

1Q 2021

Nomura Asset Management U.K. Limited
Nomura Asset Management Co., Ltd.
Nomura Asset Management Singapore Limited
Nomura Asset Management Malaysia Sdn. Bhd.
Nomura Islamic Asset Management Malaysia Sdn. Bhd.

Responsible Investing Report

Introduction

Nomura Asset Management is committed to Responsible Investment, being a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) since 2011, and has a strong track record of acting in a manner that maximises both the experiences of our clients and the other stakeholders impacted by our investments.

Nomura Asset Management U.K. Limited (“NAM UK”) has been integrating Environmental, Social and Governance (“ESG”) research (both proprietary internal research and external data providers) into all individual global equity investment committee reviews since 2013. Our engagement activity and ESG research has been published publicly online since 2Q16 in an effort to promote transparency and increase the impact of our activity. Whereas, Nomura Asset Management Malaysia SDN BHD (“NAMM”) and Nomura Islamic Asset Management SDN BHD (“NIAM”), as member entities within the NAM group in Malaysia, are also committed to standards encouraged by the UNPRI through its commitment to observe the Malaysian Code of Institutional Investors (“MCII”). Both NAMM and NIAM became signatories of the MCII on 25 April 2017.

The engagement efforts of the NAM UK Fixed Income team have been included within this report since 3Q18, and from 2Q19 has also incorporated the research and engagement processes of Nomura Asset Management Singapore Limited (“NAM SG”) and Nomura Asset Management Malaysia SDN BHD. (“NAMM”). Since 1Q20 the Responsible Investment team of Nomura Asset Management Co., Ltd (“NAM Tokyo”) have also been contributing a selection of engagements with Japanese companies to the report. Through the collaboration of research efforts across offices and asset classes we believe we can maximise the impact of engagement activity and achieve the best outcomes for all stakeholders.

It is our view that Responsible Investment is best undertaken by taking into consideration the impact of a corporation’s existence and the associated investment decisions on all stakeholders, not just ourselves as shareholders and/or bond investors. As responsible investors we must take into account the broader impact of our investment decisions and it is our duty to engage with the businesses we own and/or lend to, and even those we don’t, to push for better practices where necessary. Targets for engagement are identified through our ongoing ESG research programme, which takes into consideration the ESG risks within our client portfolios and ongoing evaluation of the impact that our investee companies have on all stakeholders. An assessment is made as to the severity of the engagement topic and the engagement itself is carried out at the appropriate level. Where we feel our engagement activity is not having the desired effect we will escalate our concerns to more senior management or directly to the board. We are proactive with regards to proxy voting as a means to express our views and we actively seek to collaborate with other investors to maximise the impact of our activity.

"NAM Group" "NAM"	These references relate to the whole Nomura Asset Management organisation and will generally be used when referring to matters such as investment philosophy, style, company structure and other policies which are consistent across the Group.
"Nomura Asset Management Co., Ltd" "NAM Tokyo"	This refers to Nomura Asset Management Co., Ltd., the Head Office of the NAM Group based in Tokyo, Japan.
"NAM UK"	This refers to Nomura Asset Management U.K. Limited, the UK based subsidiary of NAM Tokyo. NAM UK will typically be appointed as investment manager and will retain responsibility for the management, control and servicing of the client portfolio and relationship.
"NAM Singapore" "NAM SG"	This refers to Nomura Asset Management Singapore Limited.
"NAM Malaysia" "NAMM"	This refers to Nomura Asset Management Malaysia Sdn.Bhd.
"NIAM"	This refers to Nomura Islamic Asset Management Malaysia Sdn.Bhd.
"Our" "We"	This refers to the efforts and practices undertaken within the NAM UK, NAM Singapore and NAM Malaysia offices.

Summary

Over the period, 50 companies were reviewed and assigned ESG ratings. Of these, 14 were awarded a rating of ‘N’ (No Issues), 35 a rating of ‘I’ (Issues but Improving), 1 a rating of ‘I’ (Issues, Not Improving). No companies were deemed Uninvestible. In addition, 30 further companies were engaged with, supplementary to full company reviews, to discuss ESG related queries that arose over the period. In total we engaged with 72 companies to discuss ESG concerns. Of these engagements 7% were focused on Business Strategy, 24% on Social Impact, 22% on Environment, 22% on Governance, 3% on Financial Strategy and 22% on Dialogue/Disclosure. Of the companies we engaged with, 8 were based in North America, 15 in Europe, 27 in Asia ex Japan, 21 in Japan and 1 within Africa. Responses were received from 70 companies (97% response ratio).

Companies reviewed	
No Issues	14
Issues (improving)	35
Issues (Not improving)	1
Uninvestable	0
Total	50

Engagements	
Number of contacts	72
Engaged & responded	70
Engaged with no response	2
Response Ratio	97%

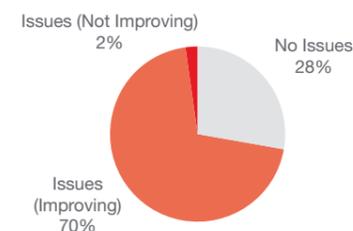
Engagements by Region	
Europe	15
North America	8
APAC ex Japan	27
Africa	1
Japan	21
Total	72

Engagements by Subject	
Business Strategy	14
Financial Strategy	5
Governance	44
Environment	42
Social	48
Dialogue/Disclosure	44

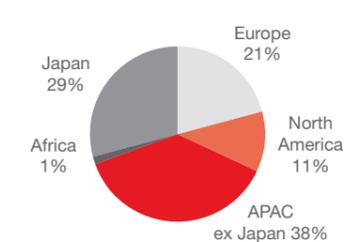
Engagements by Country	
Australia	1
Belgium	1
Britain	7
Canada	0
China	0
Denmark	1
France	1
Germany	0
Hong Kong	4
India	1
Indonesia	3
Japan	21
Kenya	1
Malaysia	5
Netherlands	1
New Zealand	0
Norway	1
Philippines	2
Singapore	3
South Korea	0
Spain	1
Sweden	0
Switzerland	2
Taiwan	6
Thailand	2
United States	8
Total	72

Please note ‘Engagement by Subject’ does not add up to total number of engagements as company engagements can typically include the covering of multiple topics.

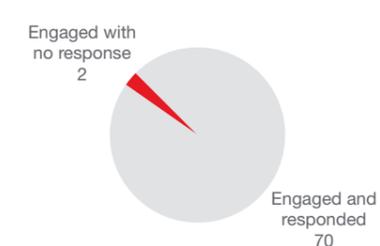
Ratings Assigned Over the Period



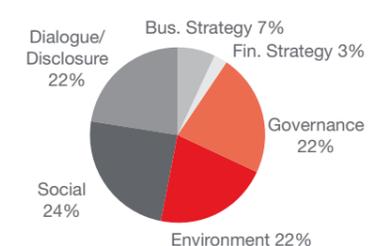
Engagement by Region



Engagement Over the Period



Engagement by Type



Notes from our Responsible Investing Research

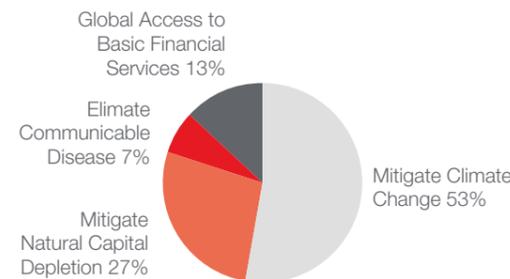
Nomura Asset Management's 6 Impact Goals

In 1Q21 we continued to support NAM's 6 Impact Goals focused around the most pressing issues facing our world and where we as investors believe can have the greatest positive impact. The impact goals are closely aligned with the United Nations Sustainable Development Goals (UN SDGs), and NAM's Global ESG Statement.

As part of our commitment to deeply integrate our 6 Impact Goals into our processes we strive to further increase our engagements with companies on the selected goals and work together towards achieving progress. In 1Q21, 15 of our total engagements were directly aligned to one of the identified impact goals. Of those 8 were related to Mitigating Climate Change, 4 to Mitigating Natural Capital Depletion, 1 to Eliminating Communicable Disease and 2 to Global Access to Basic Financial Services.

Engagements by NAM Impact Goals

Mitigate Climate Change	8
Mitigate Natural Capital Depletion	4
Global Access to Basic Financial Services	2
Eliminate Communicable Disease	1
Mitigate the Obesity Epidemic	0
Global Access to Clean Drinking Water	0
Total	15



Inter-company Collaboration Project

In 3Q20, we embarked on an inter-company collaboration project seeking to connect companies, on a non-competitive basis, so they can work together to achieve better ESG outcomes. Given our insight from investing in and analysing a wide range of companies, in different regions and sectors, on ESG grounds, we started identifying sustainability leaders with a view to connect them to companies that might benefit from hearing about their ESG experiences and success stories. We have found the responses in the first stages highly promising with a number of companies willing to connect to either share positive experiences to support better outcomes at other companies, or eager to learn from more advanced peers on the sustainability front.

In 1Q21, we saw further results from a beneficial pairing, which resulted from our efforts. We put a European Chemicals company, a clear industry sustainability leader, in contact with a Malaysian Telecommunications company to guide the Malaysian company with their ESG efforts and share their positive experience. Topics covered in the communication between the two parties were ESG data reporting, inclusion of Environmental metrics in executive remuneration, general experience in interacting with investors on ESG matters and more. To maintain confidentiality, no member of our team was present in the meeting, however we received extremely positive feedback from both parties and are confident their collaboration and inter-company assistance will continue in the foreseeable future. We are currently in the process of connecting other potential pairs, one of the examples is a Scandinavian bank with a Malaysian bank.

Responsible Investing Case Study

Diversity and Inclusion Project

As part of our engagement programme at NAM UK, we place a great focus on diversity and inclusion (D&I) strategies, as well as on general company culture within our holdings. We believe D&I is a topic of ever-increasing importance and that human capital management is crucial and directly correlated to both business and financial success. We also believe that on average current reporting on D&I practices by companies and external ESG rating agencies has not kept pace with the growing demand from society. To bolster our efforts on the matter, in 1Q21 we launched an engagement project with a focus on increasing the level of disclosures of D&I metrics and opening a conversation on improving strategies and targets with the companies we are invested in. As part of our efforts, we have put together an initial D&I questionnaire and have begun gradual distribution to companies. We have carefully selected the questions included, finding a balance between quantitative and qualitative data in order to create comprehensive company D&I policies and culture profiles. Some of the topics covered in this engagement are human capital governance and management capabilities, women and minorities representation, as well as employees' satisfaction with the workplace among others.

Results from this engagement will be compiled and analysed to build a comprehensive picture of the strategies and targets of the companies we are invested in. The purpose of this project is to strengthen our understanding of where our current holdings sit from a societal perspective and to open an ongoing conversation on the topic of diversity and inclusion within the workplace.

ISS Climate Impact Assessment – Aggregate Global Equities Holdings

Nomura Asset Management has contracted Institutional Shareholder Services (ISS) to provide Climate related analysis of our portfolios, based on the stock holdings. This section provides key elements of the analysis done on the aggregated holdings of the portfolios managed by the Global Equity team. It is based on a 99.59% coverage of the underlying holdings by ISS.

Portfolio Overview

Comparison of aggregate Global Equity holdings Climate performance relative to the MSCI All Country World Index benchmark as defined by the ISS Climate Impact Assessment.

	Disclosure Number/Weight		Emission Exposure tCO ₂ e		Relative Emission Exposure tCO ₂ e/Mio USD Revenue			Climate Performance Weighted Avg
	Share of Disclosing Holdings		Scope 1&2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg Carbon Intensity	Carbon Risk Rating ¹
Portfolio	79.3%/90.1%		272,236	1,235,199	59.78	117.62	107.98	56
Benchmark	58.4%/81.2%		449,246	1,861,547	98.65	205.41	164.21	51
Net Performance	21 p.p./8.9 p.p.		39.4%	33.6%	39.4%	42.7%	34.2%	-

Source: ISS ESG. Note: 1. Carbon Risk Rating data is current as of the date of report generation.

Climate Scenario Analysis

The climate transition will require companies to align themselves with international climate goals and progress on those in the future. The International Energy Agency's (IEA) Sustainable Development Scenario (SDS) is Paris Agreement-aligned and uses 1.8 °C with a 66% probability, 1.65 °C with a 50% probability and no reliance on global net-negative CO₂ emissions. Currently our aggregate portfolio's holdings are aligned with a SDS budget until 2030. To improve the climate profile of our holdings is a key objective for our engagement programme, hence why we included "Mitigate Climate Change" as one of our six Impact Goals and a focus area for ongoing engagement.

Portfolio and Benchmark Comparison to SDS Budget (Red= Overshoot)

	2021	2030	2040	2050
Portfolio	-25.49%	+2.55%	+83.75%	+172.43%
Benchmark	-2.79%	+26.8%	+116.44%	+196.69%

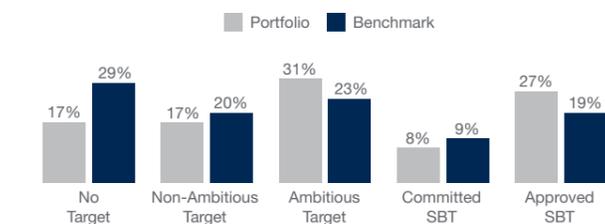
Source: ISS ESG

2030 The portfolio exceeds its SDS budget in 2030.
2.5°C The portfolio is associated with a potential temperature increase of 2.5°C by 2050.

Climate Targets Assessment (% Portfolio Weight)

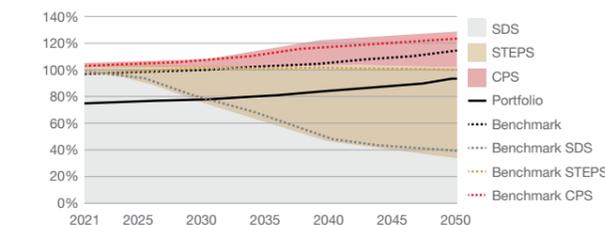
Currently 83% of our aggregate holdings are committed to align with international climate goals versus 71% for MSCI All Country World Index. Out of our holdings 27% have Approved Science Based Targets (SBT), 8% have Committed SBTs, 31% have set ambitious targets, while the remaining 34% have either non-ambitious or no targets at all.

Climate Targets Assessment (% Portfolio Weight)



Source: ISS ESG

Portfolio Emission Pathway vs. Climate Scenarios Budgets



Source: ISS ESG

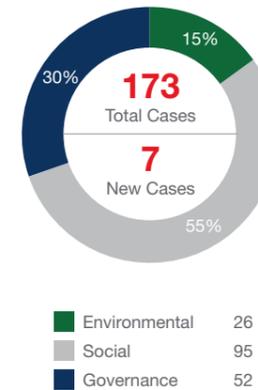
Sustainalytics Engagement

In addition to the extensive ESG research and engagement activity carried out at Nomura Asset Management, the services of Sustainalytics' engagement arm (formerly GES International) are used to maximise our engagement voice and ability to push for better practices and fairer outcomes for all stakeholders. The Sustainalytics engagement team has over 40 employees globally dedicated to corporate engagement and represent €1.5 trillion of investments worldwide. We include herein a summary of the engagement activity carried out on behalf of Nomura Asset Management as at March 2021.

Quarterly Statistics

December 2020 – February 2021

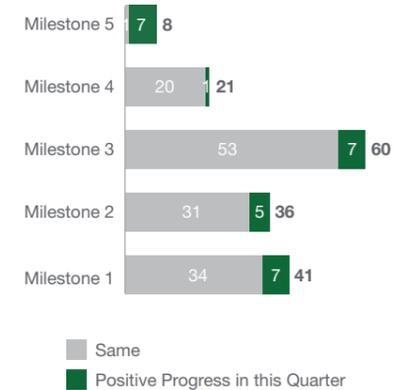
Cases by Theme



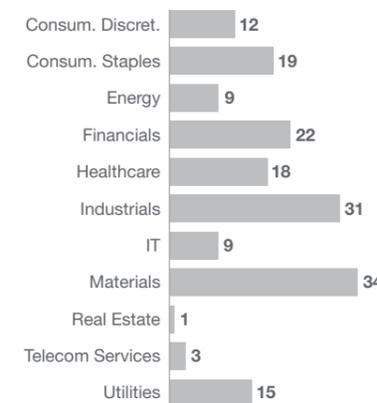
Engagement Performance Overview



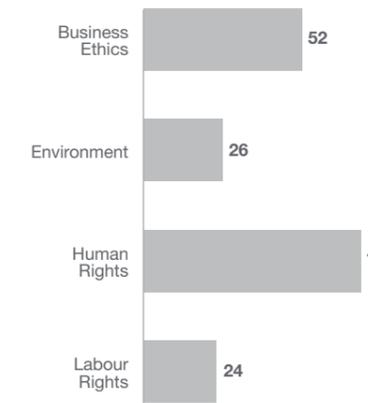
Milestone Overview



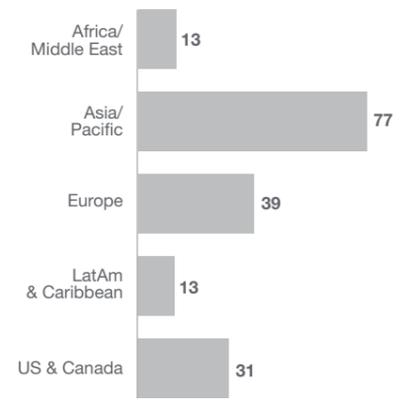
Cases by Sector



Cases by Norm



Cases by Headquarters



Proxy Voting Record 1Q21

NAM seeks to act in a manner most likely to enhance the economic value of the underlying companies owned on our clients' behalf. We engage with companies based on our "Ideal Form of Business Management of Investee Companies" in order to enhance our mutual understanding and to seek changes in their company practices. NAM employs the services of Institutional Shareholder Services (ISS) to efficiently apply our proxy voting policy to individual proposals. ISS are provided with comprehensive and proprietary guidelines set out in our proxy voting policy. NAM will closely consider the voting agenda of a company that meets certain conditions (including, but not limited to, the violation of any applicable laws, inadequate board composition, and financial strategies that are not deemed to be in the best interests of shareholders and other stakeholders). Where we believe that a specific agenda item is not in the best interests of shareholders, NAM will decide either to vote against or to abstain from voting on the item. Please see the Nomura Asset Management Proxy Voting Policy for full details.

Voting Data

Over the quarter NAM UK, NAMM and NAM SG voted on 1,168 proposals across 56 shareholder meetings and 140 ballots. In total 60.7% of proposals were director related, with a further 17% in relation to 'Routine Business' and 11% 'Capitalisation'. In total NAM UK, NAMM and NAM SG voted 'With' management on 1,120 (95.9%) proposals and 'Against' management (or 'Withheld' our vote) on 48 (4.1%) proposals. Examples of where we voted 'Against' management, or elected to 'Withhold' our vote included:

- Voted 'Against' the approval of a proposed remuneration report at a UK Consumer Staple business as the CEO's salary rate was significantly increased (+12.7%) relative to his predecessor and the Company did not provide a compelling explanation to justify this. Management had recommended a vote 'For' this proposal.
- Voted 'Against' the re-election of a Board Chairman at a Swedish Financials company, as the proposed candidate was not independent. Management had recommended a vote 'For' this proposal.

Proposals Voted on in 1Q21

Proposal subject	Count	Proportion of Total Votes
Directorships	709	60.7%
Routine Business	198	17.0%
Capitalisation	129	11.0%
Compensation	62	5.3%
Reorg/M&A	58	5.0%
Other	6	0.5%
Health/Environment/Social	4	0.3%
Antitakeover	2	0.2%
Total	1168	100.0%

Voting Record vs. Management in 1Q21

	With	Against
Votes	1120	48
Proportion	95.9%	4.1%

Proposals Voted 'Against' Management in 1Q21

Proposal subject	Count	Proportion of Total Votes
Directorships	31	64.6%
Compensation	7	14.6%
Routine Business	4	8.3%
Other	3	6.3%
Reorg/M&A	2	4.2%
Capitalisation	1	2.1%
Health/Environment/Social	0	0.0%
Antitakeover	0	0.0%
Total	48	100.0%

Voting Record vs. ISS in 1Q21

	With	Against
Votes	1160	8
Proportion	99.3%	0.7%

Proxy Voting & Engagement Data – Interactive Dashboards

Nomura Asset Management believes in full transparency in its Responsible Investment activities, hence why from Q1 2021 we started reporting all proxy voting and engagements data on our website, and no longer in the appendices section of this report. The interactive dashboards on our website allow for flexible analysis of the work we have done across time and by geography, industry, category, UN SDG, our own ESG goals and more.

The full record of Proxy Voting entries can be found here: <https://www.nomura-asset.co.uk/responsible-investment/proxy-voting/> For historical Engagement entries, please refer to: <https://www.nomura-asset.co.uk/responsible-investment/engagement/>



Glossary

AML	Anti Money Laundering
BOC	Board of Commissioners
BOD	Board of Directors
CB	Convertible bonds
COGS	Cost of Goods Sold
COI	Conflict of Interests
CSR	Corporate Social Responsibility
DTA	Deferred Tax Asset
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EM	Emerging Markets
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
FCF	Free Cash Flow
GSE	Global Sustainable Equity Fund
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
ND	Net Debt
Opex	Operating Expense
PSP	Performance Share Plan
PSU	Performance Share Unit
R&D	Research and Development
RoA	Return on Assets
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RSU	Restricted Share Unit
SAR	Stock Appreciation Rights
SH	Shareholder
SOE	State owned Enterprise
STIP	Short Term Incentive Plan
TSR	Total Shareholder Return
UNSDG	UN Sustainable Development Goals
WC	Working capital

About Nomura Asset Management

The Nomura Asset Management Group is a leading global investment manager with over US\$440 billion of assets under management. Headquartered in Tokyo, Nomura has additional investment offices throughout the world including London, Singapore, Malaysia, Hong Kong, Shanghai, Taipei, Frankfurt and New York. With a global workforce of over 1,300 employees it has been operating in Europe for over 30 years.

Today Nomura Asset Management provides its clients with a wide range of innovative investment strategies including global, regional and single country equities, high yield bonds, alternative investments and global fixed income strategies.

US\$ **573** bn

assets under
management globally

1,312

staff employed
across **14** offices

225

portfolio managers located
strategically around the world

112

dedicated professionals committed to
fundamental and quantitative research

1959

Our investment management capability was
established in Japan over 50 years ago

30 years

Operating in Europe
for over 30 years

Source: Nomura Asset Management as at 31st December 2020

DISCLOSURES

This information was prepared by Nomura Asset Management U.K. Limited (NAM UK), Nomura Asset Management Co., Ltd. (NAM Tokyo), Nomura Asset Management Singapore Limited (NAM Singapore), Nomura Asset Management Malaysia SDN BHD (NAMMM) and Nomura Islamic Asset Management SDN BHD (NIAM) from sources reasonably believed to be accurate. This document is distributed by Nomura Asset Management Europe KVG mbH – UK Branch, from sources it reasonably believes to be accurate. Nomura Asset Management Europe KVG mbH (NAM EU) is authorised and regulated by the Federal Financial Supervisory Authority (BaFin). Its UK Branch is also authorised and regulated by the Financial Conduct Authority (FCA).

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Director of Kanto Local Finance Bureau (Financial Instruments Firms) No.373

Membership: The Investment Trusts Association, Japan/ Japan Investment Advisers Association/ Type II Financial Instruments Firms Association

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NAM Singapore

NAM Singapore is regulated by the Monetary Authority of Singapore (MAS).

NAM Singapore provided services only to accredited investors and institutional investors as defined under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and are not available to other classes of investors, who should not rely on this communication. We hereby notify that NAM Singapore is exempt from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA") and the relevant FAA regulations, notices and guidelines, as well as certain requirements under the SFA and the relevant SFA regulations, notices and guidelines issued by the MAS in respect of the regulated activities which we may provide to you, as you are classified as a certain class of investor under the laws and regulations in Singapore.

NAM Malaysia (NAMMM), Nomura Islamic Asset Management (NIAM)

NAMMM and NIAM are regulated by the Securities Commission Malaysia.

Both NAMMM and NIAM are signatories of the Malaysian Code of Institutional Investors (MCII), which was jointly launched by the Securities Commission Malaysia and the Minority Shareholders Watch Group on 27 June 2014.

For more information with regards to NAMMM and NIAM's Responsible Investment policies and its responsible investment activities carried in Malaysia, please visit:

1. **NAMMM:** <https://www.nomura-asset.com.my/nomura-asset-management-malaysia/namm-s-investment-solutions/responsible-investment>
2. **NIAM:** <https://www.nomura-asset.com.my/nomura-islamic-asset-management/niam-s-investment-solutions/responsible-investment>

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Membership: The Investment Trusts Association, Japan/ Japan Investment Advisers Association/ Type II Financial Instruments Firms Association

SFDR Disclosure

The EU Sustainable Finance Disclosure Regulation ("SFDR") requires investment firms to formalise how sustainability is integrated into their business and processes, and to make new public and client-facing disclosures on sustainability matters. The aforementioned disclosures relating to Nomura Asset Management U.K. Limited are published on our website at <https://www.nomura-asset.co.uk/responsible-investment/esg-sustainable-investment/>.

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