



# Nomura Sustainability Day 2023

## Nomura Asset Management Sustainability Initiatives

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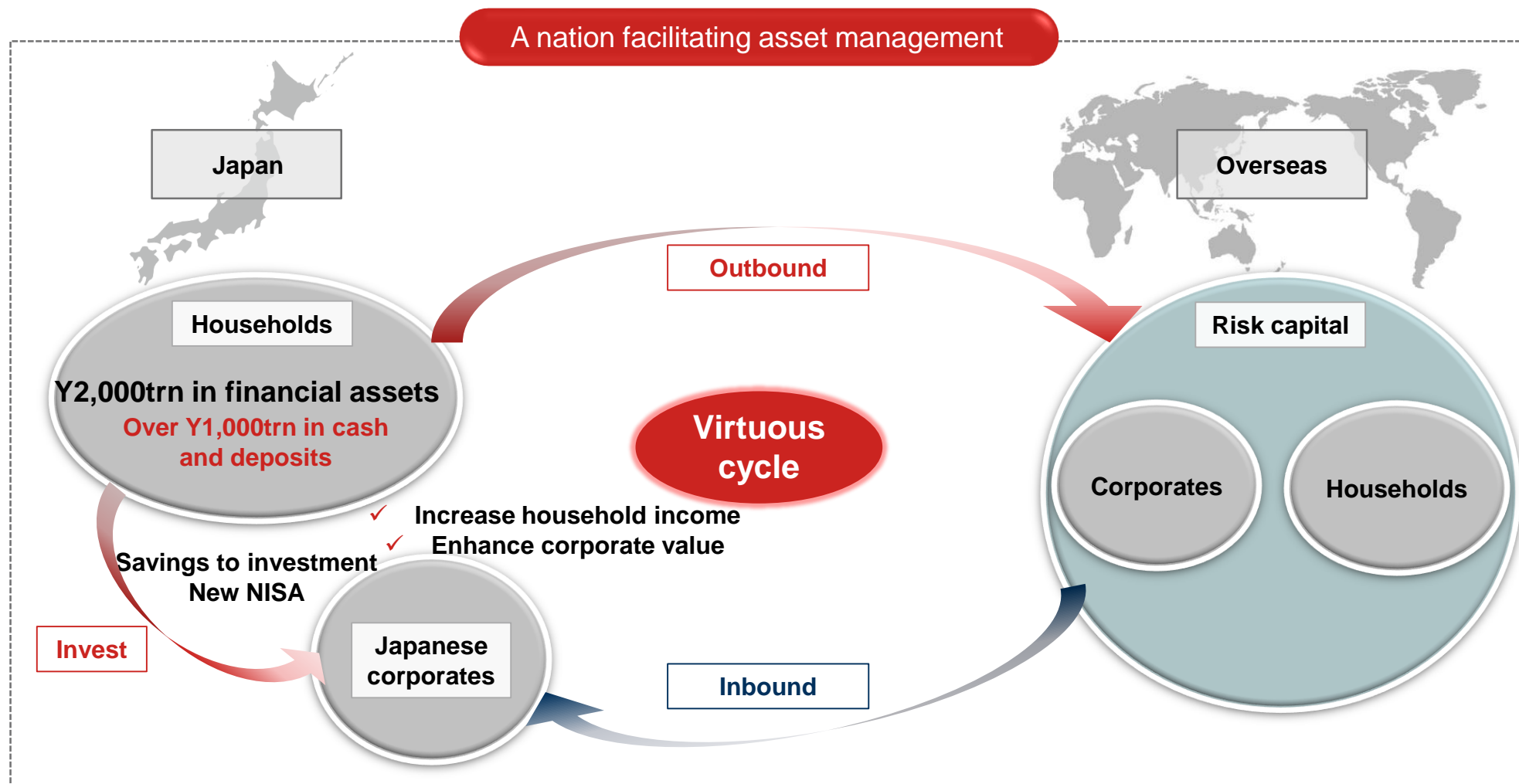
September 28, 2023

- ## Balancing economic value and social value



# Japan as a nation facilitating asset management

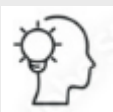
- Government policy to establish Japan as a nation facilitating asset management
- This requires enhancing the investment chain



## Supporting Japan as a nation facilitating asset management

1

**Enhance investment  
management capabilities**



2

**Strengthen global expertise**



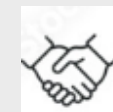
3

**Product governance**



4

**Engagement**



## Enhance investment management capabilities

- Aim to enhance investment management capabilities to global level to provide the best possible performance to clients
- Strengthen inhouse expertise to deliver global strategies to clients around the world

### Key points

- ✓ Drive competitive investment performance
- ✓ Enhance development and delivery of solutions to meet client needs
- ✓ Build up research capabilities to achieve above two points

### Revise organization, people development and performance management

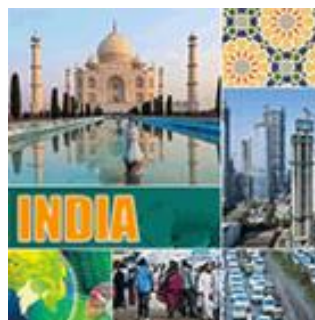
- ✓ Realign organization around investment function and purpose
  - ❖ Consolidate active team: Japan equity active, global active
  - ❖ Consolidate solutions team: Index, multi-asset, quant, etc.
- ✓ Integrate research function and create people development platform
  - ❖ Create global research platform to provide high value-added information
  - ❖ Junior hires for investment departments will, in principle, first be assigned to Global Research Department for training and development
- ✓ Focus on evaluating people in line with investment performance (pay for performance), promote healthy competition and new energy

■ Continue to strengthen investment capabilities to expand global investment strategies

Main global strategies managed inhouse



Global Multi-Theme Strategy



India Equity



NCRAM high yield bond funds



Global Sustainable Equity (GSE)

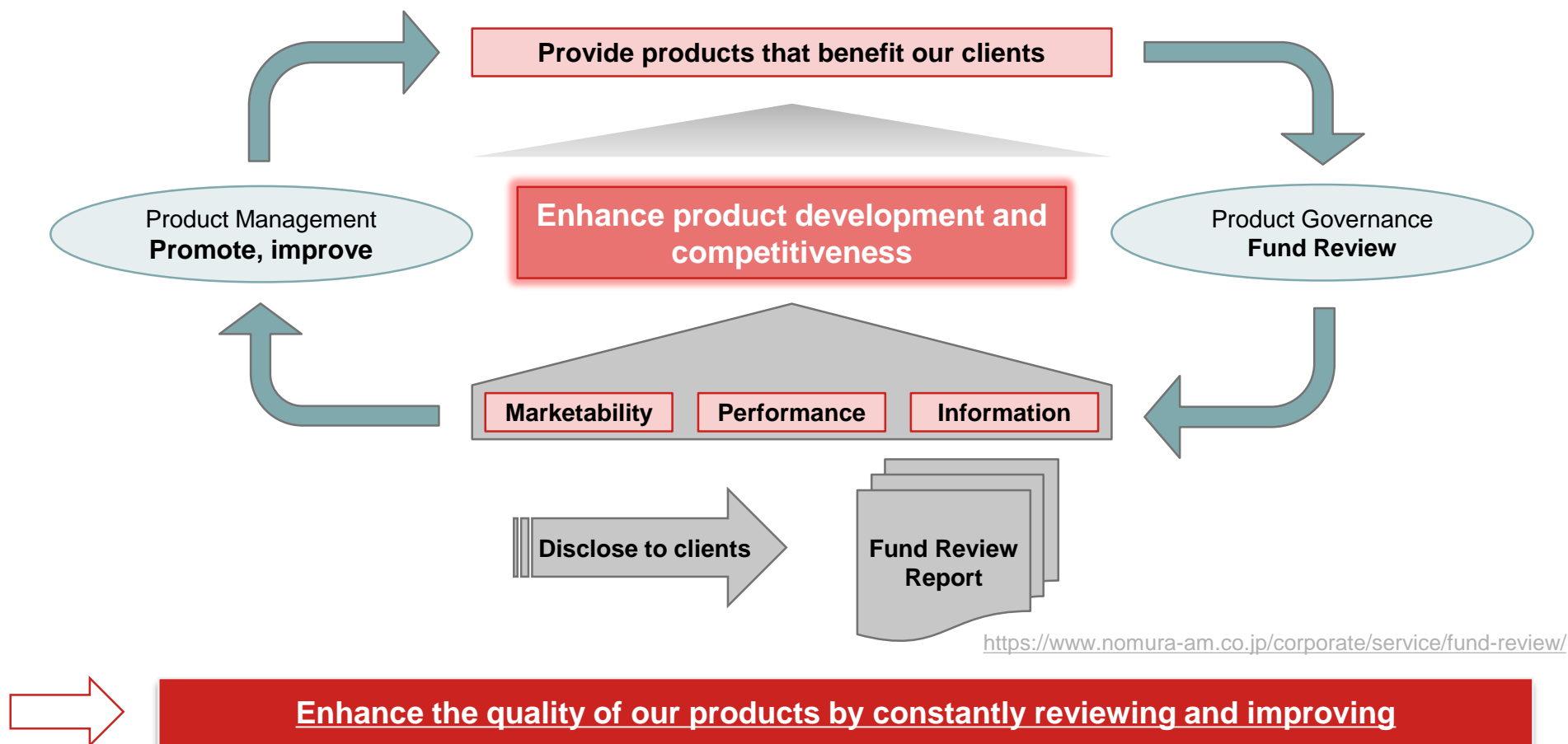


Global Dynamic Bond Fund (GDBF)

Assets under management  
Over Y4trn

Continue to strengthen to achieve further growth

- Set up Product Governance Department in April 2022 and established Product Governance Committee in April 2023
- Disclosed Fund Review Report since May 2023
- Combine product management and product governance functions to continually improve products and deliver value to our clients



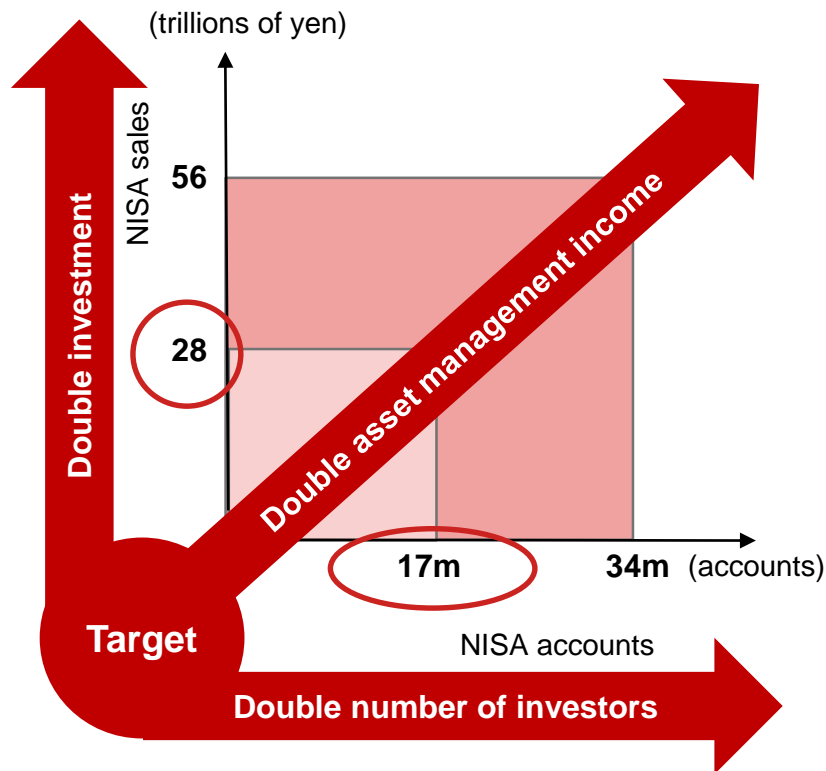


# Diverse investment opportunities with New NISA

- Doubling asset-based income plan and New NISA scheme will help expand pool of investors
- Help clients build up their assets through **financial education** and **high-quality products that meet their diverse needs**

Japanese investors: **20m** (17% of population)

## Government doubling asset-based income plan



## Our solutions for New NISA

- Provide financial education that support beginners and individual investment styles



- High-quality product offering to meet diverse needs

### Active funds



### Balanced funds



### Index funds





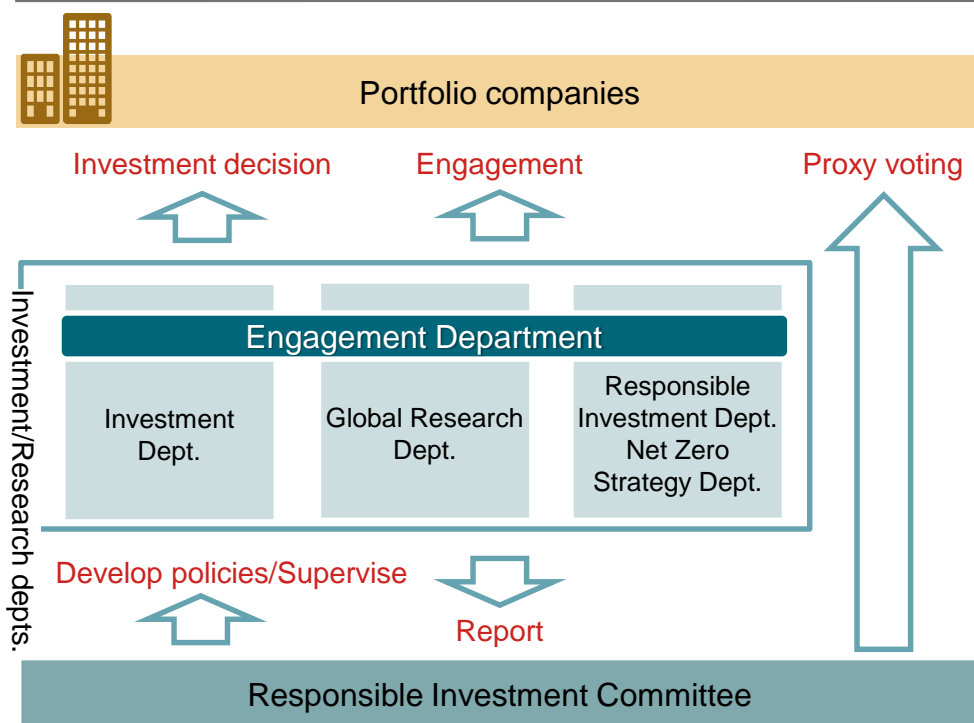
## ■ How we define engagement:

**Encourage portfolio companies to adopt appropriate management practices to enhance their corporate value and achieve sustainable growth based on a thorough understanding of each company**

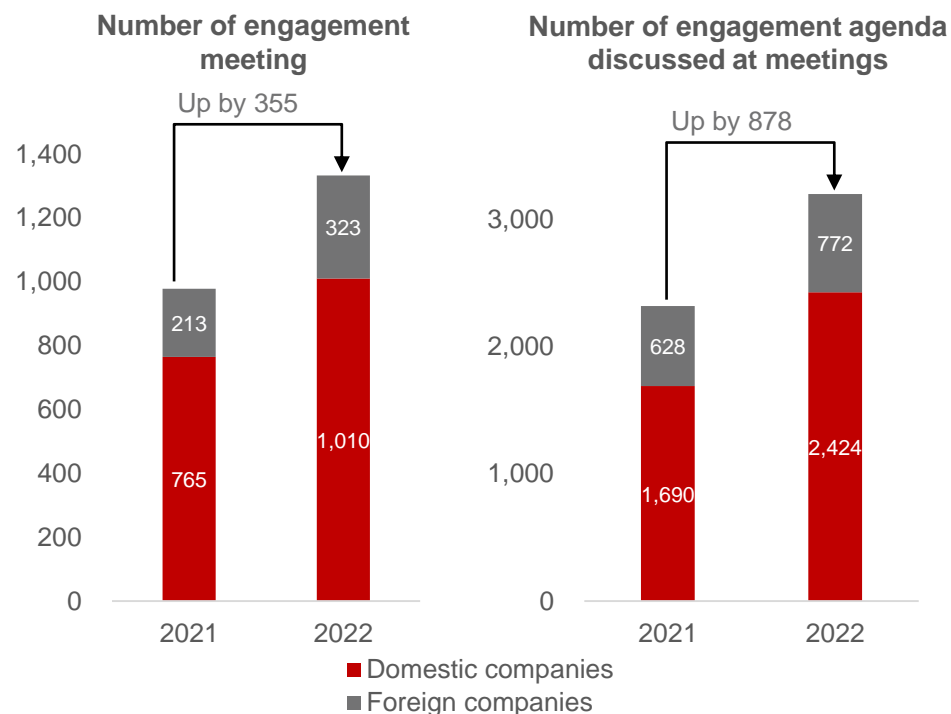
### How we approach engagement

- Adopt a 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 our views
- When a major scandal or accident occurs, ask about the cause and measures to prevent a recurrence to promote sound management

### Engagement promotion framework



### Engagement track record

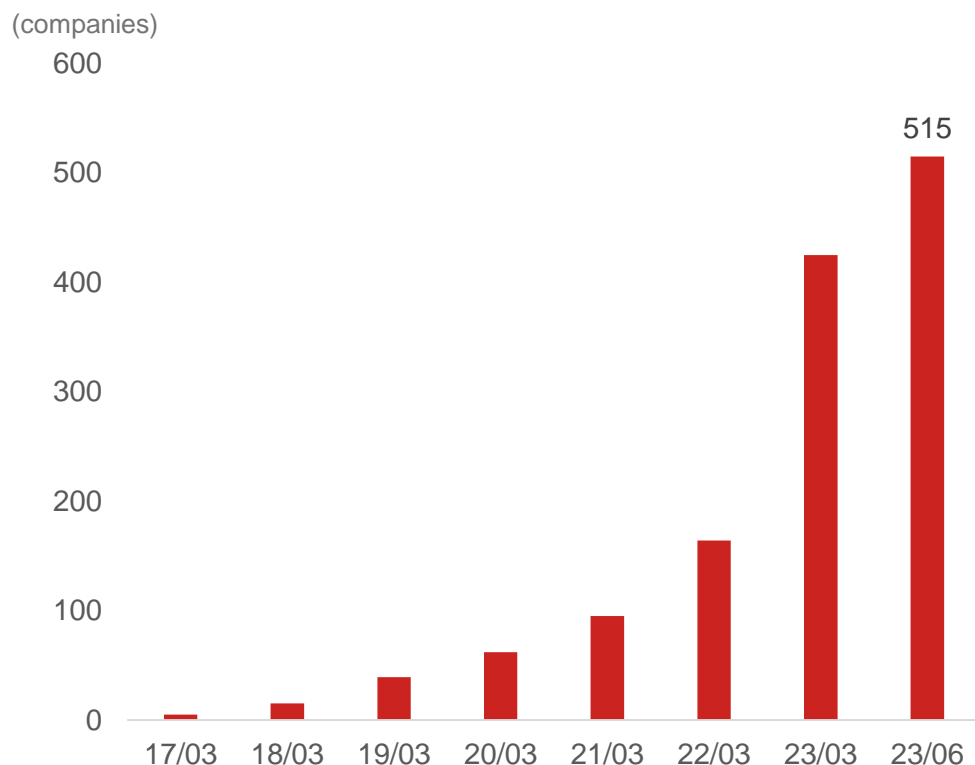


# Engagement themes

- Aim for net zero greenhouse gas (GHG) emissions from investment portfolio by 2050, and encourage portfolio companies to set reduction targets (SBT)
- Support transition to monitoring board to promote board diversification and bolster management oversight function

## Environment: Climate change

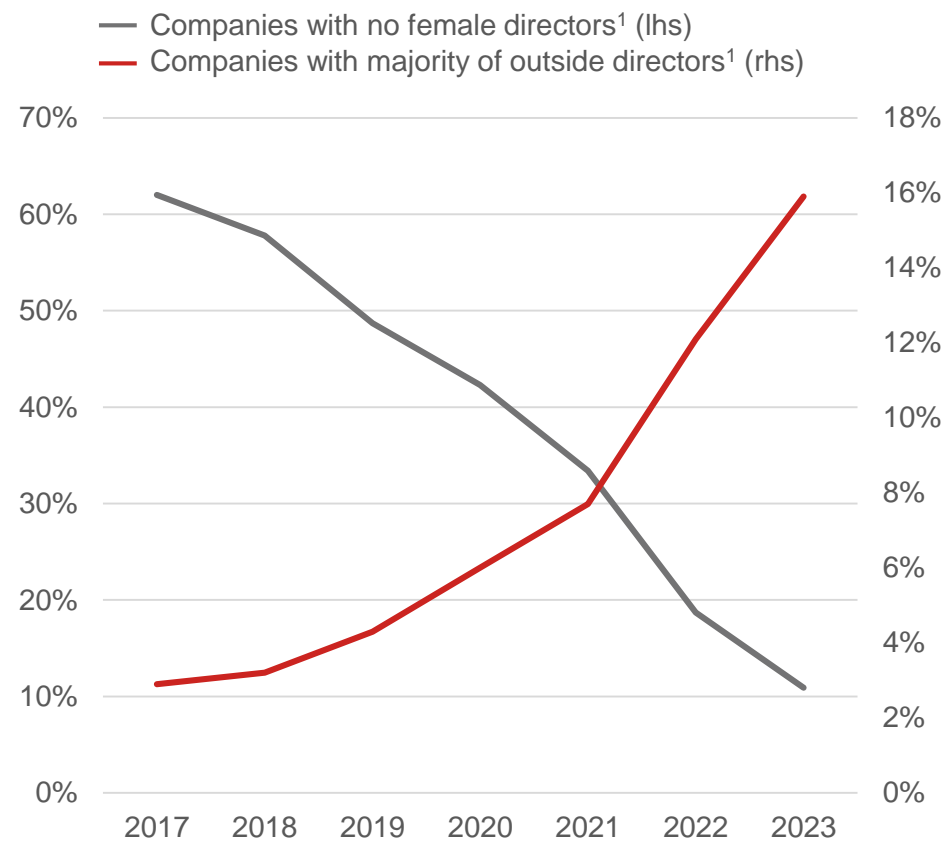
SBT\* approved companies in Japan



\*SBT (Science Based Targets) refers to GHG reduction goals that scientifically conform to the Paris Agreement.

Source: Nomura Asset Management based on Ministry of Environment SBT research document.  
([https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/targets.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/targets.html))

## Governance: Strengthen function of board of directors



1. Compiled based on companies listed on the first section of the market until 2021 and Prime Market from 2022.

2017-2022: As of end-July; 2023: Preliminary figures.  
Source: Nomura Asset Management based on data published by Japan Exchange Group.

# Analyzing impact of engagement

- We analyze the effects of engagement and lack of engagement on governance and corporate value

## Methodology (Innovation Lab Dept.)

### Model

Fixed effects model       $y_{i,t+1} = \beta \text{Post Eng}_{i,t} + \gamma \text{Controls}_{i,t} + \lambda_i + \tau_t + \varepsilon_{i,t}$

### Categories measured (Outcome variable) and areas of statistical significance (circled)

#### Governance framework

Implementation/abolition of anti-takeover measures	Stock option system	Strategic shareholding ratio	Executive shareholding ratio
Ratio of independent outside directors	Ratio of female directors	MSCI ESG Rating	Cash ratio

#### Financial performance, corporate value, shareholder returns

Actual ROA	Actual ROE	Tobin's Q	DOE
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# Project Bridge: Promoting the appeal of Japanese companies

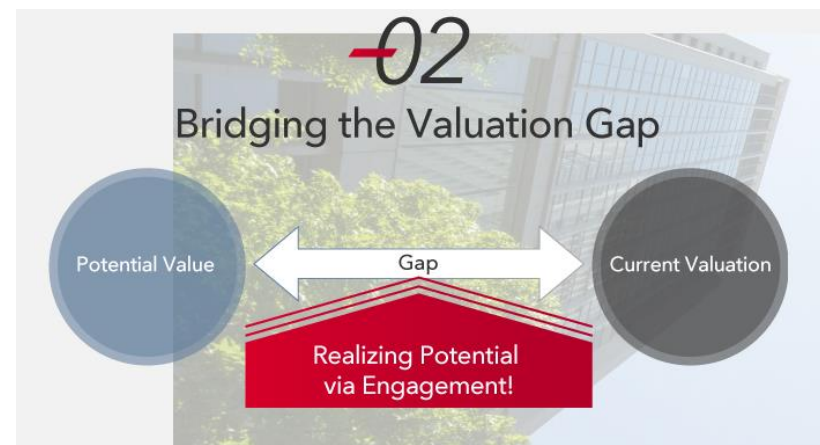
- Through Project Bridge, we are leveraging our Japanese equities strategy to promote the appeal of Japanese companies to global investors, deepen understanding of portfolio companies' business environment and strategies and help portfolio companies enhance corporate value through engagement
- Nomura Asset Management CEO engages with portfolio company CEOs and we disclose details on our website



Dialogue with  
Portfolio  
Companies



CEO Engagement  
<https://global.nomura-am.co.jp/responsibility-investment/investors/ex-engagement.html#EFA>





In keeping with its aim to Drive Sustainability, Nomura is committed to helping resolve social issues and creating a more sustainable future. By supporting clients' sustainability initiatives and the transition to a decarbonized society, Nomura will continue to deliver high added value towards the creation of a truly prosperous society.

# Notice from Nomura Asset Management

## ■ Caution

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Investment trusts invest mainly in domestic and foreign stocks, public and corporate bonds, and other securities whose prices fluctuate, and the investment principal is not guaranteed. The price per unit of investment fluctuates due to fluctuations in the market prices of the assets and in foreign exchange rates. Therefore, losses may be occurred as the price of unit may become less than the amount invested by investors. Investment trusts differ from deposits and savings. In addition, for investment trusts, the content and nature of risks are different because the types of target assets, restrictions, trading markets, countries, etc. are different for each investment trust. Therefore, please refer to the explanatory document (prospectus) and the pre-contract document when investing.

## ■ Expenses related to investment trusts

The total amount of the following costs will vary depending on the period investors hold the fund, etc., and therefore cannot be presented. As of September, 2023

Subscription fee: Maximum 3.85% (tax included)	It is the expense which the investor bears when purchasing a fund. The fund distributor receives it as the cost of sales. The rate, etc. must be confirmed with the distributor. Depending on the fund, "Redemption fee" may be required at the time of redemption (and at the time of redemption).
Trust fee: Maximum 2.222% (tax included)	It is the cost charges based on the period the investor holds the fund. The asset management company, the trustee company and the distributor receive it in a proportional manner. The asset management company receives the investment compensation, the trustee company receives the custody compensation, and the distributor receives compensation for administrative duty including the distribution of dividend, redemption money and investment reports. *For some funds, extra fee may be charged depending on the investment performance. *In the case of a fund of funds, with some exceptions, trust fees, etc. for funds invested by the fund are separately charged.
Investment trust reserve expense: Maximum 0.5%	It is borne by investors upon redemption. It is charged in order for investors themselves to bear the costs incurred in the trust property due to redemption by investors.
Other fees:	In addition to the expenses mentioned above, expenses such as "Brokerage" commissions for the purchase and sale of securities, etc., "tax on the fund", "audit cost", "Expenses for custody of assets in foreign countries," etc. are to be borne according to the investing period, etc. The rate, maximum amount, etc. cannot be shown in advance because it fluctuates depending on the investment status, etc.

When subscribing fund, please make a decision by yourself after confirming the contents of the explanatory document (prospectus) provided by the distributor.

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