



# Nomura Sustainability Day

## Nomura Asset Management Sustainability Initiatives

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Nomura Asset Management Co., Ltd.



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- ## Balancing economic value and social value



## Basic investment policy to achieve sustainability

- NAM's Responsible Investment Committee revised "Basic Policy for Responsible Investment Management" on December 30, 2021
- Outlined NAM's approach to responsible investment, initiatives, and ideal management of portfolio companies

Ideal form of business management of portfolio companies



### Proper efforts on environmental and social issues

- Proper management of risks related to global environmental and social issues and pursuing appropriate business opportunities will lead to enhancement of corporate value and sustainable growth



### Value creation through capital efficiency

- To enhance corporate value and achieve sustainable growth, it is necessary to use capital efficiently while appropriately managing risks, and build an efficient business portfolio with strong growth potential to create value over the medium to long term



### Adequate performance of Corporate Governance function

- A well-functioning corporate governance system is a necessary prerequisite for value creation through efficient deployment of capital and appropriate environmental and social initiatives



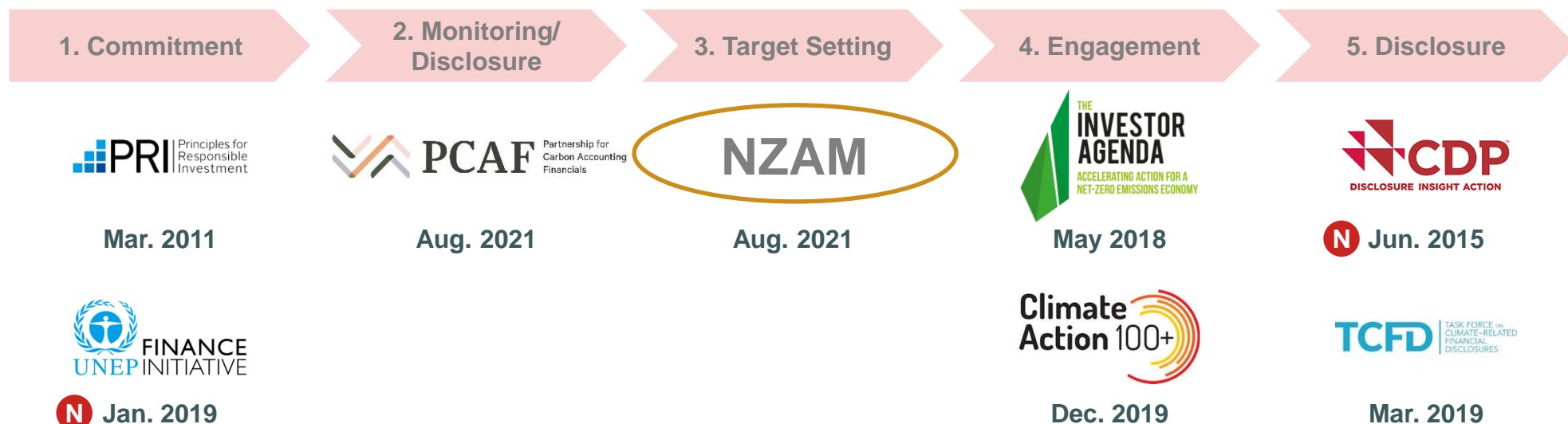
### Adequate information disclosure and dialogue with investors

- To promote accurate understanding of the company's situation, portfolio companies must provide timely and appropriate disclosure of information and ensure accountability
- To ensure investors' opinions are properly reflected into management, portfolio companies must actively engage investors in dialogue

# NAM climate change initiatives

- NAM is involved in many major climate change initiatives, including NZAM, PCAF, CA100+, CDP, and TCFD
- Responsible Investment Report includes detailed TCFD disclosure of NAM's total portfolio (equities, bonds)

Climate Change Initiatives (Dates indicate start of signatory status. **N** indicates Nomura Group as signatory.)



NZAM (Net Zero Asset Managers initiative)

## NZAM Signatory Commitment

- Set 2030 interim goal towards achieving 2050 net zero GHG emissions target as a percentage of AUM

Nomura Asset Management 2030 interim goal: **55%** of AUM

# Engagement track record

## Engage portfolio companies in constructive dialogue on financial and non-financial risks and opportunities

### Domestic equities (2,400 Japanese companies with shareholdings)

#### Basic stance on engagement

- Adopt friendly and constructive approach to dialogue
- Promote understanding of non-financial information including progress of ESG initiatives and the strategies and philosophy behind them
- Listen to portfolio companies' views on efficient use of capital and share NAM's views
- When a major scandal or accident occurs, ask about the cause and measures to prevent recurrence to promote healthy management

#### Total number of contacts with portfolio companies

**Approx. 6,500**

(Japanese companies, Jan – Dec 2021)

Of these,  
number of 1-on-1  
dialogue at  
companies

**Approx.  
2,400**

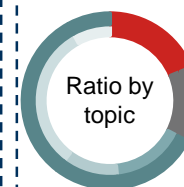
Of these,  
number of  
dialogue with  
executives and  
above

**Approx.  
1,000**

#### Engagement meetings

Total number of engagement topics  
(total number of companies)

**1,690** topics (765 companies)  
(2021)



	Ratio of topics	Number
Business strategy	19%	315
Financial strategy	14%	232
ESG-related meetings	68%	1,143
Environmental	16%	271
Social	12%	201
Governance	32%	535
Proxy voting- related	8%	136
Total		1,690

### Foreign equities

- For foreign equities, there are many applicable countries and companies
- Conduct effective engagement activities making use of external resources (**Sustainalytics**) and leveraging the capabilities of investment management teams in international offices

#### Total number of engagement topics by overseas offices

**628** topics (213 engagements)  
(2021)

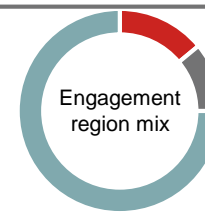
#### Engagements by Sustainalytics<sup>1</sup>

**319**

(2021)



	Ratio	Number of topics
Business strategy	9%	55
Financial strategy	3%	18
Environmental	26%	161
Social	24%	149
Governance	18%	111
Disclosure/dialogue	21%	134
Total number of topics		628



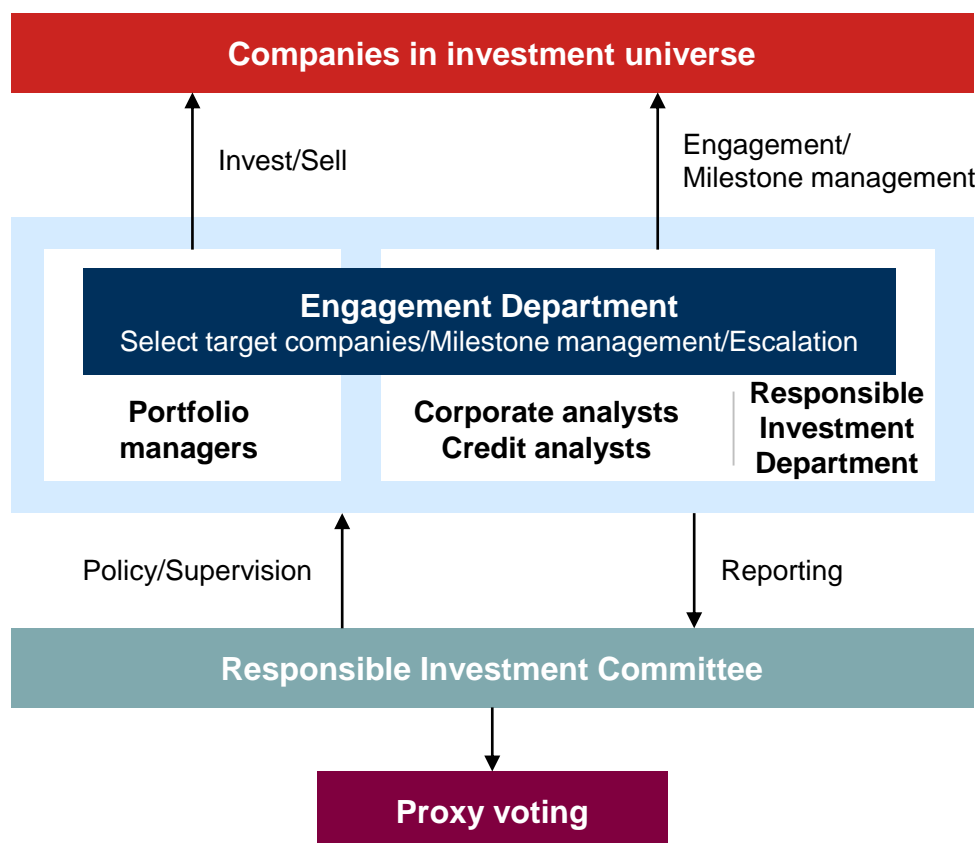
	Ratio	Number of topics
Europe	14%	86
North America	11%	68
Asia and Emerging	75%	474
Number of topics		628

1. Target universe: MSCI ACWI ex Japan

# Strengthening engagement with portfolio companies

- Set up Engagement Department in November 2021
- Realize integrated investment management by deepening understanding of portfolio companies, engagement, exercise of voting rights
- Communicate engagement initiatives to final investors/portfolio companies, naming individual companies

## Relationship between engagement, proxy voting and investment decisions



## Dialogue with portfolio companies



**Daikin**  
Deliver new value in the environment and air, ensure sustainable management



**Mitsui & Co.**  
Trading company model combining quality deals to bring opportunities in decarbonized society



**Zeon**  
Enhance capital efficiency and governance and change the world with original products



**MS&AD**  
Contribute to the development of a vibrant society through synergies in global insurance business

# “Decarbonization Japan”

- Established investment trust “Decarbonization Japan” in August 2021 to invest in companies contributing to a decarbonized society



- 1 Invest in companies contributing to a decarbonized society
  - ◆ Companies with decarbonization related
  - ◆ Companies involved in decarbonization
- 2 Quantify companies’ level of contribution to decarbonization
  - ◆ Measure GHG emissions of companies “Decarbonization Japan” invests in
  - ◆ Actively engage with companies showing little progress towards decarbonization

## Top 10 company stocks

As of August 31, 2022

Company stocks	% of net assets
Hitachi	4.7%
Yamato Kogyo	4.3%
Toray	4.2%
Shin-Etsu Chemical	4.1%
Honda Motor	3.4%
NIDEC	3.1%
Mitsubishi Chemical Group	3.1%
Toyota Industries	3.0%
Nippon Telegraph and Telephone	2.9%
Toyota Tsusho	2.9%
Total	35.7%

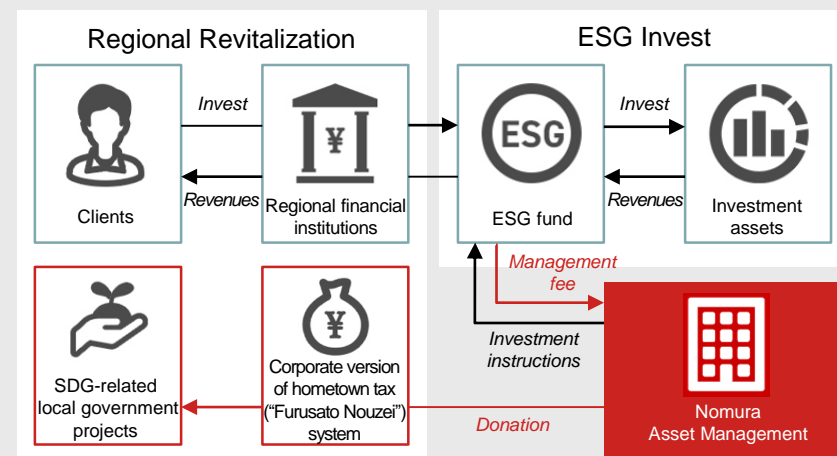
# TASUKI Project and Kokorozashi Project



## Nomura Sustainable Select

Global Equity Course A / Course B  
Open type fund / Global / Equity

Global Balance Course A / Course B  
Open type fund / Global / Multiple assets



# NAM's definition of ESG funds

- NAM published its definition of ESG funds on August 31, 2022, to increase information disclosure on domestic public investment trusts and enhance quality management

## NAM's definition of ESG funds

**NAM ESG funds comprise  
39 public investment trusts**

### Examples of NAM's ESG funds



**Decarbonization Japan**



**Nomura Sustainable Select**



**Global ESG Balance Fund (Blue Earth)**

### ESG Integration



During selection process of portfolio companies, apply analysis of non-financial information in addition to financial information

### Engagement/ Voting



As a shareholder, encourage portfolio companies to actively participate in ESG transactions

### Other Sustainability Strategies



Apply at least one of five GSIA ESG investment strategies: Negative screening, positive screening, norms-based screening, sustainability-themed investing, impact investing

## Acquisition of stake in New Forests

- Entered into agreement to acquire shares in New Forests Pty Limited, one of the world's leading forestry asset management companies
- Nomura Holdings expected to acquire 41% of New Forests shares  
(Current shareholder Mitsui & Co. will acquire additional New Forests shares with its shareholding expected to increase to 49%)
- Aiming to expand our real asset business in private markets

### About New Forests<sup>1</sup>

Company name	New Forests Pty Limited
Founding year	2005
Founder	Mr. David Brand (Current CEO)
Shareholders	Mitsui & Co. 49%, NHI 41%, New Forests' staff 10%
Headquarter, Other offices	Headquarter: Australia (Sydney) Other offices: Melbourne, US (California), Singapore, Kenya
No. of employees	90
Business	Nature-based investments, Carbon credits, PE growth (Agricultural-related)
AUM	Approx. 800 billions of yen (Commitment based, as of 2022)
AUM (by investor region)	Europe 56%, Americas 39%, Australia & New Zealand 5%
AUM (by investor profile)	Pension funds 64%, SWF 25%, Insurance companies 5%, Medical-related trusts 4%, Others 2%
Rankings	Second largest unlisted forestry asset management company in the world (Commitment based, as of 2021)

1. Source: Nomura Asset Management based on data from New Forests.



Even the things we cannot do alone can be achieved  
when we work together towards a common goal.

By combining our expertise and that of our partners,  
we aim to accelerate the drive towards a sustainable world and  
help create an affluent society for all.

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