

Nomura Asset Management U.K. Limited

The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations 2024 Report

Compliance statement

In accordance with ESG 2.2.7R, I confirm that the disclosures included in this report, including any third party or group disclosures cross-referenced in this report, comply with the requirements in chapter 2 of the FCA's ESG sourcebook.

鈴木健一

Kenichi Suzuki / CEO, Nomura Asset Management U.K. Limited

Climate-related Financial Disclosures

Our climate ambition and strategy

Nomura Asset Management U.K. Limited ("NAM UK") is a wholly-owned subsidiary of Nomura Asset Management Co., Ltd. ("NAM"). NAM recognises climate change as a high priority issue and in recognition of this, became a signatory of the Net Zero Asset Managers initiative in August 2021. To reduce the impact of climate change, the Paris Agreement sets a shared long-term goal of limiting the global average temperature increase to well below 2°C, and striving for 1.5°C, above pre-industrial levels. In October 2021, NAM announced its goal to achieve net zero greenhouse gas (GHG) emissions for both its investment portfolios and its own operations by 2050, and that by 2030 an interim target of 55% of its portfolio assets to be managed in alignment with achieving net zero emissions by 2050 or sooner.

Nomura Holdings, a parent company of NAM, announced the Nomura Group Purpose: "We aspire to create a better world by harnessing the power of financial markets". By facilitating the flow of risk capital through the financial market, we aim to support all stakeholders, including our clients, to raise ambition for change and have aspirations to make things better. With this purpose at our core, NAM UK endeavours to provide high sustainability capabilities that (1) contribute to both enhanced corporate value and a sustainable society through active ownership and (2) fulfil our fiduciary duty by managing systemic risks associated with climate change, amongst other environmental, social and governance (ESG) factors and protecting long-term interests of investors.

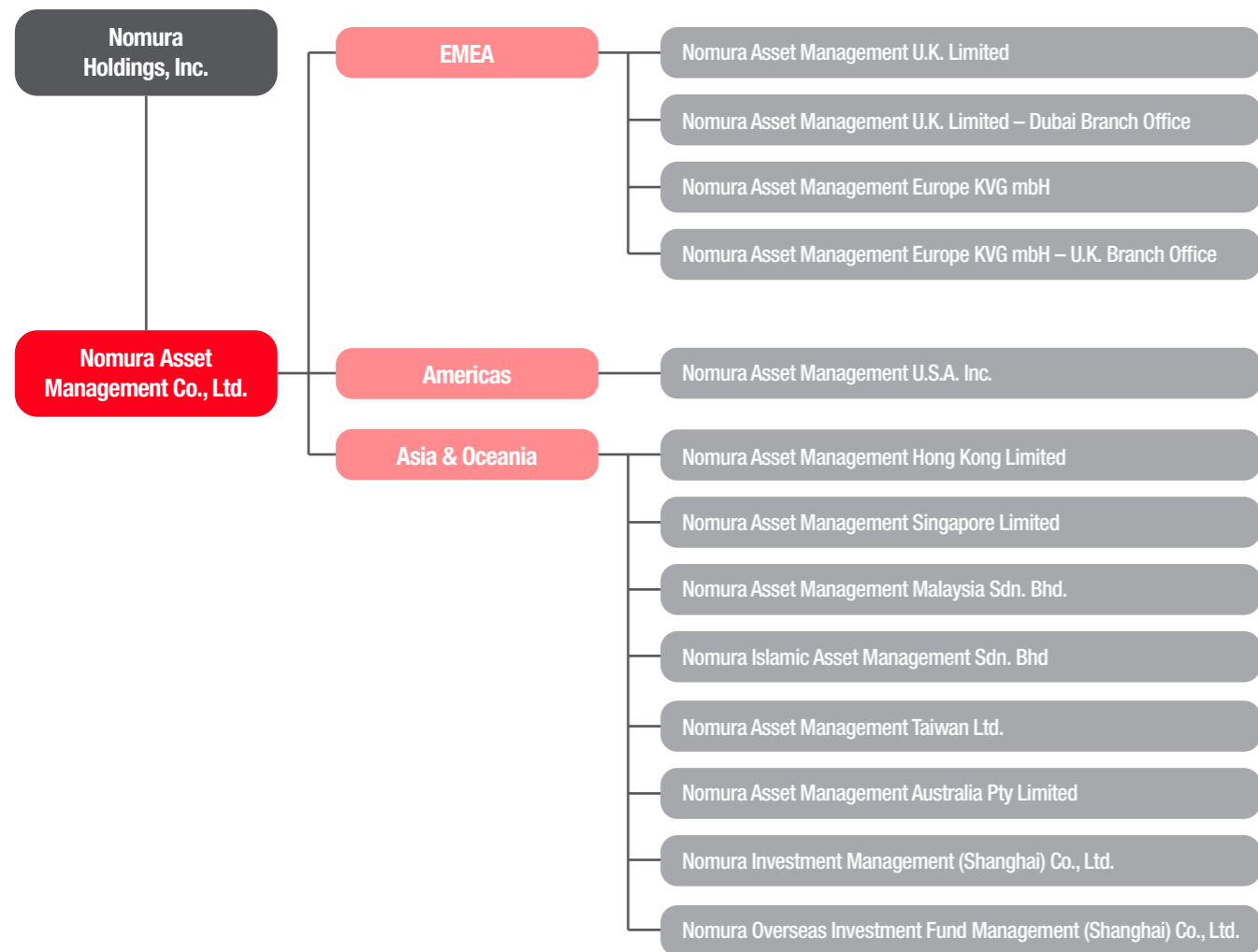
As a subsidiary of the larger Nomura Asset Management Group ("NAM Group", see "NAM Group Structure" below), NAM UK is in scope of producing our own TCFD report to comply with the current regulatory requirements as set out in the FCA's ESG sourcebook. Through this report, NAM UK aims to provide transparency to assist our stakeholders in understanding the financial materiality of climate change on our businesses, and how NAM UK is positioned to respond to certain risks and opportunities through its governance structure, strategy and various monitoring and oversight in place.

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

| | |
|-------------|--|
| "NAM" | refers to Nomura Asset Management Co.,Ltd, the Head Office of the NAM Group based in Tokyo, Japan. |
| "NAM Group" | refers to Nomura Asset Management Group. |
| "NAM UK" | |
| "We" | refers to Nomura Asset Management U.K. Ltd. |
| "Our" | |
| "Us" | |

While the reporting period covers 1st January to 31st December 2024, narrative part of the report include activities from January 2025 onwards.

NAM Group Structure



Governance

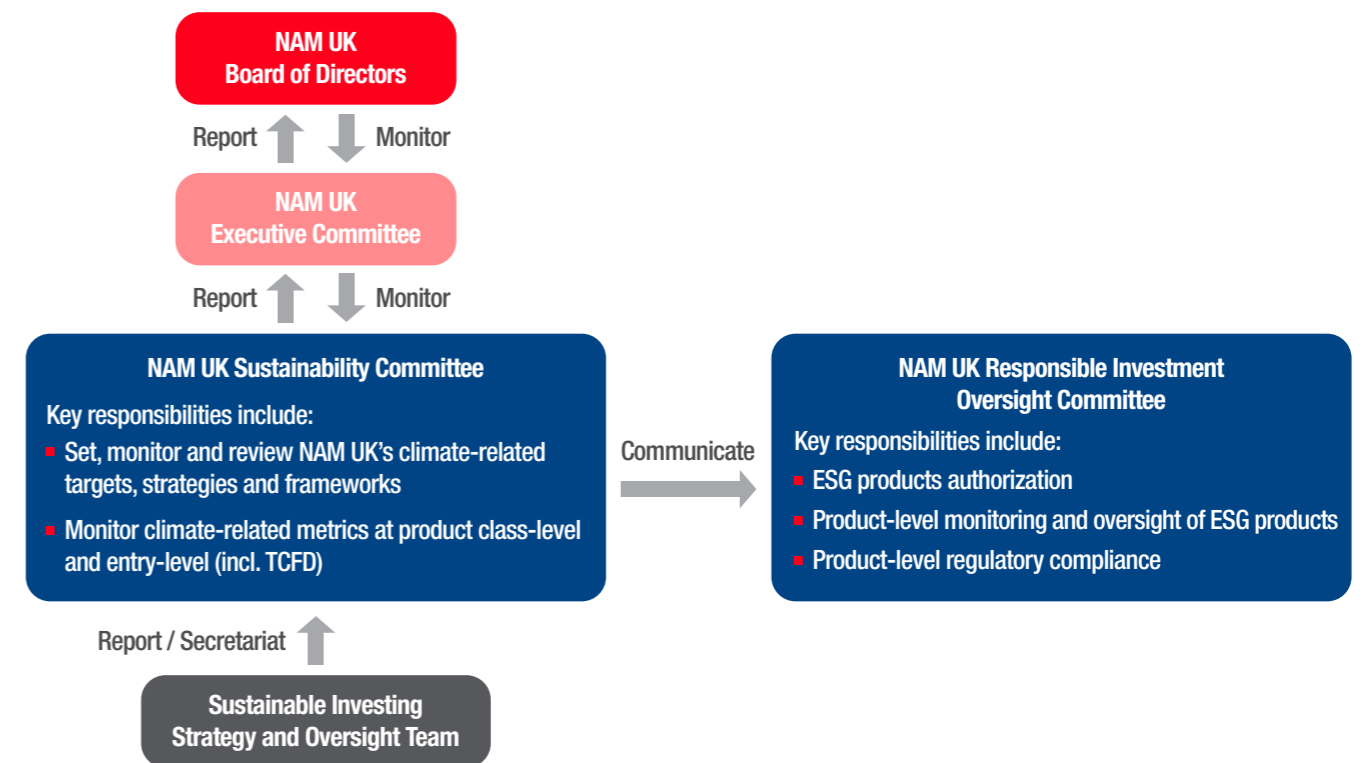
Board's oversight of climate-related risks and opportunities:

- Towards the end of 2024, NAM UK established a new Sustainability Committee, whose primary purposes include determining objectives, policies and strategies with regard to entity-level climate-related matters. The Sustainability Committee reports directly to the NAM UK Executive Committee ("ExCo"), which reports to the NAM UK Board of Directors ("BoD") (see figure "Governance Structure" below).
- NAM UK conducted a training to the ExCo and BoD with a third-party consulting firm for the purpose of general sustainability upskilling and setting the expectation for the ExCo and BoD in their oversight role on sustainability matters.

Management's role in assessing and managing climate-related risks and opportunities:

- NAM UK Sustainable Investing Strategy and Oversight ("SISO") team has been appointed as the secretariat to the new Sustainability Committee with the role of assessing and reporting climate-related risks and opportunities for NAM UK.
- New Sustainability Committee monitors climate-related risks and opportunities at NAM UK entity-level and certain product-level to enable decision-making useful assessment of climate-related risks and opportunities at NAM UK.
- NAM UK has the Responsible Investment Oversight Committee ("RIOC") which has functioned as an oversight entity to monitor product-level sustainability-related commitments and regulatory alignment including carbon metrics and climate-related risks and opportunities for NAM Group Article 8 and 9 products.

Governance Structure



Governance

In 2024, NAM UK enhanced its sustainability governance framework by establishing the new Sustainability Committee. The new governance structure encompasses the participation of various committees and teams, including the BoD, ExCo, new Sustainability Committee, RIOC and SISO team (see figure above). The BoD is ultimately responsible for the oversight of climate-related risks and opportunities at NAM UK and believes that understanding and incorporating climate factors are important in making better long-term investment decisions. Day-to-day oversight is delegated to the ExCo and Sustainability Committee. The primary objective of this governance structure is to embed sustainability considerations including climate-related risks and opportunities into the management of NAM UK and the investments we manage on behalf of our clients. As an asset management company, we particularly focus on the emissions attributed to our investment portfolios (“financed emissions”) and assessed NAM UK entity-level climate-related risks and opportunities for 2024 against the NAM Group-level net zero targets, as further detailed under “Metrics and Targets” section. The Sustainability Committee also monitors product-level climate-related risks and opportunities for certain focus products (including all sustainable product offerings) and share the results with the ExCo and portfolio management teams to assist their more informed decisions, as further described under “Strategy” section. The Sustainability Committee will further work on communicating strategies and frameworks set by the Committee with relevant committees and departments across NAM UK to ensure sustainability risks and opportunities (including climate-related risks and opportunities) are embedded across the entity.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term:

- At NAM UK, business operations and the investments we make on behalf of our clients are exposed to climate-related transition and physical risks as well as opportunities. The table below describes our qualitative assessment of main climate-related risks and opportunities for our business operations and investments.
- NAM UK has conducted a climate-related impact analysis of our investments by using the tool provided by ISS-ESG. The results of the analysis are detailed under “Metrics and Targets”.

Impact of climate-related risks and opportunities on NAM UK’s businesses, strategy, and financial planning:

- NAM UK’s actions to mitigate climate-related risks and take advantage of climate-related opportunities are described in the table below.

| 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 NAM 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 NAM 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.

Strategy

NAM UK monitors climate-related risks across our focus products (e.g. the Nomura Funds Ireland UCITS funds managed by NAM Group entities). Our sustainable product offerings (SFDR Article 8 & 9 products) are in general much more resilient to climate-related risks than products without sustainability features (SFDR Article 6 products), owing to sustainability integrated investment processes and stewardship activities that curtail downside risks arising from climate challenges, further described below. The bird's-eye view of climate-related risks also allow NAM UK to identify specific issuers, sectors and geographies that are more prone to physical and transition risks and assist our portfolio management teams to make more informed decisions accordingly.

As per the table above, our business operations and investments we make on behalf of our clients are exposed to climate-related risks and opportunities. In this part, we focus on how we seek to manage climate-related risks and opportunities in relation to our investments given that they could impact our ability to deliver long-term value for our clients.

The key actions are 1) integration, 2) stewardship activities and 3) sustainability capability, as below:

Integration

- At NAM Group, we integrate ESG factors including climate risks (and in some cases opportunities) into our investment research processes across equities and fixed income strategies. The underlying belief of integrating ESG factors into investment research is that actions taken by investee companies to appropriately manage sustainability risks and opportunities are key drivers for investment returns. While the approaches of integration may vary depending on asset classes and strategies, ESG factors are taken into account in the forms of proprietary ESG scores and/or ratings.

Stewardship activities

- We believe that engagement is an integral part of our research and investment. Engagement, or constructive dialogue with investee companies, can enhance our understanding of investee companies and act as a driver to encourage positive change. Our focused topics for engagement include climate-related disclosures and setting climate targets approved by Science Based Target initiative (SBTi) (see spotlight below). Depending on asset classes, strategies and targeted sustainability outcomes, some engagement activities are conducted by a dedicated team of engagement specialists and others are conducted by analysts and/or portfolio managers. While the variety of approaches taken, all of our engagement activities follow NAM Group's Basic Principles of Engagement (<https://global.nomura-am.co.jp/responsibility-investment/engagement.html>).
- Alongside engagement, we believe that proxy voting is a critical tool to fulfil our fiduciary duty to encourage investee companies to enhance corporate value. NAM Group has the Global Proxy Voting Policy and specific Proxy Voting Standard for Japanese Companies which is used as a basis for judgement. In exercising proxy voting rights, we take into account ESG factors including climate-related disclosures and commitments, and take appropriate decisions in order to protect shareholder value, ultimately our clients' assets.

Sustainability Capability

- We have a range of strategies that consider sustainability outcomes in addition to financial outcomes to a varying degree. Some are more focused on mitigating negative sustainability outcomes and others are more focused on looking for positive sustainability outcomes. We have sustainability capability in both equities and fixed income asset classes.
- There is no "one size fits all" approach when it comes to integrating sustainability into investment. Therefore, at NAM UK, we aim to continuously enhance and expand our sustainability capability to reflect dynamically evolving environment, society, expectations of clients and regulations and to protect our clients' assets.

Resilience of NAM UK's strategy taking into consideration climate-related scenario analysis for NAM UK:

NAM UK has assessed the alignment of our four asset-class (Japanese equities; global (ex. Japan) equities; Japanese bonds and global (ex. Japan) bonds) aggregate portfolio with the Sustainable Development Scenario (SDS). In addition, NAM UK has conducted a comparison of the total carbon emissions and carbon budget of our aggregated portfolio under different scenarios. Please refer to pages 14-16 for the climate scenario analysis.

Strategy

Climate-related stewardship spotlight

The Global Equity Team at NAM UK launched a SBTi engagement project at the end of 2021 to offer support to those companies exploring the opportunity to commit to validating their GHG emission reduction targets with the SBTi. The project originally targeted investee companies held in our Global Sustainable Equity strategy but over the years we have expanded our target companies to broader portfolios in assisting with NAM Group's commitment as a signatory to the Net Zero Asset Managers initiative.

As of Q2 in 2024, around 50% of the investee companies in NAM UK Global Equity Team's approved-to-buy list have had at least near term targets set and approved by the SBTi, while a further approximately 10% have committed to doing so. We aim at engaging with every new holding that enters the list. Although it is difficult to fully attribute impact from such engagement effort, the team is very pleased with the progress over recent years and to see that the initiative is getting further traction. Since launching the project in late 2021, we have seen at least 23 of the companies held across our strategies verified, while 15 more are underway with commitments set. Through the years, we have tried to support those companies with advice, have attempted to connect some with peers across industries and geographies and for some have even put them directly in touch with representatives from the initiative to assist.

During the quarter, we also held a call with a representative from the Science Based Targets initiative to discuss potential challenges faced, progress over targets and how the investment community can be of further assistance to the initiative.

The team is well aware of differences in sustainability practices adopted by corporates across geographies and sectors. The SBTi engagement project has since been participated by various offices within NAM Group as per the below case study.

Case Study from Singapore and Tokyo offices

During Q4 in 2024, we initiated an engagement to facilitate a knowledge sharing exercise between an Indian recycler (net zero transition targets articulated) and a Japanese recycler (SBTi validated) with specific emphasis around the Japanese corporate's SBTi journey, process, understanding of key levers and challenges as well as governance aspect (oversight function) involving SBTi commitment to validation. For the purpose of this intercompany collaboration initiative, representatives from both NAM Singapore and NAM Tokyo were involved in connecting the two corporates.

In early December 2024, we engaged with senior management of one of India's largest merchant recyclers, focused on lead recycling to understand their sustainability approach. The company has articulated short term (FY24 – FY27 = 30% RE, Scope 3 reporting by FY26), medium term (FY28 – FY34 = 50% RE, Scope 3 – targets, projects and framework) and long term targets (FY35 – FY50 = objective of achieving Net Zero emissions by the group for Scope 1 and 2 emissions).

We followed up on our engagement with the ESG lead at the Indian recycling company on 19th December 2024. During our virtual engagement, we acknowledged our appreciation of the initial steps taken by the company in their quest for sustainability. NAM Singapore suggested that the Indian corporate connect with the SBTi leadership team in Asia to enable a better understanding of the process and challenges in their journey towards net zero. In addition, as part of knowledge sharing, we initiated the process of connecting the corporate with another Japanese listed player in a similar line of business who have had their net zero strategy validated by SBTi. The Indian corporate has expressed interest in engaging with the Japanese corporate and has initiated the first step of connecting via our NAM Tokyo office.

Risk Management

Processes for monitoring and assessing climate-related risks:

- As above, our business operations and investments we make on behalf of our clients are exposed to climate-related risks and opportunities. The main risks we could face and actions we have taken to manage those risks are detailed in the Strategy section of this report (above).
- Specifically for products categorised as Article 8 and 9 under the EU Sustainable Finance Disclosure Regulation (“SFDR”) that are managed by NAM Group entities, we conduct periodic monitoring of sustainability profile which includes carbon emissions, carbon footprint and carbon intensity as well as climate scenario analysis for each portfolio. Our monitoring utilises data provided by external data providers, ISS-ESG and MSCI as well as a tool developed within the NAM Group.
- As further detailed under the Metrics and Targets section, NAM UK conducts climate scenario analysis provided by ISS-ESG for asset class-level monitoring of climate-related risks. In order to enhance our climate-related risk management framework and assist the ExCo, BoD and portfolio management teams to make more informed decisions, we have expanded our climate scenario analysis to some of our key products that are outside of sustainable product offerings (i.e. SFDR Article 8 and 9). We started to share the results of the analysis to portfolio management teams to facilitate appropriate understanding of the potential physical and transition risks that are faced by each product. In 2025, we aim to formalise the monitoring process for those key products as part of our risk management enhancement efforts.

Processes for managing climate-related risks and opportunities:

- Specifically for products categorised as Article 8 and 9 under the SFDR that are managed by NAM Group entities, strategies have been taken which include limiting portfolio-level carbon emissions, carbon footprint, carbon intensity and exposure to fossil fuels against broad market benchmark or evaluating certain climate-related indicators on a continuous basis and engaging with investee companies if mid- or long-term trajectories are not in line with their decarbonisation plans. This evaluation is conducted using data provided by external data providers, ISS-ESG and MSCI as well as a tool developed within the NAM Group.

Integrating climate-related risk processes into overall risk management:

- NAM UK has been working on formalising sustainability risk management framework by formally identifying sustainability risks that span across various risk areas and embedding control measures targeted at sustainability risks, including climate-related risks, within the existing risk management framework.
- For continued oversight, the ExCo receives semi-annual monitoring results of climate scenario analysis for review and will also be informed of any material developments in relation to the assessments.

Metrics and Targets

Metrics used to assess climate-related risks and opportunities:

- In assessing climate-related risks and opportunities in our financed emissions, NAM UK aligns with the metrics used by NAM Group, such as total carbon emissions, carbon footprint, carbon intensity, weighted average carbon intensity (WACI), to enable comparison between NAM entities.

Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions and the related risks:

- NAM UK reports Scope 1, Scope 2, and Scope 3 emissions for our investment portfolio consisting of four asset classes (Japanese equities, global (ex. Japan) equities, Japanese bonds and global (ex. Japan) bonds).
- NAM UK’s analysis examines several metrics, including total carbon emissions, carbon footprint, carbon intensity and WACI. These metrics are compared to relevant benchmarks to assess the environmental impact.
- These metrics are also utilised to determine the exposure of each asset class to high-impact sectors, power generation mix and physical risk by geography. Additionally, they help calculate the portfolio’s Climate Value at Risk (CVaR) by asset class and by sector, in comparison to the relevant benchmark.

Targets used to manage climate-related risks and opportunities:

- As a signatory of NZAM, NAM Group has set the following interim and long-term targets at the group-level.
 - 2050 net zero goal is to achieve net zero emissions in operations and investment portfolio.
 - 2030 interim target of 55%* of assets under management to be managed in alignment with achieving net zero emissions by 2050 or sooner.
- At NAM UK, we do not have stand-alone climate targets set as an entity due to its nature as a subsidiary of NAM Group. Instead, we focus on enhancing our sustainability capability to serve various climate ambitions of our clients and contribute to the targets at the group-level.
- NAM UK utilises analysis provided by ISS-ESG on portfolio alignment to the sustainable development scenario (SDS) carbon budget and the status of portfolio companies’ carbon emission reduction targets for each asset class in the four-asset aggregated portfolio.

Note: * 55% (by weight) of the portfolio companies in Nomura Asset Management’s investment portfolio having attained SBT approval.

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions)

Scope of Analysis:

In this section, NAM UK analysed climate-related risks and opportunities (where applicable) in four asset class groupings: Japanese equities; global (ex. Japan) equities ("Global equities"); Japanese bonds and global (ex. Japan) bonds ("Global bonds") in line with the TCFD reports disclosed by NAM. Products in scope of the analysis are products where NAM UK acts as the lead investment manager (such as our Nomura Funds Ireland UCITS funds including those sub-delegated to other parties) as well as products where NAM UK acts as the sub-investment manager and advisor (such as products delegated by other NAM Group entities or clients) ("In-Scope Products"). All Scope 1, Scope 2 and Scope 3 GHG emissions consist of a combination of company-reported and estimated data depending on the availability and reliability of the data. Companies without data were removed from the analysis.

| Japanese Equities | Global Equities | Japanese Bonds | Global Bonds |
|--|--|--|--|
| <ul style="list-style-type: none"> ▪ Benchmark: TOPIX ▪ USD 5.79 billion, approx. 26 % of total AUM in scope of the analysis | <ul style="list-style-type: none"> ▪ Benchmark: MSCI ACWI ex-Japan ▪ USD 8.66 billion, approx. 38% of total AUM in scope of the analysis | <ul style="list-style-type: none"> ▪ Benchmark: NOMURA-BPI (overall) (only corporate bonds) ▪ USD 0.12 billion, approx. 1% of total AUM in scope of the analysis | <ul style="list-style-type: none"> ▪ Benchmark: Bloomberg Global Aggregate ex Japan Index (only corporate bonds) ▪ USD 8.06 billion, approx. 36% of total AUM in scope of the analysis |

Reference Standards:

We utilised the following standards and methods in our analysis of climate-related risks and opportunities:

- The Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials ("PCAF")
- ISS-ESG
- World Energy Outlook (IEA, International Energy Agency)

Reporting Period:

The reporting period covers 1st January to 31st December 2024 and the analysis below was conducted on the portfolio holdings as of the end of December 2024.

Limitations of Data and Modelling:

Analysis, data and information presented below should be treated with special caution as it involves a significant amount of data prepared, assumptions and estimations made at a given point in time. The quality of data we used to conduct climate-related analysis is still developing both at investee companies level and data provider level. Where estimates are used, methodologies involve various assumptions and judgements. Therefore, analysis conducted may subsequently turn out to be incorrect. In case of climate scenario analysis, such analysis relies on forward-looking assumptions that are inherently uncertain.

In our analysis of financed emissions, we use Scope 1, Scope 2 and Scope 3 GHG emissions reported by investee companies or estimated by ISS-ESG. For carbon footprint, carbon intensity and weighted average carbon intensity, we currently only use Scope 1 and Scope 2 carbon emissions.

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions)

Metrics Explained:

Financed Emissions (Total Carbon Emissions)

- **Total Carbon Emissions:** Total GHG emissions associated with the portfolio
- **Unit:** tCO₂e (CO₂ equivalent)
- **GHG Emissions of Investee Companies:** Include Scope 1,2 and 3 emissions

$$\text{Financed Emissions} = \sum_i^n \left(\frac{\text{Market Value of Investee } i}{\text{EVIC of Investee } i^*} \right) \times \left(\text{GHG Emissions of Investee Company } i \right)$$

Carbon Footprint

- **Carbon Footprint:** Total carbon emissions divided by the market value of the portfolio
- **Unit:** tCO₂e/million USD (investment amount)
- **Financed Emissions (Total Carbon Emissions):** Include Scope 1 and 2 emissions

$$\text{Carbon Footprint} = \frac{\text{Financed Emissions}}{\text{Market Value of Portfolio}}$$

Carbon Intensity

- **Carbon Intensity:** Total carbon emissions divided by revenues of investee companies allocated to the portfolio
- **Unit:** tCO₂e/million USD (revenue)
- **Financed Emissions (Total Carbon Emissions):** Include Scope 1 and 2 emissions

$$\text{Carbon Intensity} = \frac{\text{Financed Emissions}}{\sum_i^n \left(\frac{\text{Market Value of Investee } i}{\text{EVIC of Investee Company } i^*} \right) \times \left(\frac{\text{Revenue of Investee Company } i}{\text{Revenue of Investee Company } i} \right)}$$

Weighted Average Carbon Intensity

- **Weighted Average Carbon Intensity:** Average carbon emissions per unit of revenue across all investee companies within the portfolio, weighted by the size of each investment
- **Unit:** tCO₂e/million USD (revenue)
- **GHG Emissions of Investee Companies:** Includes Scope 1 and 2 emissions

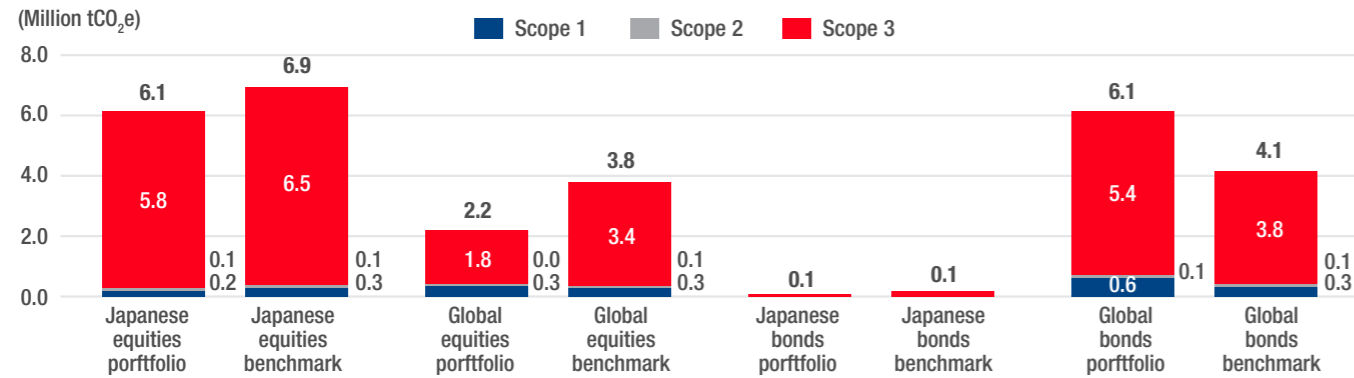
$$\text{Weighted Average Carbon Intensity} = \sum_i^n \left(\frac{\text{Market Value of Investee } i}{\text{Market Value of Portfolio}} \right) \times \left(\frac{\text{GHG Emissions of Investee } i}{\text{Revenue of Investee Company } i} \right)$$

Note:

EVIC is Enterprise Value Including Cash, and refers to corporate value including cash. EVIC is used for calculation of financed emissions in order to avoid the possibility of negative enterprise value, meaning that cash and cash equivalents are not deducted. EVIC = Market capitalization of shares (ordinary shares, class shares such as preferred shares) + debt (book value) + non-controlling shareholders' interests (book value).

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions)

Financed Emissions (Scope 1, 2 and 3) vs. Benchmarks (Graph)



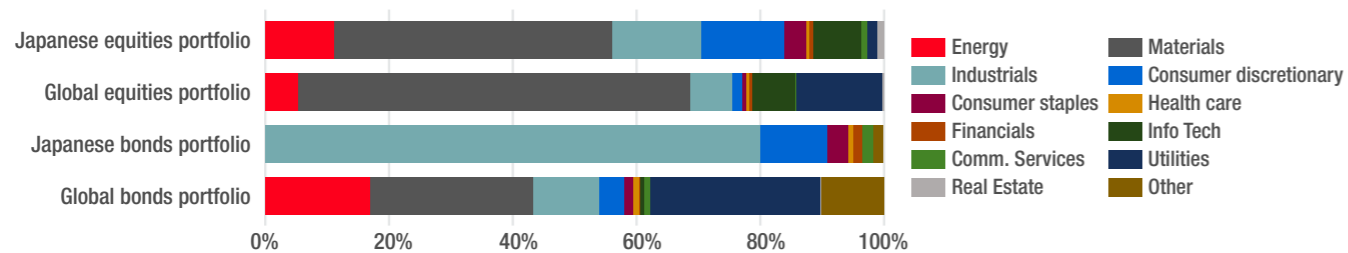
Note: For Japanese bonds, scope 1 and 2 GHG emissions were 0.0 million tCO₂e in the graph above.

Financed Emissions (Scope 1, 2 and 3) vs. Benchmarks (Table)

| Scope | Asset Class | Portfolio | BM | % of BM |
|---|-------------------|-----------|-----|---------|
| Scope 1 (Million tCO ₂ e) | Japanese equities | 0.2 | 0.3 | 57% |
| | Global equities | 0.3 | 0.3 | 119% |
| | Japanese bonds | 0.0 | 0.0 | 7% |
| Scope 2 (Million tCO ₂ e) | Japanese equities | 0.1 | 0.1 | 109% |
| | Global equities | 0.0 | 0.1 | 85% |
| | Japanese bonds | 0.0 | 0.0 | 16% |
| Scope 3 (Million tCO ₂ e) | Japanese equities | 5.8 | 6.5 | 89% |
| | Global equities | 1.8 | 3.4 | 52% |
| | Japanese bonds | 0.1 | 0.1 | 51% |
| Total of Scope 1,2,3 (Million tCO ₂ e) | Japanese equities | 6.1 | 6.9 | 88% |
| | Global equities | 2.2 | 3.8 | 57% |
| | Global bonds | 6.1 | 4.1 | 149% |

The analysis indicates that Japanese equities, Global equities and Japanese bonds portfolios had lower aggregate carbon emissions of Scope 1, 2 and 3 compared to their relevant benchmarks. Japanese equities had slightly higher Scope 2 carbon emissions against its benchmark and Global equities had higher Scope 1 carbon emissions but both have been offset when aggregated. In comparing each asset class against its benchmark, we used the same monetary amount invested. Global bonds portfolio showed a similar profile as the previous year with higher total carbon emissions (Scope 1, 2 and 3) compared to the benchmark with each of Scope 1, 2 and 3 carbon emissions being higher than those of the benchmark.

Breakdown of Financed Emissions (Scope 1 and 2) by Industry

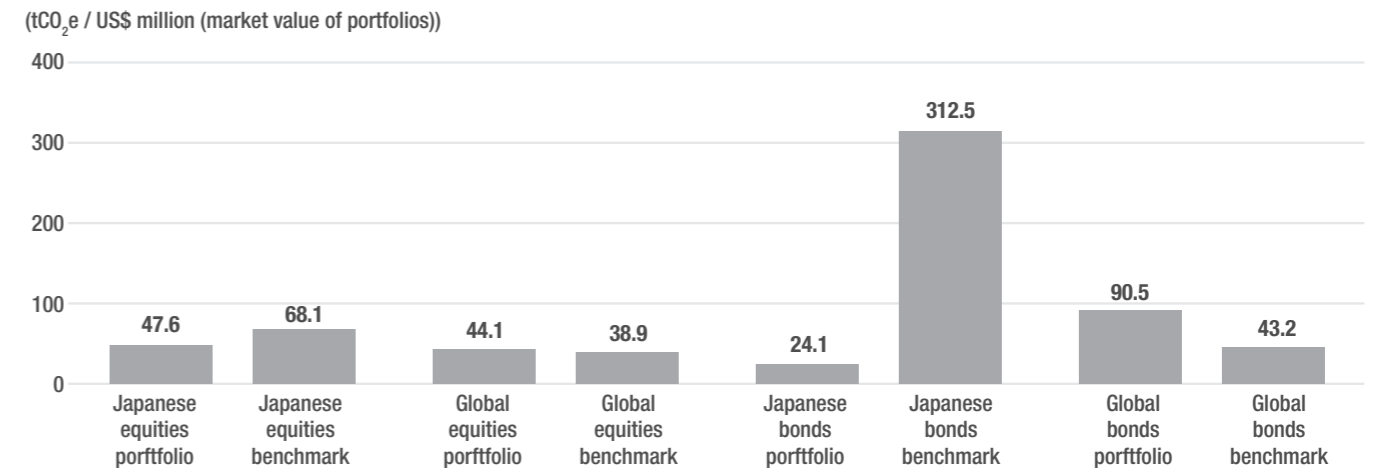


Notes: The scope of total carbon emissions above is Scope 1 and Scope 2 GHG emissions. Industry classification is based on 11 sectors based on the Global Industry Classification Standard ("GICS"). "Other" in Global bonds portfolio includes government managed companies which do not fall under GICS sectors.

In terms of the proportion of total carbon emissions (Scope 1 and 2) accounted for by each industry, high proportions of emissions were observed from the Materials sector across all asset classes other than Japanese bonds. We reassessed in-scope products for Japanese bonds in 2024 and this has resulted in the exclusion of some products included in the 2023 analysis that had exposure to Materials sector. The largest contributor to the total carbon emission for Japanese bonds portfolio is now Industrials. Energy, Industrials, Consumer Discretionary and Utilities have seen high proportions in certain asset classes. These sectors are considered as high impact sectors along with others in line with the Net Zero Investment Framework.

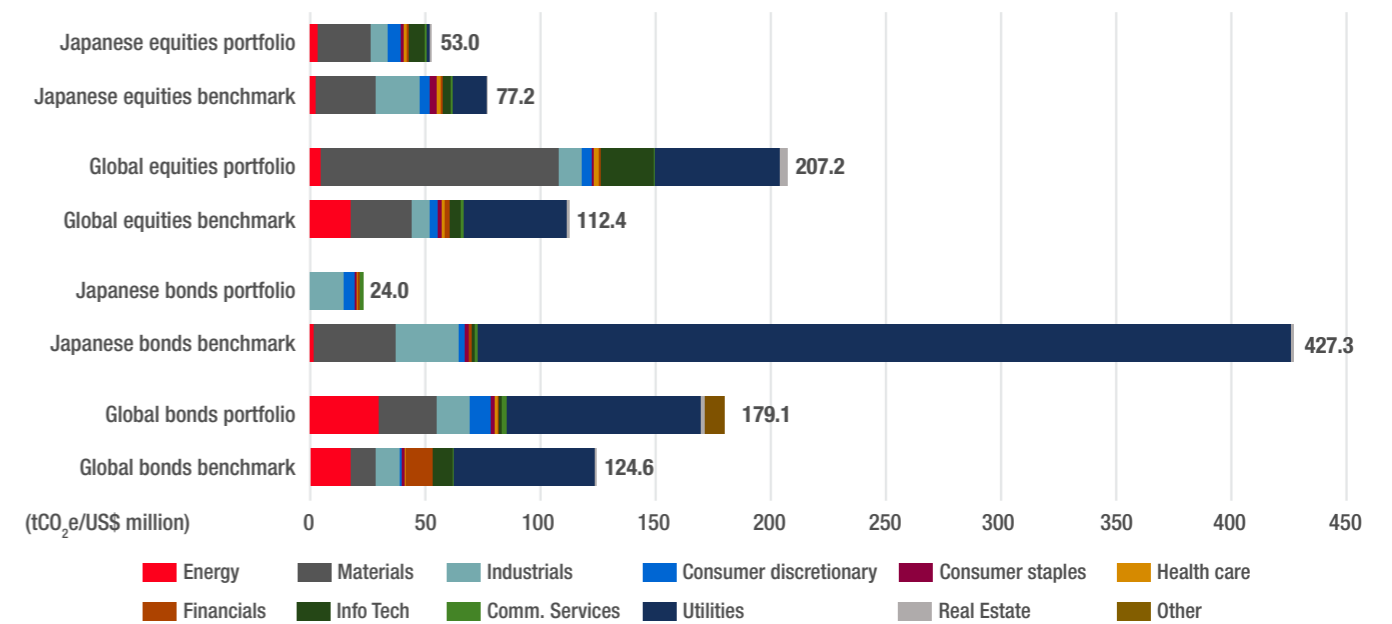
Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions)

Carbon footprint of NAM UK's investment portfolio



Note: The scope of carbon footprint above is Scope 1 and Scope 2 GHG emissions.

Weighted Average Carbon Intensity of Financed Emissions (WACI) by Industry



Notes: The scope of Weighted Average Carbon Intensity (WACI) above is Scope 1 and Scope 2 GHG emissions. WACI is an indicator of GHG emissions per unit of revenue for companies or portfolios.

Scenario Analysis and Status of GHG Emission Reductions of Portfolio

| Scenario | Description | Temperature Rise Projection (by 2100) |
|----------|--|---------------------------------------|
| SDS | Scenario consistent with the goal of the Paris Agreement | Within 1.5°C |
| APS | Scenario based on countries fulfilling their national reduction targets and long-term net zero targets | Approximately 2.1°C |
| STEPS | Scenario based on the intentions and targets of currently implemented policies | Approximately 2.6°C |

Source: Created by NAM UK based on various sources including the International Energy Agency (IEA). Additionally, the latest "World Energy Outlook 2024" by the IEA estimates that the temperature rise in 2100 for each scenario is approximately 1.7°C for APS and approximately 2.4°C for STEPS.

Sustainable Development Scenario (SDS)

This scenario aligns with the goal of the Paris Agreement adopted at COP21 (the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change) held in December 2015, which aims to "keep the increase in global temperatures well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C." The projected temperature rise by the end of this century is estimated to be less than or equal to 1.5°C.

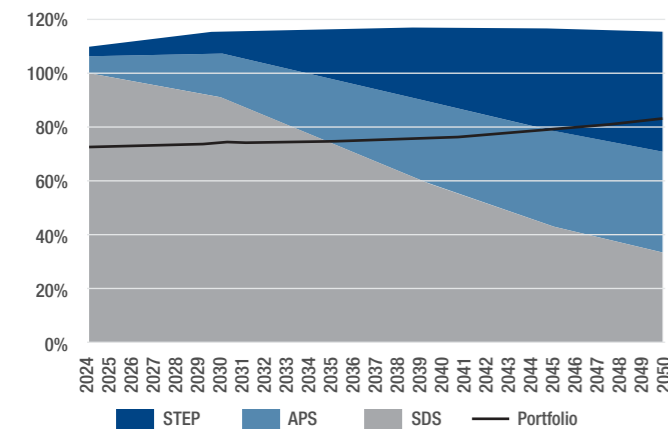
Announced Pledges Scenario (APS)

This scenario considers the commitments made by countries to fulfil their Nationally Determined Contributions (NDCs) and long-term net-zero targets, as outlined in Article 4 of the Paris Agreement, and assumes they are implemented fully and in a timely manner. The projected temperature rise by the end of this century is estimated to be approximately 2.1°C.

Stated Policies Scenario (STEPS)

This scenario is based on the intentions and targets of the policies currently being implemented by countries, assuming that governments execute the policy initiatives they have publicly announced. The projected temperature rise by the end of this century is estimated to be approximately 2.6°C.

NAM UK Four Asset-Class Aggregated Portfolio's Current and Future GHG Emissions vs. Climate Scenarios Budgets



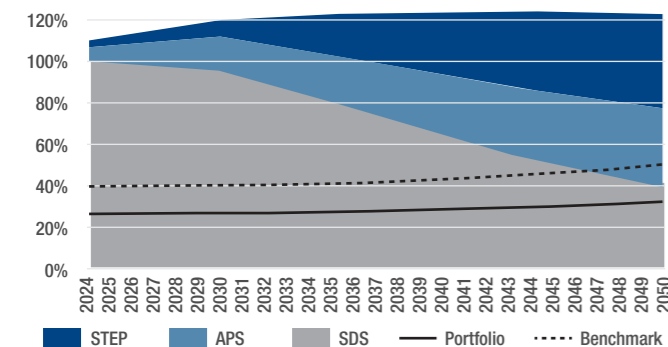
Note: 2024 carbon budget for SDS is set at 100% on the graphs' y-axis.

As shown on the left, NAM UK used the ISS-ESG to perform a scenario analysis to understand the alignment of NAM UK's four asset-class (i.e. Japanese equities, Global equities, Japanese bonds and Global bonds) aggregated portfolio against three different scenarios (i.e. SDS, APS and STEPS as further described above) in the World Energy Outlook 2021 issued by the International Energy Agency (IEA).

In the scenario analysis process, different types of carbon emissions were used based on the relevance of certain emission scopes to each sector. For example, while the analysis used both Scope 1 and 2 GHG emissions for most companies, it used Scope 1 GHG emissions for utilities companies and it used Scope 3 GHG emissions for fossil fuel-producing companies. The scenario analysis indicated that NAM UK's four asset-class aggregated portfolio is likely to exceed the total carbon emissions permitted in the SDS in 2035.

By Asset Class

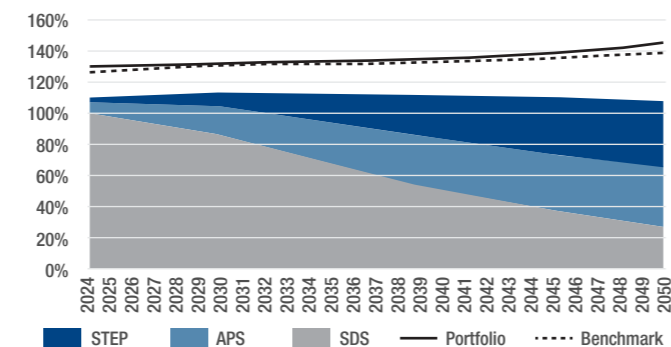
Japanese equities portfolio



Japanese equities represent approx. 26% of total AUM in scope of the analysis

Note: 2024 carbon budget for SDS is set at 100% on the graphs' y-axis

Global equities portfolio

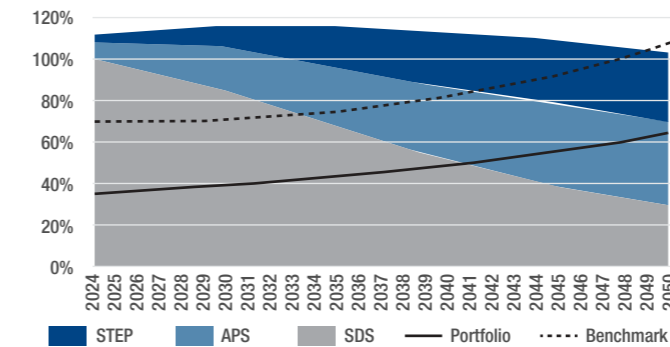


Global equities represent approx. 38% of total AUM in scope of the analysis

Scenario Analysis and Status of GHG Emission Reductions of Portfolio

By Asset Class

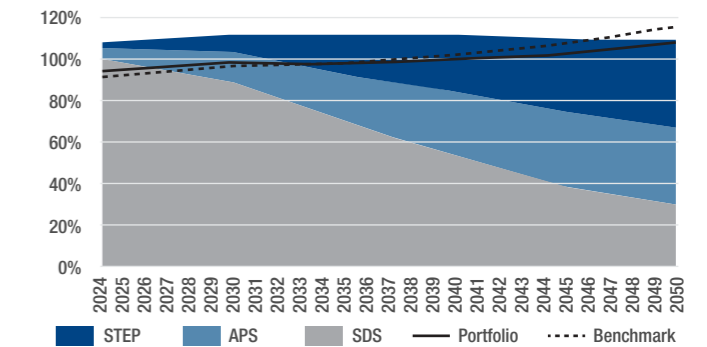
Japanese bonds portfolio



Japanese bonds represent approx. 1% of total AUM in scope of the analysis

Note: 2024 carbon budget for SDS is set at 100% on the graphs' y-axis

Global bonds portfolio



Global bonds represent approx. 36% of total AUM in scope of the analysis

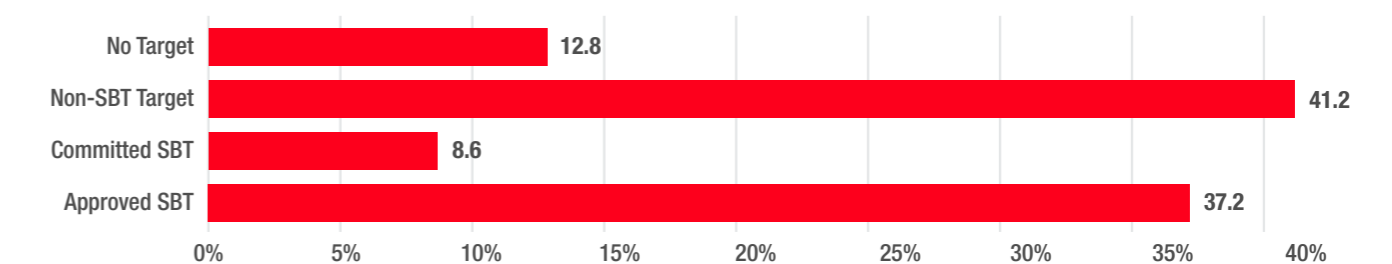
- The Japanese equities portfolio in its current state is **aligned** with a SDS scenario by 2050, representing a potential temperature increase of 1.5°C.
- The Global equities portfolio in its current state is **misaligned** with a SDS scenario by 2050, representing a potential temperature increase of 2.8°C, and an SDS-aligned budget-exceed year of 2024.
- The Japanese bonds portfolio in its current state is **misaligned** with a SDS scenario by 2050, representing a potential temperature increase of 2.1°C, and an SDS-aligned budget-exceed year of 2041.
- The Global bonds portfolio in its current state is **misaligned** with a SDS scenario by 2050, representing a potential temperature increase of 2.7°C, and an SDS-aligned budget-exceed year of 2027.

GHG Emission Reduction Targets Committed by Portfolio Companies

In order to track the progress of NAM Group's managed assets towards its 2050 net zero goal and the 2030 interim target, we utilise the Science Based Targets initiative for Financial Institutions (also referred to as "SBTi for FI") methodology. Under the SBTi for FI, financial institutions should monitor the ratio of portfolio companies whose targets have been approved by SBTi (SBT portfolio coverage ratio) as well as the temperature ratings developed by the CDP and the WWF. NAM UK is utilising ISS-ESG's analytical tools to monitor GHG emission reduction targets of portfolio companies in our investment portfolio (including SBT approval).

As at the end of 2024, the ratio of companies with approved SBTs for NAM UK's four asset-class aggregated portfolio was 37.2% compared to 31.8% as of the end of 2023. Companies with committed SBT means that they have committed to setting GHG reduction targets based on scientific evidence. NAM UK believe that SBT commitment is proof of investee companies' commitment to decarbonisation and an important stepping stone towards achieving a low-carbon economy. Therefore, NAM UK will continue to encourage portfolio companies to proactively commit to SBTs and obtain approval through stewardship activities including engagement.

Status of GHG Emission Reduction Targets in Four Asset-Class Aggregated Portfolio



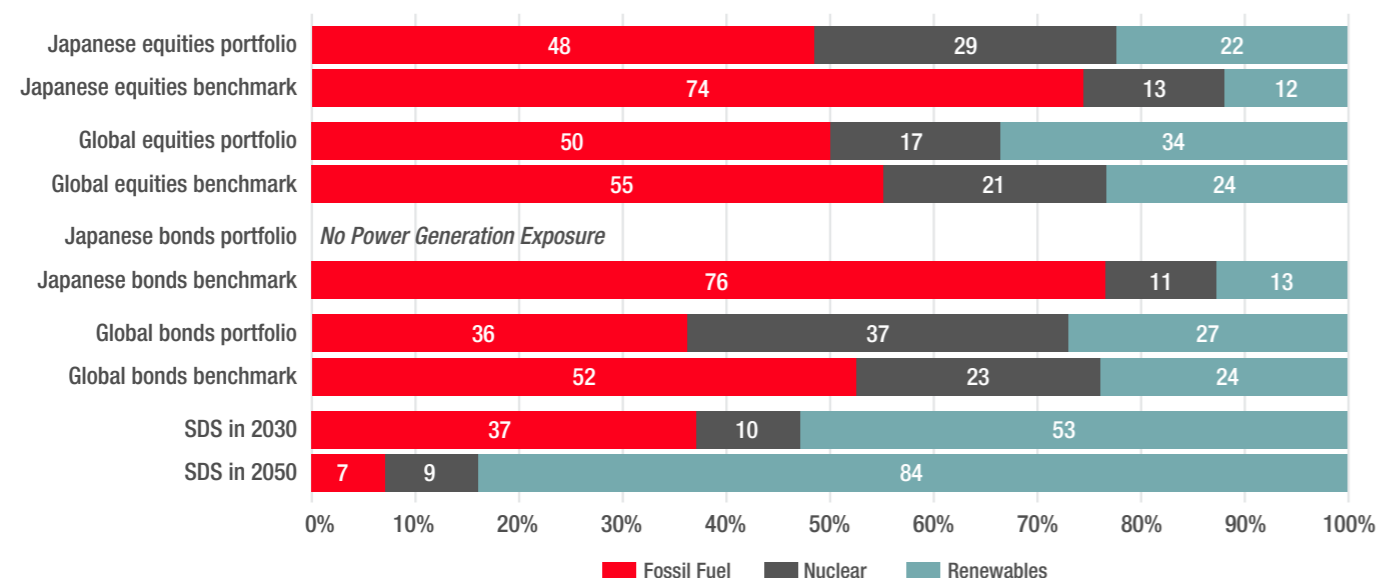
Source: ISS-ESG. "Non-SBT Target" includes "Ambitious" or "Non-Ambitious" assessed by ISS-ESG.

Scenario Analysis and Status of GHG Emission Reductions of Portfolio

Transition Risk Analysis

It is important to analyse climate-related transition risks in detail as these risks could significantly affect companies' enterprise value and their cost of doing business. NAM UK focuses on a transition risk analysis method which involves using ISS-ESG data to analyse the power generation exposure and future GHG emissions (i.e. the risk of stranded assets) on an energy generation basis in the portfolio, and the ratio of problematic resource development (shale oil/gas development and fracking, crude oil or gas drilling in the arctic, oil sands development, etc.), along with using the carbon risk rating, which is ISS's proprietary transition risk assessment.

Power Generation Mix (Portfolio, Benchmark, SDS)



The graph above compares the proportion of power generation exposure of our portfolios, the benchmarks, and the SDS based on the power generation volume. The SDS, based on the IEA forecasts, shows the power generation exposure mix that is likely to limit the temperature increase in 2030 and 2050 respectively to less than 1.5°C above pre-industrial levels.

While the proportions of fossil fuel power generation exposure were lower than their broad market benchmarks across all asset classes, majority are still higher than the fossil fuel exposure compatible with SDS in 2030. As for the Global bonds' portfolio, while its fossil fuel exposure was lower than the level compatible with SDS for 2030, the exposure to renewables is significantly lower. To the extent that energy transition in the global economy allows, NAM UK will aim to influence our invested companies through stewardship activities to transition away from fossil fuel and towards cleaner alternatives. We will also strive to direct our investments into appropriate opportunities that are key to enable transition such as companies that are fundamental to renewable deployment and companies producing materials crucial to building energy infrastructure.

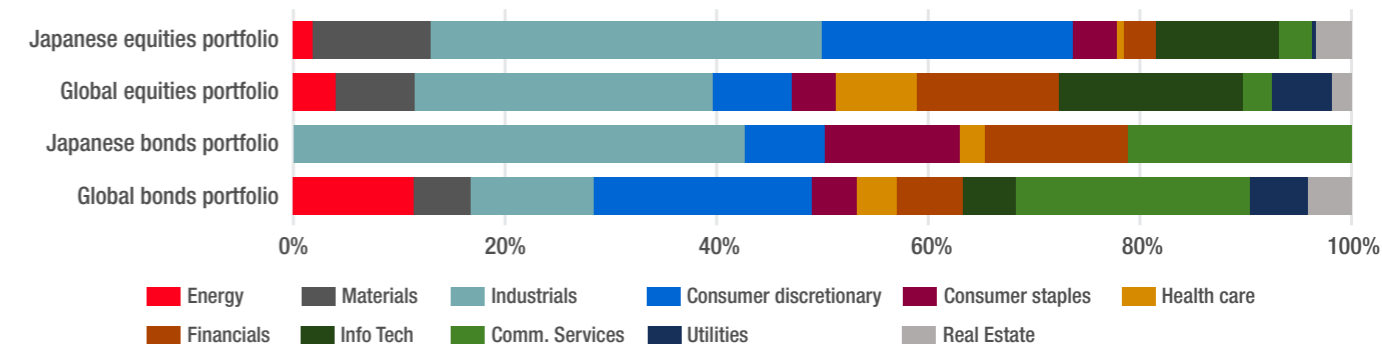
Physical Risk Analysis

In recent years, hurricanes, cyclones, heavy rains, floods, heat waves, forest fires and droughts, which are thought to be driven by climate change, are increasing both in frequency and magnitude worldwide. The impact of these events on the businesses and assets held by portfolio companies can no longer be ignored, and analysing physical risks is becoming increasingly important. In analysing the physical risks of portfolio companies, in addition to ISS-ESG's risk analysis and physical risk score by industry and region, we utilise the portfolio's Climate Value at Risk (potential negative impact of physical risk on the value of a portfolio) calculated as the potential value lost through to 2050 due to damage incurred to the business assets owned by portfolio companies from abnormal weather stemming from climate change.

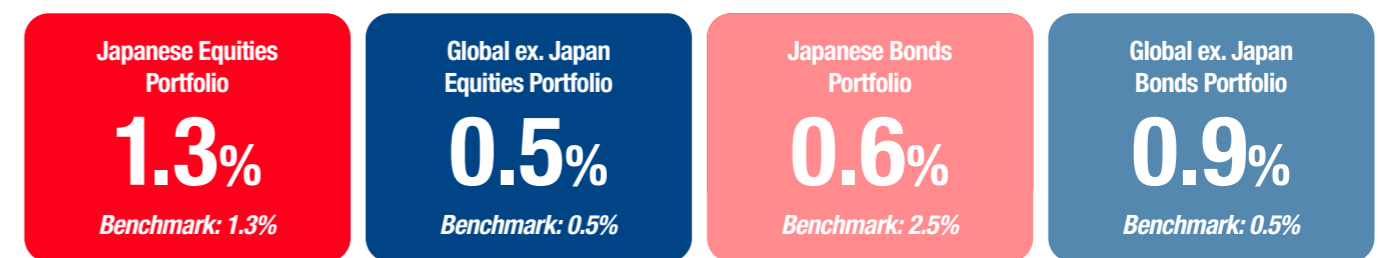
Physical Risk Analysis by Sector and Region

NAM UK utilises ISS-ESG data to analyse physical risks by industry and region. The graph below shows the percentage of Value at Risk related to physical risk in each sector through to 2050 for NAM UK's four asset classes (i.e. Japanese equities, Global equities, Japanese bonds and Global bonds portfolios). The higher the ratio, the greater the potential negative impact of physical risks is on the value of companies in the relevant industry.

Value at Risk by Sector



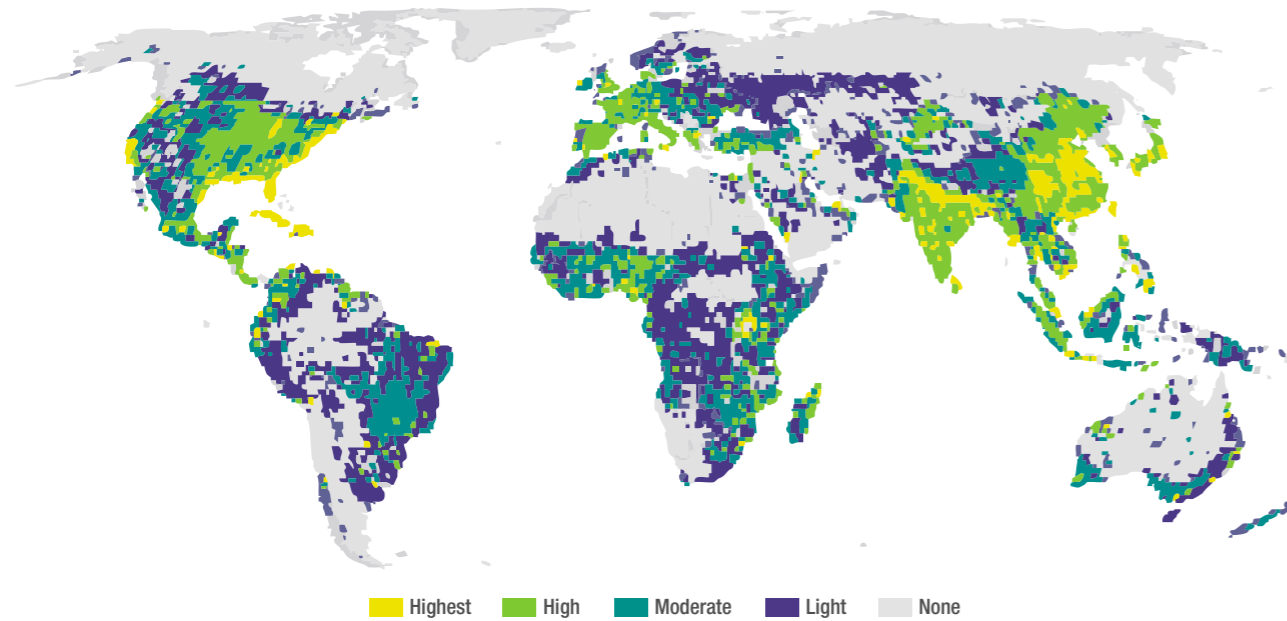
Portfolio Value at Risk (%)



Physical Risk Analysis

The Physical Risk by Region

The below map shows the physical risk by region for our four asset-class aggregated portfolio. Along with the physical risk by industry, this map is a useful reference for NAM UK for investment decision making purposes when considering industry and regional allocations. This analysis enables us to identify sectors and regions with high physical risks.



Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions)

In December 2022, the Second Edition of the PCAF's "The Global GHG Accounting and Reporting Standard for the Finance Industry" (the "Standard") was released. In this Second Edition, the sovereign debt was added to the methodologies for measuring and disclosing GHG emissions for investment and loan portfolios. NAM UK measured the emissions of our investment portfolio for both Japanese and global ex-Japan ("Global") sovereign debt held as of December 31, 2024 based on the Standard.

The method for measuring GHG emissions of sovereign bond portfolios differs from the one used for measuring GHG emissions of listed equities and corporate bonds. Scope 1, Scope 2 and Scope 3 are defined as 1) domestic emissions based on production, 2) imported emissions related to energy, and 3) emissions associated with non-energy imports from other countries respectively. In addition to these, measurement of consumption-based emissions is also required. When calculating attribution factors, which represent holding ratios in investee issuers (corporates or governments), the method also differs from the one used for measuring emissions from listed equities and corporate bonds, where such ratios are calculated as the amount invested relative to the EVIC (Enterprise Value Including Cash) of an investee company. In contrast, for measuring emissions from government bond portfolios, the ratio is based on the amount invested relative to the GDP adjusted for purchasing power parity (PPP) of a country.

Regarding the measurement of our sovereign bond portfolio emissions, there are currently challenges such as a several year lag in data availability and data completeness. Therefore, the results are based on the data available at the time of the report. For Scope 1, we primarily use GHG emission data from the UNFCCC (United Nations Framework Convention on Climate Change) for Annex I countries, while for Scope 2 and Scope 3, we mainly use GHG emission data from the OECD (Organization for Economic Co-operation and Development).

$$\text{Sovereign Bond Portfolio Emissions} = \sum_i^n \left(\frac{\text{Book value of amount invested } i}{\text{PPP-adjusted GDP } i} \times \text{GHG emissions } i \right)$$

$$\text{Sovereign Bond Portfolio Production Emissions Intensity} = \sum_i^n \left(\frac{\text{Book value of amount invested } i}{\text{Book value of portfolio}} \times \frac{\text{Production emissions } i}{\text{PPP-adjusted GDP } i} \right)$$

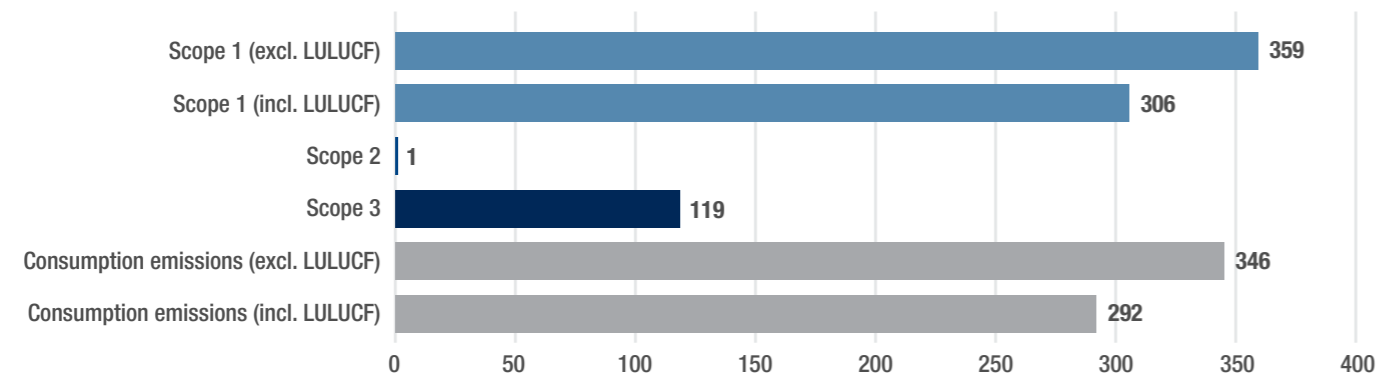
$$\text{Sovereign Bond Portfolio Consumption Emissions Intensity} = \sum_i^n \left(\frac{\text{Book value of amount invested } i}{\text{Book value of amount invested}} \times \frac{\text{Consumption emissions } i}{\text{Population } i} \right)$$

Definition of Scopes and Consumption Emissions for Measuring Sovereign Bond Portfolio Emissions

| | |
|------------------------------|--|
| Scope 1 | GHG emissions generated from sources located within the country |
| Scope 2 | GHG emissions resulted from the use of grid-supplied electricity, heat, steam and/or cooling within the country which is imported from other countries |
| Scope 3 | GHG emissions associated with non-energy goods and services imported from other countries as a result of activities within the country |
| Consumption Emissions | GHG emissions on a consumption basis within the country (Scope 1 + Scope 2 + Scope 3 – Exported Emissions) |

Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions)

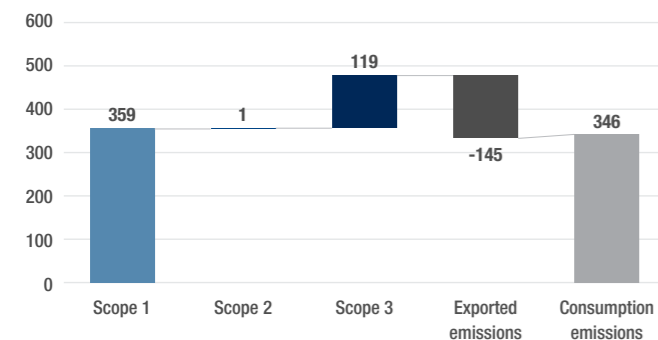
Sovereign Bond Portfolio Emissions (Units: ktCO₂e)



Notes:
 LULUCF: Land Use, Land Use Change and Forestry.
 Due to data availability, the graph above only considers UNFCCC Annex 1 countries.
 Scope 1, production emissions, used the latest (mostly 2021) GHG emission data from UNFCCC and 2023 PPP-adjusted GDP published by the World Bank.
 Scope 2 and Scope 3 used the latest (2020) GHG emission data from the OECD and 2023 PPP-adjusted GDP published by the World Bank.
 For the calculation of consumption emissions, the latest (mostly 2021) Scope 1 GHG emission data was collected from UNFCCC, the latest (2020) Scope 2, Scope 3 and exported GHG emissions were collected from the OECD, with the adjustment made with 2023 PPP-adjusted GDP published by the World Bank.
 When including the most recent data (range from 1990 to 2021) released by each UNFCCC Non-Annex 1 country, Scope 1 emissions were 462 ktCO₂e (excluding LULUCF) and 407 ktCO₂e (including LULUCF), while consumption emissions were 419 ktCO₂e (excluding LULUCF) and 365 ktCO₂e (including LULUCF).

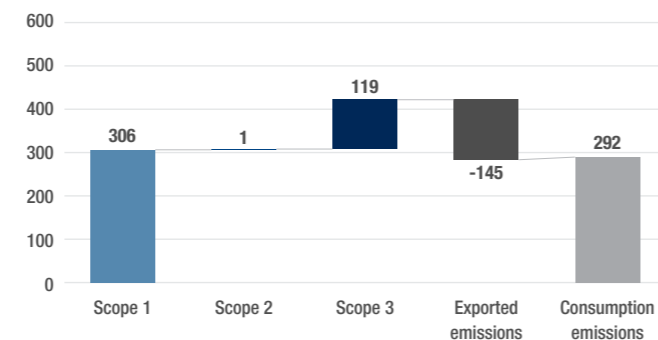
Breakdown of Consumption Emissions (Units: ktCO₂e, excluding LULUCF / including LULUCF)

Excluding LULUCF



Note: When measured including the most recent data released by each UNFCCC Non-Annex 1 country, Scope 1 emissions (excluding LULUCF) were 462 ktCO₂e, while consumption emissions (excluding LULUCF) were 419 ktCO₂e.

Including LULUCF

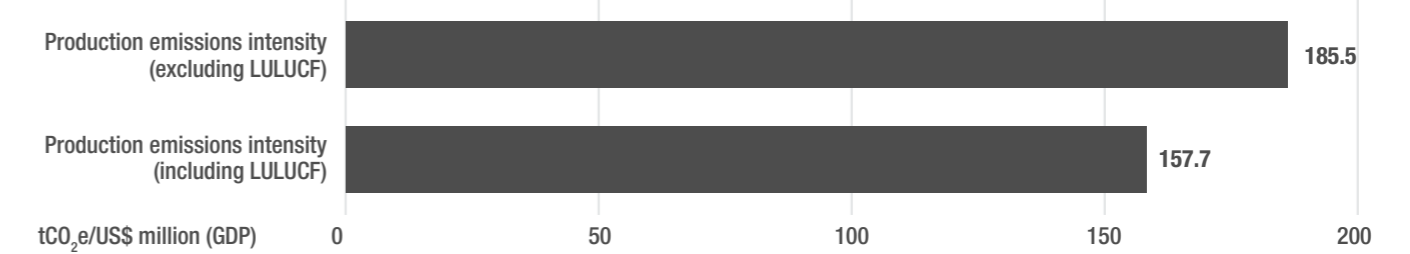


Note: When measured including the most recent data released by each UNFCCC Non-Annex 1 country, Scope 1 emissions (including LULUCF) were 407 ktCO₂e, while consumption emissions (including LULUCF) were 365 ktCO₂e.

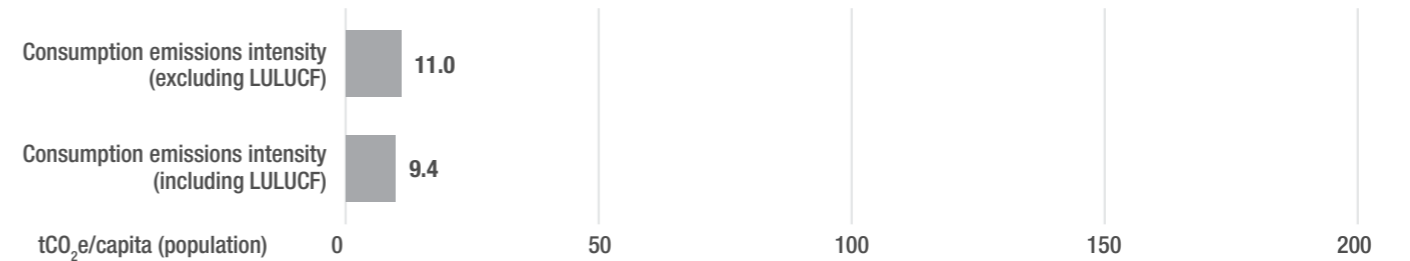
Note: For countries for which Scope 1 emissions are not available, even if Scope 2 and Scope 3 emissions are available, Scope 2 and Scope 3 are excluded from the calculation of consumption emissions. Therefore, the values for "Scope 1 + Scope 2 + Scope 3 – exported emissions" and consumption emissions do not match.

Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions)

Sovereign Bond Portfolio Emissions Intensity (Carbon Intensity)



Note:
 Production emissions used the Scope 1 data calculated above. GDP data is based on 2023 PPP-adjusted GDP published by the World Bank.
 When measured including the most recent data released by each UNFCCC Non-Annex 1 country, the above values are 238.3 tCO₂e/US\$ million (GDP) (excluding LULUCF) and 209.9 tCO₂e/US\$ million (GDP) (including LULUCF).



Note:
 Consumption emissions follow the same definition as above. Population data is based on 2023 World Bank data.
 When measured including the most recent data released by each UNFCCC Non-Annex 1 country, the above values are 11.7 tCO₂e/capita (population) (excluding LULUCF) and 10.2 tCO₂e/capita (population) (including LULUCF).

Analysis of Carbon Metrics in Business Operations

As above, NAM Group aims to achieve net zero emissions in its business operations by 2050 and NAM UK seeks to contribute to the 2050 net zero goal through our efforts to reduce our UK-office-related emissions. The emissions reported only include the UK-office-related activities and the reporting period is from January 2024 to December 2024.

Methodology

Our operational emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and cover the following emissions:

- **Scope 1:** Direct emissions over which Nomura has management control, this includes gas and the consumption of diesel and HVO from generator usage.
- **Scope 2:** Indirect emissions over which Nomura has management control, this includes electricity.
- **Scope 3:** Other indirect emissions, including travel – grey fleet, which refers to privately owned vehicles that employees use for work-related travels.

We report our Scope 2 emissions (indirect emissions from electricity purchased) in two ways; “location-based” and “market-based”. The location-based method indicates the average emissions intensity of local electricity grids where energy consumption occurs. On the other hand, the market-based method reflects the specific emissions from the electricity source that Nomura has chosen.

| Scope 1 | Gas | | Diesel | | HVO | |
|---------|--------|--------------------|--------|--------------------|-----|--------------------|
| | kwh | tCO ₂ e | kwh | tCO ₂ e | kwh | tCO ₂ e |
| 2024 CY | 86,916 | 16 | 558 | 0.14 | 528 | 0.002 |

| Scope 2 | Electricity | Electricity (Location) | Electricity (Market) |
|---------|-------------|------------------------|----------------------|
| | kwh | tCO ₂ e | tCO ₂ e |
| 2024 CY | 552,653 | 114 | 0.007 |

| Scope 3 | Travel-Grey Fleet | |
|---------|-------------------|--------------------|
| | kwh | tCO ₂ e |
| 2024 CY | 500 | 0.12 |

During the 2024, NAM UK had the total Scope 1, 2 and 3 emissions of 130.6 tCO₂e in the location-based method and 16.2 tCO₂e in the market-based method. We used the occupied floor area (m²) as the metric to normalise emissions to calculate the intensity and based on the location-based method the intensity was 0.12 tCO₂/m².

| Intensity | tCO ₂ /m ² |
|-----------|----------------------------------|
| 2024 CY | 0.12 |

DISCLOSURES

This report was prepared by Nomura Asset Management U.K. Ltd. for information purposes only. Although this report is based upon sources we believe to be reliable, we do not guarantee its accuracy or completeness. Unless otherwise stated, all statements, figures, graphs and other information included in this report are as of the date of this report and are subject to change without notice. The contents of this report are not intended in any way to indicate or guarantee future investment results as the value of investments may go down as well as up. Values may also be affected by exchange rate movements and investors may not get back the full amount originally invested. Further, this report is not intended as a solicitation or recommendation with respect to the purchase or sale of any investment fund or product. Before purchasing any investment fund or product, you should read the related prospectus and documentation in order to form your own assessment and judgement and, to make an investment decision.

This report may not be reproduced, distributed or published by any recipient without the express written permission of Nomura Asset Management U.K. Ltd.

Nomura Asset Management U.K. Ltd. is authorised and regulated by the Financial Conduct Authority.

NAM UK

NAM UK is authorised and regulated by the Financial Conduct Authority.

MSCI Disclosure

"MSCI" refers to Morgan Stanley Capital International. MSCI indices are the property of MSCI. Reproduction, redistribution or any other form of transmission, in whole or in part, of any information concerning the MSCI Indices without MSCI's prior written consent is strictly prohibited. Although MSCI obtains information for inclusion in or for use in the calculation of the MSCI Indices from sources that MSCI considers reliable, MSCI does not warrant or guarantee the originality, accuracy and/or the completeness of any of the information.

SFDR Disclosure

The EU Sustainable Finance Disclosure Regulation ("SFDR") requires investment firms to formalise how sustainability is integrated into their business and processes, and to make new public and client-facing disclosures on sustainability matters. The aforementioned disclosures relating to Nomura Asset Management U.K. Limited are published on our website at <https://www.nomura-asset.co.uk/responsible-investment/esg-sustainable-investment/>. Product related disclosures regarding Nomura Funds Ireland Plc and its sub-funds can be found in the prospectus. Nomura Funds Ireland Global Sustainable Equity Fund is an Art. 9 fund according to SFDR.

July 2024

NOMURA

Nomura Asset Management U.K. Ltd.

1 Angel Lane
London
EC4R 3AB
+44 (0) 20 7521 2000

Copyright © 2025 Nomura

This document is the sole property of Nomura. No part of this document may be reproduced in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of Nomura.