<u>Nomura Funds Ireland – Global Multi-Theme Equity Fund</u>

<u>Sustainability Risks Policy</u>

<u>10 March 2021</u>

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 Funds Ireland plc (the "Fund") is a UCITS umbrella investment company with variable capital incorporated with limited liability in Ireland. The Fund has segregated liability between each of its sub-funds (**the "Sub-Funds"**).

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.

Sustainability Risks

The following sets out the sustainability risks policy in respect of the Nomura Funds Ireland – Global Multi-Theme Equity Fund (the "Sub-Fund"). Potential investors and shareholders are advised to read this policy in conjunction with the sustainability risks policy for the Fund.

Relevant Sustainability Risks

The Investment Manager has taken steps to identify key environmental, social and governance risks which could, if they occur, cause an actual or a potential material negative impact on the value of an investment. These risks are summarised in the section headed "Sustainability Risks" under "Risk Factors" as set out in the Prospectus.

Sustainability Risks Policy

The management of sustainability risk forms an important part of the due diligence process implemented by the Investment Manager. When assessing the sustainability risk associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance ("ESG") event or condition.

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.

As part of its broader risk management processes when investing, the Investment Manager has implemented procedures to each of the following steps to (i) identify and assess, (ii) decide, and (iii) monitor sustainability risks.

(i) Identify and Assess

The Investment Manager has a requirement that every security analysed for investment purposes must be assessed for sustainability/ESG risks.

The Investment Manager makes use of data from third party ESG specialists such as ISS, Sustainalytics and MSCI in identifying and assessing ESG and sustainability risks. The focus of an analysis will vary depending on the security in question, as some are more prone to environmental, and others are to social risks, however, the Investment Manager will always incorporate a detailed review of the governance practices of the security's underlying entity.

The evaluation of sustainability risks will be conducted from both implicit and explicit perspectives. The implicit perspective will involve risks that are not readily visible such as negative reputations and the effectiveness of the management team. The explicit perspective will assess more visible potential downside risks for its investment, for example, the impact on the investment due to a natural disaster.

In most cases, the Investment Manager will have some interaction with its investee companies and will take that opportunity to raise ESG / Sustainability risks.

(ii) Decide

The Investment Manager's portfolio managers are ultimately responsible for the investment decisions of the Sub-Fund. Therefore, the final investment decision, as pertains to ESG matters, is also at the portfolio managers' discretion. The Investment Manager will take into account the sustainability risks assessment conducted above to identify any negative impact on a company's long-term enterprise value. When sustainability risks are identified, the Investment Manager may avoid investing in the company or remove the company from the portfolio. Securities with sustainability risks may be selected for the Sub-Fund's investment if the Investment Manager believes their growth potential is sufficiently attractive on a risk-adjusted basis.

The Investment Manager will also apply an exclusionary screening to eliminate any security issued by cluster munitions manufacturers. The exclusion list is enforced through coding into the relevant trading systems.

(iii) Monitor

During the life of the investment, sustainability risk is monitored through review of ESG data published by data providers to determine whether the level of sustainability risk has changed since the initial assessment has been conducted. This review is conducted on a periodic basis, not less than annually.

Should some new piece of ESG/sustainability information come to light regarding a security, the Investment Manager will assess the impact of the new information with a view to reassessing the security's sustainability risks.

The Investment Manager will maintain dialogue with investee entities on multiple matters, and as mentioned above, should a security be deemed to have ESG / sustainability issues, the dialogue will often focus on encouraging improvement.

In addition to the active engagement, the Investment Manager will actively exercise the proxy votes for all matters, including sustainability.

Assessment

The likely impacts of sustainability risks are difficult to quantify. Although the ESG practices of a company may influence its long-term value, there can be no guarantee regarding the performance of individual investments, nor on the returns of the Sub-Fund's portfolio as a whole despite the integration of sustainable risks.