**The Nomura Asset Management Institutional Global ex. Japan Equity Trust**

**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 The Nomura Asset Management Institutional Global Trusts **(the "Fund")**.

**Nomura Asset Management U.K. Limited (the "Investment Adviser**") has been appointed to provide investment management services to the Fund. The Investment Adviser may delegate the discretionary investment management of the funds of the Fund to one or more sub-investment advisers.

### ***Sustainability Risks***

The following sets out the sustainability risks policy in respect of The Nomura Asset Management Institutional Global ex. Japan Equity Trust (the "Sub-Fund"). Potential investors and shareholders are advised to read this policy in conjunction with the sustainability risks policy for the AIFM.

*Philosophy*

The Investment Adviser believes that non-economic sustainability factors such as environmental, social and corporate governance tend to have positive correlation with more typical economic factors such as profitability and return on investment in the long term. In this way, the Investment Adviser places sustainability factors / risks as part of its core investment approach.

The Investment Adviser defines "Responsible Investing" as the process of giving consideration to the total impact of investee entities on all stakeholders, including customers, suppliers, broader society, employees, the environment as well as investors. To put the philosophy into practice, the Investment Adviser will look into the total utility or "total value" created by the investee or potential investee entity. The "total value" created could be measured as the overall benefit delivered to all stakeholders such as the happiness brought to customers, the employment and growth opportunities brought to employees, the impact on the environment, and not limited to financial value. In addition, the Investment Adviser will put emphasis on the fair sharing of the total value among the various stakeholders.

*Relevant Sustainability Risks*

The Investment Adviser 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" contained 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 Adviser. When assessing the sustainability risk associated with underlying investments, the Investment Adviser 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 Adviser aims to identify sustainability risks as part of its Responsible Investing. For the purposes of the paragraphs in this section, the terms "sustainability" and "Environmental, Social and Governance" or "ESG" will be used interchangeably.

In order to evaluate sustainability risks and the total value created by the investee / potential investee entity and its fair sharing among the various stakeholders, the Investment Adviser has implemented the following steps to (i) identify and assess, (ii) decide, and (iii) monitor sustainability risks.

(i) Identify and Assess

The Investment Adviser will produce its own ESG ratings based on its broader analysis and assessment that are consistent with its Responsible Investment philosophy. In this process, the Investment Adviser will make use of data from third party ESG specialists such as ISS, Sustainalytics and MSCI ("Data Providers"). Although this data will assist the Investment Adviser in identifying and assessing sustainability risks, the Investment Adviser does not rely on ESG scores or ratings produced by third parties. 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 Adviser 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 factors that are not readily visible such as the effectiveness of the management team or alignment of the management of a company with its shareholders. 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. The conclusion of the assessment is a rating of the security on ESG risks as "Uninvestible", "Issues – Improving", "Issues – Not Improving" or "No Issues".

In most cases, the Investment Adviser will have some interaction with its investee companies and will take that opportunity to raise ESG/sustainability risks. After rating a company, the Investment Adviser will aim to provide the entity with its feedback which involves raising any ESG / sustainability issues identified and encouraging improvement

(ii) Decide

Although the final investment decision in relation to ESG risks and the evaluation of sustainability risk is at the Investment Adviser's discretion, if a security is rated "Uninvestible", it is not available for investment under any circumstances. Where the rating is "Issues – Improving", "Issues – Not Improving" or "No Issues" the security is available for investment from an ESG perspective. However, the Investment Adviser is required to take account of the rating given and the sustainability risks associated with the investment more generally.

The Investment Adviser will apply an exclusionary screening to eliminate entities with notably weak governance, high greenhouse gas emissions and negative social or environmental impact. The Investment Adviser has a well-developed and consistent framework for continuously assessing whether a security should be rated "Uninvestible".

(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 Adviser will assess the impact of the new information with a view to reassess the security's rating. The Investment Adviser has developed a consistent framework for determining whether a security be deemed “Uninvestible” as a consequence of some event or new information. Should a security be newly rated “Uninvestible”, the Investment Adviser will aim to sell its holding within 3 months, taking into account the best interests of the Shareholders of the Sub-Fund.

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

In addition to the active engagement, the Investment Adviser will actively exercise the proxy votes for all matters, including sustainability, based primarily on a bespoke in-house policy based on the Investment Adviser's Responsible Investment philosophy.

*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.