NOMURA | ASSET MANAGEMENT

Activities and Outcomes Report

UK Stewardship Code 2026

Nomura Asset Management U.K. Limited

Reporting Period: 1 January 2025 - 31 December 2025

For your reference, the following definitions will be used throughout this document:

"Nomura AM" "Nomura AM Tokyo"	This refers to Nomura Asset Management Co., Ltd., the Head Office of the Nomura AM based in Tokyo, Japan. Any references to “we”, “us” or “our” within this Report are references to Nomura Asset Management Co., Ltd. (Nomura AM) unless otherwise specified.
"Nomura AM Group"	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 AM UK"	This refers to Nomura Asset Management U.K. Limited, the UK based subsidiary of Nomura AM.

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Introductory Statement

Headquartered in Tokyo, Nomura Asset Management Co., Ltd. ('Nomura AM') is a leading global investment manager that has dedicated investment management operations globally, providing its clients with a wide range of innovative investment strategies including global, regional and single country equities and fixed income (both active and passive) and alternative asset strategies. Nomura AM strives to provide high quality asset management products and services to retail investors as well as institutional investors including public and private pension funds, governments and central banks, commercial banks and insurance companies and business enterprises.

Nomura AM's investment teams[1] operate under a multi-boutique approach, where stewardship activities may vary based on investment strategies, asset classes (e.g. holdings in fixed income securities post-investment might have less influence than equities) and local environments of underlying assets. For more details of how Nomura AM is organised, please refer to the Policy and Context Disclosure.

This Activities and Outcomes Report ('Report') demonstrates how Nomura Asset Management U.K. Limited (Nomura AM UK) applied the Principles of the UK Stewardship Code 2026 during 2025 and should be read in conjunction with the separate Policy and Context Disclosure ('Disclosure') which outlines the organisation, governance and policies around stewardship activities. This Report contains examples of stewardship activities spanning equities and fixed income asset classes and across different geographies, including Nomura AM UK's sub-delegated investment managers in affiliated Nomura AM offices; Nomura Asset Management Singapore Limited, Nomura Asset Management Malaysia SDN BHD, and Nomura AM Tokyo.

1. As a UK authorised firm, Nomura AM UK commits to the UK Stewardship Code in its own right. Throughout this annual publication of the Activities and Outcomes Report, stewardship approaches of certain asset classes, strategies and investment teams associated with other Nomura AM entities may be reported, where appropriate.

Foreword

As an asset management company, Nomura AM UK accrues investor rights and influence by being entrusted with the management of its clients' assets. Nomura AM UK believes that stewardship activities, namely exercising these rights and influence[2], to protect and enhance the interests of our clients is a key responsibility to assume as part of our fiduciary duty.

Our 2025 achievements across Nomura AM UK and wider Nomura AM entities strategies demonstrated the effectiveness of our systematic approach to engagement, the value of collaborative partnerships, and the importance of long-term commitment to stewardship objectives. The successful conclusion of major engagements during the year validates our methodology and commitment to active ownership and stewardship.

We look forward to building on these foundations in 2026 to further integrate stewardship across our investment process and drive positive outcomes for clients, companies, and society.

Report Approval:

This 2025 Activities and Outcomes Report has been reviewed and approved by the Board of Nomura Asset Management U.K. Limited.

Signed:

Dr. Constant Eduard Maria Beckers
Chairman, Nomura Asset Management U.K. Limited.

Date: 30 April 2026

2. Nomura AM's Basic Policy for Responsible Investment views the term "stewardship activities" as primarily engagement and proxy voting based on the definition provided by the Principles for Responsible Investment ('PRI') (https://www.unpri.org/responsible-investment/about-stewardship). On the other hand, as mentioned in the Introductory Statement of the Policy and Context Disclosure, the UK Stewardship Code defines it as "responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries". We believe that the definition by the UK Stewardship Code suggests that stewardship is a broader chain of activities taken by investment managers in exercising rights, influencing companies and reflecting outcomes from these actions into investment in order to protect and enhance the assets of our clients.

Principle 1: Integrating stewardship and investment to deliver long-term sustainable value for clients and beneficiaries

How stewardship priorities were established

The Basic Policy for Responsible Investment, which applies to all investment teams of Nomura AM and its subsidiaries, sets out the key sustainability issues considered to be important in their stewardship activities. These include existence of policies governing the management of sustainability issues at investee company level, and key issues material to the companies such as climate change, natural capital, human rights, human capital & diversity, social well-being, cybersecurity and stakeholder cooperation.

Whilst the top-down strategic priorities come from the firm-wide policy, investment teams across the organisation retain the ability to design their stewardship approaches appropriate to their corresponding investment strategies and objectives. As disclosed in the Disclosure, the multi-boutique approach of Nomura AM allows stewardship activities to vary based on investment strategies, asset classes and local environments of underlying assets. For further details on the structure of Nomura AM, please refer to the Disclosure.

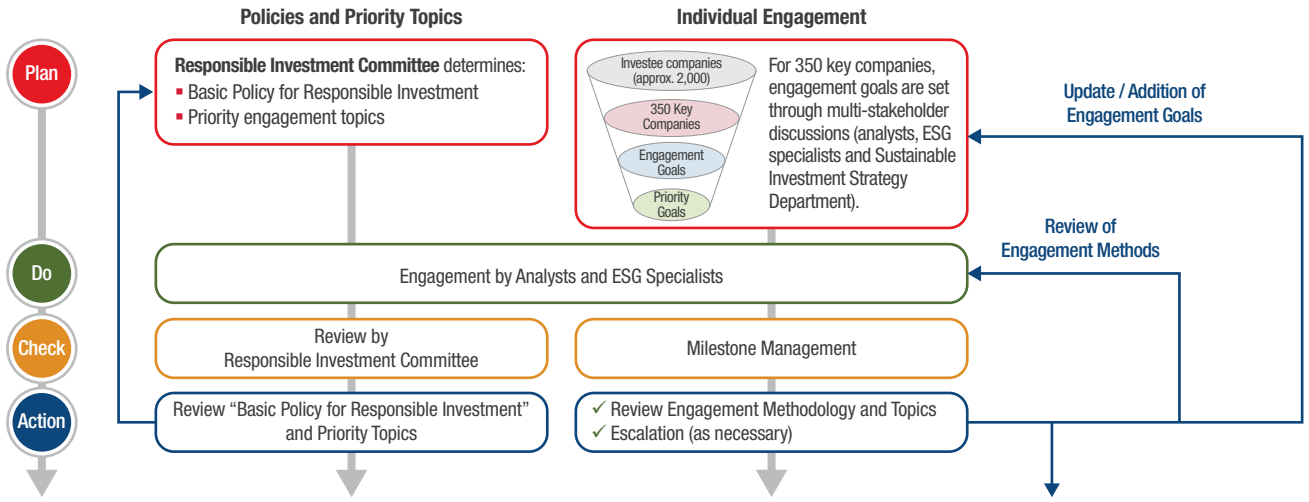
Below, we discuss the resourcing dedicated to stewardship for Japanese equities strategies, and other assets managed in Tokyo or global Nomura AM offices due to different organisational structures.

Japanese equities strategies

For sub-delegated Japanese equities strategies, priority engagement topics are determined by the Responsible Investment Committee, and engagement planning is led by the Sustainable Investment Strategy Department within Nomura AM Tokyo. In this process, key companies are selected primarily based on the aggregate amount held by Nomura AM (mainly for large-caps) and shareholding ratio (mainly for SMEs) whilst also reflecting the views of various stakeholders. In practice, we select target companies through screening based on factors such as market capitalisation and ownership ratio, and then additionally determine further target companies by taking into account requests from investment teams, companies with ESG issues, and requests for dialogue from investee companies. A bottom-up process is then used to develop topics and milestone management goals for each company. Engagements are conducted by the designated analysts and ESG Specialists and milestone management is reviewed by the Sustainable Investment Strategy Department. The outcomes from engagement may be reflected in investment decisions and proxy voting.

Whilst Nomura AM UK does not have passive Japanese equities strategies sub-delegated to Nomura AM Tokyo, the above process can also apply to passive strategies. However, escalation tools are limited in the case of passive strategies (i.e. divestment is not an option).

Promoting the PDCA Cycle in Engagement Activities



* The number of key companies can be higher or lower depending on the number of companies requiring closer attention.

Strategies managed in the UK and other global offices

For strategies managed outside Nomura AM Tokyo, stewardship activities are managed by the individual investment teams. As a result, the prioritisation depends also on the strategy's asset classes, investment objectives and geographies. Within Nomura AM UK's flagship UCITS fund range Nomura Funds Ireland ('NFI'), best practices and leading stewardship approaches are generally seen in products categorised under the SFDR Article 8 and 9 due to their focus on sustainability.

Examples of how individual investment strategies have prioritised stewardship activities, and how stewardship activities have informed investment decision-making are provided under Principle 3.

Principle 2: Identifying and responding to market-wide and systemic risks to promote a well-functioning financial system

This section focuses on market-wide and systemic risks and the actions taken by Nomura AM UK to identify, assess and respond to such risks. Routine management of operational and portfolio risks, whilst integral to overall risk management, are not the focus of this Principle and are therefore not included in detail. Emphasis is placed on activities that contribute to the understanding and management of risks that cannot be mitigated through diversification, and which may affect the functioning of financial markets more broadly.

As this section focuses on the processes at Nomura AM UK, any references to "we", "us" or "our" within this section are references to Nomura AM UK.

Key market-wide and systemic risk identification

We identify market-wide and systemic risks and associated implications for investment opportunities in their financial sense as non-diversifiable risks that can materially affect long-term outcomes across portfolios. These risks can also give rise to opportunities where improvements in market structure, risk infrastructure, transparency or resilience enhance the functioning of financial markets and support more efficient capital allocation over time.

During 2025, certain systemic risk drivers were more pronounced:

- **Liquidity Risk**
  We consider liquidity risk to be the most immediate and transmissible manifestation of systemic stress. Liquidity conditions act as a primary transmissional channel through which market dislocations propagate across asset classes, geographies, and counterparties. This is particularly relevant given the global nature of Nomura AM UK's portfolios, where liquidity stress can arise irrespective of fund domicile and affect financial stability through cross-border linkages.

- **Tail Risk and market dislocation**
  Tail risk, which was heightened during the period by multiple geopolitical developments, represents low-probability but high-impact events that can lead to abrupt and correlated market dislocations. These risks are inherently systemic in nature, as they are not confined to individual issuers or sectors, but can propagate rapidly across asset classes and geographies. Diversification is typically ineffective under such conditions due to the breakdown of correlations and market liquidity. As a result, tail risk can materially impact market functioning and long-term investment outcomes.

- **Market structure and model risk**
  Market structure risk arises from the design and functioning of financial markets, including liquidity provision, trading mechanisms and the behaviour of market participants. Structural features such as concentration of liquidity providers, reliance on similar trading strategies, or constraints in market-making capacity can amplify shocks and lead to disorderly market conditions. These risks are systemic in nature, as they affect the ability of markets to function effectively under stressed conditions and can impact a broad range of financial products and participants simultaneously.

  Model risk arises from the widespread use of similar risk models, assumptions and data sources across market participants. Where these models embed common limitations or simplifications, they can lead to correlated behaviour, mispricing of risk, and delayed recognition of emerging risks or vulnerabilities. Given the reliance on shared infrastructure and methodologies, limitations in models can propagate across institutions and markets, contributing to systemic misestimation of risk and amplifying market stress when conditions diverge from model assumptions.

- **Operational and data integrity risks**
  Operational and data integrity risks reflect the increasing reliance on widely adopted infrastructure, including cybersecurity and data processing frameworks, where vulnerabilities can have system-wide implications.

Engagement with market participants and service providers

Whilst stress testing, liquidity management, and tail risk analysis form part of our ongoing risk framework, during the year 2025, these activities were deliberately calibrated beyond standard practice. This included more granular assumptions, expanded stress scenarios reflective of prevailing market conditions, and deeper interrogation of model limitations to better capture system-wide vulnerabilities and transmission mechanisms.

Our approach to systemic risk extends beyond internal risk management to active engagement with market participants and service providers whose methodologies and practices are applied across the industry.

During 2025, we systematically engaged with and provided constructive challenges to the methodologies, assumptions, and controls of key service providers, including risk system vendors, legal advisers and management company service providers. Given the scale at which these providers operate, our engagement supports the continued evolution of industry-wide risk frameworks and contributes to broader market resilience.

Key areas of engagement included:

- **Stress testing methodologies and model assumptions –**
  where we engaged on linearity, calibration of tail risk estimation methodologies, scenario design, supporting ongoing refinement of approaches adopted across the industry.
- **Liquidity modelling approaches –**
  including participation assumptions where we provided input to encourage more conservative and realistic liquidity frameworks.
- **Risk transparency and usability –**
  Through engagement on system design and reporting outputs.
- **Cybersecurity and data governance –**
  including engagement on data integrity and security considerations in AI-related tools and backend data processing, supporting strengthened risk awareness and controls.
- **Support regulatory intent on mitigating systemic risk –**
  through engagement with legal and management company service providers on interpretation and implementation of evolving regulatory expectations, particularly when industry practices are still evolving alongside regulatory intent.

This form of engagement supports market-wide consistency and robustness, particularly where service providers act as common infrastructure across multiple participants.

Engagement with issuers, counterparties and custodians

Where relevant, engagement has extended to issuers, counterparties, or custodians on risks linked to market-wide and systemic themes, particularly where these may affect liquidity conditions, valuation and pricing reliability or market functioning.

This has included:

- Engaging on and challenging assumptions and practices underpinning pricing and liquidity in less liquid instruments, including sanctioned securities.
- Incorporating systemic risk considerations into broader investment and risk discussions.

These engagements are integrated within our investment risk oversight, ensuring that systemic considerations are embedded within the decision-making processes rather than treated as isolated factors.

Escalations

During the year, we have escalated our approach in two key areas: service provider governance and liquidity risk preparedness.

Enhanced service provider governance as systemic stewardship

We moved from reliance on standard vendor methodologies to active engagement and constructive challenge across multiple providers.

Operational and cyber risk within market infrastructure has emerged as a systemic concern as risk management systems, data vendors, and fund administrators represent shared infrastructure across the industry. Vulnerabilities in widely used platforms, whether methodological or cybersecurity-related, have the potential to affect market participants broadly. We treat the integrity of shared infrastructure as a systemic risk matter, not merely an operational one.

During the period, we conducted systematic reviews and engagement on service providers' methodologies and practices across the following:

- **Risk Management Systems:** We engaged on stress testing assumptions across multiple providers, including scrutiny of model linearity, liquidity classification approaches, transaction cost assumptions, and participation rate assumptions. In a number of cases, these engagements supported ongoing refinement and calibration of methodology, benefitting the providers' broader stakeholder base in the market-wide risk ecosystem.
- **Cybersecurity and AI data handling:** We engaged on and escalated considerations relating to AI-driven backend processes operated by one of our risk system providers, reinforcing our culture of risk awareness around client data privacy, an area of growing systemic sensitivity as AI adoption accelerates across the industry globally.
- **Other service providers (legal, management):** we engaged with providers to review prevailing approaches in areas where we considered further conservatism and robustness could be beneficial from a risk perspective. This included review and discussion of risk-related provisions in policies and documentation.

The impact of this engagement extends beyond our own risk management. Given the market-wide application of these providers' systems, services and philosophies, our input and ongoing dialogues with wider industry participants help encourage more conservative and resilient standards across a broader population of market participants.

Specific service providers are not named due to confidentiality considerations. The examples provided reflect substantive engagements undertaken during the year and are representative of actions applied across multiple market participants.

Liquidity risk preparedness – In response to evolving regulatory expectations on liquidity management tools, we have worked towards developing detailed trigger structures and thresholds for activating the liquidity management tools. This work has been undertaken ahead of full industry readiness.

Our early calibration contributes to market stability by:

- **Reducing implementation risk**
  through early identification of operational and modelling challenges.
- **Supporting service provider readiness**
  through proactive engagement and dialogue on required enhancements.
- **Enabling more orderly market transition**
  avoiding concentrated or reactive adaptation across the industry.

We recognise that liquidity risk does not respect jurisdictional boundaries and can transmit rapidly across markets. Our approach supports system-wide resilience, particularly in scenarios where liquidity stress becomes the primary channel of systemic risk contagion.

Across these activities, our approach reflects a deliberate shift from just monitoring systemic risk to actively influencing and shaping the frameworks and infrastructure through which such risks are understood and managed, contributing to the resilience and integrity of the wider financial system.

Potential opportunities presented by systemic risks

In addition to the risk management structure, Nomura AM UK also aims to identify strategic opportunities stemming from sustainability risks that could be capitalised upon to deliver long-term value to both our clients as well as the overall well-being of the financial system. The table below captures how Nomura AM UK considers climate-related risks and opportunities. Further details can be found as part of Nomura AM UK's Task Force on Climate-related Financial Disclosures at: https://www.nomura-asset.co.uk/responsible-investment-asset-management/esg-sustainable-investment/.

Type of Risks	Time Horizon*	Key Risk Driver	Examples of Potential Impact	Actions to mitigate risks and take advantage of opportunities
Transition risks and opportunities	Short to medium-term	Policy, regulation and legal (Investment risks and opportunities)	Our investment portfolios may be impacted by climate-related policies or regulations (e.g. carbon pricing, restrictions of fossil fuel and support for cleaner energy)	Regulatory horizon scanning, participation in industry discussions. Integration of climate-related factors into our investment research process.
	Medium-term	Technological innovations (Investment risks and opportunities)	The performance of our investment portfolios may be positively or negatively affected by technological breakthroughs which result in the phase-out of incumbent products and/or facilities. Existing CapEx could become stranded assets and/or infrastructure such as oil rigs, pipelines and tankers could become obsolete with further transition to renewables.	Integration of climate-related factors into our investment research process.
	Short to medium-term	Policy, regulation and legal (Operational risks)	New laws or regulations related to sustainability could result in additional costs for implementation and compliance. Anti-greenwashing measures taken by regulators may result in negative financial impact on Nomura AM UK.	Regulatory horizon scanning, participation in industry discussions. Anti-greenwashing reviews conducted by relevant teams. Annual mandatory training on greenwashing on all employees.
	Short-term	Market (Operational risks and opportunities)	Changes in market demand for investment solutions may affect our revenues negatively if we fail to keep up with trends and offer appropriate sustainable products. Conversely, if we capture changes in market demand appropriately, we may be able to take advantage of such opportunities.	Development and review of climate and sustainability-related products and frameworks to align our products and approaches with evolving market trends and demand.
	Medium-term	Reputation (Operational risks)	Failure to meet group-level climate targets and commitments will lead to reputational damage. This may also lead to negative financial outcome (costs or fines).	Keeping track of group-level climate targets and monitor Nomura AM UK-level progress by focusing on main products.
Physical risks	Medium-term	Acute and chronic weather events / natural disasters (Investment risks)	Climate-related events (e.g. floods, droughts and wildfires) could impact values of underlying assets held in our investment portfolios.	Integration of climate-related factors into our investment research process.
	Medium-term	Acute and chronic weather events / natural disasters (Operational risks)	Climate-related events may affect our operations including infrastructure, processes and employees.	

*Short-term: about 3 years; Medium-term: about 4 to 10 years; Long-term: over 10 years.

Supporting a well-functioning financial system

Public sector engagement

Nomura AM recognises the importance of stewardship in the public sector, using the clout of private capital on behalf of our clients for the stability and well-functioning of the financial system and the wider society. We engage actively with industry bodies and NGOs and participate in initiatives that promote certain sustainability topics as well as direct engagement with policymakers and regulators when opportunities arise, which may include responding to consultation papers relating to regulations.

Case Study: Japanese Fixed Income public sector engagement

As government and public agency debt investments form a large part of the bond investment universe, fixed income investors have the unique opportunity for direct and indirect engagement with policymakers and other public bodies. Nomura AM has been particularly active in this field of engagement, including its participation in the PRI's Collaborative Sovereign Engagement on Climate Change with the Government of Japan since 2025. As the sole Japanese asset manager in the programme, Nomura AM aims to serve as a bridge between international investors and Japanese ministries to build trust, promote transparency, and encourage two-way communication around Japan's transition finance and technology-related policies with the wider market. Complementary to this process and as part of our wider engagement efforts on Transition Finance, Nomura AM is serving as a participating member in ICMA Climate Transition Bond working groups regarding safeguard guidelines, and contributed analysis on the development of Transition markets and policies for a joint ADB-METI policy report on decarbonization in ASEAN to the 2025 AZEC Business Forum in Malaysia. On the emerging topic of Climate Adaptation and Resilience in Asia and the Pacific, Nomura AM also recently collaborated with the Asian Development Bank on a report to policymakers on Mobilizing Capital for Local Government Finance in Asia and the Pacific Through GSS+ Bond Markets, with a follow-on webinar presenting case studies and experience from Japan on financing public infrastructure for physical adaptation to regional governments in Indonesia.

Case Study: PRI Nature Stewardship Initiative

Biodiversity loss has become widely recognised as a systemic risk that threatens global economic stability and long-term investment returns. With over $44 trillion in economic value[3] dependent on nature's services, ecosystem collapse creates correlated risks across multiple sectors and asset classes simultaneously. Unlike traditional environmental concerns, biodiversity loss represents a fundamental disruption to natural capital that underpins agriculture, water security, climate stability, and supply chain resilience – making it a critical consideration for asset managers with fiduciary responsibilities to protect and grow client wealth over the long term.

In this context, the Principles for Responsible Investment ('PRI') launched its Nature Stewardship Initiative (Spring[4]) in October 2023 to contribute to the global goal of halting and reversing biodiversity loss by 2030, firstly prioritising forest loss and land degradation, and thus to protect the long-term interests of investors.

Under Spring, Nomura AM plays the key role as a lead investor for the engagement with two Japanese automobile companies. Nomura AM also serves as a signatory advisory committee member and provides strategic advice to the PRI with strong experience in stewardship and nature.

In October and November 2025, we held engagement meetings with these companies and discussed developments of their analysis for nature-related dependencies, impacts, risks and opportunities, supply chain management and assurance for high-risk commodities, and status of nature-related political engagement.

During recent dialogues in 2025, we could see key progress, including that the companies were aware of the need for better risk management both in their operations and supply chain, and that the companies considered expanding their nature-related analysis towards Taskforce on Nature-related Financial Disclosures ('TNFD') disclosure in the future. We will further encourage their proactive actions towards a nature-positive society and disclosure to their stakeholders.

3. World Economic Forum. (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. New Nature Economy Report Series. Geneva: World Economic Forum. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

4. Spring is a PRI stewardship initiative for nature, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors. Through this, the initiative aims to contribute to the global goal of halting and reversing biodiversity loss by 2030. Spring seeks to enhance corporate practices, ultimately generating positive, real-world outcomes, while protecting and enhancing investment returns.

Case Study: Farm Animal Investment Risk and Return Initiative (FAIRR)[5]

Seafood is one of the most important traded commodities in the world, helping feed people as well as generating employment in wild fisheries and aquaculture. Whilst expecting its demand growth, the fisheries sector has been also exposed to environmental and social issues such as Illegal, Unreported, and Unregulated (IUU) fishing, human rights violations and overfishing, leading to resource depletion and destruction of marine ecosystems. These are material risks to the sector and its stakeholders, suggesting the critical need for traceability within the seafood supply chain.

In this context, the FAIRR Initiative launched its Seafood Traceability Engagement in December 2023 to encourage major seafood companies to commit to supply chain traceability and implement full-chain, digital and interoperable traceability systems.

Nomura AM signed up to the FAIRR Initiative in June 2019 and has been engaging in dialogue with various companies on food and fisheries-related issues. Under its Seafood Traceability Engagement, Nomura AM plays the key role as a lead investor for the engagement with two Japanese companies.

In August and September 2025, we held the engagement meetings with these companies and discussed development of their traceability commitment and consideration of newly launched TNFD additional sector guidance on fisheries and aquaculture. Companies were aware of the need for better traceability after our first contacts in 2024, and we could see key progress during recent dialogues with them, including an increase in the proportion of well-managed procured seafood and the establishment of a new group-level commitment on seafood traceability. We will further encourage proactive implementation towards better traceability and its disclosure to their stakeholders.

Case Study: Global Coalition on Ageing

Ageing has accelerated with advances in medical technology as well as improvements in dietary habits and nutritional status. According to World Bank data[6], the proportion of the global population aged 65 and over rose from 6.4% in 1994 to 10.2% in 2024. This ageing trend exerts significant impacts across labour markets, pension systems, shifts in disease patterns (such as lifestyle-related diseases and multiple co-morbidities), and social infrastructure. Moreover, given that the elderly are more vulnerable to emerging and re-emerging communicable diseases due to weakened immune systems, addressing these challenges remains an urgent priority for the global community.

In November 2025, the High-Level Forum on the Silver Economy, organised by the Global Coalition on Ageing (GCOA), was held in Manchester, UK. Dr. Dai Yamawaki, Vice President (Equities) at Nomura AM UK, contributed to a fascinating panel discussion on *'The Economics and Social Aspects of Ageing'*, where he identified an overview of the impacts of ageing on financial markets and referred to current policy trends in Japan – a country with one of the highest ratios of elderly to working-age population in the world.

The impact of ageing on financial markets is multifaceted. Given the risk-averse characteristics and preference for stable income among the elderly to compensate for their pension income, especially in this inflationary environment, ageing may heighten the importance of dividends within capital policies of companies and increase demand for bond investments as well. In addition, ageing is likely to have a positive impact on sectors such as medical care, nursing care, and healthcare. Products and services with high demand among the elderly (such as artificial dialysis and cardiac valves) may see robust demand with ageing. Ageing is also a multi-disciplinary challenge. The impacts of climate change are unevenly distributed across generations, with the elderly being the most affected. Products and services addressing climate change mitigation and adaptation (such as smart housing) are also anticipated as solutions to the challenge of an ageing society from the cross-cutting perspective.

Japan formulated its 'Policy Plan for Promoting Japan as a Leading Asset Management Centre' in December 2023. This strategy aims to shift household assets from a deposit-centric approach towards investment. Asset managers are also encouraged to provide growth capital and diversify their investment products.

5. FAIRR Initiative is an investor network with over 400 members, representing over US$80 trillion in AUM. Its mission is to build an awareness of the most material risks and opportunities in the food sector across the whole investor community. FAIRR provides investors with the data, research and tools they need to minimise the risks within the broader food system at every touchpoint. By filling the knowledge gap around ESG issues in animal agriculture and aquaculture, FAIRR empowers investors to engage as shareholders with companies in the global food supply chain – from protein producers to global retailers – on ESG risks ranging from climate, pollution and labour issues to antimicrobial resistance. In doing so, FAIRR aims to harness the power of capital markets to build a more sustainable and equitable food system.

6. World Bank (n.d.) World Development Indicators. Available at: https://databank.worldbank.org/source/world-development-indicators.

Engagement with companies on market-wide risks

Nomura AM believes that engagement with companies to understand market-wide systemic risks facing them and help them to improve on adopting best practices could ultimately deliver long-term value to the companies and investors.

Case Study: Engagement with leading European insurance underwriter regarding their ESG policies (Nomura AM UK Global Sustainable Equity strategy)

The following engagement case study was driven by an impact goal sought by the Global Sustainable Equity strategy. Therefore, the references to "we", "us" and "our" in this case study mean Nomura AM UK Global Sustainable Equity strategy.

In September 2025, we engaged with a leading European insurance underwriter that is involved in insurance products for corporates as well as individuals and maintains a top decile market share in most geographies in which it operates. Insurance is key to allowing businesses and individuals to mitigate their risks and prevent disruption as an ongoing concern as well as to expand into new products and geographies. In addition, the float generated from policies can be a powerful force in directing investments towards credible causes such as climate change. Combined, this allows us to attempt to enact influence at both the insurance policy level as well as at the investment level.

Our approach to engaging with the company was unusual as we collaborated with a leading independent ESG and corporate governance research and analytics firm to engage with the insurer. We successfully enabled access to the insurer's investor relations (IR) team for the ESG firm, as the firm's overtures had previously been ignored by the IR department of the insurance company. Additionally, we were able to add heft to our engagement as the ESG firm could then bring in additional asset managers to the engagement, thereby reinforcing its importance.

The engagement allowed us to discuss in further detail the process taken by the insurer when its client was involved in coal, as well as regional nuances between clients based in Europe and other OECD countries. The engagement also led us to gain better insight into how the company adopted a high-level exclusion list (particularly for coal and arms manufacturers) and worked with clients to encourage positive changes through annual thresholds monitoring. At the same time, in our discussion, we continued to suggest that the targets set by the company could be more ambitious.

In the engagement with this company, we placed a specific focus on the company's policies regarding financing and underwriting new oil and gas projects. We investigated how a double materiality reporting procedure was integrated into the insurance underwriting processes. We also stressed the importance of linkage between executive pay and sustainability achievements, to which the company suggested that they have future plans to incorporate social and insured emission targets into remuneration.

We were reassured by the nature and frequency of training the Board and other senior employees undergo with regard to ESG topics and also were pleased to be told that climate-related suggestions by the internal climate consulting arm result in lower insurance premiums for customers that adopt these. We suggested the company disclose more Scope 3 emissions information in relation to Category 15, which the company agreed to. Lastly, we clarified the company's approach to the oil & gas industry that would enable better comparability with peers as well as highlighting the importance of this, with the company agreeing to provide more information related to liquefied natural gas (LNG) projects in particular.

Principle 3: Engaging to maintain or enhance the value of assets

Engagement purpose

At Nomura AM, we view engagement as a fundamental component of our fiduciary duty and long-term investment approach. We engage with investee companies to protect and enhance value for our clients through constructive dialogue that builds trusted relationships over time. Our engagement is not inherently confrontational; rather, it encompasses a spectrum of interactions – from regular information exchanges and opinion sharing to focused discussions on specific material issues that may impact long-term performance and sustainability. Whether we are engaging with corporate management on strategy and governance, or with fixed income issuers on credit risk considerations, our objective remains consistent: to exercise our rights and responsibilities as active stewards of our clients' capital whilst promoting sustainable business practices that align with long-term value creation.

Engagement approach and prioritisation

Under Principle 1, we discussed how Nomura AM's Basic Policy for Responsible Investment provides an overall direction for investment teams to design engagement approaches that fit the strategies' specific investment objectives. We also differentiated the resourcing between Japanese equities strategies and other strategies in Tokyo and Nomura AM global offices.

In the context of strategies managed in the UK office, the Nomura AM UK's flagship NFI UCITS fund range offers products with varying degrees of sustainability features. Best practices and leading stewardship approaches are generally seen in products categorised under the SFDR Article 8 and 9 due to their focus on sustainability.

Since engagement approaches vary between investment teams, a few examples are provided below to shed some light on how engagements are prioritised, how these activities inform investment decision-making, and how the engagements are aligned to the strategies' investment and stewardship objectives.

Global Sustainable Equity strategy (SFDR Article 9)

The Global Sustainable Equity strategy is a concentrated global equity strategy that seeks to deliver strong risk-adjusted returns through investing in companies that the investment team believes to have high positive total stakeholder* impact (*the environment, society, customers, suppliers, employees and investors). Stewardship activities of the strategy are designed mostly around its 6 impact goals that are aligned with the UN Sustainable Development Goals ('SDGs'). The data is gathered and published on a quarterly basis. Below is the breakdown of its 2025 engagement activities with investee companies across the primary 6 impact goals (% being the proportion of all impact-aligned engagements).

1. Mitigate Climate Change (77.1%)
2. Eliminate Communicable Disease (8.6%)
3. Mitigate Obesity Epidemic (5.7%)
4. Mitigate Natural Capital Depletion (0%)
5. Global Access to Basic Financial Services (2.9%)
6. Global Access to Clean Drinking Water (5.7%)

The strategy prioritised those engagement opportunities with the greater potential outcome based on proprietary research (e.g. different stages where investee companies stand, sizes and business models of investee companies) as well as cooperativeness of management at investee companies.

Primary identification of engagement topics happens at stock review stage where the investment team would evaluate suitability of a company for inclusion in the Global Sustainable Equity strategy. If any major issues are identified, the investment team would directly engage with prospect investee companies at this stage (prior to addition to the portfolio) to determine whether a certain level of comfort is reached.

Furthermore, for all new holdings in the strategy the investment team conducts a total impact assessment across all stakeholders (meaning the environment, society, customers, suppliers, employees and investors). The primary goal of the standardised analysis is to obtain, as objectively as possible, an overall assessment of the total impact of a business, as well as identifying any potential weaknesses with regards to how a certain stakeholder group may be treated or impacted. This process would confirm whether the minimum threshold for inclusion in the portfolio is met and inform the engagement strategy and prioritisation, though engagement priorities may not be identified for every company.

For existing holdings, the investment team closely monitors for any ongoing changes or controversies affecting the assessment of investee companies and their impact on any specific stakeholder and will engage appropriately. Furthermore, the investment team implements project-based engagement typically aligned with one or more of the six impact goals that have been established for the strategy. These projects will include either all of the portfolio companies or those that are identified as meeting the minimum threshold for the project.

For example, aligned with the strategy's impact goal of Mitigate Climate Change, the investment team has been carrying out a project to engage with all portfolio holdings that do not have the SBTi (Science Based Targets initiative) validated emissions reductions targets. At any stage of the process, analysts are supported in identifying issues for engagement and topics for thematic projects by the strategy's Sustainable Investment Specialist and Lead Portfolio Manager.

The Global Sustainable Equity investment team is made up of investment professionals who are all, to a varying extent, hybrid between investment and sustainability specialists. This is a key competitive advantage of the investment team of this strategy whereby each member is aligned in thinking through a sustainability mindset, and stewardship is embedded within the investment process to generate long term value for all stakeholders.

Stewardship-informed investment decision

As described previously, at times the investment team uses the outcomes of its engagement activities to determine the suitability of reviewed companies for potential inclusion in the strategy. In addition, a segregated mandate under this strategy, which has explicit climate targets, particularly utilises the results of engagement activities in the investment decision process. For example, corporates which are the targets of the team-wide SBTi project but do not show progress or willingness to cooperate, whilst also being significant contributors to the portfolio-level carbon footprint, may be restricted in terms of position sizing. The investment team is always mindful of the quality of engagements with corporates and responsiveness when considering weights in the portfolio.

Japan Sustainable Equity Core strategy (SFDR Article 9)

The Japan Sustainable Equity Core strategy aims to invest in companies in Japan that contribute to impact goals including Mitigate Climate Change, Mitigate Natural Capital Depletion, and Promote Good Health and Well-being.

Akin to the approach taken by broader Japanese equities strategies as described under Principle 1, engagement activities of the strategy are driven based on the Nomura AM's Basic Policy for Responsible Investment and the Priority Engagement Topics, which are established by the Responsible Investment Committee. These priority topics encompass a wide range of topics, spanning from business and financial strategies to sustainability issues such as environmental, social, and governance challenges.

As described under Principle 1, for the "Key 350 Companies", which are selected taking into account factors such as Nomura AM's exposures, Nomura AM establishes engagement activity policies (engagement goals) for each company. Analysts, ESG specialists, and portfolio managers participate in the Engagement Promotion Meeting, where multi-faceted discussions are held to set goals.

After the engagement goals are set, engagement is carried out by the assigned analysts and ESG specialists. The progress of the engagement is monitored and managed through milestones, and for goals that are showing insufficient progress, we will review the goals and change the engagement methods (which may include escalation measures).

The Basic Policy for Responsible Investment and the Priority Engagement Topics are regularly reviewed based on the industry environment and our engagement progress. Both the "policies and priority topics" and "engagement with individual companies" follow a PDCA (Plan-Do-Check-Act) cycle to ensure a structured and effective engagement.

Corporate Hybrid Bond strategy (SFDR Article 8)

The Corporate Hybrid Bond ('CHB') strategy promotes contribution to reduction of greenhouse gas ('GHG') emissions by investing in issuers committed to decarbonisation and exhibiting declining emissions. The stewardship strategy therefore focuses on the climate considerations.

The investment team integrates sustainability into its investment process by using a quantitative and qualitative approach to identify and manage sustainability risks. Underlying this is Nomura AM's fixed income sustainability approach whose aim is to identify sustainability issues and risk factors that may impact the ability of an issuer to meet its financial obligations, with a particular focus on down-side avoidance as a key driver of returns to the fixed income asset class. By doing so, we seek to lower the potential volatility of our clients' portfolios due to future credit

events, and improve risk adjusted returns over the investment cycle. We leverage insights from Nomura AM's proprietary quantitative model specific to fixed income assets for efficient identification and prioritisation of corporate and sovereign engagement activities specific to fixed income investment strategies. Specifically, we use the quantitative score model outputs to identify and prioritise material idiosyncratic risks for engagement follow-up and remediation.

At the CHB strategy, the investment team systematically engages with the issuer where (i) an issuer's GHG emissions (as measured in GHG emissions, carbon footprint and GHG intensity) are not declining on a year on year basis; (ii) the sustainability disclosure is considered poor; and/or (iii) the investment team deems an issuer is failing to meet its decarbonisation plans based on the mid to long term trajectory. Through these engagements, the investment team aims to understand the issuer's sustainability strategies and Net Zero journeys, and the reason for missing targets, and requests the issuer to ensure that the decarbonisation plans will be met. The investment team will also engage with issuers to share insights on ways of improving disclosure and implementing effective transition, and to encourage more robust decarbonisation plans where appropriate.

The investment team engaged with 10 issuers in 2025; 6 on missed climate KPI (failing to decarbonise on a YoY basis) and 4 due to their large carbon footprint. In total, the strategy engaged with 4 of the largest carbon emitters in the portfolio (based on carbon footprint), with a focus on the Oil and Gas sector, due to recent climate target revisions for some issuers and overall low visibility on the sector's decarbonisation roadmap. Out of the 10 issuers engaged, 1 issuer was placed under review, which requires follow-up engagements, based on its potentially higher emission path post 2040, which can negatively impact the credibility of the issuer's decarbonisation commitment. The "under-review" status also means that the strategy is not allowed to add positions to the issuer until such a review is lifted. As indicated above, due to the climate focus of the CHB's sustainability strategy, engagements with portfolio companies have centred on climate topics including carbon footprint, GHG intensity and transition strategies.

Note that beyond climate-focused engagement, the investment team has regular engagement meetings with issuers to discuss credit specific risks at least annually, which can happen jointly with credit analysts or separately. Meetings can occur virtually or via in-person roadshows. The investment team also meets companies at industry conferences. The investment team finds speaking directly with management of issuers is particularly insightful, not only to understand their strategies including capital allocation process but also to understand issuers' attitudes and philosophies towards their corporate hybrid exposure.

Example of informative sustainability engagement in 2025

The CHB investment team had a constructive sustainability engagement meeting with a global leader in water, waste and energy management in September 2025.

The purpose of the engagement was to discuss decarbonisation progress since the company had missed on one of the strategy's KPIs (i.e. failed to reduce Scope 1+2+3 GHG emissions over 2022-2023), coal phase-out as well as potential credit implications from other environmental concerns (pollution risk in water).

The conclusion was positive. The company is addressing the main remaining sources of GHG emissions in its business (i.e. waste to energy business and waste treatment) and now has a credible, the SBTi validated decarbonisation plan on Scope 1+2 GHG emissions (received validation in August 2025). Furthermore, the company is increasingly recognised as a decarbonisation enabler with its new disclosure on so-called Scope 4[7] (its plan is to increase avoided emissions by 50% (vs 2023) by 2027). Decarbonisation for clients is return accretive. The business model also has secular credit positive tailwinds including tighter regulation on water treatment for industrials and on recycling which should support future revenues and margins. Compared to the UK, the pollution risk linked to sewage discharge (which could have a material impact on performance) is very limited (no storm overflow system). The CHB strategy can see that the company's work on water quality is actually adding pricing power.

This engagement has not only provided re-assurance on the company's decarbonisation journey but also confirmed positive credit factors supportive of the issuer's investment case; whilst reducing its own sustainability risk, the company is also allocating resources to sustainability growth segments and benefiting from environmental regulations which should support a stronger/less cyclical business risk profile.

7. Avoided emissions is also often referred to as Scope 4. As there is currently no widely accepted approach for quantifying tonnes of carbon avoided, companies apply various methodologies for avoided emissions. They do not represent the actual emissions reduced or offset by companies' products and services but indicate the estimated emission change (reduction) from the use of products and/or services against the counterfactual scenario where these products or services were not used.

Methods of engagement

Nomura AM employs a flexible, multi-channel approach to engagement that is tailored to the nature of each issue, the company's receptiveness to dialogue, and our desired outcomes. Our engagement methods range from written correspondence and email exchanges for routine matters or initial outreach, to phone and video conferences for regular updates and issue-specific discussions, to in-person meetings and site visits for more complex or strategic topics requiring detailed dialogue.

We engage with various company representatives (e.g. investor relations, senior management, board members and committee chairs) depending on factors such as the subject matter, engagement objective, significance of the topic, company's preferred communication channels, and the relationship we have established over time and engagement stages. In the context of fixed income, we usually bilaterally engage with company management, treasury and sustainability teams regarding strategy, financial risks and sustainability specific issues.

Where appropriate and beneficial, we also participate in collaborative engagements with other investors to amplify our voice on systemic or industry-wide issues, whilst maintaining our capacity for bilateral discussions on company-specific matters.

Further details on collaboration are provided in the section below. We define an engagement as any purposeful interaction—whether written, virtual or in-person—where we exchange views, seek information, or advocate for improvements on matters material to our investment thesis and long-term value creation.

Collaboration

Collaborative engagement enables Nomura AM to amplify our influence by pooling resources and aligning with like-minded investors on material issues. By joining forces with other institutional investors, we present a unified investor voice that carries greater weight with company management and boards, particularly on systemic issues such as climate strategy, board diversity, or industry-wide governance practices. Occasionally, we also participate in collaborative engagements with NGOs or other financial service providers. The collective approach enhances our credibility, demonstrates the breadth of investor concern, and significantly increases the likelihood of achieving meaningful change—especially with companies that may be less responsive to individual investors.

Collaboration also allows us to share expertise, reduce engagement costs, and leverage the diverse perspectives and relationships of fellow investors, making our stewardship activities more efficient and impactful whilst preserving our ability to engage bilaterally on company-specific matters.

Case Study: Collaborative engagement with another investor and Access to Medicine (NGO)

The following engagement was conducted as part of a team-wide project at Nomura AM UK Global Equity Team. In this case study, the references to “we / us / our” means Nomura AM UK Global Equity Team.

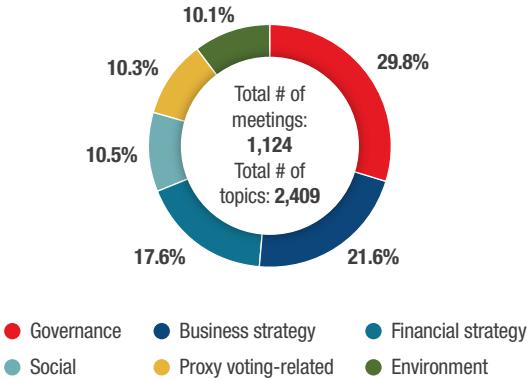
During 2024, one of our key healthcare engagements was working with an NGO, Access to Medicine (‘ATM’), to influence a major US pharmaceutical business to submit fuller data to the NGO on its work around access to its medicine portfolio, which the company ultimately committed to. We believe in the power of the collective voice and have been in a long-term partnership with ATM and have led multiple engagements on the behalf of a larger investor group. We think engaging on access to medicine is even more important now, given the uncertain backdrop after the recent cuts to US Aid. Gavi, the Vaccine Alliance, recently fell short of its US$11.9bn funding target after these US cuts despite other new NGOs coming in to try to make up the shortfall. To limit the damage from these political decisions, we would like to see the private sector lean in further to address these problems. In our work on engagement, we seek to encourage the private sector to take the initiative to work with governments and NGOs to allow for greater provision of medicines in the developing world.

Moving into 2025, we were eager to bring a similar approach to another relatively laggard company in the ATM index, which ranks all companies by their access levels. In a similar way to our first engagement, the focus of this pharmaceutical company is on non-communicable diseases such as immunology and oncology that are not the focus for Access to Medicine. The company’s emphasis on non-communicable diseases does make it more difficult for it to score highly as the company has less impact in many of the areas that ATM measures. However, working with our co-lead investor, we have identified a number of steps that we think the company can take to improve its ranking and, most importantly, potential work in maximising access to its medicines. In June 2025, our co-lead investor launched the first engagement where they put our thoughts across to the key executives at the business. Since then we have followed up with more focussed engagement on particular areas that we see as a scope for improvement and we plan to re-engage in 2026 with an aim to secure changes before the next ATM index is compiled.

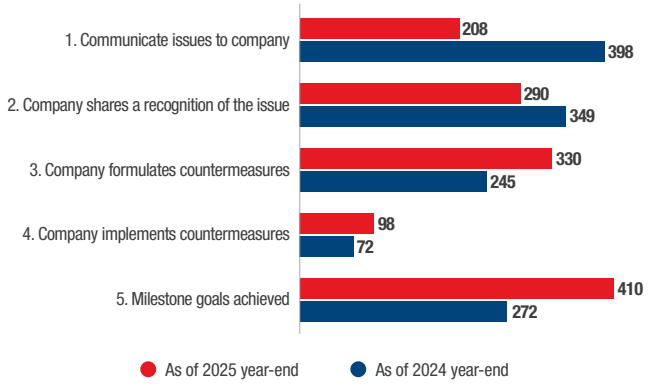
Progress of engagements

Engagement Statistics for Japanese Equities Only

Engagement Meetings in 2025 (Equities)

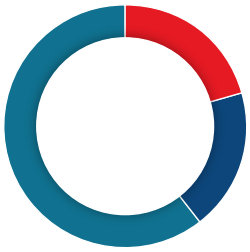


Status of Milestone Management (Equities)



Engagement Engagement Statistics for Non-Japanese Equities Only

Regional Composition of Engagement



	Composition	Topics
Europe	21%	92
US	19%	83
Asia/EMs	61%	273
Total topics		448

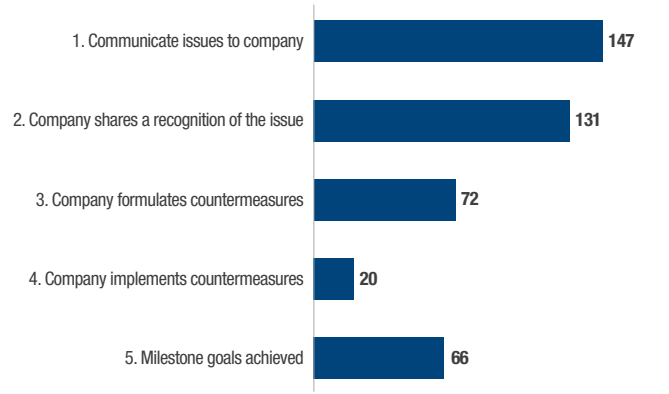
Composition of Engagement Topics

	Composition	Topics
Business strategy	10%	44
Financial strategy	6%	29
Environment	34%	153
Social	20%	89
Governance	13%	59
Disclosures/dialogue	17%	74
Total topics		448

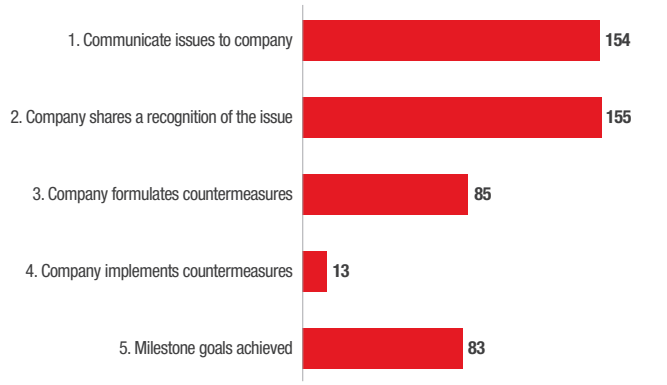
In addition to direct engagement conducted by Nomura AM entities, Nomura AM also partners with Morningstar Sustainalytics to carry out some collaborative engagements and outsource engagement to Morningstar Sustainalytics to have better coverage over the broad scope for global equities.

Status of Milestone Management for Non-Japanese Equities Only

As of 2024 year-end



As of 2025 year-end



Escalations

Escalation of Active Ownership

Should engagement not be successful individual investment teams may consider a range of tools for escalation, which include but are not limited to the following:

- Writing letters to the board of directors
- Engage with external directors
- Proxy voting*
- Co-filing shareholder resolutions*
- Working with the media to broaden awareness of issues and support education
- Communication with other industry participants (e.g. research providers)
- Divestment or adjustment of a position weight to reflect engagement

*Note that proxy voting and shareholder resolutions are typically not a tool to be utilised in the case of fixed income strategies.

Whilst various investment teams across Nomura AM have divested from issuers following poor engagement results, engagement can be circumstance sensitive. Therefore, triggers for individual investment decisions can vary taking into account factors such as the severity of issues identified, the weakness of companies' responses and suitability for individual strategy's objectives and characteristics (including sustainability ambitions). In the case of sustainable products, engagement results may be directly reflected into a bottom-up assessment framework and an unsuccessful engagement may influence the score of the target company to be lower than a threshold. As some engagement can move faster or slower depending on the issues in question, receptiveness of the company, degree of changes required and individual circumstances, we view the general timeframe to be multiple years.

Principle 4: Actively exercising rights and responsibilities

As discussed under Section C of the Policy and Context Disclosure, Nomura AM maintains a Global Proxy Voting Policy and region-specific standards which are governed by the Responsible Investment Committee (available at: https://global.nomura-am.co.jp/responsibility-investment/vote.html). As voting rights are different for different asset classes, we explain the different approaches based on the two main asset classes that Nomura AM manages, Fixed Income and Equities.

Fixed Income

For the fixed income assets that we manage, which are publicly traded debt instruments, we do not have the ability to exercise voting rights or amend indentures, contracts, trust deeds or impairment rights. Information provided in trust deeds and impairment rights may be sought as part of the credit research process, if relevant.

We interact with fixed income issuers through non-deal roadshows, and/or engagement meetings to provide feedback on sustainable finance issuance structures and relevant frameworks such as sustainability frameworks and ESG labels, with an aim to influencing their behaviour and providing an opinion on how those frameworks and structures may signal to sustainability-focused investors. We also explain to issuers what sustainability challenges and risks are considered most material based on our models, and discuss how issuance or disclosure could best address them. Since the majority of issuers are keen to understand investor behaviour and preferences, we believe this is an effective way of stewardship within the Fixed Income asset class that we operate in.

Equities

In this section, we describe the approach we take with proxy voting advisors utilised by Nomura AM and offer a summary of the voting activities conducted throughout the year 2025 for Japanese and Global (non-Japanese) equities.

Nomura AM uses proxy voting advisors, ISS and Glass Lewis to help us review a wide range of issues and make better-informed voting decisions. ISS provides voting recommendations under both its standard and bespoke policies (for example, we use “Proxy Voting Standards for Japanese Companies” as well as other regional standards under the bespoke offering). As an additional layer, we also use proxy voting research from Glass Lewis to ensure no key issues are overlooked.

Votes are cast after taking into account these recommendations. Whether or not we are advised to vote against management, we consider our voting policy and the best interests of our clients.

In some instances, ISS may not provide a definitive recommendation and these cases get referred to us. In these instances, Nomura AM would still actively exercise its voting rights based on its evaluations. Nomura AM also occasionally overrides and votes differently to ISS’s recommendations if such a decision is considered better aligned to its voting standard and clients’ best interests.

Case Study (example of votes and how that is linked to engagement)

Voting decision and context for a US large-cap technology conglomerate

Since August 2023, we have engaged with the company requesting appropriate responses to union activities in order to protect workers' rights. Following reports in 2024 that ambulances were frequently being called to the company’s warehouses, we had a dialogue regarding the safety of workers and the fair treatment of labour unions, and enquired about measures to ensure worker safety.

At the shareholder meeting in March 2025, a shareholder proposal was submitted requesting the company to commission an independent audit and report on the working conditions and treatment faced by warehouse workers. We supported this proposal, as an independent audit would enable identification of potential risk areas and allow an objective evaluation of the effectiveness of the company’s risk mitigation measures, which is expected to ultimately contribute to improving the company’s labour environment.

In addition to labour-related issues, the company has faced various ESG controversies, including those related to climate change, which has led us to question its risk management and oversight. Therefore, we voted against the board chair in the director election proposal at the same shareholder meeting in March 2025. However, the proposal was approved against our vote.

Voting decision and context for a cash-rich Japanese company

The company in question is a leading Japanese electronics company with a high profit growth whilst maintaining a large proportion of cash. With our concerns about continued cash accumulation and decline of ROE in the future, we requested the establishment of external directors with management experience, or reform of executive compensation (performance-linked compensation or stock-based compensation with capital efficiency indicators as KPIs). However, the company stated that it does not consider these measures to be necessary at present and no progress was observed. Additionally, we requested a meeting with external directors responsible for supervisory functions but this has not been fulfilled. Since there have been no sufficient measures taken by the company and improvements are unlikely, we determined that this may hinder the enhancement of the company's corporate value and sustainable growth over the medium to long term. The resulting action was to escalate to proxy voting, through which we opposed the reappointment of directors such as the Chairman and President. Unfortunately, the result of the vote was not in favour of our position and Nomura AM will continue to seek a constructive dialogue toward strengthening the company's governance.

2025 Voting activity summary

The below table summarises the voting activities during 2025. The table follows the Vote Reporting Template of Pension UK. Information regarding the proxy advisors and the policies we adopted from them is described in the above section under "Equities".

Asset class	Number of eligible meetings	Number of eligible resolutions	% of resolutions voted	% Vote with management (of the resolutions voted)	% Vote against management (of the resolutions voted)	% Vote abstained (of the resolutions voted)	In what % of meetings, for which you did vote, did you vote at least once against management?	% of resolutions voted contrary to the recommendation of proxy adviser
Japanese Equities	2,092	20,299	100%	91%	9%	0%	49%	1%
Global equities (ex-Japan)	2,838	30,351	100%	86%	14%	0%	54%	5%

Principle 5: Integrating stewardship considerations into selection and oversight of external managers

As Nomura AM UK manages its assets directly (including entities within Nomura AM, Nomura AM affiliates and Nomura Group's Strategic Partner), Nomura AM UK deems that reporting against this Principle is not required.

Principle 6: Monitoring and holding to account stewardship service providers

Nomura AM utilises stewardship service providers to enhance its decisions, efficiency and/or influence and maintains the monitoring of our stewardship service providers on a continuous basis. Like all contractual arrangements, stewardship service providers are subject to a due diligence process, both before the business relationship commences and on an ongoing basis governed by our Vendor Policy and framework. The due diligence typically includes comprehensive risk assessments that take into account the type of services provided, the level of remuneration, the jurisdiction of the service providers, their regulatory status and any conflicts of interest which may arise.

Nomura AM employs ISS and Glass Lewis as proxy advisors, and Sustainalytics for engagement support services.

Oversight of proxy advisors

The type of services provided by the two proxy advisors Nomura AM utilises, as well as the extent of services have been discussed under Principle 4. Whilst we use ISS's recommendations, we also have access to the research provided by Glass Lewis to ensure that no critical issues are overlooked before we decide on how we vote. Nomura AM believes that using research and recommendations from two different providers helps mitigate the risk of potential bias or inaccuracy by any one single provider, thereby allowing us to make well-informed voting decisions.

We also engage with our proxy advisors to provide our feedback on relevant topics or issues we identified which in 2025 included Nomura AM's continued focus on certain sustainability topics and how these advisors could assist.

Oversight of engagement service provider

We utilise Morningstar Sustainalytics' engagement services to amplify our engagement voice and ability to push for better practices. This includes Global Standards Engagement, in which companies are selected for engagement based on the assessment of international norms violations such as the UN Global Compact principles, Material Risk Engagement covering companies with critical sustainability risks, and Thematic Engagement, which focuses on solutions to specific topics such as Biodiversity and Natural Capital, Climate Change, Feeding the Future, Human Rights, Modern Slavery and Net Zero. However, engagement activities through Sustainalytics services are more supplementary to the direct engagement conducted by Nomura AM.

If Nomura AM decides to participate in a particular engagement, we maintain an open communication channel with Sustainalytics to ensure the issues that concern us are being communicated to the portfolio companies.

We also maintain a regular dialogue with Sustainalytics to discuss progress and outcomes from engagements so that we are aware of the status of engagements supported by the provider.

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