

Nomura Asset Management Ireland Limited

Sustainability Risks Policy

10 March 2021

Introduction

The EU Sustainable Finance Disclosure Regulation (“**SFDR**”) lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

Nomura Asset Management Ireland Limited (the “AIFM”) acts as alternative investment fund manager to each of Nomura Alternative Funds Ireland ICAV and The Nomura Asset Management Institutional Global Trusts (collectively, **the “Funds”**).

Nomura Asset Management U.K. Limited (the “Investment Manager”) has been appointed to provide investment management services to the Funds. The Investment Manager was incorporated in England in 1984 and is a wholly owned subsidiary of Nomura Asset Management Co., Ltd., Tokyo (“**NAM**”). The Investment Manager may delegate the discretionary investment management of the sub-funds of the Funds to one or more sub-investment managers (**the “Sub-Investment Manager”**).

Sustainability Risks

Background

The Investment Manager believes that investments in securities that exhibit sustainable earnings and/or cash flows are most suited to investors with long-term investment horizons. Furthermore, the Investment Manager recognises its role in ensuring that capital markets function for the benefit of society in general. The Investment Manager, therefore, aims to operate in a sustainable way and to invest in the bonds and equities of sovereigns, companies and institutions that also operate in a sustainable way. The Investment Manager’s research processes for both fixed income and equity strategies incorporate the explicit consideration of sustainability factors and sustainability risks.

Where the Investment Manager has delegated the investment management function to a sub-investment manager, the sub-investment manager is required to comply with the AIFM’s policy regarding the management of sustainability risks, although its detailed approach to meeting the requirements of the policy may differ from those of the Investment Manager. Further details of the manner in which sustainability risks are integrated into the investment decisions of each of the Funds will be set out in the relevant supplement to each prospectus.

Sustainability Risks Policy

The following sets out the sustainability risks policy of the AIFM, as implemented by the Investment Manager.

Under SFDR, “sustainability risk” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager. The Investment Manager aims to identify sustainability risks as part of its broader analysis of securities. For the purposes of the paragraphs in this section, the terms “sustainability” and “Environmental, Social and Governance” or “ESG” will be used interchangeably.

A summary of the sustainable risks applicable to the Funds, as identified by the Investment Manager is set out below:

Environmental sustainability risks may include, but are not limited to:

- Climate change
- Carbon emissions
- Air pollution
- Water pollution
- Harm to biodiversity
- Deforestation
- Energy inefficiency
- Poor waste management practices
- Increased water scarcity
- Rising sea levels / coastal flooding
- Wildfires / bushfires

Social sustainability risks may include, but are not limited to:

- Human rights violations
- Human trafficking
- Modern slavery / forced labour
- Breaches of employee rights / labour rights
- Child labour
- Discrimination
- Restrictions on or abuse of the rights of consumers
- Restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment
- Infringements of rights of local communities / indigenous populations
- Cluster Munitions

Governance sustainability risks may include, but are not limited to:

- Lack of diversity at Board or governing body level
- Inadequate external or internal audit
- Infringement or curtailment of rights of (minority) shareholders
- Bribery and corruption
- Lack of scrutiny of executive pay
- Poor safeguards on personal data / IT security (of employees and/or customers)
- Discriminatory employment practices
- Health and safety concerns for the workforce
- Poor sustainability practices in the supply chain
- Workplace harassment, discrimination and bullying
- Restrictions on rights of collective bargaining or trade unions
- Inadequate protection for whistleblowers
- Non-compliance with minimum wage or (where appropriate) living wage requirements

Using both quantitative and qualitative processes, sustainability risk is identified, monitored and managed by the Investment Manager in the manner set out below.

The Investment Manager makes extensive use of data from third party ESG specialists, including ISS and MSCI (“Data Providers”). This data can assist them to identify potential sustainability risks. However, it is only a starting point and the Investment Manager will engage with and understand companies’ business models in depth and conducts fundamental analysis in order to reveal and evaluate potential ESG issues. The issues are then debated more broadly amongst the Investment Manager’s relevant team and ESG ratings and/or risk assessments are ratified and officially recorded as part of the investment processes for both equity and fixed income strategies.

Where the Investment Manager identifies ESG issues which they believe can be improved or addressed, they engage directly with the relevant companies or issuers to make their views known. This part of the investment process is not limited only to companies or issuers in which the Investment Manager has invested but also applies to potential investee companies.

The Investment Manager maintains a comprehensive proxy voting policy that covers its approach to the management of sustainability risks and its ESG research may influence how such votes are cast.

ESG ratings and issues are kept under regular review by the Investment Manager and updated whenever the Investment Manager’s internal research on a particular company or institution is updated.

Whilst the Investment Manager recognises SFDR’s focus on the potential negative impacts of sustainability risks, its approach to sustainability goes beyond this definition. The Investment Manager’s portfolio managers and analysts seek to understand the sustainability problems and/or merits of its investee sovereigns, companies and institutions so that they may actively identify opportunities to add value to the investments held within each of the Funds.

Although the approaches to analysis of ESG issues vary amongst each of the Funds, the Investment Manager’s portfolio managers and analysts share a common goal to understand both threats and opportunities to the business models of potential investee sovereigns, companies and institutions from an ESG perspective, and thereby develop a fuller understanding of the downside risks, or potential valuation upside of the securities concerned.

Other Related Policies

ESG Statement

The Investment Manager follows the Environmental, Social and Governance (“ESG”) policy set out in the ESG Statement that was formulated by NAM in March 2019.

Further information in relation to the ESG Statement is available at:

https://global.nomura-am.co.jp/responsibility-investment/pdf/esg_statement.pdf

UNPRI

NAM is a signatory of the UN-supported Principles for Responsible Investment (UNPRI) since 2011.

Further information is available at:

[https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)_Public_Transparency_Report_Nomura%20Asset%20Management%20Co..%20Ltd._2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Nomura%20Asset%20Management%20Co..%20Ltd._2020.pdf)