

Annex to Nomura Group Sustainability Statement

Investment Management Division: Policy regarding Sustainable Lending and Investing

1.1 Basic principle

Investment Management Division of Nomura Group (hereinafter referred to as “IM Division”) offers a broad range of products to deliver excellent performance to its clients over the long term.

For a corporate to realize sustainable growth (sustainable improvement of corporate value), it is important to properly manage the risks associated with ESG issues, view solving these issues as a new business opportunity, and appropriately reflect this in management strategy. This is an important factor in achieving sustainable investment returns for investors. Therefore, when managing client assets, the IM Division adopts an approach that incorporates consideration of ESG factors into its relevant investment processes.

1.2 Governance

(1) The ESG Committee of the IM Division is chaired by the Head of the IM Division and members comprise representatives from each subsidiary in the IM Division. The committee also includes in-house experts.

The ESG Committee meets at least once a year and has the following responsibilities.

- Support the integration of ESG Factors into the investment process of each company in the IM Division (hereinafter referred to as “IM Company”)
- Monitor the compliance status of ESG policies of IM Companies (as defined in 1.4 below)
- Periodic review of this Policy

(2) Each IM Company will have an ESG officer who coordinates such IM Company's ESG initiatives (The ESG officer may also hold additional duties).

1.3 Monitoring

Through its ESG Committee, the IM Division monitors statuses regarding consideration of ESG Factors in the IM Division and supports continuously the ongoing review of the investment process.

1.4 Positioning and scope

Clause 1.5 below describes a framework with which each covered IM Companies shall comply, except that it does not apply to IM Companies that have their own ESG policies (referred to as “ESG Policies of IM Companies”).

Clause 1.5 below provides a framework with which each IM Company shall comply regardless of whether they manage ESG-related products. Thus, the IM Companies that manage or sell ESG-related products will establish the necessary individual rules for the management and sale of such products.

1.5 Investment approach when considering ESG Factors

The investment team at the IM Companies (hereinafter referred to as “Investment Team”) adopts the approach that best suits their investment philosophy and strategy.

The IM Division believes, from a long term investment perspective, the most effective way to integrate ESG Factors into the investment process is for each Investment Team to research the ESG Factors and integrate them, in conjunction with other information that should be considered in the investment process. From such perspective, for ESG-related products, each Investment Team plans and executes the investment method that best suits their investment philosophy and strategy, the ESG analysis method that offers potential improvement in risk-return profiles and the analysis, evaluation methods for each investee company and how to use these results to build a portfolio.

1.6 Flexibility

In the IM Division, the IM Companies may adopt their own ESG approaches in consideration of the characteristics of each company’s business.

1.7 Effective date

This framework is established on January 31, 2023.

IM Companies who choose to adopt their own ESG policies, they can implement such policies before the next round of funding. IM Companies that already manage client funds can revisit their ESG approach at the next round of funding

Established: January 31, 2023