

Sustainability-related disclosures

Nomura Funds Ireland – Global Sustainable Equity Fund (the “**Sub-Fund**”)

Introduction

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) requires that firms publish information on environmental or social characteristics that their products promote (for Article 8 products) and on sustainable investment objectives that their products pursue (for Article 9 products), together with information on the methodologies used to assess, measure and monitor them.

Nomura Asset Management U.K. Limited (“NAM UK”) is the investment manager of the Sub-Fund.

Summary

The Sub-Fund is an actively managed portfolio that will invest primarily in equity and equity-related securities listed or traded on a recognised exchange in the country universe of the MSCI All Country World Index (the “Index”). The sustainable investment objective of the Sub-Fund is to invest in companies with a high overall positive impact on society (meaning the environment, society, customers, suppliers, employees and investors). The Sub-Fund will mainly focus on the following six UN Sustainable Development Goals (“SDGs”) aligned “Impact Goals”: 1) Mitigate Climate Change, 2) Mitigate Natural Capital Depletion, 3) Eliminate Communicable Disease, 4) Mitigate the Obesity Epidemic, 5) Global Access to Basic Financial Services, and 6) Global Access to Clean Drinking Water.

In order to achieve the sustainable investment objective above, NAM UK seeks to invest in sustainable investments which contribute to or NAM UK deems will contribute to solving social or environmental problems and will focus on maximising total stakeholder impact when making investment decisions.

NAM UK utilises a proprietary framework to identify sustainable investments and categorises contribution of sustainable investments to environmental or social objective into i) “direct contribution”, ii) “indirect contribution” and iii) “transition”. NAM UK implements the strategies of 1) proprietary ESG ratings, 2) exclusions, 3) SDGs assessment, 4) contribution assessment and 5) proprietary total stakeholder impact assessment, to identify sustainable investments that meet one or more of these categories.

- 1) Proprietary ESG ratings: NAM UK will assign a proprietary ESG rating for each potential issuer. The potential ratings range from “No Issues” to “Uninvestible” and the Sub-Fund will be precluded from investing in companies with “Uninvestible” rating.
- 2) Exclusions in relation to the following areas:
 - Adult entertainment
 - Alcohol
 - Gambling
 - Gas
 - Oil
 - Thermal coal
 - Tobacco
 - Nuclear weapons
 - Conventional weapons
 - Civilian firearms
 - Controversial weapons
 - UN Global Compact principles (UNGC) and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD Guidelines)

- 3) SDGs assessment: NAM UK will screen the investment universe using a proprietary SDGs aligned screening tool. The screening tool combines NAM UK's proprietary SDGs assessment with environmental, social and controversy scores derived from a third party research provider. A company must be in the top 40% of this screen and not having a materially negative impact on any of the SDGs or the investment objective to be investible for the Sub-Fund.
- 4) Contribution assessment: In order to identify sustainable investments, NAM UK will only invest where there is quantitative and/or qualitative evidence that the company fits into one or more of the contribution categories above and is aligned with the achievement of the sustainable investment objective of the Sub-Fund.
- 5) Proprietary total stakeholder impact assessment: NAM UK uses its "Total Stakeholder Impact Framework" to make a holistic assessment of the total impact on all stakeholders. The Sub-Fund applies a minimum threshold for the total impact score as assessed by NAM UK and companies that do not meet such threshold are not eligible for investment.

NAM UK also assesses and monitors principal adverse impacts ("PAI") indicators on sustainability factors to ensure that sustainable investments do not cause significant harm to any environmental or social objectives. NAM UK considers certain PAI indicators, either directly or indirectly, throughout the investment process through certain product-, activity- or conduct-based exclusions, proprietary ESG ratings, SDGs assessment, contribution assessment and proprietary total stakeholder impact assessment. Where data is insufficient to make a credible assessment, NAM UK will resort to qualitative research and issuer engagement.

NAM UK has set a binding obligation to make a thorough assessment of the governance practices of the investee companies (including sound management structures, employee relations, remuneration of staff and tax compliance).

In addition to the elements outlined above, the Sub-Fund considers certain PAI indicators within its investment process.

To monitor the sustainable investment objective of the Sub-Fund, NAM UK monitors the sustainability indicators. Compliance with the exclusions above is ensured through pre-trade monitoring and post-trade checks. NAM UK also uses an internal oversight platform to monitor alignment with the sustainable investment objective of the Sub-Fund within its periodic review

NAM UK utilises data and analysis from various sources including but not limited to investee companies, third-party data providers and industry reports. NAM UK seeks to use reliable and actual data but where availability of such data is limited, it will also utilise estimates provided by data providers and other sources.

NAM UK may engage proactively with issuers with weaker characteristics in various ESG topics. Such engagement activities may include direct dialogue with company management, such as through in-person meetings, phone calls, electronic communications /and letters or collaborative actions taken with external stakeholders. Should engagement be unsuccessful, NAM UK takes appropriate investment decisions dependent on the severity of the sustainability controversy or issue. NAM UK may also engage with investee companies to enhance its understanding on investee companies and encourage them to improve their disclosure on sustainability related information.

The Sub-Fund uses the Index in the way that the PAI of the Sub-Fund are compared against the PAI of the Index, with the aim being to limit such portfolio average adverse impacts (weighted average adverse impacts of the companies held by the Sub-Fund) to be lower than that of the Index. The Index is not used for the purpose of determining the attainment of the sustainable investment objective of the Sub-Fund.

No significant harm to the sustainable investment objective

How are the indicators for adverse impacts on sustainability factors taken into account?

NAM UK considers the following PAI indicators, either directly or indirectly, throughout the investment process through certain product-, activity- or conduct-based exclusions, proprietary ESG ratings, SDGs assessment, contribution assessment and proprietary total stakeholder impact assessment.

The exclusions include controversial weapons (#14 below), thermal coal (climate-related PAI indicators), and companies deemed to be in violation of the UNGC and OECD Guidelines (#10 below) as further described under “What investment strategy does this financial product use to meet the sustainable investment objective of the financial product?”.

- 1) Greenhouse gas (GHG) emissions (Scope 1 GHG emissions, Scope 2 GHG emissions, Scope 3 GHG emissions and Total GHG emissions)
- 2) Carbon footprint
- 3) GHG intensity of investee companies
- 4) Exposure to companies active in the fossil fuel sector
- 5) Share of non-renewable energy consumption and production
- 6) Energy consumption intensity per high impact climate sector
- 7) Activities negatively affecting biodiversity-sensitive areas
- 8) Emissions to water
- 9) Hazardous waste and radioactive waste ratio
- 10) Violations of UNGC and OECD Guidelines
- 11) Lack of process and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines
- 12) Unadjusted gender pay gap
- 13) Board gender diversity
- 14) Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

NAM UK will also take into account other relevant PAI indicators depending on the business activities, behaviours of a company and the availability of data. Where there is no sufficient data to make credible assessment, NAM UK will resort to qualitative research and issuer engagement.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

Sustainable investments align with the OECD Guidelines and the UN Guiding Principles on Business and Human Rights by excluding companies that NAM UK deems in violation of UNGC and OECD Guidelines.

Sustainable investment objective of the financial product

The sustainable investment objective of the Sub-Fund is to invest in companies with a high overall positive impact on society (meaning the environment, society, customers, suppliers, employees and investors). Based on the sustainable investment objective above, the Sub-Fund will mainly focus on the following six SDGs aligned “Impact Goals”:

1. Mitigate Climate Change
2. Mitigate Natural Capital Depletion
3. Eliminate Communicable Disease
4. Mitigate the Obesity Epidemic
5. Global Access to Basic Financial Services
6. Global Access to Clean Drinking Water

In order to achieve the sustainable investment objective above, NAM UK seeks to invest in sustainable investments which contribute to or NAM UK deems will contribute to solving social or environmental problems and will focus on maximising total stakeholder impact when making investment decisions. A company’s total impact spans across a broad range of stakeholders (the environment, customers, suppliers, employees, society, and investors) and is both non-monetary and monetary in nature.

Investment Strategy

What investment strategy does this financial product use to meet the sustainable investment objective of the financial product?

The Sub-Fund is an actively managed portfolio that will invest primarily in equity and equity-related securities listed or traded on a recognised exchange in the country universe of the Index. NAM UK has a proprietary framework to identify sustainable investments. Within its framework, NAM UK categorises contribution to environmental or social objective in the following categories; i) “direct contribution”, ii) “indirect contribution” and iii) “transition”.

i) Direct contribution

Products and/or services offered by a company inherently contribute to one or more environmental or social objectives or a company is in the process of developing products and/or services that will contribute to one or more environmental or social objectives. In each case, contribution or potential contribution needs to be measured by quantitative or qualitative indicators.

ii) Indirect contribution

A company that does not necessarily have products or services which contribute to environmental or social objectives but is operating its business in a way that is aligned with one or more environmental or social objective. In each case, contribution needs to be measured by quantitative or qualitative indicators.

iii) Transition

A company has a credible climate transition plan which is in line with available and/or relevant sectoral pathways, technology roadmaps and/or local taxonomies. For investing in such companies, NAM UK will be required to assess the risk of carbon lock-in (the risk of an investment delaying or preventing the company’s transition to near-zero or net-zero alternatives), whether such company supports a “just transition” (a transition to a more sustainable economy where the benefits are shared widely and fairly, and those who get negatively affected by such transition will be supported), and whether such investment causes significant harm to any environmental and social objectives without relying on the prospect or plans of reducing significant harm in the future.

In order to identify sustainable investments that meet one or more of the categories above, NAM UK will implement the following strategies; 1) proprietary ESG ratings, 2) exclusions, 3) SDGs assessment, 4) contribution assessment and 5) proprietary total stakeholder impact assessment.

1) Proprietary ESG ratings

NAM UK will assign a proprietary ESG rating for each potential issuer. In this process, NAM UK will utilise data from external data providers (“Data Providers”), such as MSCI ESG, ISS ESG and Sustainalytics and various third party Non-Governmental Organisations (NGOs) such as NGOs whose mission is relevant to the company in question, as well as data from other sources (such as company reports, industry reports and other third party research reports). The potential ratings range from “No Issues” to “Uninvestible”. NAM UK will be precluded from investing in companies that are rated “Uninvestible” under any circumstances.

2) Exclusions

Exclusions are assessed at time of purchase. NAM UK will monitor the Sub-Fund’s portfolio against these exclusions on an ongoing basis and take necessary actions where required.

- Adult entertainment: Exclusion of companies that derive more than 5% of revenue from production of adult entertainment or sales of adult entertainment in retail channels.
- Alcohol: Exclusion of companies that derive more than 5% of revenue from production of alcohol or sales of alcohol in retail channels.
- Gambling: Exclusion of companies that derive more than 5% of revenue from gambling activities, or sales of gambling activities in retail channels.
- Gas: Exclusion of companies that derive more than 5% of revenue from gas extraction and production.
- Oil: Exclusion of companies that derive more than 5% of revenue from extraction, production, handling or sales of oil.
- Thermal coal: Exclusion of companies that derive more than 5% of revenue from extraction, or production of thermal coal or power generation from thermal coal.
- Tobacco: Exclusion of companies that produce tobacco, or companies for which tobacco distribution represents more than 5% of the company’s revenue.
- Exclusion of companies involved with nuclear weapons.
- Conventional weapons: Exclusion of companies that produce conventional weapons.
- Civilian firearms: Exclusion of companies that derive more than 1% of revenue from sales of civilian firearms.
- Controversial weapons: Exclusion of companies involved with controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, and biological weapons.
- Exclusion of companies that NAM UK deems to be in violation of the UNGC and OECD Guidelines.

3) SDGs assessment

NAM UK will screen the investment universe using a proprietary SDGs aligned screening tool, to help identify investment ideas that may contribute to the achievement of the sustainable investment objective. The proprietary SDGs assessment is a combination of top-down and bottom-up analysis. The screening tool combines NAM UK’s proprietary SDGs assessment with environmental, social and controversy scores derived from a third party research provider. A company must be in the top 40% of this screen as well as not having a materially negative impact on any of the SDGs and ultimately the investment objective to be deemed investible for the Sub-Fund.

4) Contribution assessment

In order to identify sustainable investments, NAM UK will focus on characteristics such as products, services, business activities and/or behaviours of investee companies (dependent on the type of company under review) and will only invest where there is quantitative and/or qualitative evidence that the company fits into one or more of the contribution categories above and is aligned with the achievement of the sustainable investment objective of the Sub-Fund. Examples of characteristics are:

- Whether products and/or services support the reduction of emissions (e.g. renewable energy technology or electric vehicles) or not.
- Whether products and/or services support lower natural capital depletion (e.g. industrial recycling operations) or not.
- The use of energy and/or GHG emissions, including any targets the company may have set and progress towards those targets.
- The sustainability of sourcing and consumption of raw materials, for example, deforestation issues and water consumption.
- Whether products and/or services support a reduction in communicable disease mortality or support a mitigation of the obesity epidemic (e.g. R&D expenditure within infectious diseases, number of patients receiving diabetes treatment) or not.
- The efforts taken by companies to ensure access to drugs and treatments, and the broader approach to pricing treatments fairly.
- The fair treatment of employees, including diversity (e.g. gender), customers (e.g. fair pricing and treatment) and suppliers (e.g. avoiding coercive sourcing practices).
- Whether products and/or services support providing solutions towards global access to basic financial services or not.
- Whether products and/or services support providing solutions towards ensuring global access to clean drinking water.
- The adherence to societal norms such as anti-bribery, anti-child or other forced labour and appropriate treatment of local communities, including within their supply chain.

5) Proprietary total stakeholder impact assessment

NAM UK uses a proprietary “Total Stakeholder Impact Framework” as a comprehensive tool to make a holistic assessment of the total impact on all stakeholders. The Sub-Fund applies a minimum threshold for the total impact score as assessed by NAM UK and investments that do not meet such threshold are not eligible for investment in the portfolio.

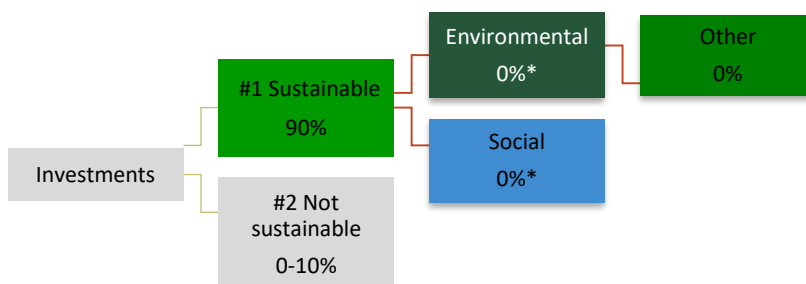
For 4) contribution assessment and 5) proprietary total stakeholder impact assessment above, NAM UK relies predominantly on company-reported data such as annual sustainability reports, and information obtained through engagement directly with the company. NAM UK will also use data from Data Providers as well as various third party NGOs and idiosyncratic data sources including, but not limited to, consumer satisfaction websites and employee review data sets.

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

NAM UK has set a binding obligation to make a thorough assessment of the governance practices of the investee companies (including sound management structures, employee relations, remuneration of staff and tax compliance) and votes any proxies issued by such investee companies taking into account their governance practices. NAM UK has a proprietary assessment process for the assessment of governance practices of investee companies. Within this assessment, NAM UK will utilise data from Data Providers as well as other sources (such as company publications) which focuses on four primary areas as follows:

1. Environmental, Social and Governance attitude: NAM UK will assess the culture and attitude of the board and management of the investee company towards fair treatment of all stakeholders of the investee company, to include the avoidance of environmental damage and conduct breaches (e.g. bribery). NAM UK also assesses effective governance reaction and remediation steps taken by the investee company in the face of any issues concerning such stakeholders. This assessment may include the use of data from Data Providers, in particular, to identify issues that have occurred in the past or are ongoing.
2. Skill in capital allocation: NAM UK will assess the track record of the management and the board of investee companies in allocating capital to high return investments that will benefit shareholders and other stakeholders in the long term. NAM UK believes that inappropriate capital allocation is indicative of poor corporate governance.
3. Skill in operational management: NAM UK will assess the track record and likely capability of the management and the board of investee companies in optimising the operations of an investee company.
4. Remuneration policy: NAM UK believes that the nature of the management reward policy, set by the investee company board, is likely to drive behaviour. As such, NAM UK will evaluate the acceptability of the remuneration structure in detail.

Proportion of investments



NAM UK commits to invest a minimum of 90% of the Sub-Fund's assets in sustainable investments, which will be obtained through direct exposure to investee companies.

*While the sum of sustainable investments with an environmental objective invested and sustainable investments with a social objective invested will add up to the Sub-Fund's minimum share of 90% sustainable investments, the Sub-Fund does not commit to a certain allocation between environmental and social objectives individually. Accordingly, the Sub-Fund does not commit to any minimum share of investments with an environmental objective or any minimum share of investments with a social objective.

Monitoring of sustainable investment objective

How are the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective monitored throughout the lifecycle of the financial product and what are the related internal or external control mechanisms?

NAM UK will use the sustainability indicators to measure the attainment of the sustainable investment objective of the Sub-Fund.

NAM UK will select the most appropriate metric for measuring an investee company's core impact which could be relatively standardised or necessarily idiosyncratic in nature. Sustainability indicators will include but are not limited to:

- Tonnes of carbon avoided as a result of an investee company's products and services
- Number of low income patients reached with drugs and treatments through company's access strategies
- Number of people reached with financial services that were previously unbanked
- Litres of clean drinking water provided as a result of a company's technology

To monitor the sustainable investment objective of the Sub-Fund, NAM UK monitors the sustainability indicators, as above. Compliance with the exclusions above is ensured through pre-trade monitoring and post-trade checks. Engagement progress and results are periodically assessed and unsuccessful engagement may lead investments to exclusion.

NAM UK also uses an internal oversight platform which is independent from investment teams to monitor alignment with the sustainable investment objective of the Sub-Fund within its periodic review.

Methodologies

What are the methodologies to measure the attainment of the sustainable investment objectives and how are the sustainability indicators used to measure the attainment of that sustainable investment objective?

The methodologies to measure the attainment of the sustainable investment objective of the Sub-Fund and how the sustainability indicators are used to measure the attainment of that sustainable investment objective are set out under "Monitoring of sustainable investment objective" above.

Data sources and processing

The Sub-Fund will utilise the following data sources:

- data provided by investee companies in annual sustainability reports and through engagement directly with the investee company.
- data and analysis from NAM UK's team of investment professionals and sector analysts.
- data and analysis from external Data Providers, such as MSCI ESG, ISS ESG and Sustainalytics and various third party Non-Governmental Organisations (NGOs).
- data from other sources (such as industry reports and other third party research reports).

NAM UK scrutinises the data quality and coverage of Data Providers on an ongoing basis. This includes, but is not limited to, reviewing the data model, comparing data between providers and evaluating coverage.

Where data is sufficiently available, NAM UK prefers to use primary sources reported by investee companies. For calculation of PAI indicators, NAM UK will utilise data from Data Providers and monitor on an ongoing basis. NAM UK will also combine primary sources, data from Data Providers and other sources in the course of its ESG strategy.

NAM UK seeks to use reliable and actual data but where availability of such data is limited, it will also utilise estimates provided by Data Providers and other sources. In such cases, NAM UK aims to complement such estimates with internal analysis and/or engagement.

Limitations to methodologies and data

What are limitations to the methodologies or data sources and how do such limitations not affect how the sustainable investment objective of the financial product is attained?

The primary limitation to the methodology or data source is the lack of corporate disclosure. As is the case with industry peers, NAM UK faces challenges in obtaining adequate and sufficient data on certain PAI and other sustainability related metrics. Where lack of data or data credibility may affect its ability to make informed decisions, NAM UK may resort to options such as using multiple data providers for certain data, having a direct dialogue with investee companies, setting a dedicated engagement plan or taking a decision against holding companies in order to ensure alignment of the Sub-Fund with its sustainable investment objective.

Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

Portfolio managers and analysts are primarily responsible for conducting due diligence on investments on a continuous basis to ensure each investment meets the binding requirements including 1) proprietary ESG ratings, 2) exclusions, 3) SDGs assessment, 4) contribution assessment and 5) proprietary total stakeholder impact assessment set out above under "Investment Strategy". Portfolio Managers and analysts are also required to make a thorough assessment of the governance practices of investee companies (including sound management structures, employee relations, remuneration of staff and tax compliance). They are supported by NAM UK's aforementioned internal oversight platform where any new investments and material changes to the Sub-Fund's portfolio will be presented and scrutinised on a periodic basis.

Engagement policies

What is the engagement policy implemented, in the case that engagement is part of the sustainable investment objective (including any management procedures applicable to sustainability-related controversies in investee companies)?

NAM UK may engage proactively with issuers with weaker characteristics in topics such as, but not limited to, human capital management, board composition and environmental impacts management. Such engagement activities may include direct dialogue with company management, such as through in-person meetings, phone calls, electronic communications /and letters or collaborative actions taken with external stakeholders. Should engagement be unsuccessful, NAM UK takes appropriate investment decisions dependent on the severity of the sustainability controversy or issue.

In addition, as mentioned above, the Sub-Fund may also engage with investee companies to enhance NAM UK's understanding on investee companies and encourage them to improve their disclosure on sustainability related information.

Attainment of the sustainable investment objective

The Sub-Fund uses the Index in the way that the PAI of the Sub-Fund are compared against the PAI of the Index, with the aim being to limit such portfolio average adverse impacts (weighted average adverse impacts of the companies held by the Sub-Fund) to be lower than that of the Index. However, the Index is not used to define the portfolio composition of the Sub-Fund and is not used for the purpose of determining the attainment of the sustainable investment objective of the Sub-Fund. The Index is a broad market index and not consistent with the sustainable investment objective of the Sub-Fund.