

Nomura Asset Management U.K. Ltd.

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Disclosure of integration of sustainability risk into remuneration policy

1. Introduction

- 1.1 This document sets out disclosures by Nomura Asset Management U.K. Limited (“NAM UK,” the “Firm”), in respect of the integration of sustainability risk into our remuneration policy, as required by the EU Sustainable Finance Disclosure Regulation (“SFDR”).
- 1.2 The Firm has separately implemented a remuneration policy (the “Policy”), which governs the processes concerning the payment of remuneration to the Firm’s in-scope employees and other in-scope members of staff (the “Employees”). The Firm has updated the Policy, with effect from 10 March 2021, to reflect the integration of sustainability risks, as required by SFDR. This document is published on the Firm’s website, to provide information to the public on these matters.
- 1.3 This document may be updated from time to time. This document is provided for information purposes only. In the event of any inconsistency between this document and either (i) the Policy, or (ii) the terms of any agreement between the Firm and any of its clients, such other document shall prevail. This document is not a complete summary of the Policy; instead, it focuses on summarising the integration of sustainability risk. No person should take (or refrain from taking) any action as a result of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.

2. Risk alignment

- 2.1 The Firm acknowledges that the Policy, and an individual Employee’s remuneration, must be consistent with and promote sound and effective risk management and not encourage risk-taking that exceeds the level of tolerated risk of the Firm.
- 2.2 The risk-limiting features of the Policy include (amongst other things) the application of non-financial metrics, such as an assessment of an Employee’s compliance with the Firm’s Sustainability Risk Policy, where applicable.

3. Performance measurement

- 3.1 Under the Policy, the Firm carries out an assessment of an individual’s performance, when assessing and determining variable remuneration. This assessment is based on both quantitative criteria (for example, financial performance of the individual and their business unit) and qualitative criteria (for example, holistic assessment of general adherence to certain policies and procedures).
- 3.2 The qualitative criteria used include, among others, an assessment of whether the relevant individual Employee has complied with the Firm’s sustainability policies, including the Sustainability Risk Policy.

- 3.3 This assessment of compliance with the Sustainability Risk Policy will be carried out by the Head of Department of the Employee and by the Chief Executive Officer. In general terms, a positive or neutral assessment of overall compliance by an Employee with the Sustainability Risk Policy would not in itself be expected to contribute to any additional variable remuneration being awarded to an individual Employee. However, in extreme cases, a negative assessment of overall compliance by an individual Employee with the Sustainability Risk Policy may result in a reduction in the variable remuneration amount which would otherwise have been awarded to that individual. The amount of any such reduction must be personally approved by the Chair of the Firm's Remuneration Committee, having been proposed by the Chief Executive Officer.