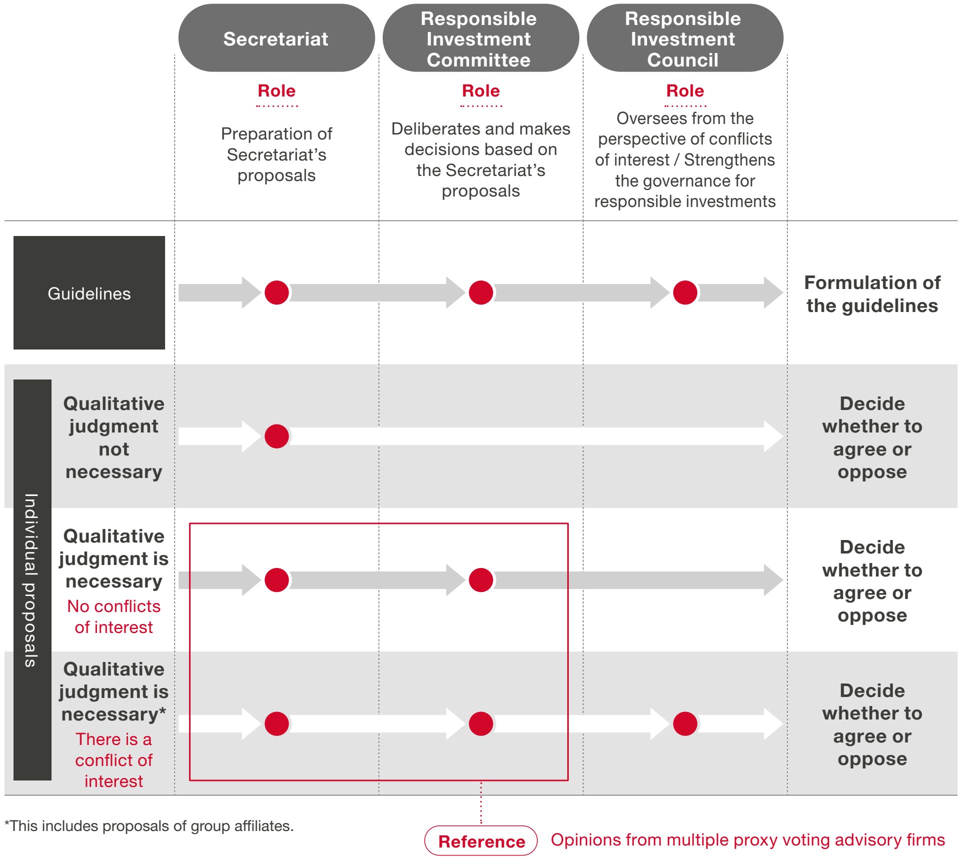
Main activities

Dialogue with portfolio companies (engagement)	**Integration into investment decisions** (ESG integration)
Proxy Voting	**Collaborative/ public activities**

The proxy voting process

Proxy Voting Process for Japanese Equities

The proxy voting process is as shown in the figure below. The process for proposals that can be judged in accordance with the proxy voting standards. (qualitative judgment is not necessary) is different than the process for other proposals (where qualitative judgment is necessary). For group affiliates, the judgments on proposals are made based on the same standards as for other investee companies.

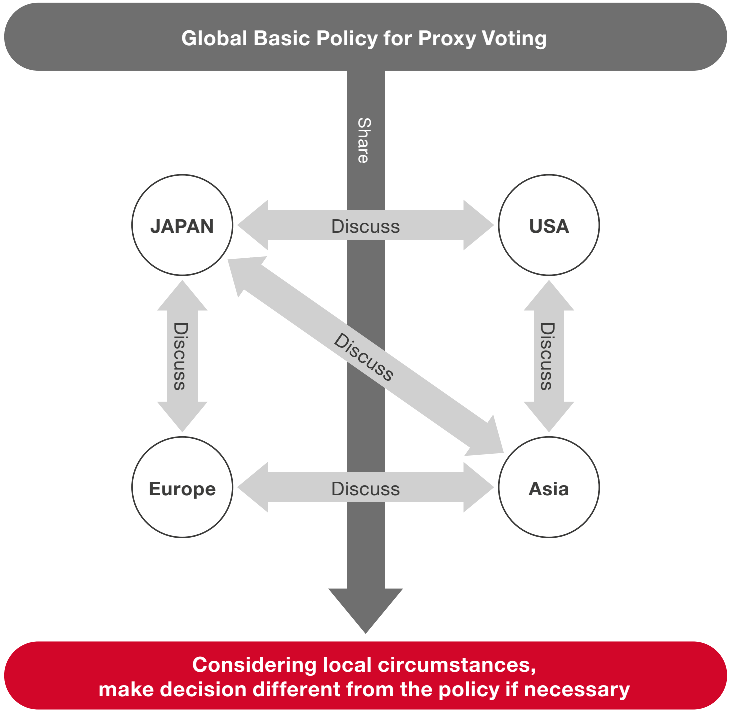


*This includes proposals of group affiliates.

The proxy voting process

Proxy Voting Process for Global Equities

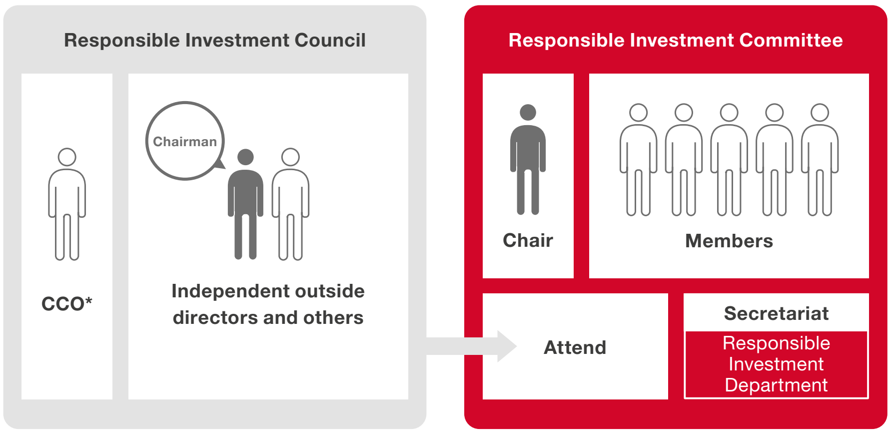
For proxy voting (excluding Japanese equities), we generally decide whether to vote for or against proposals in accordance with our Global Basic Policy on Proxy Voting. However, if the portfolio managers and analysts possessing a deep understanding of local conditions determine it to be necessary, we may make a decision for or against based on discussions with our overseas office.



Management of Conflicts of Interest

Members of the Responsible Investment Committee, the highest decision-making body, include, in principle, only persons involved in investment and research decision-making, while people in a position with a conflict of interest or people with the possibility of acting on behalf of such persons are excluded. In addition, under the Audit and Supervisory Committee, we have established a Responsible Investment Council comprising only the Chief Conflict Officer and persons in independent positions in the company, including independent outside directors. This Council monitors the Responsible Investment Committee's decisions as well as its overall management. The Council monitors stewardship activities, especially proxy voting involving conflicts of interest, to ensure that decisions are made that do not adversely affect the interests of clients as a result of conflicts of interest. As required, the Council recommends improvements to the Executive Management Committee and/or the Responsible Investment Committee, and reports on this to the Board of Directors and the Audit and Supervisory Committee. Furthermore, members of the Responsible Investment Council attend Responsible Investment Committee meetings, where they are able to state their opinions right away.

Nomura Asset Management's System to Manage Conflicts of Interest



*Chief Conflict Officer

Please refer to this regarding the conflict of interest management policy.
https://www.nomura-am.co.jp/conflict/

Relationship between Engagement and Proxy Voting

We carry out engagement and proxy voting so that investee companies implement appropriate management practices, and to encourage them to enhance corporate value and realize sustainable growth. We reflect the information about investee companies obtained through engagement in: **1** Revisions of our proxy voting standards; **2** Escalation; and **3** Proxy voting decisions on individual proposals.

The most important point among these is **1**. We review all the proposals for shareholder meetings of our investee companies to grasp the current state of corporate governance. Through engagement, we deepen our understanding and convey our approach to proxy voting standards. The Responsible Investment Department consolidates information and prepares a proposal based on our standards explained above, which is then thoroughly discussed and decided upon by the Responsible Investment Committee. While normal proposals are judged according to these standards, if circumstances arise that were not anticipated during the process of formulating the standards, we may make decisions regarding individual proposals **3** that differ from these guidelines after deliberation by the Responsible Investment Committee. We take pride in the fact that, due to the extensive discussions in **1**, the identification of proposals that require **3** and the deliberations within the Responsible Investment Committee are conducted in a rational manner.

Engagement

1 Voting guidelines

Information and opinions obtained through engagement are valuable materials for formulating proxy voting guidelines.

Example

Through engagement, we have encouraged the establishment of nomination and compensation governance. In light of the increasing establishment and enhanced independence of nomination and compensation committees, we have decided to raise the threshold for deeming such governance to be in place. Specifically, for nomination governance to be deemed in place, a majority of the members of the nomination committee must be outside directors, while for compensation governance to be deemed in place, a majority of the members of the compensation committee must be outside directors. This revised requirement will apply from November 2026 onward.

2 Escalation

We may vote against director election proposals if the initiatives to realize appropriate management practices (including initiatives directed at ESG issues) are inadequate.

Example

We engaged with a company which is highly profitable but holds excessive cash on its balance sheet. We continued to urge the company to strengthen oversight by appointing outside directors with management experience and introducing incentive compensation to promote more efficient use of capital. As no improvement was observed, we voted against the reappointment of the CEO.

3 Voting judgments

Our decisions may differ from the guidelines if we identify actions targeting improvement, or in cases in which there are circumstances we did not anticipate at the time the guidelines were formulated.

Example

We voted for a proposal despite the company not meeting our criteria for strategically-held stocks, in light of its reduction target and the fact that its board, a majority of whose members are outside directors, regularly reviews such holdings.

3 Overview of Proxy Voting Standards for Japanese Companies

We list criteria not only for voting against a company's proposal when progress in bolstering corporate governance is lagging, but also to encourage average companies to strive to reach higher levels.

Standards Overview

We have established a Global Basic Policy for Proxy Voting, and for Japanese companies we apply the Proxy Voting Standards for Japanese Companies established in accordance with this policy. The outline of this is below.

Key Point	Underlying Philosophy	We may vote against a company proposal in the cases below (Standards in bold text were revised in November 2025)
Escalation *1	**Reflect the results of engagement targeting the realization of appropriate management practices (refer to P.22-24)**	● If a investee company had been encouraged by us through engagement to address the inadequacies in its initiatives to realize appropriate management practices pointed out by us but failed to carry out adequate initiatives and is not expected to make improvements.
Rigorously judge corporate actions, transactions involving a conflict of interest, and responsibility taken for outcomes	**Decisions made and the responsibility taken to deliver business results by the senior management team and the board of directors will be scrutinized and rigorously judged.**	● If the company is found to have engaged in any activity that is materially harmful to shareholder value (misconduct, etc.) ● For companies in the TOPIX100, if initiatives to become role models are clearly insufficient (refer to P.92) ● If ROE is slumping. In the case of a monitoring board (refer to P.91), if ROE is slumping and no effort for improvement is demonstrated (ROE standard). ● **Where strategically-held stocks are particularly large, unless all the requirements for a monitoring board—excluding those relating to strategically-held stocks—are satisfied** ● If a cash-rich listed subsidiary is lending money to the parent company. ● If minority shareholders' interests are not protected in M&A, etc.
Board of Directors Composition	**In order to oversee the senior management team, the board of directors must comprise an appropriate number of people and possess diversity and independence.**	● When the number of directors is less than 5 or greater than or equal to 20 ● If the number of outside directors falls below the minimum level (below) Majority. However, 1/3 if a company has no controlling shareholder and has nomination governance in place*2. ● **If the number of female directors falls below the minimum level (10%)** ● In a company with a board of corporate auditors, the term of office for directors is two years
Independence and Effectiveness of Outside Directors	**Highly-independent outside directors are required to effectively monitor the senior management team.**	● If the term of office of an outside director is 12 years or more, if the notification as an independent director is not confirmed, or if the outside director has worked for a company that is a major shareholder ● Attendance at board meetings is less than 75% ● When it is clear that they have not fulfilled their expected roles, such as the selection and dismissal of senior management members or the supervision of conflicts of interest between the company and its management, controlling shareholders, etc.
Appropriate compensation governance	**Since transparency is required in the process of determining executive compensation, it is essential for appropriate oversight (i.e., compensation governance) to function effectively.**	● If, for a company that does not have compensation governance in place*2, there is a proposal related to executive compensation or executive retirement benefits
Appropriate incentives	**Although stock compensation is important as an incentive for senior management, it can be counterproductive if not properly designed.**	● The stock compensation is designed so as to encourage the management team to be short-term oriented ● The persons to whom stock compensation is given are not appropriate ● The stock compensation could lead to excessive dilution
Effective utilization of financial assets	**It is essential that financial assets are utilized effectively to enhance corporate value.**	● Financial assets are not utilized effectively, and shareholder returns (dividends and share buybacks) are not appropriate

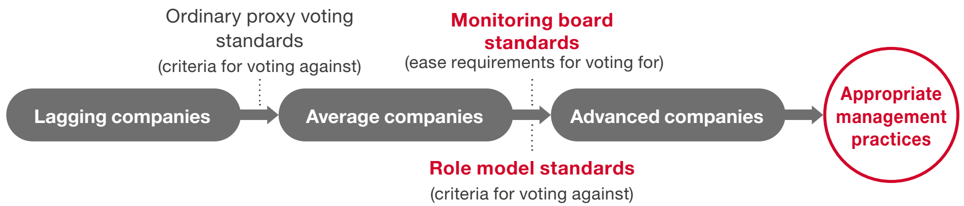
*1 Measures taken to bolster involvement with a investee company if engagement is not successful within a specified period
*2 **"Cases where nomination and compensation governance is in place" refers to cases where a statutory or voluntary nomination and compensation committee has been established and more than half of its members are outside directors. However, with respect to general shareholders' meetings held through October 2026, it refers to cases where the nomination and compensation committee includes at least two outside directors and the number of internal directors on the committee is smaller than the number of outside directors.**

Please refer to the file below for more details.
https://global.nomura-am.co.jp/responsibility-investment/vote.html

3 Overview of Proxy Voting Standards for Japanese Companies

In order for investee companies to enhance corporate value, we stipulate the appropriate management practices of investee companies and encourage investee companies to realize them.

Ordinary proxy voting standards mainly focus on companies that are lagging in both financial and non-financial initiatives. Therefore, it is often difficult for these standards to serve as a means to encourage average-performing companies to strive for higher levels of achievement. We believe that even the initiatives of average Japanese companies fall well short of what we believe to be appropriate management practices, and that we need to encourage them to aim to reach higher levels. To this end, in November 2020, we introduced monitoring board standards, and in November 2023, we established the Role Model Standards (described later), aiming to expand this to encompass all ESG issues.



Monitoring board standards

For public companies, the function to supervise senior management on behalf of a large number of unspecified shareholders is essential, and the board of directors which fulfills this role is a "monitoring board." In November 2020, we introduced monitoring board standards with the expectation that the boards of directors of Japanese companies would transition to monitoring boards.

The monitoring board standards specify that if the eight criteria for a monitoring board (see the table on the right) are met, we will respect the opinions of the board of directors and lower the requirements to vote for company proposals. To avoid superficial transitions that lack substance, we will not vote against a company's proposal solely on the grounds that it has not transitioned to a monitoring board; however, to support a transition to a monitoring board over the medium to long term, we are gradually shifting the requirement for a monitoring board to be a condition for voting against proposals.

At the time we introduced the standards at the end of September 2020, there were only about 50 companies listed on the First Section of the Tokyo Stock Exchange that met the requirements for a monitoring board. However, by the end of September 2025, the number of companies listed on the Prime Market that meet these requirements* has significantly increased to approximately 190 companies.

*Note that the criteria for a monitoring board have been revised since the introduction, and our most recent definition of monitoring board differs from that in 2020.

Handling of proxy voting standards

To avoid superficial transitions and encourage voluntary transitions, the proxy voting standards specify the following:

- We will clarify the criteria for a monitoring board (as shown in the table).
- Rather than voting against company proposals on the grounds that the criteria are not met, we will make it easier to vote for company proposals if the company has a monitoring board.
- The aforementioned criteria will gradually transition to the requirements to vote against company proposals if not met, with adjustments made as necessary (e.g., changing thresholds).
- In addition to engagement towards effective transitions to monitoring boards, we will vote against the reappointment of outside directors if it is obvious that outside directors failed to fully fulfill their expected roles.

Revisions in November 2025

		Monitoring board standards		Standards to vote against company proposals	
		Criteria for a monitoring board*1	Vote for or against proposals	Requirement for voting against	Proposals voted against
1	Number of directors	5 or more, fewer than 20	**If all eight criteria to the left are satisfied, the board is determined to be a monitoring board and;** The requirements to vote for company proposals to elect directors (ROE standard*2) and some company proposals related to executive compensation are relaxed. We do not vote against company proposals solely on the grounds that the criteria to be a monitoring board are not met.	Fewer than 5, 20 or more	Director election
2	Number of outside directors	A majority are outside directors that satisfy the standards for independence		Falls below the minimum level: Minimum level is a majority. However, 1/3 if a company has no controlling shareholder and has nomination governance in place*3	Director election
3	Nomination/ Compensation committee	Establish a nomination and compensation committee in which outside directors comprise a majority and the committee chair is an outside director		Compensation governance is not in place*3	Executive compensation/ executive retirement benefits
4	Diversity	Revised Female directors account for at least 15%		Falls below the minimum level: Minimum level is one female director. Effective from November 2025 Minimum level is 10%.	Director election
5	Anti-takeover measure	Not introduced		Introduced	Anti-takeover measure or director election
6	Strategically-held stocks	Not held in excess (for financial institutions: less than 25% of net assets; for non-financial companies: less than 10% of invested capital)		Revised Fails to satisfy the monitoring board requirements other than those related to strategically-held stocks, and has particularly large holdings (for financial institutions, more than 40% of net assets; for non-financial companies, more than 15% of invested capital)	Director election
7	Directors' term in office	In the case of a company with a board of auditors, a director's term in office is one year		In the case of a company with a board of auditors, a director's term in office is two years	Director election
8	Chairperson of board	Outside director, if a company has controlling shareholders		–	–

*1 We view the above requirements as the bare minimum for being a monitoring board.
*2 Standards to vote against re-appointment of CEO who has been in the position for the most recent three or more consecutive fiscal years, if return on equity (ROE) has been below the threshold and efforts for management improvement have not been demonstrated.
*3 A case in which nomination and compensation governance is in place refers to the case where statutory or voluntary nomination and compensation committees have been established, the committee members include two or more outside directors, and the number of internal directors among the committee members is fewer than the number of outside directors. From November 2026 onward, this will refer to a case where outside directors constitute a majority of the members of the relevant nomination and compensation committee.

Role Model Standards

Like the monitoring board standards, the role model standards aim to encourage companies to strive for higher levels and expresses our expectation that TOPIX 100 companies will become the role models for realizing appropriate management practices (refer to P.22-24). Depending on the initiatives carried out on specific ESG issues (as listed below, 1 – 4), we may vote against the reappointment of CEO. However, the aim is to encourage a pursuit of a higher level, so such voting will be limited to cases where we judge the initiatives to be clearly insufficient. While the criteria apply exclusively to the companies comprising the TOPIX 100, we also expect that they will also encourage other investee companies to work to achieve even more appropriate management practices.

1

Information disclosure integrating ESG issues

Disclose information in accordance with internationally agreed upon standards through appropriate media, including integrated reports, and obtain third-party assurances for numerical data to the extent possible.

2

Climate Change

Set medium- to long-term net zero targets for greenhouse gas (GHG) emissions and obtain science based targets (SBTs) certification, as well as disclose governance, strategy, risk management, as well as metrics and targets.

3

Gender diversity

Disclose the ratio of women in managerial position and establish and disclose medium- to long-term targets for increasing the ratio.

4

Outside directors with effective skills

Disclose the skills matrix in general shareholder meeting materials, and indicate that outside directors have relevant skills and experiences, including in the areas of management, finance, and ESG.

November 2025 Revisions

1. Among the requirements for a monitoring board, we raised the threshold related to the number of female directors.

Before revision

Monitoring board requirement: Female directors account for at least 10% of directors

After revision

Monitoring board requirement: Female directors account for at least 15% of directors

2. We raised the stringency of the threshold for voting against the reappointment of directors when strategically-held stocks are particularly large, thereby aligning it more closely with the monitoring board requirements. At the same time, if all monitoring board requirements other than those related to strategically-held stocks are satisfied, we will respect the supervisory function of the board of directors.

Before revision

We will, in principle, vote against the re-election of a director who has been in the position of chairperson and president, etc.

For a financial institution, if strategically-held stocks account for more than 50% of its net assets, or, for a company that is not a financial institution, if strategically-held stocks account for more than 20% of its invested capital.* (In either case, the information disclosed in the previous year's securities report shall be used as the basis.)

After revision

We will, in principle, vote against the re-election of a director who has been in the position of chairperson and president, etc.

Unless the board of directors has satisfied all the requirements for a monitoring board (excluding requirements concerning strategically-held stocks), for a financial institution, if strategically-held stocks account for more than 40% of its net assets, or, for a company that is not a financial institution, if strategically-held stocks account for more than 15% of its invested capital.* (In either case, the information disclosed in the previous year's securities report shall be used as the basis.)

*Invested capital refers to the total amount of net assets and interest-bearing debt stated in the consolidated financial statements (or non-consolidated financial statements if consolidated financial statements are not prepared) presented in the same annual securities report in which strategically-held stocks are disclosed.

November 2025 Revisions

3. From November 2026, we will raise the threshold for determining that governance on nomination (remuneration) is in place to cases where more than half of the committee members are outside directors.

Before revision (through October 2026)

“Effective governance on nomination (remuneration) is in place” means a situation in which a statutory or voluntary nomination (remuneration) committee has been established, and its members include two or more outside directors, and the number of inside directors among the committee members is fewer than the number of outside directors among the committee members.

After revision (from November 2026 onward)

“Effective governance on nomination (remuneration) is in place” means a situation in which a statutory or voluntary nomination (remuneration) committee has been established, and outside directors constitute a majority of its members.

4. We had previously decided to raise the minimum threshold for the number of female directors from November 2025, and this has been implemented as scheduled. If this threshold is not met, we will, in principle, vote against the re-election of a director who has been in the position of chairperson and president, etc.

Until October 2025

Minimum number of female directors: 1

After November 2025

Minimum level for the number of female directors: 10%

5. In light of the increase in the number of campaigns calling on other shareholders to vote against company-proposed agenda items, we clarify our approach to decision-making and the manner in which information should be disclosed.

Effectiveness of outside directors

We have established the following three points in our proxy voting standards. Point **2** involves carrying out proxy voting in alignment with engagement. For points **1** and **3**, we also conduct engagement as necessary, facilitating effective proxy voting and encouraging companies to undertake effective initiatives.

1 We will vote against the reappointment of an outside director if it has become clear that the outside director has not adequately performed the roles expected of them. Past cases in which this standard has been applied include the following:

- A listed subsidiary with a large amount of net financial assets lent funds to its parent company.
- A tender offer was made for treasury stock at a price above the most recent share price, aiming to acquire shares held by a specific shareholder.
- Despite the identification of inappropriate related party transactions by senior management, the pursuit of accountability was insufficient.
- The board failed to respond to the acquisition proposal in a timely manner.

2 We have defined ‘Adequate Performance of Corporate Governance Function’ as the ‘appropriate management practices of investee companies,’ and we engage with them to achieve this. If we determine that escalation to proxy voting is necessary based on the situation, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

3 We expect TOPIX 100 companies to serve as role models for Japanese companies. If we determine that the skills of the outside directors are clearly insufficient, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

Environmental and Social Issues

We have established the following four standards related to environmental and social initiatives. Point **2** involves proxy voting in alignment with engagement. For points **1**, **3**, and **4**, we also engage as necessary to facilitate effective proxy voting and encourage companies to undertake effective initiatives.

1 If we identify a problematic action in terms of addressing ESG issues and determine that the action would significantly damage shareholder value, we will vote against a proposal to elect the person responsible for that action as a director.

2 We have defined ‘Proper Efforts on Environmental and Social Issues’ as the ‘appropriate management practices of investee companies,’ and we engage with them to achieve this. If we determine that escalation to proxy voting is necessary based on the situation, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

3 We expect the companies that compose the TOPIX 100 to serve as role models for Japanese companies. If we identify a company within the TOPIX 100 that is clearly insufficient in its disclosure of ESG-related information or its climate change-related efforts, we will vote against the reappointment of directors who have been in the position of chairperson and president, etc.

4 We will vote for shareholder proposals seeking amendments to the articles of incorporation regarding the disclosure of basic policies on ESG, as well as governance, strategy, risk management, metrics and targets related to the issue of climate change, provided they meet the requirements, such as not including details related to specific business operations.

3 Overview of Proxy Voting Standards for Japanese Companies

History of the Standards

Here, we introduce the changes to our Proxy Voting Standards over the years.

Month/Year of Revision	Proposal Category	Key Point	Key Change
Nomura Asset Management			Created the Proxy Voting Committee (2001)
March 2006	**Director election/ Remuneration**	**ROE standard**	**NEW (ROE threshold=3%, taking into account efforts for management improvement)**
March 2007	Director election/ Remuneration	ROE standard	Raised ROE threshold from 3% ▶ 5%
	Director election	Independence requirements for outside directors	NEW (Applied to companies with committees at the time)
January 2010	Director election	Number of outside directors (listed subsidiaries)	NEW (at least one member, if there is a director from the parent company)
METI	Ito Report* indicated ROE of 8% (August 2014)	ISS	Introduced business performance standard based on ROE (February 2015)
April 2015	Director election	ROE standard	In addition to 5%, references relative values (industry median value)
		Number of outside directors	NEW (at least one member, vote against if ROE is less than 8%)
Tokyo Stock Exchange			Enactment of Corporate Governance Code (June 2015. Revised in June 2018, re-revised in June 2021)
April 2016	Director elections/ Auditor elections	Effectiveness of outside executive officers	NEW (Vote against if attendance rate is less than 75%)
April 2017	Director elections	Number of outside directors	Raised minimum from one (1) to two (2) outside directors
		Number of outside directors (listed subsidiaries)	Raised minimum from one (1) to two (2) outside directors
		Independence requirements for outside directors	Clearly state the requirement for independence for all companies Reference independ-ent director notification
November 2017	Director election	Independence requirements for outside directors	Add requirements concerning major shareholders
	Shareholder proposals	**Amendment of the articles of incorporation**	**Clearly specify the types of proposals we vote for**
November 2018	**Director election**	Number of outside directors (listed subsidiaries)	Integrate into "Number of outside directors"
		Number of outside directors	Abolish requirements for ROE If there is a controlling shareholder: Raised mini-mum from two (2) to one-third
		Effectiveness of outside directors	**NEW (Vote against proposals when it is clear that the outside director has not ful-filled the expected role)**
	Remuneration	**Compensation governance**	**NEW (Relax the requirements for voting for company proposals when it is deter-mined that compensation governance is adequately established.)**
	Amendment of the articles of incorporation	Board authorization for dividends	Clearly specify that, without excluding shareholder meeting resolutions, in principle, we will vote for proposals if the distribution of retained earnings and the number of outside directors meet the minimum required standards.
November 2019	Director election	Number of outside directors	If there is no controlling shareholder: Raised the minimum from two (2) to one-third for companies other than a company with a board of company auditors If there is a controlling shareholder: Abolished requirements for ROE
	Corporate restructuring/ Capital policy	M&A, finance related	Clearly specify the approach to consider conflicts of interest with minority shareholders.
June 2020	Director election/ appropriation of surplus	COVID-19	Suspension of the application of certain standards related to ROE and the appropriation surplus.
November 2020	**Director election**	**Monitoring board requirements**	**NEW (Established eight requirements to be met, including gender diversity, strategically-held stocks, etc.) ▶ Support for the transition to monitoring boards**
		Number of outside directors	Raised the minimum for a company with a board of corporate auditors from two (2) to one-third
		Requirements for independence of outside directors	Added term in office (12 years)

Month/Year of Revision	Proposal Category	Key Point	Key Change
November 2020	Remuneration	Monitoring board requirements	NEW (Relaxed requirements related to business performance, etc., if company has a monitoring board)
			NEW (Vote for proposals granting share-based compensation to outside directors and others, provided that certain criteria are met in cases where monitoring board is applicable.)
June 2021	Director election/ appropriation of surplus	COVID-19	Reinstated the application of certain standards related to the appropriation of surplus
November 2021	**Director election**	**Escalation**	**NEW (Promote the realization of appropriate management practices (including gender diversity, strategically-held stocks, and initiatives related to ESG issues)**
		ROE standard	Lowered the threshold for relative value from the industry median to the 25th percentile Consider management improvement efforts only in cases that a monitoring board is applicable
		Number of outside directors	There is a controlling shareholder: Raised minimum from one-third ▶ majority
January 2022	Director election	COVID-19	Reinstated the application of business performance standard
November 2022	**Director election**	ROE standard	Raised the threshold for relative value from the 25th percentile to the 33rd percentile in the industry
		Diversity of the board of directors	**NEW (Vote against proposals if there are no female directors)**
		Strategically held stocks	**NEW (Vote against proposals if there is a particularly large amount of strategically-held stocks)**
November 2023	**Director election**	Number of outside directors	(From November 2024) Raised the minimum number from 2 or 1/3 to a majority. However, it is 1/3 for companies without a controlling shareholder if nomination governance is in place
		Director term of office	**NEW (For a company with a board of corporate auditors, vote against proposals if the term of office for directors is two years)**
		Number of directors	**NEW (Vote against if the number of directors is less than five or greater than 20)**
		Role model standards	**NEW (From November 2024, for companies in the TOPIX100, vote against if initiatives are determined to be clearly insufficient)**
	Remuneration/Retirement Bonus for Directors and Auditors	Compensation governance	Expanded the scope of proposals we vote against to include all proposals if compensation governance is not in place
November 2024	Director election	Monitoring board requirements	Added independence requirements to "a majority of outside directors"
		Role model standards	Added gender diversity to the ESG issues of concern
		ROE standard	Raised the threshold for ROE for cash-rich companies, increasing the absolute value from 5% to 8% and the relative value from the 33rd percentile to the 50th percentile in the industry
		Diversity of the board of directors	(From November 2025) Raise the minimum level from 1 to 10%
November 2025	Director election	Monitoring board requirements	Raised the threshold related to the number of female directors from 10% to 15%.
		Strategically-held stocks	Tightened the thresholds for determining whether strategically-held stocks are particularly large: from 50% to 40% of net assets for financial institutions, and from 20% to 15% of invested capital for companies that are not financial institutions. If all monitoring board requirements other than those related to strategically-held stocks are met, application of the strategically-held stock criteria will be deferred.
	Director Election/ Remuneration/ Retirement Bonus for Directors and Auditors	Nomination governance Compensation governance	(From November 2026) Raise the threshold for determining that nomination (compensation) governance is in place to cases where outside directors constitute a majority of the members of the nomination (compensation) committee.

*Final report of the "Competitiveness and Incentives for Sustainable Growth – Building Desirable Relationships Between Companies and Investors –" project ●Particularly important revisions are highlighted.

4 Disclosure: High Level of Accountability

Trends in aggregate values

Calendar year			2020		2021		2022		2023		2024		2025	
			Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against	Total proposals	% against
Management Proposals	Company organization related proposals	Election/Removal of Directors	17,959	5.8	18,429	6.8	17,924	8.1	18,337	10.1	18,022	9.1	15,995	8.7
		Election/Removal of Statutory Auditors	2,589	12.8	1,811	13.3	1,539	13.3	2,197	11.7	1,935	11.2	1,167	7.3
		Election/Removal of Accounting Auditors	63	0.0	91	0.0	83	0.0	78	0.0	52	1.9	53	17.0
	Compensation related proposals	Remuneration*1	826	24.0	1,087	23.7	945	18.8	736	20.2	776	32.1	742	23.3
		Retirement Bonus for Directors & Auditors	165	85.5	123	78.0	120	76.7	73	94.5	85	97.6	52	94.2
	Capital policy related proposals (excluding amendment of articles)	Allocation of Income and Dividends	1,548	0.6	1,500	3.3	1,502	5.0	1,472	5.4	1,472	4.3	1,261	3.7
		Company reorganization*2	38	7.9	61	9.8	43	14.0	35	14.3	32	12.5	30	16.7
		Anti-takeover	92	100.0	57	96.5	63	100.0	82	100.0	42	100.0	41	97.6
		Other capital policy*3	59	6.8	100	9.0	77	13.0	68	1.5	86	10.5	93	7.5
	Amendment of Articles		530	1.7	630	3.0	2,402	1.0	572	3.3	507	4.7	480	4.4
	Others		8	25.0	5	40.0	2	50.0	3	0.0	2	0.0	0	0.0
	Total		**23,877**	**7.6**	**23,894**	**8.3**	**24,700**	**8.5**	**23,653**	**10.6**	**23,011**	**10.2**	**19,914**	**9.2**
			Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for	Total proposals	% for
Shareholder Proposals	Company Organization related proposals	Election/Removal of Directors	83	13.3	35	11.4	54	3.7	97	18.6	81	18.5	70	7.1
	Total		**236**	**12.7**	**174**	**9.8**	**315**	**9.5**	**453**	**19.2**	**369**	**17.1**	**385**	**10.9**

*1 Revisions of executive compensation amounts, issuance of stock options, introduction or revision of performance-based compensation plans, executive bonuses, etc.
*2 Mergers, sale/transfer of business, share exchanges, share transfers, corporate splits, etc.
*3 Share buybacks, reduction of statutory reserves, third-party allotment of new shares, capital reduction, stock consolidation, issuance of class shares, etc.

Reference

Results of Proxy Voting for Global Companies

January-December 2025

Votes for

Management proposals	21,219
Shareholder proposals	408
Total	**21,627**

Ratio of votes for

Management proposals	88.2
Shareholder proposals	61.3
Total	**87.5**

Votes against

Management proposals	2,828
Shareholder proposals	258
Total	**3,086**

Ratio of votes against

Management proposals	11.8
Shareholder proposals	38.7
Total	**12.5**

Trends in 2025

Election/removal of directors

The percentage of votes cast against proposals (% against) has declined slightly. The main reasons were a decrease in opposition due to an insufficient number of female directors and concerns about the independence of outside directors.

- **Number of female directors and independence of outside directors**
  The number of proposals we opposed decreased as companies made progress in appointing female directors and independent outside directors.
- **Number of outside directors**
  The number of proposals we opposed increased as we began to fully apply the criterion that, in principle, outside directors should constitute a majority of the board.

Remuneration

The percentage of votes cast against proposals has declined. The main reason is as follows.

- **Compensation governance**
  In the previous year, the rate of opposition increased because the compensation governance requirement was expanded to apply to all remuneration proposals. This year, however, the rate declined because fewer proposals were opposed on the grounds that compensation governance was not in place.

The background behind the seemingly low percentage of votes against company proposals.

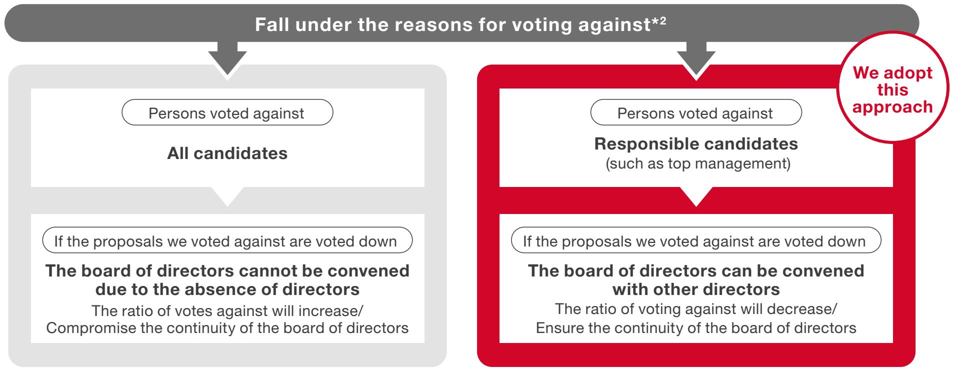
The background behind the seemingly low percentage of votes against company proposals. Proposals concerning the election of directors are the most common type of proposal and therefore have a significant impact on the ratio of votes against proposals. Considering the continuity of the board of directors*1, we limit the director election proposals which we vote against to those for candidates who hold responsibility for individual matters. This is why our ratio of votes against appears relatively low (see chart below).

In fact, at general meetings of shareholders held between April and June 2025, our ratio of votes against electing directors was 7.7%. However, the percentage of companies for which we voted against one or more candidates within a proposal was 42.2%, indicating that this is not a particularly low level.

On the other hand, since the number of proposals is low, the overall impact is small. However, the ratio of votes against appears to be relatively high concerning proposals related to executive compensation or capital policy. The effectiveness of corporate governance is particularly called into question for proposals related to M&A and financing, so we carefully discuss these issues, including the potential impact that rejecting the proposal would have. We vote against the proposal if we determine that it will not contribute to the interests of minority shareholders.

Moreover, we engage with our investee companies by combining proxy voting and engagement to achieve appropriate corporate governance and to enhance corporate value. We consider proxy voting one of the means to this end, and we do not believe that the ratio of our votes against proposals reflects our stance.

Guidelines for the election of directors



*1 Under corporate law, a minimum of three directors is required to establish a board of directors.
*2 Insufficient number of outside directors, low ROE, and other factors.

Voting For or Against Individual Proposals

Here, we provide specific examples of disclosures regarding proposals that we believe require particularly detailed explanations.

Proposals we made voting decisions on that differ from our proxy voting standards

Based on engagement, there may be instances where we make decisions that differ from our proxy voting standards.

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Company	Director election/ dismissal	Voted for	Although the company does not meet our criteria regarding strategically-held stocks, we voted for the proposal because through our engagement we confirmed the situation with the reduction of such shares and the status of verification by the board of directors.
Ordinary GSM	Company	Director election/ dismissal	Voted for	Although the company did not meet our criteria regarding the number of outside directors, we did not consider this sufficient grounds for opposition, taking into account that there were reasonable grounds for its nomination governance not yet being fully in place and that the company had indicated its intention to re-establish it.

Proposals we determined to require special accountability

In addition to proposals related to capital policy and M&A, there were proposals requesting the appointment of a director to the board.

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Company	Director election/ dismissal	Voted against	We determined that escalation to proxy voting was necessary based on the status of engagement regarding the enhancement of supervisory functions to realize the efficient use of capital. Furthermore, we judged that the efforts toward realizing appropriate management practices as a role model were clearly insufficient, and therefore voted against the proposal.
Special GSM	Company	Proposal related to other capital policy	Voted against	This was a proposal to squeeze out shareholders who did not tender their shares in the tender offer conducted as part of the management buyout (MBO). Although general efforts to protect the interests of minority shareholders were observed, we voted against the proposal, taking into account the serious concerns over conflicts of interest with minority shareholders and the inadequacy of the economic terms.
Ordinary GSM	Company	Director election/ dismissal	Voted for	We voted for the proposal. A certain shareholder requested that we oppose the proposal, citing concerns over the company's response to transactions suspected of involving misconduct. However, we concluded that the effect on enhancing corporate value was unclear.
Special GSM	Shareholder	Director election/ dismissal	Voted for	This was a proposal seeking the additional election of three outside directors, citing issues with internal controls and quality management. We voted for the proposal in line with our criteria, having concluded that strengthening risk management, including quality-related risk management, and transforming the corporate culture were urgent priorities, while also taking into account the candidates' skills.

Voting For or Against Individual Proposals

Target Company

Company A (Information & Communications sector)

Election of directors: Company and shareholder proposals

Background

A certain shareholder (the "Proponent") pointed to the company's sharp deterioration in operating performance and depressed share price, both of which were attributable to conduct that had significantly undermined shareholder value, and called for governance reforms, a spin-off of non-core businesses, the unwinding of cross-shareholdings, and reforms to the core business. Company A rejected the proposal while presenting governance reforms and an action plan. We believe that Company A responded promptly to the issues raised by the Proponent, and therefore felt that there was little need for outside parties to force a change in direction. However, because the nomination of directors was carried out by the board prior to its overhaul, meaning that the nomination process cannot be regarded as having been optimal, and because conduct that significantly impaired shareholder value was identified at Company A, we concluded that it was necessary to strengthen the board's supervisory function.

Overview of the Proposals and Voting Decisions

The company proposed 11 director candidates, while the shareholder proposed 12 candidates. Given that the maximum number of directors under the articles of incorporation was 18, the key issue was whether, and if so which, shareholder nominees should be elected. Details are as follows.

Reasons for the Voting Decisions

Company Proposal | Although conduct that significantly impaired shareholder value was identified, we did not consider it sufficient grounds to oppose the company's proposal, taking into account, among other factors, that the management structure had been revised with the exception of the candidate to become the company's next president, and considering the status of the election of responsible director candidates.

Shareholder Proposal | Because we recognized the need to strengthen the board's supervisory function, and taking into account the maximum number of directors provided for in the articles of incorporation as well as the candidates' skills and independence, we supported the election of two candidates: one with experience managing a listed company in the industry and one with such experience outside the industry. We determined that the background to the events in question included factors specific to the industry, and that effective oversight would therefore require perspectives both from within and from outside the industry.

Climate change-related proposals submitted by shareholders

Regarding the shareholder proposals related to the issue of climate change, we provide our reasons for voting for or against each proposal, along with a comprehensive explanation of the background behind our decision-making. On the next page, we introduce the shareholder proposals to seek amendments to articles of incorporation that aim to address climate change issues.

Proposals to amend the articles of incorporation were submitted to a number of companies asking them to address the issue of climate change. We consider climate change to be one of the environmental and social issues that is particularly important for the sustainable enhancement of corporate value, and we have decided to positively deliberate on proposals aimed at enhancing information disclosure and strengthening supervisory functions.

In previous years, we have, on several occasions, considered similar proposals on a case-by-case basis and voted in favor of them; however, no such proposals were submitted this year. We voted against proposals intended to advance social or political agendas, proposals related to specific operational matters, and proposals containing demands exceeding the level required under applicable laws, regulations, and other relevant standards. We also voted against proposals where, after due consideration of the rationale for the proposal and the company's own initiatives, we concluded that the board's view should be respected.

Moreover, some shareholder proponents indicated a desire for their proposals to be considered as recommendations rather than amendments to the articles of incorporation. We have a policy to carefully consider the implications if the proposals are approved. While we remain flexible in assessing the appropriateness of including responses to environmental and social issues in the articles of incorporation, we believe it is not appropriate to deliberate on them as recommendations.

Proposals involving the possibility of a conflict of interest

We provide detailed explanations for proposals submitted by group affiliates, including our parent company, Nomura Holdings, as well as proposals related to matters involving group affiliates. On the next page, we introduce proposals in which Nomura Securities, a group affiliate, was involved in acquisitions or organizational restructuring as a financial advisor and/or third-party assessor.

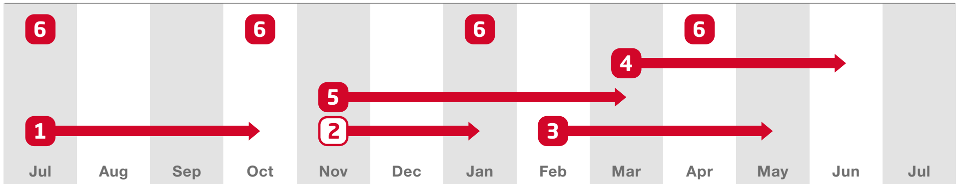
Voting For or Against Individual Proposals

GSM	Proposer	Classification	Voting result	Reason
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted against	Proposal to amend the articles of incorporation related to the disclosure of financial risk audits on climate change and other matters. **While we agree with the importance of financial risk audits, we voted against the proposal because it contains excessive demands beyond the requirements of laws and regulations, and we therefore consider it inappropriate to include such provisions in the articles of incorporation.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted against	Proposal to amend the articles of incorporation related to disclosure of the financial impacts of climate change. **While there were aspects of the proponent's concerns we agreed with, the proposal contained requirements exceeding the level required under applicable laws and regulations, and the company had already indicated its intention to pursue further initiatives. Accordingly, we concluded that it was more appropriate to respect the board's efforts and voted against the proposal.**
Ordinary GSM	Shareholder	Proposal related to articles of incorporation	Voted against	Proposal to amend the articles of incorporation regarding the assessment of clients' climate change transition plans. **While we agree with the importance of climate change issues, we voted against the proposal because the company's efforts have already reached a certain level, and determined that it was more reasonable to respect the board's efforts.**
Special GSM	Company	Proposal related to other capital policy	Voted against	Proposal to squeeze out shareholders who did not tender their shares in the tender offer conducted by the parent company. We voted against the proposal, taking into account the serious concerns over conflicts of interest with minority shareholders, as well as the inadequacy of both the measures to protect minority shareholder interests and the economic terms. **We also note that, in this matter, Nomura Securities, one of our group affiliates, was involved as financial adviser and third-party valuation firm.**
Ordinary GSM	Company	Director election/ dismissal	Voted against	Although the candidate meets our criteria, we voted against the proposal because we judged that the responsibility for failing to respond to the acquisition proposal in a timely manner was significant. **We also note that, in this matter, Nomura Securities, one of our group affiliates, was involved as financial adviser.**

Annual schedule of proxy voting representatives

Most Japanese companies hold their general shareholders' meetings of in June, followed by March and May as the most common months. In our case, we conduct proxy voting for approximately 1,300 companies in June alone, and over 1,700 companies when combining these three months. In this context, we provide an overview of the general schedule for proxy voting over the course of the year, focusing on this peak period.

Proxy Voting Annual Schedule



July to October

1 Revision of the proxy voting guidelines

As soon as the busy season period ends, a review of the proxy voting guidelines begins. This review takes into account the current situation of Japanese companies obtained through engagement and proxy voting, and we reflect changes in laws and regulations such as revisions to the Corporate Governance Code.

November to January

2 Engagement to inform companies about the revisions

We engage with investee companies that are particularly likely to be affected by the revisions to the proxy voting guidelines in order to convey our perspectives and promote the strengthening of corporate governance. In addition to individual dialogue with investee companies, we may also participate in seminars to provide explanations.

February to May

3 Engagement in anticipation of the general shareholders' meeting

As the busy season approaches, engagement in anticipation of the shareholders' meetings becomes more active. During this time, when the items to be presented at the shareholders' meeting are taking shape, investee companies' focus tends to lean towards their forecasts regarding shareholders voting for or against individual proposals. However, we strive to steer the discussions towards strengthening corporate governance over the medium to long term.

March to June

4 Peak period for shareholders' meetings

This is a time when accurate judgment on a large number of proposals is required. During the peak in June, we carry out proxy voting for over 100 companies per day, which also heightens the desire for clear and accessible information disclosure.

Throughout the year, particularly from November to March

5 Engagement for strengthening corporate governance

We explain our approach to proxy voting and receive explanations from investee companies regarding their efforts to strengthen corporate governance, followed by discussions.

January, April, July, October

6 Disclosure of proxy voting results

At the end of each quarter, we disclose the results of our proxy voting, along with the reasons for voting for or against proposals, on our website.

Approach to Cash-rich Companies

Nomura Asset Management identifies “desirable management” of investee companies as including value creation through capital efficiency and adequate performance of the corporate governance function, among other objectives, and actively engages with investee companies through stewardship activities.

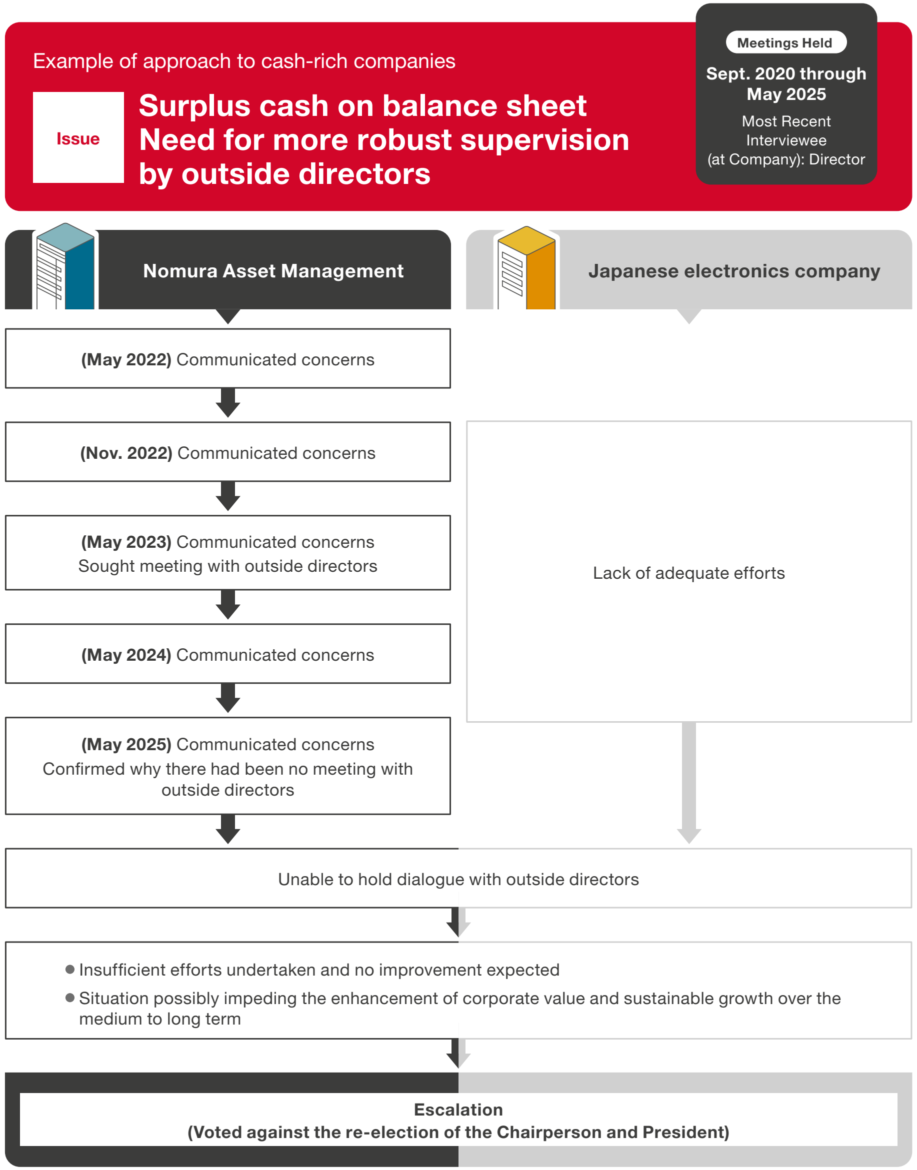
In particular, with respect to cash-rich companies, we deepen discussions through our engagements on whether they have built a growth-oriented and efficient portfolio capable of creating value over the medium to long term that exceeds the cost of capital, and whether corporate governance is functioning sufficiently as a prerequisite for this.

In our proxy voting standards, we define what constitutes a cash-rich company and establish stricter standards, including raising the minimum threshold for return on equity (ROE), viewing loans to parent companies or group companies as undesirable, and requiring ROE and shareholder return ratio criteria for the appropriation of retained earnings.

Below, we introduce representative examples of our engagements with cash-rich companies, including both successful and unsuccessful engagement cases.

The first is a successful case. The company in question is a leading Japanese materials company that is globally competitive and has robust cash-generating ability. However, the buildup of cash on hand was weighing on capital efficiency, making it necessary to formulate and implement an appropriate capital allocation policy. At the outset of our engagement, the company agreed on the importance of a capital allocation policy, but it was reluctant to disclose quantitative details. However, after repeatedly communicating the importance of capital allocation—particularly how the formulation and disclosure of a quantitative capital policy could reduce uncertainty from the market’s perspective—the company announced at its earnings briefing a policy of keeping cash and deposits below a certain level. Furthermore, at the next earnings briefing, the company announced a large-scale share buyback, demonstrating a strong commitment to improving capital efficiency. We continue to engage with the company and encourage it to disclose capital efficiency targets, such as ROE.

The second is an unsuccessful case of engagement. The company in question is one of Japan’s leading electronics manufacturers and a highly-profitable growth company. However, it was cash-rich, and there were concerns that its cash holdings would continue to accumulate, potentially leading to a decline in ROE. Accordingly, we requested either the appointment of an outside director with management experience or a reform of the executive compensation system (the introduction of performance-linked compensation or stock-based compensation with capital efficiency metrics as KPIs). However, the company said it did not consider these measures necessary given the present situation, and there was no progress. We also requested an opportunity to meet with outside directors responsible for oversight, but such as meeting has not yet taken place. We concluded that, at the company in question, sufficient efforts had not been made and no improvement was expected, and that this could hinder corporate value enhancement and sustainable growth over the medium to long term. Accordingly, we escalated it to proxy voting, and voted against the re-election of the Chairperson and President. We continue to engage with the company with the aim of having it strengthen its governance.



Integrated Proxy Voting and Engagement

We revise our proxy voting standards every year and engage with investee companies to encourage desirable management practices. The proxy voting standards are based on objective, quantitative and formal criteria, and clearly indicate the circumstances under which we are likely to vote against proposals.

On the other hand, there are cases in which we can confirm efforts to realize desirable management practices through engagement. In such cases, we may not apply the standards exactly as written when voting, but instead review the engagement status and discuss it within the Responsible Investment Committee before reaching a conclusion. For example, even if a company does not meet the proxy voting standards regarding strategically held shares, we may refrain from opposing the election of directors if, through engagement, we confirm progress in reducing such holdings and can identify evidence that the board is exercising oversight. One benchmark for assessing the board's oversight is whether it functions as a monitoring board, which we regard as the ideal form of board governance.

In this way, institutional investors' proxy voting standards have become increasingly stringent, while dialogue with companies has also become more active. As a result, proxy voting based on engagement—that is, an integrated approach to proxy voting and engagement—is making progress.

Below, we present a case in which our engagement prompted improvements, and we therefore did not vote strictly in line with our proxy voting standards. The company in question had grown into a diversified company centered on electronic components, but some of its diversified businesses were low margin, and its overall business results had stagnated, making structural reforms necessary. Although it reflected successful business investments in the past, the company held a large amount of strategic shareholdings, and declining capital efficiency had become an issue. For several years, we have been engaging with the company and asking it to consider streamlining its business portfolio and selling its strategic shareholdings. Initially, the company said it was focusing on improvements in each of its businesses and did not appear to be considering a major restructuring. However, after we repeatedly pointed out the slow progress in improving its low-margin businesses and the need to reduce its strategic shareholdings, the company announced a plan to review its business portfolio and to sell, over the next five years, its core strategic shareholdings. While expressing our support for the announced measures, we also urged the company to implement them promptly. In February 2025, the company disclosed the scale of the businesses it planned to sell and announced a policy to shorten the time frame for selling its strategic shareholdings. In subsequent engagement, we confirmed the company's detailed progress in reviewing its business portfolio, its schedule for reducing strategic shareholdings, and the status of oversight and verification at the board level. At the June 2025 general shareholders' meeting, we voted in favor of the re-election of the Chairperson and President. Although the company did not meet our standards regarding business performance or strategic shareholdings, our engagement had confirmed the company's commitment to improving its business performance and strengthening oversight, as well as progress in reducing strategic shareholdings along with evidence that the board was exercising oversight.

Example of Integrated Proxy Voting and Engagement

Issues

Slow to restructure the business, earnings are stagnant, need to quickly sell strategically-held shares and strengthen governance

Meetings held

March 2022 through May 2025

Meeting counterparties: Chairperson, President, Executive officer and Head of Administration Div., General Manager of Finance Dept., other

Nomura Asset Management

- (Mar. 2022) Noted issue with the business portfolio and strategic shareholdings
- (Mar. 2023) Noted a lack of urgency in pursuing improvements in low-margin businesses
- Confirmed the outlook for sales of strategic shareholdings
- (Dec. 2024) Asked the company to take swift action to sell strategic shareholdings
- (May 2025) Confirmed the schedule for selling down strategic shareholdings and concrete discussions about business consolidation

Japanese electronic components company

- Each business unit will work to make improvements (Chairperson)
- Will proceed with a review of the business portfolio (President)
- Plan to sell strategic shareholdings (President)
- Plan to split off non-core businesses and consolidate low-margin businesses
- Announced plan to sell off approximately one-third of Company X's shares over the next five years (Oct. 2023)
- Will work towards quicker decision-making (President)
- (Feb. 2025) Announced scope of businesses to be sold off and plans to shorten the period of sales of Company X's shares
- Will seek steady progress in selling off businesses and reducing strategic shareholdings while also strengthening governance (President)

Voted in favor of re-electing the Chairperson and President after seeing evidence of improved earnings, a strengthened supervisory function, and a reduction in strategic shareholdings

ESG Integration

Nomura Asset Management recognizes risks and opportunities, and incorporates them into the investment process using different methods for each strategy based on our own ESG assessments.

Features of Integration

Integrating ESG factors into the investment process is critical, as we believe financial performance and ESG efforts (non-financial information) are closely related and influence one another. We utilize proprietary ESG evaluations of portfolio companies when making investment decisions. In order to effectively incorporate ESG considerations and other non-financial information into the investment process to supplement the analysis of a company's fundamentals (financial information used to evaluate a company), we conduct our own ESG assessment for both equity investing and fixed income investing. This integration of ESG factors into the investment process not only helps reduce downside risk, but is also an essential component to improve returns. ESG assessment is not limited to Japanese companies, as the scope also includes companies in developed countries in Europe and the Americas, as well as companies in Asia and emerging countries. In addition to global themes such as climate change and human rights, we assess specific material ESG considerations for individual industries and companies, and utilize information from multiple external sources to create our proprietary ESG scores. These ratings are made available to all portfolio managers for integration into the investment decision-making process.

Equity Investment	When evaluating the ESG characteristics of portfolio companies, we focus not only on potential risks but also on opportunities to generate future earnings. Although each equity strategy integrates ESG considerations into its investment philosophy and process in a different way, a common ESG evaluation platform is shared by all strategies.
Fixed Income Investment	We select and model ESG factors that are material for credit investment based on a variety of research. In addition to this ESG factor model integration, qualitative evaluations by credit analysts are also considered within the investment process to improve the portfolio's risk-adjusted return and sustainability.

Equity Integration

Equity Integration Approach

Corporate value is essentially the discounted present value of future free cash flows. The business assets that generate future free cash flow include not only fixed assets such as production facilities, but also various types of intangible assets (capital) not found in financial statements, including human capital and intellectual property. Evaluating such capital, or business assets including non-financial information, is necessary in order to analyze corporate value. We believe that, in addition to financial data, reflecting non-financial data in company evaluations, and making investment decisions based on these evaluations, is essential in order to increase the added value of our investments.

There are two aspects to evaluating intangible assets that do not appear in a company's financial information. The first is evaluating the profits that intangible assets can bring, or a "growth evaluation," and the other is a "business risk evaluation" related to the risks to which a company's profits are exposed.

For "growth evaluation", the business impact of climate change, supply chain resilience, intellectual property, R&D capabilities and organizational strength, quality of human resources and diversity are among the sources of competitiveness that help differentiate a company from its peers. We consider these factors to be materialized in the future as financial information such as corporate profits and growth.

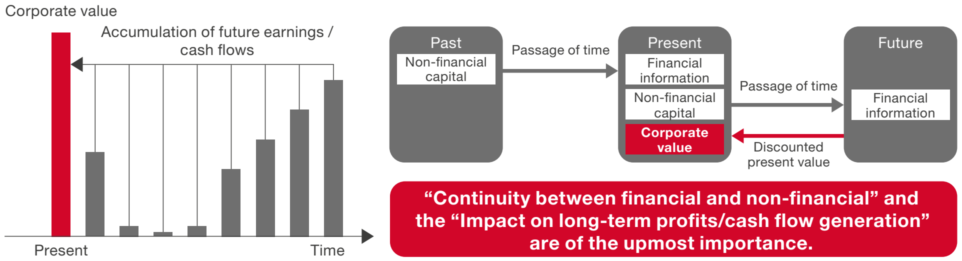
"Business risk evaluation" aims to ascertain the stability and sustainability of future profits based on whether or not the company is able to accumulate intangible assets, and to determine whether or not future profits will fluctuate sharply due to changes in the business environment. In other words, this "business risk evaluation" is looking at how to evaluate the discount rate when discounting future cash flows to the present value. To put it another way, the valuation of intangible assets is an important aspect of determining whether the valuation (relative price metric for the stock price) of the investment target company is too high or too low.

Equity Investment Process

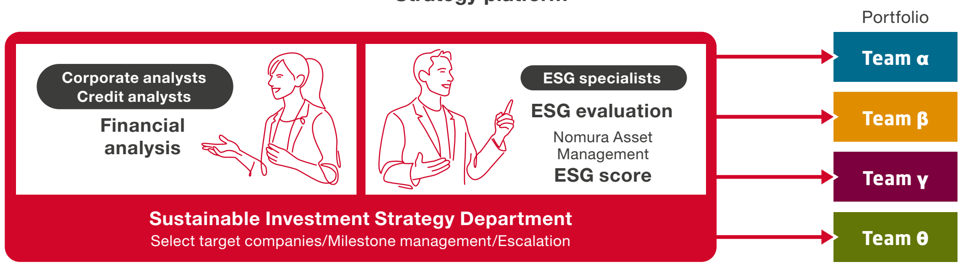
An in-house proprietary ESG score, which is jointly produced by corporate analysts and ESG specialists is utilized for ESG integration into our Japanese equity investments. The ESG score includes environmental, social, governance, and SDG-related considerations, and is a quantified representation of our analysis and evaluation of risks, opportunities, and other factors. These scores serve as an important piece of information utilized by investment decision makers within the investment process/platforms for each investment product (see diagram below). While individual stocks in the portfolio are bought and sold according to their investment ratings, the same score serves as a common language for discussion among corporate analysts, ESG specialists, and portfolio managers, allowing for more effective ESG integration into operations. If additional ESG research is deemed necessary, the Sustainable Investment Strategy Department takes the lead in conducting the necessary engagement activities in collaboration with corporate analysts and ESG specialists.

Our ESG evaluation framework is also applied to our global equities investment. In addition to global themes such as climate change and human rights, we assess specific material ESG considerations for individual industries and companies and utilize information from multiple external sources to create our proprietary ESG ratings. These ratings are made available to all portfolio managers for incorporation into the investment decision-making process. For example, at our Singapore Office, country specialists (CS) are assigned to cover each country in this diverse region, and the main source of added value is the bottom up research conducted by meeting with companies. Investment ratings are assigned to individual stocks based on the fundamental research carried out by CSs as well as the ESG evaluation. The portfolio is constructed based on these ratings.

Investors' Basic Philosophy on Corporate Value



Strategy platform



Efforts to Advance ESG Integration

Investment Management Department, Japan Equities Active Group, Core Overseas Pension Team

Issues such as climate change, human rights problems, and diversity are common issues that need to be addressed globally and over the long term. All of our main ESG funds published on our website incorporate ESG integration as an investment method regardless of whether they are domestic equities funds, overseas equities funds, or balanced funds.

Aiming to improve and enhance this ESG integration is an important topic for our portfolio management and investment operations. Our investment teams manage portfolios based on a stock selection process that takes various ESG factors into consideration (qualitative and quantitative decisions about ESG). When assessing a company as an investment target, managers of actively managed portfolios must consistently ask “Is this a company that controls ESG risks and opportunities and can continue to grow in five or 10 years?” and manage the portfolio by examining portfolio companies from a long term perspective. In our investment process, investment teams including portfolio managers are partially responsible for ESG assessments. When selecting or trading stocks, our portfolio managers make investment decisions after both referencing a variety of ESG data and information within the company as well as holding internal discussions.

Each investment manager controls the ESG risks and opportunities in the portfolio based on the ESG integration policy of the fund for which they are responsible. In managing Japanese equity portfolio, we control for the weighted average carbon intensity of our holdings to be lower than that of the benchmark, and we aim to keep the weighted average ESG score of our portfolio higher than that of the benchmark. Additionally, we implement ESG risk management at the individual stock level. For example, in the case of a major automotive company, cross-shareholdings within the group were considered an issue from the perspective of the effectiveness of corporate governance. However, we highly appreciated the company’s move to fully begin unwinding these cross-shareholdings in pursuit of transparent management aimed at enhancing corporate value, and increased our investment weighting accordingly.

In addition, we make it a point to systematically and carefully explain these ESG integration methods and specific points related to the evaluation of stocks and bonds to our customers.

Coordination with engagement activities is also an important element of ESG integration. The reaction of top management during engagement meetings and the status of milestone achievements are also important signals for managers evaluating “opportunities.” Therefore, many of our investment managers attend meetings with top executives, where they discuss ESG issues. By accumulating more experience and case studies of gathering information to make proper decisions on ESG-related risks and opportunities, performing ESG evaluations of individual companies, managing portfolios, and carrying out engagement, we are able to select strong companies that can continuously grow amid the rapid changes in society for our customers.

Efforts to Advance ESG Integration

Growth of environmental/social solutions businesses

Profitability of environmental/social solutions businesses

Current customer and market development strategy

Growth targets

Assessment of R&D

ESG track record

Environmental performance
CO_2 emissions, stranded asset exposure, eco-friendly procurement ratio, etc.

Social performance
employee turnover rate, diversity, safety indicators, actions on human rights, etc.

Governance
governance structure, compensation, misconduct/scandals, etc.

Portfolio Manager's ESG Viewpoint

Current and future segment mix

Assessment of M&A strategy

Business risks and opportunities

Status of production and sales in regions with enhanced regulations

Changes in the supply chain structure

Geographic risks and opportunities

Exclusion of investment in controversial weapons producers

Nomura Asset Management has a policy to not invest in controversial weapons producers* for the funds/accounts managed by Nomura Asset Management.

If there is a corporate social responsibility issue on a company, it is our basic policy to seek its resolution through dialogue with the company. However, it is difficult to see the benefits of engagement with controversial weapons producers. Therefore, we believe that excluding them from our investments is an appropriate response from the perspective of social responsibility and improve return on assets under management over the long term.

Specifically, all actively managed funds/accounts, including overseas offices, will be prohibited from investing in controversial weapons producers. For the avoidance of doubt, passive funds managed by Nomura AM entities and funds that are sub-delegated to non-Nomura AM entities are out of scope.

* Producers of whole weapons systems of cluster munitions, anti-personnel mines, biological and chemical weapons, incendiary bombs (white phosphorus), blind lasers and weapons using undetectable fragments are covered. For the avoidance of doubt, producers of essential intended or dual-use components of these products or companies involved indirectly through ownership ties to companies involved in these products are not in the scope of the above exclusion.

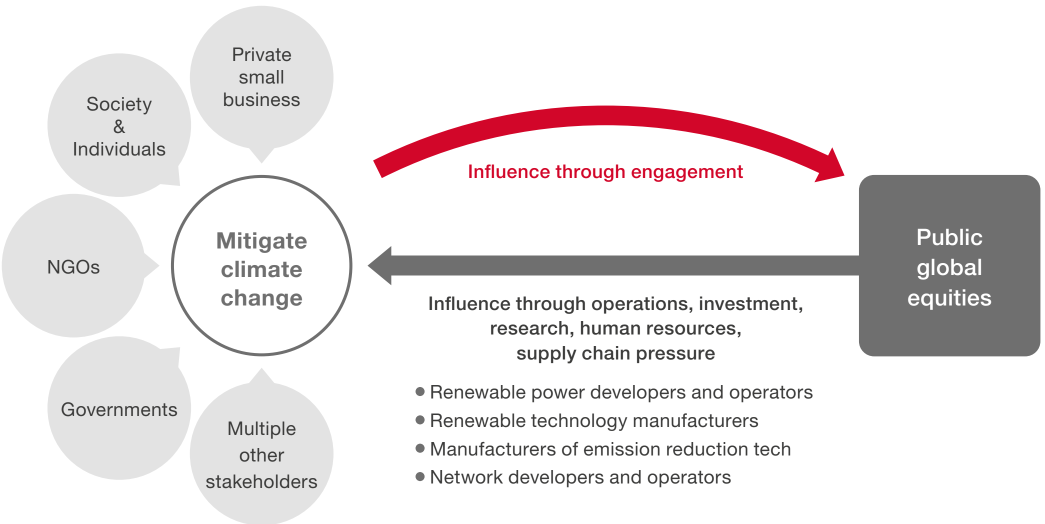
Impact Investing

According to the Global Impact Investing Network ("GIIN"), impact investments are defined as investments made with the intention to generate positive, measurable social or environmental impact alongside a financial return. The key elements of impact investing are "intentionality" to contribute to environmental or social benefits, and "measurability" of environmental or social benefits. In practice, investors often use a "theory of change" framework to map how their investments will lead to their intended impact, which ensures intentionality and enables impact measurement if conducted properly.

Whilst public equity funds are not traditionally considered vehicles for having impact mainly due to limited direct control and financing, we believe that listed companies have a unique role to play, alongside multiple other stakeholders, in solving many of the problems society faces. In this section, we highlight some of our investment strategies with impact mindset, each with distinct investment philosophies and approaches.

Note: For impact investing in listed equities, investors' direct intervention in management is generally limited. Shareholder influence is mainly exercised through voting rights and engagement (dialogue) with companies. Unlike impact investing in private equity, investors cannot typically implement measures directly by appointing directors or intervening in management. Also, investments in listed equities often involve purchasing existing shares on the market, so the capital may not flow directly into a company's new activities. For this reason, attribution and additionality—that is, the ability to demonstrate that the investment directly caused the impact—tend to be lower than in private equity impact investments.

Illustrative diagram **Example for Global Sustainable Equity Strategy**



Example of Impact Investment Process

	ENVIRONMENT		SOCIETY			
Setting issues based on ESG statements	Climate Change	Natural Capital	Access to Healthcare		Social Responsibility	
Establish impact goals	Mitigate Climate Change Keep global warming to below 1.5°c	Mitigate Natural Capital Depletion	Mitigate the Obesity Epidemic	Eliminate Communicable Disease	Global Access to Basic Financial Service	Global Access to Clean Drinking Water
Key Performance Indicators (KPI)	Global Renewable Energy Output Atmospheric CO_2 Levels	Material Consumption per Capita Global Annual Tree Cover Loss	Mortality rate according to WHO Cardiovascular disease, cancer, diabetes, chronic respiratory disease	Deaths due to HIV, TB and Malaria according to WHO	Percentage of low-income households with access to banks	Percentage of Global Population with Access to Safe Drinking Water
Alignment with the UN SDGs	**SDGs7.2** Increase global percentage of renewable energy **SDGs7.3** Double the improvement in energy efficiency	**SDGs12.2** Achieve the sustainable management and efficient use of raw materials	**SDGs3.4** Reduce premature mortality from non-communicable diseases through prevention and treatment	**SDGs3.3** End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	**SDGs1.4** Ensure all have equal rights to economic resources **SDGs9a** Promote sustainable and resilient infrastructure development in developing countries through enhanced support for finance, technology, and technology	**SDGs6.1** Achieve universal and equitable access to safe and affordable drinking water for all
Identify investment field	• Renewable energy developers • Manufacturers possessing technologies • EV/OEM manufacturers • Highly-efficient office building construction and management	• Sustainable raw material management • Efficient use of raw materials	• Medicine-related businesses • Companies related to the healthcare value chain		• Business that provides payment methods through fintech • Lending business for socially vulnerable groups	• Businesses related to the provision of water and sewage services • Businesses that provide clean drinking water
CPI for individual companies	• Tonnes Carbon saved from products and services • MWh of carbon free energy produced in the year • Electric Transmission & Distribution investment	• Single use plastic water bottles displaced by filtration products • Metric tonnes of material recovered in the year	• Patients reached for treatment of Diabetes and Obesity • Plan members covered	• Patients reached through access strategies • Vaccines delivered in lower-income countries	• Value of mortgages to low income and economically weak in year • Number of people provided insurance solutions in Emerging Economies	• Total people reached through company hygiene & water access programmes • Litres of water treated, saved or reduced by projects in the year
Engagement with portfolio companies	Ongoing engagement with target companies					

Nomura Asset Management's impact investing

Portfolio construction/management process

SOCIAL ISSUES THAT SHOULD BE SOLVED

Establish impact goals and Key Performance Indicators (KPI)

Identify SDGs topics

Identify investment field Select/Define portfolio companies

Establish CPI for individual companies

Engagement with portfolio companies

Our Impact Investment Strategies

Here is an introduction to the impact-investing strategies of Nomura Asset Management's regional offices.

UK

G S E

GLOBAL SUSTAINABLE EQUITY STRATEGY

Our UK office manages Nomura Global Sustainable Equity (GSE) Strategy, which is a concentrated global equity strategy that seeks to deliver strong risk-adjusted returns through investing in companies that the team believes to have high overall positive impact on all stakeholders (meaning the environment, society, customers, suppliers, employees and investors). The approach is based on the belief that impact cannot be claimed without having first established clear environmental and social goals that have a definable objective. At the public company level, it is possible to report 'inputs' (such as R&D investment) or 'outputs' (number of patients receiving HIV treatment) but it is far more difficult to assess true 'impact' (i.e. what was the explicit change to, for example, quality of life or reduction in mortality).

While there are limitations on what a public equity fund can deliver in terms of impact, for certain UN SDGs-related targets public companies are very well positioned with the resources, scale and investment firepower, to bridge the huge funding gaps required to meet the goals. Institutional investors like ourselves are furthermore uniquely positioned to enhance the impact of public companies through targeted engagement. GSE team is committed to reporting credible impact data to support our clients' understanding of the impact that their capital is having on the world alongside the competitive financial returns.

The sixth edition of the Impact Report for the strategy was published in 2026, providing a clear and detailed explanation of how the investment team evaluates the positive impacts brought about by the investee companies and the impacts we aim to achieve through engagement activities.

GSE's approach is:

1. Set 'Impact Goals' and establish Key Performance Indicators (KPIs) for each goal
2. Identify investee companies that support these goals and set Company Performance Indicators (CPIs)
3. Track both KPIs and CPIs and engage with companies to enhance individual impact
4. Report impact data and engagement activity

A Nomura Global Sustainable Equity (GSE)
Co-Portfolio Manager
Daniela Dorelova

B Nomura Global Sustainable Equity (GSE)
Lead Portfolio Manager
Nick Henderson

C Nomura Global Sustainable Equity (GSE)
Co-Portfolio Manager
Benjamin Lacaille

JAPAN

JSEG JAPAN SUSTAINABLE EQUITY GROWTH STRATEGY

We began managing this strategy in 2016 based on the philosophy of companies addressing social issues through their core businesses. In the 2010s, a wide range of stakeholders started to become aware of the need for sustainability with respect to the environment and society. The idea that it is possible to solve such challenges through investment lies behind this. The turmoil caused by the COVID-19 pandemic that emerged in 2020 has finally settled down after several years. However, while the global chaos has subsided, various social issues that became evident in Japan during that time, as well as disasters caused by climate change, have been occurring frequently in areas throughout Japan, leading to a deepening of the problems. Therefore, urgent action is required to address social challenges. In this strategy, we incorporate the concept of “impact investing,” an investment approach that helps address various environmental and social issues we face as society changes due to a wide range of factors, and we continue to manage our investments based on a long-term perspective. This investment method not only aims to generate the usual investment returns from an asset management product but also focuses on investing in companies that engage in business activities aimed at solving social issues over the long term, thereby contributing to addressing challenges within the society in which we live. These social issues are closely related to the SDGs (Sustainable Development Goals), and the connection between solving these social challenges and achieving SDG targets is one of its key features. Additionally, since many of these social challenges require medium- to long-term efforts, we believe that investing in companies with the premise of long-term investment allows for a balanced pursuit of both excess returns and the resolution of ESG issues. The investment targets of this strategy include companies that can create social value contributing to the achievement of the SDGs, evaluated through our unique ESG scores of Japanese stocks and their fundamentals. We believe that sharing the outcomes and the broad and cumulative impacts achieved by our portfolio companies through the publication of impact reports is an essential process not only to support these companies in addressing social challenges but also to deepen understanding among investors.

A Portfolio Manager
Tatsuhira Matsushima

B Main Portfolio Manager
Jun Takahashi

C Senior Portfolio Manager
Shun Iwakura

ESG Scores for Japanese Equities

Nomura Asset Management computes proprietary ESG scores which represent Japanese companies' true ESG abilities, in collaboration with our analysts and ESG specialists. ESG and other non-financial information are extremely important in predicting corporate value based on future cash flows. Researching, analyzing, and then scoring a portfolio company's non-financial information makes it possible to measure corporate value while taking ESG into account, and we believe doing so leads to higher added value of our investments.

ESG Score Content

The following is an overview of ESG scoring. The assessment comprises four items each with a weighting of 25%. These four items are Environment, Social, Governance, and SDGs. ESG Score keeps a good balance between risks and opportunities. In terms of opportunities, we evaluate items including management's vision and commitment with respect to ESG issues (ability to explain, plan, and execute initiatives, as well as past achievements), along with the future growth potential of companies that contribute to the achievement of SDGs, as well as the management resources that contribute to this. Meanwhile, for risks, our evaluations emphasize items that can be quantitatively analyzed, such as whether or not a company has provided disclosure and/or obtained certification, as well as the data disclosed and trends for such data. Furthermore, we use materiality (important management issues) to take into account differences in industry attributes for each company.

For "Environment," we look at whether a company is managing transition risks and physical risks related to climate change and incorporating such risks into its business strategy. We also look at whether the company's management has expressed a commitment to the environment. With respect to matters such as the TCFD, we analyze and evaluate based on a company's integrated report and materials posted on its website. With respect to evaluating natural capital and other environmental assessments, we evaluate items such as those related to waste management, conservation of river and marine resources, and biodiversity (including preventing marine pollution).

For "Social" factors, our evaluation is divided into looking at a company's internal and external risks as well as measures to address such risks. The former includes assessments such as those related to employees' human rights and the utilization of human capital, while the latter relates to the issues surrounding the quality of products and services as well as supply chain management. Recently, much attention around the world has been given to human rights initiatives. For Japanese companies in particular, we emphasize the evaluation of supply chain management at business sites both in Japan and overseas.

In "Governance," we evaluate multiple items to make sure that companies have put appropriate structures/systems in place, such as the composition of the board, outside director independence, and whether nomination and compensation committees have been established. Meanwhile, we also evaluate qualitative issues such as dialogue with top management and successor planning. The unique strengths of our corporate analysts, who have been studying and analyzing companies extensively for many years, are reflected in our evaluations.

In "SDGs", we proactively evaluate a company's stance vis-à-vis working on future opportunities. We evaluate whether a company considers solutions to SDG issues as business opportunities and appropriately incorporates them into its business strategies. In doing so, rather than simply looking at whether or not a company has businesses that enable it to contribute to the achievement of each goal, we conduct extensive research and forecast future sales mixes capable of contributing to SDGs goals, and look at whether or not a company has excellent human and technological resources to differentiate itself from industry peers.

Corporate analysts who have frequent contact with companies and possess extensive knowledge of the companies they cover collaborate with ESG specialists who analyze ESG from a cross-industry perspective. They work together, identifying items where one or the other possess particular expertise and comparative advantage. Ultimately, the Responsible Investment Department is responsible for the final scores, which are then shared with the related departments.

ESG Scores for Japanese Equities

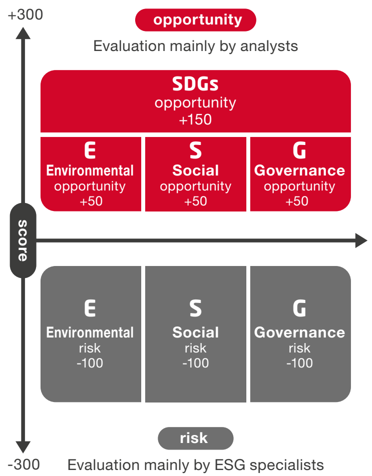
Revision of ESG Score

Since our portfolio companies are improving their ESG-related disclosures and their actual initiatives, we revise the ESG scores for Japanese equities on a regular basis, thereby raising the effectiveness of company evaluations using ESG scores. In the 2023 revisions, we are taking it a step further by estimating the economic value of the GHG removals and avoided emissions, and reflecting this in the climate change assessment. In the 2024 revision, we added evaluations of companies' efforts to respond to the TNFD issued in September 2023.

In the 2025 revision, new evaluation items were added: 1 whether or not outside directors with effective skills have been appointed based on the skills matrix required to be disclosed in the Corporate Governance Code, and 2 the details of business opportunities towards nature-positive, especially whether or not specific products and services have been developed. With regard to 1, since the creation of the skills matrix is left to each company, the lack of objectivity and standardization is an issue. Therefore, Nomura Asset Management, in collaboration with a data vendor, has verified whether it is possible to automatically output and evaluate the skills matrix of a board of directors from text information about directors, thereby strengthening the evaluation process for this item. In addition, we are reviewing, as appropriate, some of the other items, taking into consideration changes in regulations, etc., based on the current situation of Japanese companies attained through engagement and proxy voting.

ESG Scoring Framework

Main category		Sub-category		Sub-items
E Environmental	25% of total opportunity: +50 risk: -100	opportunity +50	Environmental strategy, senior management's initiatives	Sub-items are individually evaluated in accordance with sub-category themes. Materiality was introduced in the revision of ESG scores, taking into account the specific characteristics of the industry for each company.
		risk -100	Climate change, Natural capital, response to other environmental issues, etc.	
S Social	25% of total opportunity: +50 risk: -100	opportunity +50	Social strategy, senior management's initiatives	
		risk -100	Human capital, human rights, response to other social issues, etc.	
G Governance	25% of total opportunity: +50 risk: -100	opportunity +50	Evaluation of senior management	
		risk -100	Evaluation of board of directors, other governance items	
SDGs	25% of total	opportunity +150		



Utilizing ESG Scores

ESG scores generated by quantification of non-financial information are used not only for investment decisions and new product development in investment portfolios, but also for client reporting and our ESG investment management.

Utilizing ESG score data in engagement

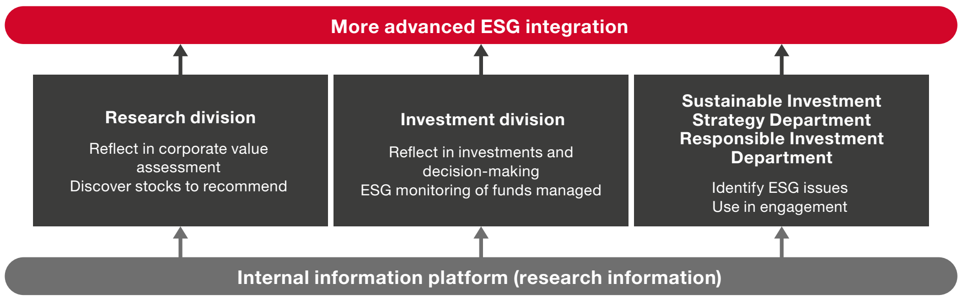
ESG scores are determined not only based on disclosed data but also using information on future risks and opportunities. By using this ESG score, we can compare the strengths and weaknesses of portfolio companies' ESG efforts, and use the scores in engagement such as discussing future course of action.

Utilizing ESG score data in investment activity

ESG scores are posted on an internal research-sharing system. The materials used by investment committees and others to evaluate investment value for individual companies contain regular financial indicators as well as ESG scores and ESG comments by the analysts in charge. These scores are actively utilized in making investment decisions.

Utilizing ESG scores in portfolio construction and monitoring

When building and reviewing portfolios, we check scores for individual companies, use them to make comparisons with industry peers and see how a company's score has changed, as well as to check the ESG quality of the portfolio. Investment managers can also use the items comprising the ESG scores of individual companies as a standalone data. Additionally, by regularly comparing the portfolio's overall ESG score to the benchmark, they can use ESG scores to check ESG risk bias and other factors.



Transition Investment Framework in Fixed Income ESG

Jason Mortimer
Head of Sustainable Investment, Fixed Income

The Growing Importance of Transition Investing

Transition finance has become a major focus area in climate-related investing. As a concept, transition finance supports emissions reductions over time, including in hard-to-abate sectors, while green finance targets projects, assets, or activities that have already reached low or zero carbon emissions. The growing interest in transition finance as a complement to green finance likely reflects the market's shift toward practical decarbonization solutions in the real world, rather than virtual decarbonization in individual portfolios, which is often achieved through exclusions.

While green investments can be assessed objectively using standardized taxonomies and point-in-time analysis, transition investments tend to be more subjective, context-dependent, and dynamic over time. The supply of labeled transition bonds also remains limited, which may reflect the fact that sustainable investment regulation and market structure have largely developed around a "binary" approach that prioritizes unequivocally green investments. As a result, market interest in transition as a concept has not necessarily been matched by capital flows into transition as an investment.

How can fixed income investors overcome these limitations to build credible green and transition portfolios? We believe the solution is to: 1 **assess transition progress at the issuer level using tiers in order to**; 2 **maximize the progress of whole-economy transition at the portfolio level**.

Tracking Issuer-level Progress with "Transition Progress Tiers"

Transition plans have emerged as a key data source for sustainable fixed income investors. These disclosures show whether an issuer's climate transition strategy is aligned with national sector pathways, supported by realistic technology roadmaps, backed by capital expenditure commitments, and reflected in climate governance. In other words, they indicate whether the issuer's climate transition is ambitious and credible. They provide investors with a more holistic and forward-looking view of an issuer's climate transition progress than carbon footprints, and offer important context for evaluating decarbonization targets and commitments.

Corporate climate transition is a process, not an end-state, and there is no global standard for what makes transition "credible." Therefore, in our fixed income ESG, we assess issuers using a transition progress tier approach that classifies them into levels such as "No Commitment," "Transitioning/Progressing," and "Aligned/Aligning." Our approach recognizes multiple potential pathways to net zero, and standardizes transition credibility based on plan quality and completeness, alignment with national sector pathways, evidence of capex allocation, interim targets, and integration into governance. Transition progress tier assessments are dynamic and updated over time to reflect the issuer's ongoing commitment and actual pace of implementation.

Growing Market Focus on Climate Adaptation and Resilience Finance

Despite progress in financing climate mitigation, the world appears to be off track to meet the Paris Agreement's most ambitious goal of limiting warming to 1.5 degrees Celsius. This raises the probability of more extreme increases in global temperatures and climate-induced physical disasters in the future. As a result, policymakers and investors alike are increasingly focusing on climate adaptation and resilience (A&R) investments to reduce and manage damages from these and other physical risks.

New research* suggests that A&R investments to protect corporate property and public infrastructure from risks such as flooding, storms, heat, and earthquakes offer high investment payoff ratios. A 2025 WRI study of 320 A&R investments totaling USD 133 billion across 12 countries found that every 1 USD invested created more than USD 10 in cumulative benefits over 10 years. Moreover, the benefits were not limited to counterfactual modeling of

*https://www.wri.org/research/climate-adaptation-investment-case expected losses from disasters, but also included induced economic gains from better development outcomes in job creation and technology deployment, and broader social and economic benefits from improved human health and biodiversity outcomes — together known as the "Triple Dividend of Resilience".

Scaling up private capital for A&R finance requires investors to recognize the value of loss-avoidance and broader social and economic benefits from these investments, together with pipelines of investable A&R projects from issuers. Tokyo Metropolitan Government's recently issued "Resilience Bond" for climate and physical resilience investments suggests that this is possible, with an approach that is well suited to the Asia region.

Maximizing Real-World Decarbonization Rather than Minimizing Portfolio-Level Emissions

Our fixed income ESG framework for transition investment integrates issuer transition progress tiers into a single weighted average score for the portfolio. This transition score establishes a baseline for tracking overall progress across holdings and serves as the framework's key performance indicator for portfolio construction and risk monitoring. Here, the aim is to maximize real-world decarbonization by allocating capital to a diverse set of issuers implementing the most ambitious and credible transitions in context rather than simply minimizing portfolio emissions through exclusions or by limiting investments to issuers that are already green. This approach can potentially include hard-to-abate sectors in cases where the company demonstrates relatively ambitious goals, clear capex plan alignment with sector pathways, and measurable progress. This feature is especially relevant in emerging market contexts where green or low-carbon investment options are limited. Furthermore, by directly linking issuer transition plan disclosures and follow-through to investor capital allocations, we can engage more effectively with market stakeholders to promote high-quality, standardized disclosure practices. This can ultimately help channel investment into transition sectors and activities that are typically underserved by traditional green investment approaches.

Conclusion

By assessing transition credibility with climate ambition, and orienting capital allocations to the pace of issuer transition progress, we can move beyond exclusions to build credible and diversified green and transition portfolios. This approach channels capital where it can most accelerate decarbonization — particularly hard-to-abate and emerging market sectors — while creating clear incentives for issuers to deliver on their climate transition commitments. In doing so, we aim to unlock investable opportunities, manage transition risks more effectively, and ensure mainstream fixed income plays a constructive, accountable role in the whole-economy's shift to net zero.

Green Investment and Transition Investment

Investment type	Green	Transition
Objective	**Portfolio decarbonization now**	**Issuer decarbonization over time**
Analysis	**Issuer-level GHG emissions Investment-level net zero status (Ambition)**	**Issuer-level transition plan Investment-level transition potential (Credibility)**
Maximizes	**Share of already green assets**	**Rate of brown-to-green improvement**
Net zero pathway	**Single pathway**	**Multiple potential pathways**
Hard-to-bate sector inclusive?	**Generally not (Sector exclusions)**	**Potentially yes (Assessment of transition plan)**

An Effective Approach to Sovereign Engagement

As a Responsible Institutional Investor

As a responsible institutional investor, engagement through purposeful dialogue is an effective way to practice active ownership for our invested assets. The most common form of engagement is corporate stewardship, which seeks to promote sustainable corporate value creation and governance improvements through ongoing dialogue between investors and investee companies. However, while equity markets finance corporations, fixed income markets finance both corporate and public issuers, including sovereign borrowers. For these investments, issuer creditworthiness rather than profitability is the key driver, although national governments are generally understood to prioritize accountability to their citizens over market investors. So how and why do we engage with sovereign borrowers as a fixed income investor?

Why engage with sovereigns as a bond investor?

Whether for corporate or sovereign finance, engagement between investors and issuers is important to better understand each side's priorities, shared interests, and challenges. Fundamentally, the resulting communication gives investors an opportunity to discuss the material factors affecting their portfolios and may lead to information discovery for more efficient pricing of sustainability risks and targeting of impact investment opportunities. For this reason, engagement is not a check-the-box exercise but rather a fundamental part of our credit assessment and fixed income investment decision-making process for both emerging and developed markets.

Sovereign issuers face a broad set of sustainability-related risks, including climate- and physical-risk vulnerability, governance and rule-of-law concerns, and demographic and security challenges that can materialize into credit shocks or have a direct impact on market risk and pricing. Through analysis using our proprietary Sovereign ESG Score model and practical investment experience, we believe that sovereign credit markets are not always efficient with regard to pricing in these sustainability risks. By combining quantitative analysis of sovereign-level risks with targeted issuer engagement, we can develop a forward-looking understanding of sustainability factors, reduce portfolio downside risk, identify high-impact sovereign investment priorities, foster trust-based issuer-investor dialogue, and align portfolios with long-term sustainability outcomes.

Unique Challenges and Opportunities in Sovereign Engagement

Bond investor engagements present unique constraints and opportunities. Unlike shareholders, bond investors do not have voting rights or access to the board to directly influence corporate strategy. Instead, they exercise influence through pricing signals, capital allocation signals, and the conditionality implicit in lending and refinancing. When the borrower is a sovereign country, this dynamic changes further. Governments face strategic imperatives and prioritize domestic constituents over private investors, who in local currency fixed income markets are often motivated by regulatory requirements as well as investment profits. This reality limits the levers available to external investors, but it also creates a unique opportunity. Sovereigns are policymakers, so improving government transparency, incorporating investor feedback on policy, and improving the quality of public investments can produce macro-level benefits for citizens and investors alike.

Sovereign ESG Scoring Framework for Engagement – New and Emerging Risk Factors

Environmental	Social	Governance	Security
Energy Security Energy Transition Physical resilience Climate and Physical Risk Environmental vulnerability Water Stress, Drought Risk, Flood Risk Natural capital Ocean Health Fisheries Management	Human development Food Security Production Capacities Human rights Civil rights Criminal and Civil Justice Systems Gender inequality	Economic Competitiveness Global Talent Competitiveness Market Development Logistics Performance Innovation Network Readiness E-Government Development Investor Protection Intellectual Property Protection Start-up Investment Attractiveness Government Effectiveness Control of Money Laundering and Terrorist Financing (AML Risk)	Geopolitical risk National resilience Supply Chain Resiliency Economic Resiliency Cybersecurity Policy Development Domestic stability Justice and Rule of Law Terrorism Risk

Our Approach to Sovereign Engagement

Our approach to sovereign engagement is pragmatic and risk-based. We prioritize engagements where sustainability-related disclosure gaps are material or where policy responses to sustainability challenges could affect market perceptions of creditworthiness and macro-stability. Rather than prescribing policy or acting as advocates for specific outcomes, we seek credible, evidence-based dialogue that clarifies how governments plan to manage their fiscal and sustainability risks. This means focusing on topics such as fiscal transparency and debt sustainability, climate adaptation and mitigation planning, contingent liabilities and public investment efficiency, governance indicators that affect policy and market credibility, and reform pathways tied to physical, social, and economic resilience.

In practice, our engagements take various forms calibrated to the nature of the issuer and the issue at hand. For multilateral development banks (MDBs) and supranationals, we often engage issuers by providing feedback on project pipelines and focusing on sustainable investment priorities, disclosure standards, and emerging risk factors such as resilience and cybersecurity. For sovereigns, engagements typically combine IMF and World Bank analysis, sovereign ratings, proprietary ESG risk metrics, and direct dialogue — seeking to corroborate publicly available plans, request clarifying data, and understand implementation timelines. Where appropriate, we collaborate with stewardship initiatives to amplify investor voices.

Examples of Sovereign Engagement Initiatives in 2025

The year 2025 marked a notable step in this collaborative direction. We joined as the sole Japan-based investor in the Principles for Responsible Investment's (PRI) Collaborative Engagement on Climate Change with Japan, an initiative that fosters collective dialogue between investors and sovereigns on their sustainability priorities. Through this initiative, we aim to deepen understanding and mutually beneficial dialogue with global investors on Japan's GX (Green Transformation) Transition strategy and approach to climate adaptation and physical resilience. In Asia, we contributed to MDB-led initiatives addressing sustainable finance market development in sovereign issuers including Indonesia, Sri Lanka, and Cambodia. We also published policy-related research for the ASEAN region on transition finance, cybersecurity for sustainable digital transformation, and GSS+ bond issuance for local government issuers. These initiatives reflect our belief that partnering with peers, development institutions, and regional experts can deepen insights and increase practical impact for investors and the broader market community.

Conclusion

What distinguishes our sovereign engagement is its emphasis on transparency and dialogue over advocacy. We do not seek to substitute for domestic policymaking or to impose external demands on sovereign issuers. Instead, we aim to provide practical investor feedback and advice, improve market dialogue, and encourage credible policy action that can inform investors' macroeconomic assumptions and contribute to sovereign sustainability-risk analysis. Where engagement reveals positive reform momentum, we may reflect that in improved credit outlooks or increased allocation. Conversely, where engagement highlights unresolved governance and sustainability risks, we may shift to a more cautious allocation or seek pricing commensurate with heightened risk. Sovereign engagement is necessarily an iterative and long-term process. Policy reforms take time, and credit markets are sensitive to both long-term signals and near-term shocks. By coupling engagement with systematic sustainability risk pricing and disciplined capital allocation, we seek to build resilient sovereign fixed income portfolios through better information and alignment with sustainable outcomes. In doing so, we aim to fulfil our fiduciary duty to clients while contributing constructively to improved transparency and risk management in the public financing ecosystem. (Jason Mortimer)

Emerging Market Bond Investment Team

Within our emerging market bond investment team, when engaging with government officials in target countries, we discuss ESG-related themes as well as economic trends and other relevant matters, and incorporate these insights into our investment decisions.

ESG bonds and Japanese bond credit management

Tatsuya Ujita
Senior Portfolio Manager
Investment Department

For nearly 20 years going back to 2006, I have been involved in the market as a portfolio manager specializing in active fixed income investment, with a focus on the Japanese credit market. My mission in this role is clear: to deliver the investment performance required to meet each client's specific needs. However, for clients to have confidence that such performance can be sustained over the long term, it is essential to establish a consistent investment process grounded in a deep understanding of corporate bond issuers and the credit market. While engaging in financial markets on a daily basis, I have often found myself tempted to focus on near-term numbers and become short-sighted. To stay disciplined and take a broader view of the corporate bond investments I manage, I applied through a company program and have been enrolled since 2023 in the Doctoral Program at Waseda University's Graduate School of Commerce, where I am conducting research.

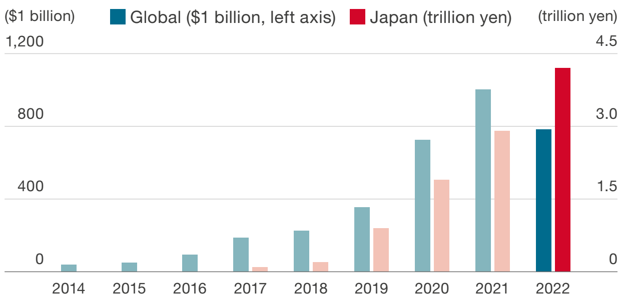
Overview of ESG Bonds by Type

Designation	Green	Sustainability	Transition	SLB	Social
Overview and Purpose	Environmental Improvement	With Both Green and Social Attributes	Environmental Improvement Based on Transition Strategies for High-Emission Industries	Setting Sustainability Performance Targets (SPTs)	Addressing Social issues
Ministry in Charge	Ministry of the Environment	Ministry of the Environment, Financial Services Agency	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment	Ministry of the Environment	Financial Services Agency
ICMA Principles	Green Bond Principles	Sustainability Bond Guidelines	Climate Transition Finance Handbook	Sustainability-Linked Bond Principles	Social Bond Principles
Guidelines in Japan	Green Bond Guidelines	Green Bond Guidelines and Social Bond Guidelines	Guidelines on Climate Transition Finance	Sustainability-Linked Bond Guidelines	Social Bond Guidelines
Use of Proceeds	designated	designated	designated	undesignated	designated
Establishment of a Framework for Project Selection and Management Processes	Required	Required	Required	Not Required	Required
Reporting (Timely Disclosure of Progress)	Required	Required	Required	Required	Required
Key Project Examples	Renewable Energy Green Transportation Green Buildings	-	Improved Efficiency of LNG and Natural Gas Carbon Recycling Blast Furnace	Scope 1 and 2 Emissions Evaluation by a Third-Party Rating Agency at or Above a Certain Standard	Social Infrastructure Employment and Health Healthcare
Penalty if Targets Are Not Achieved	No	No	No	Yes (Coupon step-up Early Redemption Donations to Environmental Organizations)	No
Third-Party Evaluation	Optional In Japan, it is common market practice to obtain an assessment from a domestic rating agency (R&I, JCR, etc.).				
Bond Issuance Costs	Conventional Bond Issuance Costs and Costs of Obtaining Third-Party Certification Certification costs tend to be higher for transition bonds than for other ESG bonds.				
Subsidy Program	Yes (Ministry of the Environment)	Yes (Ministry of the Environment)	Yes (Ministry of Economy, Trade and Industry, Tokyo Metropolitan Government)	Yes (Ministry of the Environment)	Yes (Tokyo Metropolitan Government)

Note: Prepared by the author based on publicly available information and information obtained from lead underwriters, among other sources.

ESG bonds and Japanese bond credit management

Trends in ESG Bond Issuance Amounts: Global and Japan



Note: Prepared by the author based on data from the Climate Bonds Initiative website and Bloomberg.

Estimated Results from ESG Bond Issuance in Japan

ESG Bond Types	(1) Determinants of Issuance Decisions		(2) Market Reaction			(3) Environmental Performance Improvement	
	Commitment	Bond refinance demand	Equity (CAR,%)	Bond (Greenium,bp)	Holdings in institutional investors (GPIF: ESG linkage,%)	ESG Score	CO_2 Emissions Reduction
Green Bond	**0.05**** (0.02)	**0.00** (0.02)	**1.19%***** (0.00)	**-2.41***** (0.93)	**0.13%**** (0.00)	**0.22**** (0.09)	**-0.07*** (0.04)
SLB	**0.03** (0.02)	**0.03***** (0.01)	**-0.67%** (0.01)	**-5.66***** (1.93)	**0.13%** (0.00)	**-0.68** (0.47)	**-0.16*** (0.07)

Note: This table has been prepared by taking excerpts the main projections from the author's research paper. The symbols ***, ** , and * in the table indicate statistical significance at the 1%, 5%, and 10% levels, respectively. Figures in parentheses indicate standard errors.

As one of my research themes, I focused on ESG bonds, whose issuance by Japanese companies has increased sharply in recent years. Since the first green bond issuance by Nomura Research Institute in 2016, ESG bonds have grown to hold a meaningful position in the domestic credit market, accounting for roughly 30% of straight corporate bond issuance in fiscal 2022. Yet, when comparing senior straight bonds and green bonds issued by the same company with the same maturity, there is currently little difference in bond yields (credit spreads) and no significant difference can be identified from the perspective of pure investment returns. In addition, green bonds impose certain direct and indirect issuance costs on issuers, as the use of proceeds is restricted to green-eligible projects and post-issuance monitoring and external disclosure are required. Assuming that the recent rapid expansion of the market is not merely a passing trend, why do companies choose to issue these bonds that include restrictions on the use of proceeds? And why have investors accepted ESG bonds as a new investment product even though they offer no significant difference in investment return compared with ordinary corporate bonds? To address these questions, I conducted an empirical analysis of Japanese bond issuances, referring to analytical approaches developed around the world, particularly in Europe and the United States.

While the details of my findings are not presented here, by relating them particularly to the signaling hypothesis within financial theory, I believe it is possible to clarify the characteristics of green bonds issued by Japanese companies, as is the case in overseas case studies. The signaling hypothesis assumes that market inefficiencies caused by information asymmetry between companies and investors can be alleviated or improved, and that such inefficiencies are resolved when companies disseminate internal information (signals) about themselves. The empirical analysis conducted in this study indicates that the issuance of green bonds serves as a signal of a company's commitment to environmental improvement, and that investors in both the equity and bond markets respond favorably to this signal. In addition, post-issuance environmental improvements have also been observed, including higher ESG scores and lower CO_2 emissions, suggesting that companies tend to respond to the commitment they have conveyed through concrete actions. Although it should be noted that the Japanese green bond market has seen a rapid increase in issuances in recent years, the overall sample size remains limited. Nevertheless, in terms of their ability to communicate their intention—a commitment to environmental improvement—to investors as useful information, these ESG bonds can be viewed as a type of bond that performs a function different from that of conventional straight bonds. As global awareness of the need for environmental improvements continues to grow, I personally hope that an increasing number of companies will start to choose ESG bonds as an important financing option in the years ahead.

Finally, it is also important to feed the insights gained through these research activities back into our actual investment process. For example, based on the results of this analysis, green bond issuance may be used as an important investment consideration, as it can be expected to lead, after a certain period of time, to environmental improvements such as higher ESG scores and lower CO_2 emissions. In particular, I believe that carefully tracking these post-issuance environmental improvements through interviews with issuers and publicly available disclosure information could provide valuable insights. Accordingly, I would like to continue focusing on this as an area for further investigation.

Note: Green bonds, social bonds, sustainability bonds, transition bonds, and sustainability-linked bonds (SLBs) are collectively referred to as ESG bonds.

Message from the Chairperson of the Board of Directors

I was appointed as an independent outside director in 2021, and in my role as Chairperson of the Board of Directors, I have been looking at how the company approaches responsible investment from a governance perspective. Under the government's vision of "Promoting Japan as a Leading Asset Management Center" the social responsibility asset management companies are expected to fulfill has only become greater. Asset management companies are being asked to fulfill their fiduciary duty by standing independently, placing the long-term interests of beneficiaries first, and contributing to a sustainable society. Our purpose, "Realizing a prosperous society," serves as a guiding principle in carrying out that responsibility.

In recent years, global markets, including those in the United States, have become even more uncertain amid rising geopolitical tensions and growing debate over policy and regulation. At the same time, in Japan, efforts to strengthen corporate governance and a greater awareness of capital efficiency are steadily resulting in companies taking medium- to long-term value creation more seriously. I believe asset management companies, while carefully assessing global trends, have an important role to play by understanding the characteristics and growth potential of Japanese companies, and in acting as a bridge based on a long-term perspective.

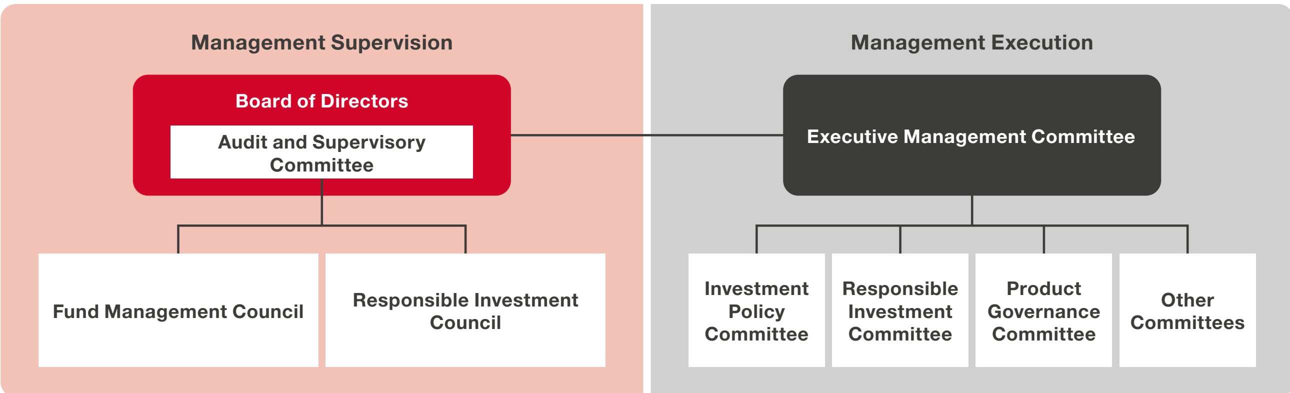
Stewardship activities are also entering a new phase. Engagement and proxy voting should not be treated as separate activities; rather, it is increasingly important to connect what we learn through dialogue to our proxy voting decisions, and to be used together to support positive change at companies.

ESG should not be viewed as a checklist of separate items to be evaluated. It should be seen as part of the management foundation that supports a company's medium- to long-term competitiveness and resilience, and asset management companies are expected to reflect that consistently in their investment decisions and dialogue with companies.

As one of Japan's leading asset management companies, I hope the firm will continue to stay true to its north star—the long-term interests of beneficiaries—and contribute both to sustainable investment returns and to the realization of a prosperous society through constructive dialogue and disciplined communication with companies.

Seiichiro Yamamoto
Outside Director
Appointed in 2021

Management Structure



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, AllianceBernstein 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)

Interview with the Chairperson of the Audit and Supervisory Committee

The Future Direction of Asset Management Companies

Ryoji Maeda

Outside Director, Chairperson of the Audit and Supervisory Committee
Appointed in 2021

Biography

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)

Q: You previously led an asset management company. As corporate governance in Japanese companies is also changing, how do you see governance at asset management firms?

A: I was directly involved in managing an asset management company for seven years, from 2007 to 2014. At that time, governance at asset management firms was not discussed so often. When I joined Nomura Asset Management as an outside director in 2021, I acutely sensed that the public perception of asset management companies had changed significantly. There is now much greater emphasis on a firm's independence and its client-first approach. I also get the sense that ESG initiatives, stewardship activities, and corporate governance reforms are all moving forward at a very fast pace.

Q: As Chairperson of the Audit and Supervisory Committee, you oversee the governance of the company as a whole. How do you view our structure and initiatives?

A: Since Nomura Asset Management is part of the Nomura Group, I feel we have built a structure that places a strong emphasis on independence. For example, the Responsible Investment Council has a mechanism in place to rigorously review any matters where a conflict of interest may be suspected, from a fair and impartial perspective. In responsible investment, the company clearly defines its basic principles, such as what constitutes "desirable management practices," and has established proxy voting guidelines. For proposals that are difficult to make a judgment on, the Responsible Investment Committee brings together expert members to exchange views and discuss them thoroughly, and the company makes its decisions through a robust process. The proxy voting standards are also revised every year ahead of market developments, which gives me the impression that the company is striving to realize forward-looking management.

Q: In light of recent trends such as the shift toward Japan becoming a leading asset management center, what direction should Nomura Asset Management pursue, and what are your expectations for the company?

A: With government policy and the inflationary environment reinforcing each other, I believe the importance of asset management will continue to grow. With the launch of the new NISA system and other developments, asset management firms are becoming more visible in society. Nomura Asset Management should be fully aware of its responsibilities and continue to carry out its stewardship activities with real discipline. At the same time, companies are placing greater emphasis than ever on improving corporate value—through lowering capital costs, reducing strategically-held shareholdings, and improving price-to-book ratios. To help further drive these changes, I believe it is important to bolster engagement efforts. I also hope the company will place an even greater emphasis on reflecting these considerations in its investment decisions, so that it can deliver higher returns to clients.

Biography		
April	1996	Joined ASTRA AB (currently AstraZeneca PLC)
May	2000	Obtained MBA from New York University
August	2000	Joined Merrill Lynch & Co. (currently BofA Securities)
April	2002	Joined TIAA-CREF (currently Nuveen, a TIAA Company)
May	2023	CEO and Chief Advisor, Aglow Management Inc. (current)
August	2023	Outside Director, Nomura Holding America Inc. (current)
October	2023	Completed the Advanced Management Program (AMP) at Harvard Business School
November	2023	Outside Director, SHIFT Inc. (current)
March	2024	Outside Director and Audit & Supervisory Committee Member, SUMCO Corporation (current)
April	2025	Outside Director, Nomura Asset Management Co., Ltd.
June	2025	Audit & Supervisory Committee Member, Nomura Asset Management Co., Ltd. (current)

Interview with a Newly Appointed Audit and Supervisory Committee Member

Japanese Asset Management Companies from a U.S. Perspective

Amy Shigemi Hatta
Outside Director,
Audit and Supervisory Committee Member
Appointed in 2025

Q: You also have experience working at an asset management company in the United States. When it comes to governance at asset management firms, what differences do you see between the U.S. and Japan, including differences in culture?

A: I think the concept of fiduciary duty has a different history in the U.S. and Japan. For example, at the Nomura Group, we have designated a “Fiduciary Duty Day” and conduct reviews of various initiatives. In Japan as a whole, I believe we are still at a stage where more energy needs to be devoted to advancing this effort. In the United States, fiduciary duty is very deeply embedded already.

Q: As a newly appointed member of the Audit and Supervisory Committee, you’ve been looking at the company’s governance. What was your first impression when you joined?

A: My first impression was that this company takes things very seriously. When something needs to be done, from A to Z, the company follows through on it with real discipline. There’s a strong sense of drive and commitment here, and that gives the organization a kind of energy you don’t often see elsewhere.

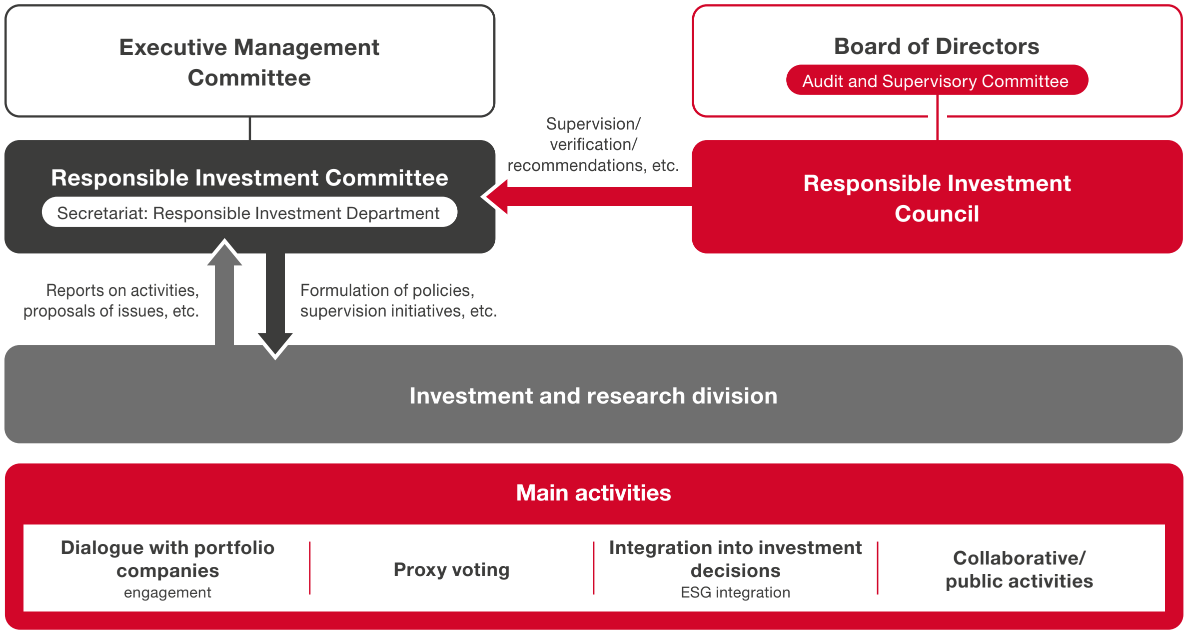
That said, I do think there’s room to think more carefully about how resources and efforts are allocated. For example, one question I’d raise is how we can make better use of ESG initiatives to strengthen Nomura Asset Management’s brand. As a leading company investing significant resources and producing high-quality ESG end products, it’s also important to think about how these efforts can contribute to stronger brand awareness.

Q: In the U.S., there has been some backlash against ESG. Taking these recent trends into account, what direction should Nomura Asset Management pursue, and what are your expectations for the company?

A: I don’t think ESG can be sustainable if it ignores economics. The real question is: What is ESG for? We should be thinking about what kind of business model can remain sustainable while still supporting a company’s profitability and growth.

As for Nomura Asset Management, I think the firm needs to take a broader view rather than seeing itself simply as “Nomura Asset Management in Japan.” With Nomura Holdings acquiring Macquarie Group’s U.S. subsidiary and other businesses, Nomura Asset Management now has an even greater responsibility to support the Investment Management Division with its global business. I believe it’s important for both senior management leaders and every employee to think in terms of how Nomura Asset Management can contribute on a global scale.

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. (As of April 1, 2026)

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.

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 P.88).

Meetings held

Since its establishment in September 2016, the Responsible Investment Council has met a total of 65 times through December 31, 2025. The Responsible Investment Committee is attended by the members of the Responsible Investment Council, who promptly provide their opinions.

Results of Self-Evaluation of 2025 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 2025 (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, which was revised for the third time on June 26, 2025.

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.

*In addition to formulating a basic policy for responsible investment and proxy voting standards, the committee deliberates and decides on proposals that cannot be judged in accordance with these standards.

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 Council members** **3** (Comprises one Chief Conflict Officer and two independent outside directors)
Responsible Investment Committee Secretariat members **7**	

Survey timing

November 2025

Period covered

January to December 2025

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

- 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.

Among the 2025 stewardship activities, the following initiatives were highlighted for enhancing effectiveness:

01 **Strengthening the robustness of the proxy voting process.**

02 **Reviewing policies through appropriate processes, and further promoting the integration of engagement and proxy voting.**

03 **Enhancing human resource value and knowledge-sharing through participation in internal workshops and international initiatives.**

Future Actions

The following points were identified as areas that need to be bolstered to further enhance the effectiveness of our stewardship activities in 2026.

- Revisit the system for deliberation and information provision at the Stewardship Activities Committee and enhance its functions.
- Optimize the engagement process in response to an increase in opportunities for engagement and a rise in the level of engagement required.
- In order to fulfill stewardship responsibilities, strengthen human capital by further promoting the build-up of knowledge about sustainability issues and the deep entrenchment of action policies.

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. Nomura Asset Management 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 Nomura AM

- Held an internal workshop on biodiversity led by Keisuke Ueda, chairperson of the Wild Bird Society of Japan and professor emeritus at Rikkyo University. (His title was at the time of his presentation on January 14, 2025.)
- An internal workshop on marine plastic issues was held by Mr. Maeda, deputy counselor and section chief of SDGs Strategy Division, Future Environment Department, Tsushima City, and students from Bilder, a content creation and dissemination group at Rikkyo University. (His title was at the time of his presentation on November 19, 2025.)
- An ESG-related briefing was held for our company's Investment Research Unit in August. Held internal workshops on "Risk Management and Risks in the Digital Society," "Human Rights and Human Capital," "Well-being," "Climate Change and Natural Capital," and "Integrating Engagement and Voting" in September.
- Held an internal workshop on revised proxy voting standards for our company in October.
- Held briefings and workshops for our Investment Research Unit on "PRI in Person," "Activist Research," "Research on Executive Compensation Systems and Skills Matrix", "GIIN Impact Forum and Human Rights Engagement" and the "ACGA (The Asian Corporate Governance Association) Seoul Conference" in December.

External Activities in 2025	
January	• Delivered explanatory video at ICJ about our proxy voting standards to issuer companies
February	• Delivered explanatory video about our proxy voting at listed company board members' governance forum • Participated in the United Nations Development Programme (UNDP) Human Rights DD (Due Diligence) Dialogue Panel Discussion • Participated in the International Labour Organization (ILO) Roundtable: Discussing Business and Human Rights Across Industries
March	• Spoke at a Mizuho Securities Seminar "2025 Proxy Voting Standards and Philosophies of Major Asset Managers" • Panelist in panel discussion at the ICGN 30th Anniversary Asia Conference • Panelist in the Asian Development Bank (ADB) seminar on "Sustainable Finance: The Key to Greening Business Ecosystems" in Colombo, Sri Lanka • Presenter and panelist at the Asian Development Bank (ADB) "Capacity Building Workshop Program" held by the Ministry of Economy and Finance in Phnom Penh, Cambodia
April	• Participated in panel discussion at AVPN Northeast Asia Summit 2025 (Triple I panel) • Panelist at Sustainable Debt EMEA 2025 Conference in London, U.K.
May	• Contributed to Asian Development Bank (ADB) report *Harnessing Digital Transformation For Good 2025 Policy Report* "Cybersecurity for Sustainable and Inclusive Digital Economic Transformation" • Panelist for Transition Pathway Initiative: Navigating the Coal Transition in Asia (online webinar) • Speaker at the Japan Society for Artificial Intelligence's "Analysis of Estimation of Directors' Skill Matrix and Corporate Characteristics" • Speaker at CFA Association Seminar Japan Investment Conference 2025 "Enhancing Operational Capabilities and Engagement Activities"
June	• Panelist at the World Bank's Government Borrowers Forum 2025 in Dublin, Ireland • Panelist at FT Live's Global Fixed Income Investors Forum 2025 in London, U.K. • Panelist at Sustainable Finance 2025 Event in Hong Kong (SAR) for corporate finance officers • Panelist on environmental finance panel at Sustainable Debt Asia 2025 Conference in Singapore
July	• Spoke at TSE and JPX joint seminar "Institutional Investors Deliver! From Investment Policies to How Companies Should Disclose Information to Investors" • Presented "Disclosure of Directors' Skill Matrix and Its Impact on Corporate Performance and ESG Scores: Evidence from Japan" at IIAI AAI CDEF
August	• Presented and participated in panel discussion at the Asian Development Bank (ADB) Asia Impact Webinar "Mobilizing Private Capital for Climate Action"
September	• Contributed to the transition finance section of the *Transition Finance, Policy and Technology Report to the 2025 ASEAN Summit Malaysia* produced by the Ministry of Economy, Trade and Industry/Asian Development Bank/Economic Research Centre for ASEAN and East Asia
October	• Panelist at WBA, BHRRC and Human Rights Now (HRN) Webinar "Promoting Human Rights Due Diligence in Japan" • Presented at Japan Weeks side event at Nomura Asset Management Seminar 2025 • Panelist at Reprisk Corporate Behavior Risk Management Seminar on Growth in Private Asset Investment and Lending (Tokyo)
November	• Participated in panel discussion on proxy voting at the Osaka Stock Conference • Presented at PRI in Person 2025 Climate Risk and Collaborative Stewardship Side Event in Sao Paulo, Brazil • Co-presented at the 7th Autumn Research Meeting of the Japan Institute of Finance on "ESG Risk Under Family Leadership: A Study of Japanese Firms with Family CEOs"
December	• Participated in the investor panel about the PRI Spring field trip in at the PRI Nature Forum • Presented at buy-side career event held by Women in ETFs and the Japan Stewardship Initiative (JSI) • Contributed to the Asian Development Bank's (ADB) "Capital Mobilization for Local Government Finance in the Asia-Pacific Region through Green Social Sustainability Bond Markets 2025" • Participated in the Net Zero Asset Managers' (NZAM) C-Suite Roundtable

(Note) IIAI AAI: International Institute of Applied Informatics - International Congress on Advanced Applied Informatics
CDEF: Data Sciences in Economics and Finance

Yosuke Uchida
Head of the Responsible Investment Department

2025

Review of 2025

2025 was a year in which we accelerated our efforts towards promoting Japan as a leading asset management center as envisioned by the Japanese government. We also played a leading role in the Asset Management Forum, and at its annual general meeting we participated in the publication of a statement that compiled recommendations and issues to be addressed. In addition, as reforms such as the review of Tokyo Stock Exchange (TSE) market segments moved forward, we considered what institutional investors could do to revitalize the market and, together with the TSE, held an engagement seminar for small- and mid-cap companies, including those listed on the Growth Market shortly after their initial listing. Following that, we organized CEO dialogues in a roundtable format with companies that participated in the seminar, and in principle, conducted SR meetings with all companies that requested meetings.

In addition, incidents related to personal data management and cyberattacks have been on the rise. From the perspective of strengthening risk management at the board level, we set “risk management in the digital society” as a priority theme and worked to address issues such as cybersecurity measures and AI ethics.

Regarding our proxy voting standards, although the trend toward stricter standards has shown signs of leveling off, we made progress in integrating proxy voting with engagement based on dialogue with individual companies. On the other hand, in cases where insufficient efforts or improvements were seen in engagement, we escalated matters to proxy voting.

2026

2026 and Beyond

Although anti-ESG movements were not seen to the extent initially feared last year, since the beginning of this year we have sensed growing concerns that momentum in sustainability—particularly in diversity and women’s advancement—may be losing momentum and stagnating. However, initiatives related to sustainability should not be swept along by temporary trends or fads; rather, they are efforts intended to strengthen and secure companies’ sustainable growth over the long term. This year marks the eighth year of publication of our Responsible Investment Report, and in looking back, we can trace a consistent path of gradual progress at roughly the same pace in our participation in investor initiatives and the resulting collaborative engagements, climate change initiatives, and monitoring board reforms. We take pride in this consistency and our commitment to sustained efforts.

This year in Japan, discussions on revisions to the Corporate Governance Code and amendments to the Companies Act are reaching a stage where opinions are being consolidated. There are concerns that shareholder rights may be curtailed in areas such as the system for identifying beneficial shareholders and the way general shareholder meetings are conducted. In M&A transactions accompanying business restructuring, and in the privatization of listed subsidiaries, there have also been cases where it is questionable whether the rights of minority shareholders have been adequately protected.

Progress has been made on corporate governance reforms, but “responsible investors” are now expected to act in ways that do not undermine this momentum.

Notices from Nomura Asset Management

Investment Risks and Costs

Costs Associated with Financial Products (Fees and Other Costs)

Customers pay the following expenses.

All information on this report is intended for information purpose only and does not constitute a solicitation of an offer to buy any investment product nor to enter into an investment advisory agreement with Nomura Asset Management to any persons. The following fees and expenses are charged to investors of our investment products. We can only provide a general description of our fee calculation formula here, as fee rates will vary depending on the specific product characteristics or the specific contract with each of our clients.

- As a consideration of our investment advisory services, fees equivalent to the sum of the assets under contract multiplied by the agreed-upon percentage fee rate (%) will be charged depending on the length of the contract. [Calculation formula] Assets amount under contract x fee rate (%) x length of the contract (days) / 365
- Based on mutual agreement, we may adopt a performance-based fee structure or a combination of performance-based fee structure and the flat fee structure mentioned above. We are unable to provide detailed calculation nor the maximum fee for performance-based fee structure as the actual advisory fee vary depending on the investment performance of the relevant strategy, and the agreed terms with each client. Performance-based fee structures will be negotiated individually between client and Nomura Asset Management.
- Separate from the investment advisory fees, securities trading consignment fees and expenses related to the custody of securities will also be deducted from the contracted assets. It is not possible to specify the rate or maximum amount in advance as such fees would vary depending on the status of the investment.
- Nomura Asset Management may, based on its discretionary investment decisions, purchase investment trust products to be included in a portfolio under a discretionary investment contract. In such cases, expenses such as investment trust management fees, sales company and management company fees, and fees charged when converting investment trusts to cash would incur. If such cases investment trust products are issued by our own company or one of our group companies, the investment advisory fees may be adjusted to avoid double payment of management fees. The adjustment calculation methods are specified in each contract. Total investment advisory fees paid by the client shall amount to investment advisory fees less the investment management fees associated with the purchased investment trust products.

Investment Risks Associated with Financial Products

The financial instrument transactions conducted on behalf of the client shall include investments made in shares, bonds with new share warrants, bonds issued by public corporations, and other instruments (including cases where investments are made via investment trusts and through Limited Partnerships). Consequently, the prices of shares and other investments may decline as a result of the effects of domestic and overseas economic variables and political circumstances, fluctuations in interest rates, and changes in the performance and financial standing of the issuing entities, resulting in investment losses.

Financial products may also make use of derivative transactions. Such transactions utilize leverage in excess of the margin amount, and if prices change as a result of the fluctuations in the securities and indexes that serve as the underlying assets, it is possible that losses in excess of the amount of the margin deposited will be incurred. Also, the leverage rates vary continuously as a result of changes in investment policies and domestic and overseas market environments, and consequently they cannot be specified in advance. During the terms of derivative transactions, Nomura Asset Management shall deposit margins taken from the contract assets in amounts that it determines to be suitable based on calculations performed by the securities companies with which the orders are placed.

Trade name: Nomura Asset Management Co., Ltd.

Director of Kanto Local Finance Bureau (Financial Instruments Firms) No.373
Business Category of Financial Instruments Business: Investment Management Business, Investment Advisory and Agency Business, Type II Financial Instruments Business.
Membership: Investment Management Association of Japan/ Type II Financial Instruments Firms Association

https://global.nomura-am.co.jp/