

4Q 2020

Nomura Asset Management U.K. Limited
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. 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 we’ve 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.
"NAM UK"	This refers to Nomura Asset Management UK 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 40 companies were reviewed and assigned ESG ratings. Of these, 11 were awarded a rating of ‘N’ (No Issues), 19 a rating of ‘I’ (Issues but Improving), 10 a rating of ‘I’ (Issues, Not Improving). No companies were deemed Uninvestable. In addition, 28 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 59 companies to discuss ESG concerns. Of these engagements 9% were focused on Business Strategy, 17% on Social Impact, 25% on Environment, 22% on Governance, 4% on Financial Strategy and 23% on Dialogue/Disclosure. Of the companies we engaged with, 4 were based in North America, 11 in Europe, 27 in Asia ex Japan, 16 in Japan and 1 within Africa. Responses were received from 57 companies (97% response ratio).

Companies reviewed	
No Issues	11
Issues (improving)	19
Issues (Not improving)	10
Uninvestable	0
Total	40

Engagements	
Number of contacts	59
Engaged & responded	57
Engaged with no response	2
Response Ratio	97%

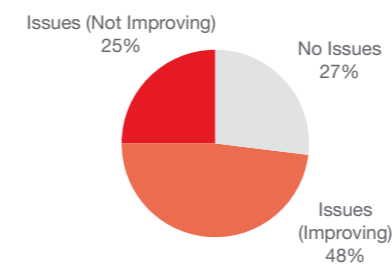
Engagements by Region	
Europe	11
North America	4
APAC ex Japan	27
Africa	1
Japan	16
Total	59

Engagements by Subject	
Business Strategy	17
Financial Strategy	7
Governance	41
Environment	47
Social	32
Dialogue/Disclosure	44

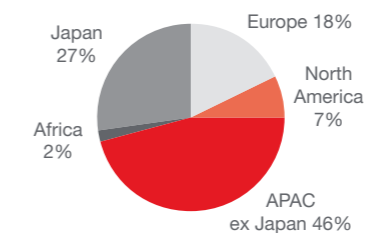
Engagements by Country	
Australia	0
Britain	2
Canada	0
China	2
Denmark	1
France	4
Germany	2
Hong Kong	4
India	2
Indonesia	3
Japan	16
Kenya	1
Macau	0
Malaysia	7
Netherlands	0
New Zealand	1
Philippines	1
Singapore	0
South Korea	4
Spain	0
Sweden	1
Switzerland	1
Taiwan	1
Thailand	2
United States	4
Total	59

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.

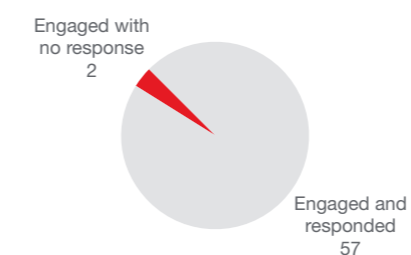
Ratings Assigned Over the Period



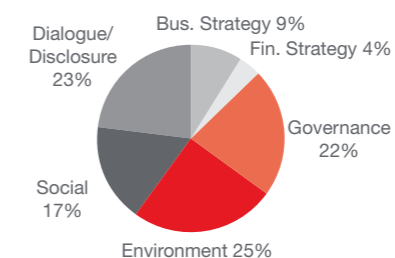
Engagement by Region



Engagement Over the Period



Engagement by Type



Notes from our Responsible Investing Research

Inter-company Collaboration Project

In 3Q 2020 we embarked on an inter-company collaboration project seeking to connect companies on a non-competitive basis to work together towards achieving better ESG outcomes. Given our unique insight from investing in and analysing a wide range of companies on ESG grounds, we started identifying sustainability leaders with a view to connect them to companies, in different regions and sectors, 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 4Q 2020, we saw the first concrete results from a beneficial pairing, which resulted from our efforts. A French electrical power equipment manufacturer, and clear industry sustainability leader agreed to talk to a US building products company and share their positive experience and provide guidance. Topics covered in the communication between the two parties were management compensation links to sustainability outcomes, the importance of establishing emission targets, use of external consultants and more. Although, a member of our team was not present in the meeting, we received very positive feedback from both parties on the outcome of the meeting and are confident their collaboration and inter-company assistance will continue in the foreseeable future.

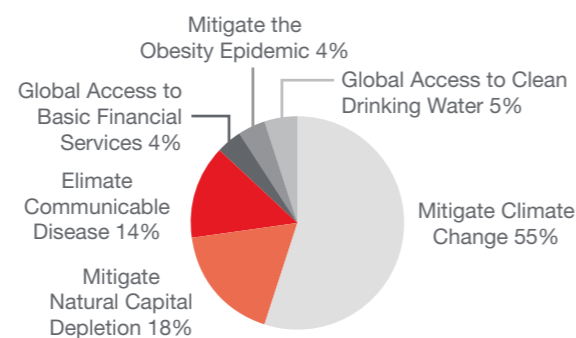
Nomura Asset Management's 6 Impact Goals

In 4Q20 we continued to support NAM's 6 Impact Goals focused around the most pressing issues facing our world and where we as investors believe we can have the greatest positive impact. The impact goals are closely aligned with the UN's 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 4Q20, 22 of our total engagements were directly aligned to one of the identified impact goals. Of these 12 were related to Mitigating Climate Change, 4 to Mitigating Natural Capital Depletion, 3 to Eliminating Communicable Disease, 1 to Mitigating the Obesity Epidemic, 1 to Global Access to Basic Financial Services and 1 to Global Access to Clean Drinking Water.

Engagements by NAM Impact Goals

Mitigate Climate Change	12
Mitigate Natural Capital Depletion	4
Eliminate Communicable Disease	3
Mitigate the Obesity Epidemic	1
Global Access to Basic Financial Services	1
Global Access to Clean Drinking Water	1
Total	22



Responsible Investing Case Study

Satellite-based engagement towards No-Deforestation

In October 2020, Nomura Asset Management joined an investor initiative using satellite-based imaging to work towards no-deforestation. Organised and coordinated by ACTIAM, a sustainable investment specialist, this initiative represents a coalition of nine financial institutions with a total of €1.8 trillion in AUM. The project will use satellite imagery and Artificial Intelligence (provided by Satelligence) to assess companies' supply chain traceability and deforestation risks. The loss of biodiversity due to increasing cases of deforestation is one of the greatest societal and economic risks we face today. Scrutiny of the financial and material risks, as well as recent governmental and regulatory discussions, has brought analysis and risk management of deforestation to the forefront of investors' minds. Hence, traceability and transparency of companies' supply chains are crucial to investors in order to identify and mitigate natural capital depletion risks in their portfolios holdings.

For the purpose of this engagement, 10 companies have been identified and split into two distinct groups. The first group consists of five companies that are currently showing lack of traceability efforts and/or do not disclose their supplier lists. The second group of five companies provide disclosures of their existing supply chain, however have been connected to cases of deforestation in the recent year based on satellite information. The target companies are expected to meet the investors' expectations in two to three years' time. By means of innovative tools, such as satellite imagery and artificial intelligence, investors would be able to assess independently the progress made by the subject companies and determine whether their efforts are indeed leading to a reduction of deforestation in the monitored regions and suppliers.

This satellite-based engagement towards no-deforestation aligns well with our investment philosophy and our six Impact Goals. Mitigate Natural Capital Depletion, with one of our main KPIs being global annual tree cover loss, is one of the goals that we as investors believe we can have the greatest impact on through investments and direct engagements. The initial collaborative engagement reviews the palm oil sector in Malaysia, however the current approach used for monitoring could potentially be expanded and applied to other soft commodities in the future.

More information regarding this collaborative engagement can be found [here](#).

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 98.15% coverage of the underlying holdings by ISS.

Portfolio Overview

Comparison of 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	80.9%/90.8%	239,396	1,158,281	59.09	104.31	96.35	41
Benchmark	58.5%/80.6%	406,312	1,672,601	100.29	200.53	159.94	36
Net Performance	22.4 p.p./10.1 p.p.	41.1%	30.7%	41.1%	48%	39.8%	-

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 2027. 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.

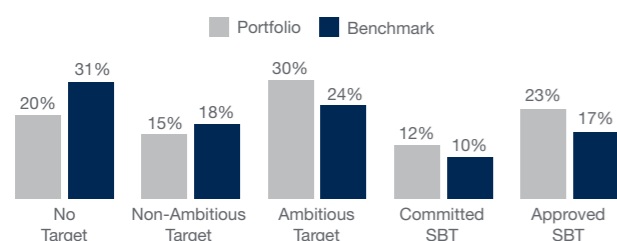
Portfolio and Benchmark Comparison to SDS Budget (Red= Overshoot)

	2020	2030	2040	2050
Portfolio	-18.47%	+17.27%	+115.39%	+217.72%
Benchmark	+0.1%	+39.76%	+146.5%	+251.87%

2027 The portfolio exceeds its SDS budget in 2027.
2.6°C The portfolio is associated with a potential temperature increase of 2.6°C by 2050.

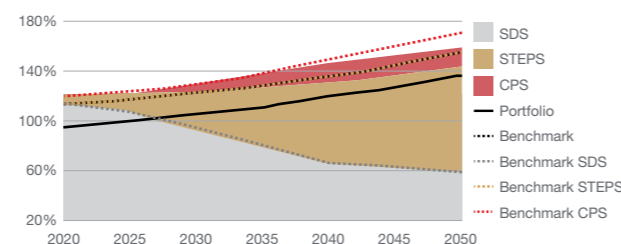
Currently 80% of our aggregate holdings is committed to align with international climate goals versus 69% for MSCI All Country World Index. Out of our holdings 23% have Approved Science Based Targets (SBT), 12% have Committed SBTs, 30% have set ambitious targets, while the remaining 35% have either non-ambitious or no targets at all.

Climate Targets Assessment (% Portfolio Weight)



Source: ISS ESG

Portfolio Emission Pathway vs. Climate Scenarios Budgets



Source: ISS ESG

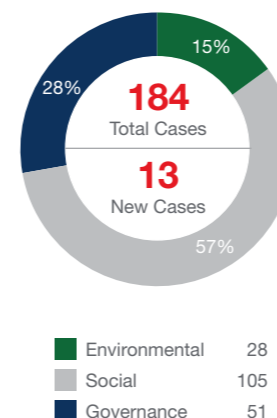
Sustainalytics Engagement (formerly GES International)

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 have 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 December 2020.

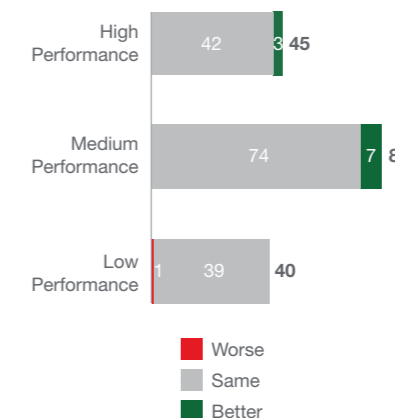
Quarterly Statistics

September– November 2020

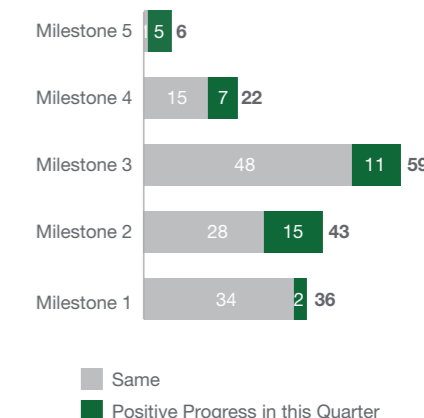
Cases by Theme



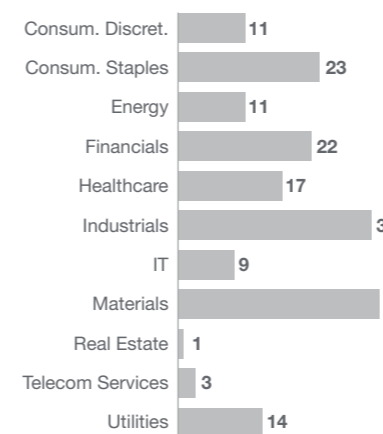
Engagement Performance Overview



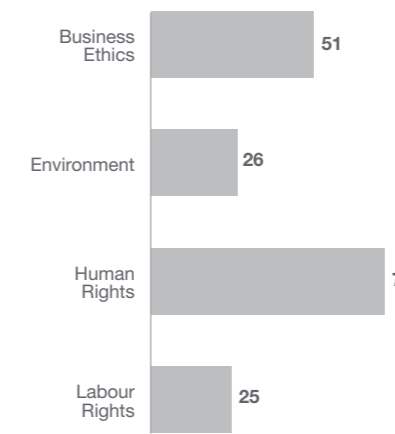
Milestone Overview



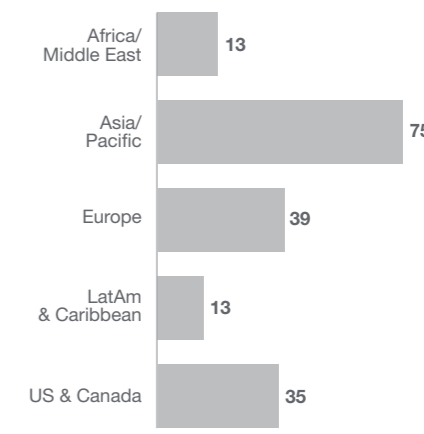
Cases by Sector



Cases by Norm



Cases by Headquarters



Proxy Voting Record 4Q20

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 981 proposals across 35 shareholder meetings and 121 ballots. In total 61.2% of proposals were director related, with a further 12.9% in relation to 'Routine Business' and 18.5% 'Capitalisation'. In total NAM UK, NAMM and NAM SG voted 'With' management on 936 (95.4%) proposals and 'Against' management (or 'Withheld' our vote) on 45 (4.6%) proposals. Examples of where we voted 'Against' management, or elected to 'Withhold' our vote included:

- Voted 'For' the approval of a proposed climate action plan at a Spanish Transportation Infrastructure company, as it addresses shareholders' concerns over the company's disclosure and policies on climate-related issues. Management had recommended a vote 'against' this proposal
- Voted 'Against' the approval of allocation of income at a US Software business as it falls into TSR watch list and medium and high concern is identified in Pay for Performance Evaluation

Proposals Voted on in 4Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	1	0.1%
Capitalisation	181	18.5%
Directorships	600	61.2%
Compensation	22	2.2%
Reorg/M&A	48	4.9%
Routine Business	127	12.9%
Health/Environment/Social	0	0.0%
Other	2	0.2%
Total	981	100.0%

Proposals Voted 'Against' Management in 4Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	0	0.0%
Capitalisation	0	0.0%
Directorships	36	80.0%
Compensation	3	6.7%
Reorg/M&A	0	0.0%
Routine Business	5	11.1%
Health/Environment/Social	0	0.0%
Other	1	2.2%
Total	45	100.0%

Voting Record vs. Management in 4Q20

	With	Against
Votes	936	45
Proportion	95.4%	4.6%

Voting Record vs. ISS in 4Q20

	With	Against
Votes	959	22
Proportion	97.8%	2.2%

ESG Analysis

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Air Freight & Logistics, Germany	IR	Issues (Improving)	Have achieved 35% reduction in CO2 since 2007, target is 50%. Zero emissions by 2050, and have taken efforts, such as manufacturing electric vans, but still operate 300 planes.	Leader in the industry with regards to efforts to decarbonise, which adds modestly to the investment case. Operates a fleet of nearly 300 highly emitting airplanes means not suitable for Global Sustainable Equity Strategy (GSE).	Engaged and response received
Air Freight & Logistics, United States	IR	Issues (Improving)	Class A shares have 10x the voting power of Class B, and represent 18% of outstanding shares – they are held by employees and retirees.	Dual share class not ideal, does increase risk value shift to class A holders but generally limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Engaged and response received
Air Freight & Logistics, United States	–	Issues (Improving)	Far lower levels of unionisation means lower risk of shift in value from shareholder. Flagged for negative practices and exceptionally high employee turnover in the 40-50% range due franchise model.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE. Executive compensation is mostly linked to financial metrics for growth, not return.	Not Engaged
Containers & Packaging, United States	–	Issues (Not Improving)	Clear sustainability goals, however not particularly challenging. The company needs to improve areas, such as use of certified paper, landfill and recycling. Gender diversity is improving.	Potential candidate for addition in GSE.	Not Engaged
Health Care Providers & Services, United States	–	Issues (Improving)	Management compensation appears high. There has been some improvement to performance metrics alignment. However, ROIC was not implemented as a quantitative target despite shareholder feedback.	Market leader for kidney dialysis services in the US. End-stage renal disease is typically caused by severe diabetes, obesity, ageing and hepatitis. Stock is potentially suitable candidate for GSE.	Not Engaged
Capital Markets, United States	–	No Issues	Excessively large board with 23 members.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Not Engaged
Capital Markets, United States	–	Issues (Not Improving)	Swedish regulator is currently investigating risk processes post a trader default in the Nordic power markets.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE. Executive compensation is mostly linked to financial metrics for growth, not return.	Not Engaged
Capital Markets, United States	–	No Issues	Possible excessive severance payments (\$10m-\$60m for non-executive officers to CEO) could lead to potential conflict of interest with shareholders.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Not Engaged
Capital Markets, United States	–	Issues (Not Improving)	Related party control via large shareholder, various share classes and large portion of revenue from related parties is an issue.	Potential dilution from various share classes, higher than pro rata voting rights of a single large shareholder and the lack of the independent board.	Not Engaged

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Capital Markets, United States	–	No Issues	The company was not implicated of wrongdoing in the LIBOR manipulation case.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Not Engaged
Capital Markets, United States	–	Issues (Not Improving)	Currently facing an ongoing investigation (as of Nov 2020) into VIX manipulation in Feb 2018.	Limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Not Engaged
Real Estate Management & Development, Hong Kong	IR	No Issues	Basically, no serious issues. Board member: independent non-executive ratio. Related party transaction.	ESG quality is not an issue to invest. Its disclosure as well as actual implementation are good.	Engaged and response received
Banks, Indonesia	IR - Group	No Issues	Company has a fairly large loan exposure to CPO sector (6-7%). Board of commissioner: 2 independent commissioners are entrenched and no female members.	Only lend to large CPO firms, which have greater focus on sustainability. No plans to replace entrenched independent members as they have contributed. High female representation at senior management level.	Engaged and response received
Oil, Gas & Consumable Fuels, China	IR	Issues (Not Improving)	Lack of quantitative target for emission reduction, governance practice (board and ownership structure and related party transactions).	Quantitative target has been set which is a good sign, but governance issue remains, i.e. board structure as well as related party transactions.	Engaged and response received
IT Services, India	IR	Issues (Improving)	Founder and management team engagement; acquisition integration progress, attrition, sustainability.	Governance issues - founder and management interaction is better than in past. Strategic acquisitions and shows board involvement; attrition to improve with growth returning.	Engaged and response received
Diversified Telecommunication, Malaysia	IR	Issues (Improving)	Company has contributed positively to society during Covid-19 pandemic by providing access, stable and reliable fixed broadband, data centres and other telco services.	Overall, environmental and governance practices are acceptable and can continue to improve such as using more renewable energy and disclose details of top management salaries.	Engaged and response received
Life Sciences Tools & Services, South Korea	IR - Group	Issues (Not Improving)	Corporate governance, which we commonly see in Chaebol. This might lead to distortion in stakeholders' value, similar to what we observed in the charge by FSC regarding accounting of its subsidiary.	Accounting issues are less likely to be penalised given no clear proof of misconduct. The company will publish first CSR report in 2021.	Engaged and response received
Insurance, Hong Kong	Company ESG team	No Issues	Overall, do not see serious issues. Set up appropriate KPI for better disclosure / gender diversity and nomination process for board members.	Overall, the company's ESG policy does not have material issues as an investment candidate. However, there is still room to improve. Further disclosure on progress is expected.	Engaged and response received
Media, Thailand	IR	Issues (Not Improving)	Sustainability report publication, board composition, and anti-corruption measures.	Company is not very active in disclosing and sharing ESG related information with investors. Company is planning to release its first sustainability report this year.	Engaged and response received

ESG Analysis (cont'd)

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Electronic Equipment, Instruments, Malaysia	Corporate Action	Issues (Improving)	Female directors on the board are below the 30% target but the company plans to achieve this in 3 years. Discloses the detail remuneration of individual directors but not the top management.	Overall, the company strives to improve on ESG initiatives and activities.	Engaged and response received
Insurance, South Korea	IR	Issues (Improving)	Anti-corruption policies, related party transaction, diversity of board members, shareholder return policies, labour management.	The company tries to respond to ESG related issue through established internal system. They have also published annual sustainability report to communicate with stakeholders.	Engaged and response received
Capital Markets, South Korea	IR	No Issues	Disclosure: in process of improving IR activity.	The point was recognised by the company and now in the process of improving.	Engaged and response received
IT Services, India	IR	Issues (Improving)	Management compensation, acquisition integration, data and privacy.	Issues on salaries, acquisitions, data and privacy are well addressed. Environmental and social commitments are solid. Overall, ESG concerns on investment decision is minimal.	Engaged and response received
Real Estate Management & Development, Philippines	IR	Issues (Improving)	Composition of board members. Sustainability report publication and environmental development.	Overall, the company has some intention to improve their ESG related development and communicate with all stakeholders to penetrate their commitment in spite of limitation as family owned company.	Engaged and response received
Media, Indonesia	IR - Group	No Issues	President commissioner is a family member. Two independent commissioners have served for 8 years; considered entrenched. Management has no policies to address concerns. Sustainability report in 2021.	While the chairman is not independent and independent commissioners are entrenched, the company's governance practices have historically been fair to minority shareholders.	Engaged and response received
IT Services, South Korea	IR	Issues (Improving)	Anti-corruption policies, related party transaction, diversity of board members, shareholder return policies, labour management.	Outside directors are the majority of the board of directors. Internal transactions should be approved at the related party transaction committee. It maintains 25-30% pay-out ratio until 2021.	Engaged and response received
Beverages, Hong Kong	Company ESG team	No Issues	Overall, do not see serious issues. Environmental disclosure has some room for improvement but expected to step up with group benchmarking.	Despite 1st year of listing, overall the company's ESG policy does not have material issues as an investment candidate while they have some room to improve on environmental.	Engaged and response received
Technology Hardware, Storage &, China	IR	Issues (Improving)	Lack of gender diversity on board.	Company is attempting to set up framework for ESG, which is challenging due to its many suppliers and investee companies.	Engaged and response received

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Metals & Mining, Indonesia	IR - Group	No Issues	President commissioner is a major shareholder. Independent commissioners are minority on the board (2/5 members). No female commissioners - lack of gender diversity.	While the chairman is not independent and independent commissioners are minority, there hasn't been any concerns with the company's governance practices. 2019 sustainability report is comprehensive.	Engaged and response received
Health Care Providers & Services, New Zealand	IR	No Issues	Need clarity on emission targets and thoughts around the review into retirement village model and potential mandatory capital gain sharing.	Strong focus on residents' care and quality control procedures at facilities. Has preliminary targets on reducing scope 1, 2 and 3 emissions. Current revenue model provides residents with certainty.	Engaged and response received
Real Estate Management & Development, Thailand	Company ESG team	Issues (Improving)	Composition of board members, social and environmental development initiatives.	Overall, the company has strong intention to upgrade their ESG related development. Company has proceeded on many ESG initiatives, which seems to be a much better stance than domestic peers.	Engaged and response received
Construction Materials, Taiwan	Senior Management	Issues (Improving)	Set up appropriate KPI for (1) better disclosure (2) CO2 and other toxic material emissions (3) diversity and efficiency of the board members.	The company is very proactive for disclosure and achieving targets of ESG issues. One of the best efforts made by company in the industry for solving/ improving ESG issues.	Engaged and response received
Semiconductors & Semiconductor, Malaysia	Senior Management - Group	Issues (Improving)	Non-disclosure on detailed remuneration of the top management and can improve on reporting of sustainability initiatives (targets and milestone progress).	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	Engaged and response received
Machinery, Malaysia	Senior Management	Issues (Improving)	Lack of female board representatives, non-disclosure on detailed remuneration of the top management and can improve on reporting of sustainability initiatives (targets and milestone progress).	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	Engaged and response received
Electronic Equipment, Instruments, Malaysia	Senior Management - Group	Issues (Improving)	Lack of female board representatives, non-disclosure on detailed remuneration of the top management and can improve on reporting of sustainability initiatives (targets and milestone progress).	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	Engaged and response received
Containers & Packaging, Malaysia	Senior Management - Group	Issues (Improving)	Governance is generally acceptable but can improve on reporting of sustainability initiatives (targets and milestone progress).	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	Engaged and response received
Machinery, Japan	Company ESG team	Issues (Not Improving)	There are few descriptions of risks, and the involvement of top management is particularly difficult to understand. There is no information on human rights, only on training.	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged and response received

ESG Analysis (cont'd)

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Food Products, Japan	Company ESG team	Issues (Improving)	While many ESG issues, including climate change, have been pointed out for the livestock industry, alternatives such as cultured meat and plant meat have emerged and are attracting attention.	Although company is working to improve their ESG issues, there remains risks related to ESG.	Engaged and response received
Metals & Mining, Japan	Senior Management	Issues (Not Improving)	The company is working with the bank to restructure its operations. Concerns about the interests of minority shareholders since the outside directors are from the bank and major shareholders.	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged and response received
Diversified Telecommunication, Japan	Company ESG team	Issues (Not Improving)	Still determined to expand its overseas business, despite its notable failures. Cross-shareholdings can also be seen. No outside directors who are familiar with the IT industry in overseas business.	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged and response received

Engagements

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Automobile Manufacturers, Germany	Movement in right direction but still find company somewhat shareholder unfriendly.	Have invested considerably in compliance but still don't seem to get it in terms of being open with shareholders and accepting the poor outcomes achieved.	–	Remuneration
Industrial Gases, France	No direct investment consideration at this time but positive to hear they are seeking to develop solutions that will support greater access to medical oxygen in emerging economies.	Follow up call on Access to Medical Oxygen to discuss the role the company could play.	–	Healthcare Access
Multi-Utilities, Britain	Positive steps forward with regards to ESG data reporting and alignment with climate transition support investment case.	Ongoing engagement on the reporting of Impact Data (MWs of renewables connected and planned to connect).	Company are now reporting these metrics.	Climate Change Related
Aerospace & Defence, United States	No impact on investment consideration.	Engaged to better understand company exposure to nuclear weapons.	Clarified 5% of sales exposure to nuclear weapons.	Ethical (Non Health)
Building Products, United States	Willingness to engage with other companies to support better outcomes is very positive.	Engaged for feedback on intercompany collaboration meeting outcome.	Provided detail on their inter-company collaboration engagement, which found very helpful for their progress.	Climate Change Related
Electrical Components & Equipment, France	Willingness to engage with other companies to support better outcomes is very positive.	Engaged for feedback on intercompany collaboration meeting outcome.	Provided detail on their inter-company collaboration engagement.	Climate Change Related
Packaged Foods & Meats, France	Engaging with the company to better understand relationships with suppliers, gain insight on traceability and accountability on potential issues with deforestation, and trends in plastic packaging.	Concerns over treatment of dairy farmers. The company explained that their milk buying is roughly split 50/50 between cost-plus contracts and spot rate contracts.	100% traceability of direct commodities from suppliers. Unsure about indirect effects - e.g. soy used to feed the cows. 2025 Plastic objectives - collect and recycle, glass, can, paper alternatives.	Natural Capital Efficiency Related
Electrical Components & Equipment, France	World-class approach to sustainability strongly supports investment case.	Engaging to provide feedback as requested from company on its ESG day.	Continue to have strong dialogue with company regarding ESG.	Climate Change Related
Pharmaceuticals, Denmark	Strong ESG credentials and approach to sustainability supports the investment case.	Engaged through the company's ESG day and provided feedback directly - would have liked more focus on company's core impact (obesity epidemic mitigation).	Provided feedback through online survey for the event.	Natural Capital Efficiency Related
Air Freight & Logistics, Germany	Leader in the industry with regards to efforts to decarbonise which adds modestly to the investment case.	Engaging with the company to better understand efforts to mitigate environmental impact.	Company provided robust response and explanation of efforts taken.	Climate Change Related

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Air Freight & Logistics, United States	Dual share class not ideal, does increase risk value shift to class A holders but generally limited 'ESG' consideration impact to the investment case, not suitable for GSE.	Engage to give our view on dual share class structure and also on management remuneration alignment.	Company were somewhat unresponsive to the feedback.	Remuneration
Agricultural Products, Malaysia	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Part of collaborative satellite-based engagement towards No-Deforestation.	The company has achieved 100% traceability to the mills but not to plantations. Once 100% of the growers are MSPO certified (currently at 88%) full traceability to plantations could be achieved.	Natural Capital Efficiency Related
Agricultural Products, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Part of collaborative satellite-based engagement towards No-Deforestation.	Frustrated response from the company. Explained that they are doing their bit but competitors and customers should also take part. 100% traceability to plantation target by 2025.	Natural Capital Efficiency Related
Wireless Telecommunication Services, Kenya	Approach to considering SDGs within remuneration is commendable and adds to investment case, but should be higher.	Part of our broader efforts to support more appropriate, sustainability linked remuneration.	Company initially very willing to discuss views and opinions and provide as much.	Access to Financial Services Related
Life Sciences Tools & Services, United States	Neutral, disappointing still not achieved but promising that are willing. Impact on access to clean water and drug development is high but must be reported.	Engaging to provide better impact data - 2020 CSR report did not include what we requested.	IR explained capacity and employee turnover meant did not reach final report but there is a desire to include impact data.	Global Access to Clean Drinking Water
Hotels, Restaurants & Leisure, Britain	Positive response from company. Either they are already engaging with competitors/other companies (see "comments/ response from company"), or are willing to learn from leader companies in nutrition.	We are looking for the company to agree to share information with other companies on ESG matters.	It participates in information sharing with other companies as part of the Global Coalition for animal welfare or WBCSD (World Business Council for Sustainable Development).	Inter-company Assistance
Food Products, Switzerland	The response from the company is a negative, as they do not seem open to share their insights in sustainability.	We are looking for the company to agree to share information with other companies on ESG matters.	They have a protective approach when thinking about sharing information, even if this is for sustainability and consider many companies as competitors. Not open to give investors a role here.	Inter-company Assistance
Packaged Foods & Meats, Switzerland	The company is working with other companies in this initiative, having the top score from Sustainalytics (November 2020).	Cocoa Plan to tackle Child Labour. Part of the engagement with Sustainalytics.	Company applies Child Labour monitoring and remediation systems (CLMRS). They also have a strategy in place for monitoring their progress with living income.	Human Rights

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Apparel Retail, Spain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	There is no response from the company about information sharing, despite having tried a few times.	Inter-company assistance
Diversified Banks, Sweden	The company is involved in green financing (cars, mortgages etc.), which offer 10bps lower interest rates to customers with more energy efficient assets.	We are looking for the company to agree to share information with other companies on green financing matters.	The company already communicates with Swedish peers in this regard. They are happy to speak with other interested parties we can connect them with.	Inter-company assistance
Gas Utilities, Hong Kong	Issues are not serious. When it comes to governance, the board structure seems to have room to improve while this kind of characteristics are not unusual in family-owned type companies.	Engaging.	The company responded in a good manner while it took some time. Board issues were not necessarily well answered but showed their thoughts and policy.	Director Related
Real Estate Operating Companies, Hong Kong	ESG quality is not an issue to invest. Its disclosure as well as actual implementation are good.	Engaging.	The company responded in a good manner. Not many issues while some issues pointed out were well dialogued by the company.	Director Related
Diversified Banks, Indonesia	Fairly large loan exposure to CPO sector (6-7%) but only lend to large firms that have greater focus on sustainability. High female representation at senior management level although none at BOC level.	Management is looking to raise the exposure on green finance and now has 20% loan exposure. Bank has virtually no loan exposure to the coal sector.	Receptive to investor input and understand investors' concerns.	Increased Environmental Oversight (board, reporting, policies)
Oil & Gas Exploration & Products, China	Quantitative target has been set which is a good sign, but governance issue remains, i.e. board structure as well as related party transactions.	Engaging.	Encouraging that company responded and will have a meeting with Sustainalytics in November hopefully.	Environmental data reporting
IT Consulting & Other Services, India	Governance aspects are definitely improving under the new management. Acquisitions seem more strategic in nature and issues with founders have not cropped up. Attrition issue too partly handled.	Company was willing to engage and had examples to every conclusion.	Receptive to investor input.	Collaborative Engagement
Alternative Carriers, Malaysia	Company contributes positively to society during this covid-19 pandemic by providing access, stable and reliable fixed broadband, data centres and other telco services. The business is also thriving.	Company is willing to engage and listens to feedback.	In the process to do better and reduce gaps in sustainability practices.	Other

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Life Sciences Tools & Services, South Korea	Accounting issues are less likely to be penalised given no clear proof of misconduct. Hold in some accounts given the attractiveness in the CMO industry in Asia including Korea.	We will meet with dedicated CSR team after the company publishes their first CSR report in 2021.	Happy to talk. The ESG initiatives still a bit slow.	Accounting Issues
Life & Health Insurance, Hong Kong	Overall, the company's ESG policy does not have material issues as an investment candidate while they have some room to improve. Further disclosure or progress are expected.	Gender diversity is low at board level.	Gender is one of the priorities to fill the gap.	Director Related
Life & Health Insurance, Hong Kong	Overall, the company's ESG policy does not have material issues as an investment candidate while they have some room to improve. Further disclosure or progress are expected.	Disclosure on measurements of KPIs on ESG risks.	Expecting to have developed something within the next 6 months.	General Strategy
Advertising, Thailand	Not very active in disclosing and sharing ESG related information with investors as they do not have an integrated responsible division to manage these kind of matters and have less experience.	The company is still in the early stage of developing ESG initiatives including sustainability report publication.	Actually, the company's response is not good. The company has some intention to improve ESG initiatives in the future.	Increased Social Oversight (board, reporting, policies)
Electronic Manufacturing Services, Malaysia	Overall, the company is improving on ESG activities.	Complies with the majority of the Malaysian Code of Corporate Governance requirements. It shares information, data and targets on energy usage, greenhouse gas emission and water consumption.	Happy to receive the ESG enquiries and an honour to the company to express its strong commitments towards ESG matters.	Increased Environmental Oversight (board, reporting, policies)
Property & Casualty Insurance, South Korea	The company tries to respond to ESG related issue through established internal system. They have also published an annual sustainability report to communicate with stakeholders. We own the stock.	Has established internal system to improve ESG related issues.	Detailed comments based on annual sustainability report.	Increased Social Oversight (board, reporting, policies)
Investment Banking & Brokerage, South Korea	Good board structure, with majority being independent. Potential improvement in IR activity can enhance shareholder value.	We did some engagement towards better disclosure.	Receptive to investor input and understand investors' opinions.	Collaborative Engagement

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
IT Consulting & Other Services, India	Overall, rating as "Issues Improving". No negatives/red flags that warrant relook of investment decision based on ESG concerns.	The company is focused on governance and privacy framework. Acquisition related benchmarks are in place.	Delay in response partly due to silent period, however quite comprehensive responses.	Remuneration
Diversified Real Estate Activities, Philippines	Overall, the company has some intention to improve their ESG related development and communicate with all stakeholders to penetrate their commitment in spite of limitation as family owned company.	The company is willing to improve ESG related development gradually. The company tries to communicate with MSCI, which alerted its board structure and has intention to improve in the long term.	Happy to talk and recognise investors' interest in ESG matters. Company recognised that MSCI warned their board structure and members with long tenancy etc.	Increased Social Oversight (board, reporting, policies)
Broadcasting, Indonesia	President commissioner is a family member. Two independent commissioners have served for 8 years; considered entrenched. Management has no policies to address concerns. Sustainability report in 2021.	Management understands investors' concerns on board and chairman independence. Putting effort in ensuring operations are sustainable.	IR will feedback comments and concerns to senior management. Sustainability report will be released in 2021.	Increased Social Oversight (board, reporting, policies)
IT Consulting & Other Services, South Korea	They respond to ESG issue through internal system. They publish an annual sustainability report. Investment could be considered based on earnings. It also depends on sustainable ESG improvement.	Company has established internal system to improve ESG related issues.	Detailed comments based on annual sustainability report.	Increased Social Oversight (board, reporting, policies)
Brewers, Hong Kong	Despite first year of listing, overall the company's ESG policy does not have material issues as an investment candidate, while they have some room to improve on the environmental side.	The company is willing to take advice while considering cost-benefit for further disclosure.	Good to discuss various topics.	Environmental data reporting
Technology Hardware, Storage &, China	Company is attempting to set up framework for ESG, which is challenging due to its many suppliers and investee companies.	ESG work is at preliminary stage but the company is seeking to improve.	Responsible and open to answering questions.	Director Related
Diversified Metals & Mining, Indonesia	President commissioner is a major shareholder. Independent commissioners are minority on the board (2/5 members). No female commissioners - lack of gender diversity.	As a mining company, management is acutely aware of the impact to environment and community. Have taken many measures to mitigate impact. 2019 sustainability report is comprehensive.	IR will feedback comments and concerns to senior management on (1) non-independence of chairman and (2) independent commissioners are minority of the board.	Increased Social Oversight (board, reporting, policies)

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Health Care Facilities, New Zealand	Strong focus on residents' care and quality control procedures at facilities. Has preliminary targets on reducing scope 1, 2 and 3 emissions. Current revenue model provides residents with certainty.	Open to engagement and prompt in addressing the specific issues highlighted.	Currently in the process of updating emissions target. Current model is attractive to residents as it provides them with certainty.	Routine Business, Formalities & Articles/Bylaws
Real Estate Operating Companies, Thailand	Overall, the company has strong intention to upgrade their ESG related development. Company recognised the gap between the company and its global peers. We do not own stock because of non-ESG reasons.	Company is communicating well with its stakeholders including third party research institution about ESG related matters to improve and share their development.	The company appreciates any feedback or suggestion from investors and stakeholders. Company recognised investors' concern about board structure but limited talent pool in the country is a challenge.	Increased Environmental Oversight (board, reporting, policies)
Construction Materials, Taiwan	The company is very proactive in disclosure and achieving targets on ESG issues. One of the best efforts made by the company in the industry for solving ESG issues.	The company is willing to take advice from external stakeholders as well as ESG consultants.	Good to discuss various topics in detail.	Climate Change Related
Construction Materials, Taiwan	The company is very proactive in disclosure and achieving targets on ESG issues. One of the best efforts made by the company in the industry for solving ESG issues.	The company is willing to take advice from external stakeholders as well as ESG consultants.	Good to discuss various topics in detail.	Director Related
Semiconductor Equipment, Malaysia	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	The company is receptive to the ESG engagement. It has done a wonderful job in human resource development and taking care of the employees' wellbeing.	The company has been systematically embedding sustainability principles throughout its operation.	Increased Social Oversight (board, reporting, policies)
Industrial Machinery, Malaysia	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	The company is receptive to the ESG engagement.	The company strongly support the 17 UN Sustainability Development Goal and such goals will be progressively integrated into its sustainability practices.	Increased Environmental Oversight (board, reporting, policies)
Electronic Manufacturing Services, Malaysia	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	The company is receptive to the ESG engagement. ESG framework, policy and processes seems to be well integrated in the company.	The company thinks it is higher than the global corporate peer comparison average based on the Bursa FTSE4 Good ESG rating,	Increased Environmental Oversight (board, reporting, policies)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Metal & Glass Containers, Malaysia	Do not see considerable investment risks from ESG assessment. Limited environmental impact given business model.	The company responded to our ESG enquiries albeit delayed.	Is subjected to quarterly international Corporate Social Responsibility/ ESG audits by customers and their retailers in the US and Europe. Consistently scored above its peers in the industry.	Increased Environmental Oversight (board, reporting, policies)
Pharmaceuticals, Japan	The advisory committee on nomination and compensation was started with a majority of outside directors. Effectiveness is unknown.	The compensation system has changed dramatically. We want to know how effective the advisory committee is.	Outside directors are also active in speaking out. We understand the point that the committee chair is an internal director.	Director Related
Packaged Foods & Meats, Japan	Capital efficiency is an issue, but KPIs for executive compensation are sales and operating profit.	Capital efficiency is an issue, but KPIs for executive compensation are sales and operating income, and not aligned with the issue.	KPIs for executive compensation have so far focused on PL items, but in anticipation of next year's mid-term plan, we are considering introducing ROIC and sustainability indicators as KPIs.	Remuneration
Leisure Products, Japan	Accumulation of financial assets, resulting in reduced capital efficiency. Inconsistent explanations of financial strategies.	Would like explanation of the balance between investment and capital efficiency and the use of CF.	We are discussing the use of funds. In addition to dividend increase and share buyback, M&A, etc.	Capital Allocation
Semiconductor Equipment, Japan	Disclosure of non-financial information is substantial, but the medium to long-term target is limited to CO2 emissions (but no disclosure of total amount).	In addition to climate change, it would be good if medium-term targets were set for ESG factors such as diversity and water resources.	The rate of return to work after childbirth is high and no M-shaped curve in female employment. Working with outside directors to address both organisational design and talent management.	Reporting and policies related to diversity
Industrial Machinery, Japan	There are few descriptions of risks, and the involvement of top management is particularly difficult to understand. There is no information on human rights, only on training.	Difficult to understand the involvement of top management with little mention of risks in the Integrated Report. Identification of risks related to human rights is important as well.	Business risk management covers investment and financing and project negotiations, while bribery is a culture issue and the domain of middle management.	Human Rights
Computer & Electronics Retail, Japan	Corporate governance efforts are minimal. Outside directors are not selected to oversee, nor is there a system in place.	We want you to work on strengthening governance. We would like to have an opportunity to meet with outside directors.	Five old internal directors were removed in conjunction with the transition to HD. We would like to use this as an opportunity. We will consider holding meetings with outside directors.	Director Related
Packaged Foods & Meats, Japan	While many ESG issues, including climate change, have been pointed out for the livestock industry, alternatives such as cultured meat and plant meat have emerged and are attracting attention.	Some investors think the meat business is highly sensitive to climate change issues, and therefore, they consider it to be on the same level as the automobile business, making it a discount factor.	The basic idea is the same, but there are issues other than climate change in the meat industry, and it is necessary to show the top management's ways of thinking based on FAIRR's suggestion.	General Strategy

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Specialty Chemicals, Japan	Independent outside directors nominated by major shareholders account for half of the board of directors. Challenges in protecting the rights of minority shareholders.	Independent outside directors nominated by major shareholders account for half of the board of directors. Challenges in protecting the rights of minority shareholders.	Major shareholders are investment companies, so there is no conflict of interest with minority shareholders.	Director Related
Automobile Manufacturers, Japan	Need to establish a committee dedicated to the nomination and compensation committee.	A voluntary nomination and compensation committee has not been established, but we would like company to consider establishing one.	The current system is functioning well with the board of directors' deliberation. However, internal discussions are ongoing since increasing number of listed companies are establishing such a system.	Director Related
Industrial Machinery, Japan	Few auditors have careers suitable for auditing.	Of the people with financial expertise in the skills matrix, the two outside auditors and the CFO are from banks, so it looks like the banks are holding their wallets.	Appointed based on good judgment of the person.	Auditor Related
Electrical Components & Equipment, Japan	As the company has become cash-rich, there is a need to clarify the use of funds held and return surplus funds to shareholders.	Company has good risk management, did not have experience of a loss of funds despite the earthquake, Lehman shock, covid-19, etc. We asked the company to explain quantitatively about the funds held.	The company has accumulated funds for risk and growth, and now has cash reserves. Quantitative information such as breakdown is not disclosed.	Capital Allocation
Diversified Metals & Mining, Japan	The company is working with the bank to restructure its operations. Concerns about the interests of minority shareholders since the outside directors are from the bank and major shareholders.	There is a problem with the independence of the outside directors. It is necessary to appoint outside directors who are highly independent and have management experience.	We are aware that the tenure of outside director is getting longer.	Director Related
Commodity Chemicals, Japan	Focusing on biodegradable plastics. Lack of disclosure regarding the procurement of palm oil, which is used as a raw material for biodegradable plastics and food -related business (like margarine).	We would like the company to disclose their efforts to procure palm oil for use in the manufacturing process of biodegradable plastics.	We are developing a technology to manufacture with alternative oil instead of palm oil. We would like to disclose our efforts.	Human Rights
Marine Ports & Services, Japan	Low ROE company, but signs of change, such as mention in corporate governance report on cost of capital. Current governance is at the lowest level, so we urge them to take the first step.	We asked the company to continue their efforts to improve governance.	Although the nomination and compensation committee is supposed to meet twice a year according to the regulations, it has already met several times due to the active opinions expressed.	Director Related

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Brewers, Japan	Boasts of CSV management, but lacks integration with business strategy. Need to create a report that integrates both.	The content of the integrated report has improved.	We reaffirmed health science as the centre of our company and developed our story.	Environmental data reporting
Oil & Gas Exploration & Products, Japan	The president and outside directors are business partners or former bureaucrats. There are no outside directors who genuinely represent the interests of minority shareholders.	We would like to see a highly independent person with management experience appointed as an outside director.	Consider creating a skill map. Currently, auditors are actively participating in discussions as well as directors.	Director Related
Tires & Rubber, Japan	Stock-based compensation should be considered to raise awareness of the stock market.	Stock compensation should be considered. Management efforts to rebuild the company during periods of poor performance should also be reflected.	We understand the request from shareholders. It is difficult to introduce additional remuneration due to the poor performance.	Remuneration
Commodity Chemicals, Japan	Efficient use of funds is an issue, however, out of the three outside directors, only one has management experience, the rest are academics and bureaucrats.	An outside director with experience in business portfolio management should be able to make the transition quickly.	What is the timeline and relationship to business characteristics for the transition to a monitoring board?	Director Related
Integrated Telecommunication S, Japan	Still determined to expand its overseas business, despite its notable failures. Cross-shareholdings can also be seen. No outside directors who are familiar with the IT industry in overseas business.	We want company to invite people with management experience and people from the capital markets.	Will consider.	Director Related
Homefurnishing Retail, Japan	Lack of content in the integrated report makes it difficult to grasp the status of ESG risks.	ESG requires a top-down management approach rather than a bottom-up approach, and in this context, internal discussions on setting materiality are necessary.	Noted, will consider.	General Strategy

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

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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

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