American Century Advanced Medical Impact Equity Fund

Environmental, Social and Governance Factors

29 April 2022

Nomura Funds Ireland plc (the "Fund") is a UCITS umbrella investment company with variable capital incorporated with limited liability in Ireland.

American Century Advanced Medical Impact Equity Fund (the "Sub-Fund") is a sub-fund of the Fund.

Nomura Asset Management U.K. Limited (the "Investment Manager") has been appointed to act as an investment manager of the Fund. The Investment Manager may delegate the discretionary investment management of the Sub-Funds to one or more sub-investment managers.

Environmental, Social and Governance Factors

The Sub-Fund has sustainable investment as its objective in a way that meets the criteria contained in Article 9 of SFDR. Further, the management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager. The manner in which sustainability risk is integrated into the investment decisions of the Sub-Fund is disclosed in the Sustainability Risks Policy, in accordance with Article 6 of SFDR.

In order to achieve its investment objective described above, the Sub-Fund will invest principally in "sustainable investments" which are defined as those investments which contribute to an environmental or social objective, provided that such investments do not significantly harm any of those objectives and that investee companies follow good governance practices. As a result, the Investment Manager seeks to invest in companies or other organisations which have a commercial purpose of solving social problems.

The Investment Manager seeks to invest in companies that create a positive, measurable social impact (a "sustainable impact") through advancing the United Nations Sustainable Development Goal 3, (Good Health and Well-Being (SDG 3)). The Investment Manager's process seeks to achieve positive change through two impact mechanisms: 1) enabling growth of companies with current or projected net-positive impact and 2) encouraging improvement through active engagement with investee companies.

Identification and Selection of Sustainable Investments

In order to identify sustainable investments, the Investment Manager will apply a proprietary Impact Generation Framework and will only invest where there is evidence that the company's activities are aligned with the achievement of the "sustainable impact" and do not have a detrimental impact on the social objective. This Framework draws on the Theory of Change, which is an evaluation methodology by defining a long-term goal and mapping backwards to identify preconditions for achieving the goal, The Sub-Fund is constructed to align with the Investment Manager's health care impact theme that follows the SDG 3 to "ensure healthy lives and promote well-being for all at all ages." In order to identify sustainable investments that meet the SDG 3, the Investment Manager identifies companies that align with one or more of the following health care impact sub-themes:

- New or innovative treatments for diseases including cancer
- More productive and efficient equipment, services and software used for research, diagnostic tests, and therapies
- Access to medicines and health care services in both developed and emerging markets
- New solutions that lead to lowering the cost of health care

Investment candidates must exhibit current or projected revenue stream alignment with one or more of the health care impact sub-themes in addition to meeting the fundamental growth criteria established by the Investment Manager. Each company is then evaluated to identify and adequately manage potential risks to impact, using a proprietary ESG scoring application.

The proprietary ESG scorecard application helps identify and assess whether ESG risks could potentially affect the security's underlying fundamental profile. Scores are generated based on quantitative and qualitative environmental and social indicators that are sector-specific and derived from reported data. Given that not all sectors are exposed to the same macro ESG risks, the Investment Manager's ESG team works with the Investment Manager's sector leads to isolate risks that could potentially alter long-term sector-specific competitive forces. As a result, the Investment Manager's proprietary ESG scoring application incorporates different weightings across environmental, social, and governance pillars depending on the sector. For example, environmental risks may not be as relevant to the health care sector, where the social and governance risks would warrant higher weightings for this sector. The Investment Manager's analysts narrow the full set of available ESG risks to the most relevant risks, from a financial standpoint, to that sector.

Governance risk analysis, on the other hand, is based on benchmarking companies against quantitative governance indicators based on company-reported and third-party data, regardless of sector. A final ESG quality rating is assigned, comprised of an ESG signal (Overweight, Market-weight, or Underweight) and trend signal (Positive, Stable, or Negative).

To ensure proper SDG alignment, the Investment Manager utilises a sustainable investments taxonomy that provides the Investment Manager with guidance when determining whether a company addresses one or more of the health care impact sub-themes. Additionally, the Investment Manager may utilise a variety of resources, including mapping tools and direct investee company engagement, to further validate alignment with the health care impact sub-themes.

The Investment Manager's process culminates in an impact thesis for each company that explains current or projected impact theme alignment in combination with the company's fundamental growth profile.

The Investment Manager will not invest in businesses that it believes are inconsistent with its objectives of generating positive social change. Therefore, the Investment Manager will exclude from its investable universe those companies in violation of the United Nations Global Compact (UNGC) principles, companies involving cluster munitions, companies involving controversial weapons, and companies domiciled in countries subject to OFAC sanctions.

Governance Practices

The Investment Manager assesses the governance practices of investee companies prior to making an investment, and periodically thereafter, in accordance with its proprietary ESG research framework in order to satisfy itself that the investee companies follow good governance practices, including sound management structures, employee relations, remuneration of staff and tax compliance.

Below is a list of the 13 governance indicators that are incorporated into the Investment Manager's proprietary ESG scoring application. The data is sourced from MSCI Governance Metrics.

1. Independent Board Majority: While other metrics provide a more nuanced evaluation on specific aspects of the board's independence, this metric offers the most basic evaluation and is only flagged when less than 51% of the board is fully independent of management.
2. Majority Voting: This metric is triggered if a company has failed to use or adopt binding majority voting in the election of directors (with immediate resignation if a director does not receive a majority of the votes cast).
3. Entrenched Board: This metric is based on an assessment of multiple factors, including director age and tenure in the following combinations:
   - more than 35% of the board has a tenure of 15 years or greater;
   - more than 22% of the board has a tenure of 15 years or greater and more than 15% of the directors are aged 70 or over;
   - there are more than 4 directors who have a tenure of 15 years or greater; or
   - if there are more than 4 directors who are aged 70 or over.
4. Combined CEO/Chair: While the practice of combining the CEO and Chairman positions on the Board of Directors is common enough to minimise its significance as a standalone metric, when combined with other key indicators this practice may be an indicator of potential governance weakness.
5. Significant Votes Against Directors: This metric is triggered by a negative vote of over 10% against any director in the most recently reported election. A "negative vote" includes any of against, withhold or abstain votes.
6. Audit Board/Committee Independence: The metric indicates whether a company failed to establish an audit committee (or audit board) comprising only directors who are independent of management.
7. Pay Committee Independence: If metric is triggered if a company that has established a pay committee has appointed directors to that committee who are not independent of management.
8. Long Term Pay Performance: This is flagged if any vested stock and option gains reported for the company's CEO are greater than zero during a year when the company is showing negative three-year and five-year total shareholder returns (TSR).
9. Significant Vote Against Pay Practices: This metric is intended to measure shareholder dissatisfaction (e.g., negative votes in excess of 10%) with the company's executive pay practices. A "negative vote" includes any of against, withhold or abstain votes.
10. Golden Parachutes: The metric is triggered if a company's CEO's potential cash severance pay exceeds 5 times his or her annual pay, and it is not aligned with TSR.
11. Controlling Shareholder: This metric indicates whether any shareholder or shareholder block controls more than 30% of the voting shares, or is able to elect more than 50% of the company's board.
12. Poison Pill: The metric is flagged if there is verifiable existence of a formal shareholder's rights plan, poison pill, protective preference shares or equivalent provision.

13. Multiple Equity Classes with Different Voting Rights: The metric is triggered if there is inequality in a company's voting rights, which may be manifested via different votes per share, different votes per unit of nominal value or through the ability to vote only on certain matters, or on the election of certain directors, or grant special rights (such as the exclusive right of nomination of directors).

Ongoing Monitoring

The Investment Manager implements the above strategy on a continuous basis and will monitor and assess each investee company's progress in its social objective on a periodic basis. In order to carry out such assessment, the Investment Manager has also identified sustainable 'impact' indicators for each investee company which are tracked on an ongoing basis by the Investment Manager. The Investment Manager will select the most appropriate metric for measuring an investee company's core impact which could be relatively standardised or necessarily idiosyncratic in nature, depending on the business of the company and availability of data.

The Investment Manager will use data from third-party data providers as well as data provided by the companies in annual sustainability reports, and information obtained through engagement directly with the investee company. Regarding data from third-party data providers, when information is not readily available for an investee company, the data provider may use a proprietary model to produce an estimate. The Investment Manager is not able to verify the accuracy of the data, nor the sources from which the data is collected.

Examples used in the assessment include but are not limited to:

- Number of patients
- Products addressing significant unmet medical needs
- Population positively affected
- Breakthrough drugs
- Number of patient profiles run through clinical trial match solutions
- Lives saved
- Cost reduction/efficiency gains
- Percentage of people who had no prior access to similar service.

EU Taxonomy Framework

This Sub-Fund, which falls within the scope of Article 9 of the SFDR, invests in issuers who engage in economic activities which contribute to social objectives and, as a result, the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.