

3Q 2020

Nomura Asset Management U.K. Limited
Nomura Asset Management Singapore Limited
Nomura Asset Management Malaysia Sdn. Bhd.
Nomura Islamic Asset Management Malaysia Sdn. Bhd.

Responsible Investing Report

Introduction

Nomura Asset Management is committed to Responsible Investment, being a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) since 2011, and has a strong track record of acting in a manner that maximises both the experiences of our clients and the other stakeholders impacted by our investments.

Nomura Asset Management U.K. Limited (“NAM UK”) has been integrating Environmental, Social and Governance (“ESG”) research (both proprietary internal research and external data providers) into all individual global equity investment committee reviews since 2013. Our engagement activity and ESG research has been published publicly online since 2Q16 in an effort to promote transparency and increase the impact of our activity. Whereas, Nomura Asset Management Malaysia Sdn.Bhd. (“NAMM”) and Nomura Islamic Asset Management Sdn.Bhd. (“NIAM”), as member entities within the NAM group in Malaysia, are also committed to standards encouraged by the UNPRI through its commitment to observe the Malaysian Code of Institutional Investors (“MCII”). Both NAMM and NIAM became signatories of the MCII on 25 April 2017.

The engagement efforts of the NAM UK Fixed Income team have been included within this report since 3Q18, and from 2Q19 has also incorporated the research and engagement processes of Nomura Asset Management Singapore Limited (“NAM SG”) and Nomura Asset Management Malaysia Sdn.Bhd. (“NAMM”). Since 1Q20 the Responsible Investment team of Nomura Asset Management Co., Ltd (“NAM Tokyo”) have also been contributing a selection of engagements with Japanese companies to the report. Through the collaboration of research efforts across offices and asset classes we believe we can maximise the impact of engagement activity and achieve the best outcomes for all stakeholders.

It is our view that Responsible Investment is best undertaken by taking into consideration the impact of a corporation’s existence and the associated investment decisions on all stakeholders, not just ourselves as shareholders and/or bond investors. As responsible investors we must take into account the broader impact of our investment decisions and it is our duty to engage with the businesses we own and/or lend to, and even those we don’t, to push for better practices where necessary. Targets for engagement are identified through our ongoing ESG research programme, which takes into consideration the ESG risks within our client portfolios and ongoing evaluation of the impact that our investee companies have on all stakeholders. An assessment is made as to the severity of the engagement topic and the engagement itself is carried out at the appropriate level. Where we feel our engagement activity is not having the desired effect we will escalate our concerns to more senior management or directly to the board. We are proactive with regards to proxy voting as a means to express our views and we actively seek to collaborate with other investors to maximise the impact of our activity.

"NAM Group" "NAM"	These references relate to the whole Nomura Asset Management organisation and will generally be used when referring to matters such as investment philosophy, style, company structure and other policies which are consistent across the Group.
"NAM UK"	This refers to Nomura Asset Management UK Limited, the UK based subsidiary of NAM Tokyo. NAM UK will typically be appointed as investment manager and will retain responsibility for the management, control and servicing of the client portfolio and relationship.
"NAM Singapore" "NAM SG"	This refers to Nomura Asset Management Singapore Limited.
"NAM Malaysia" "NAMM"	This refers to Nomura Asset Management Malaysia Sdn.Bhd.
"NIAM"	This refers to Nomura Islamic Asset Management Malaysia Sdn.Bhd.
"Our" "We"	This refers to the efforts and practices undertaken within the NAM UK, NAM Singapore and NAM Malaysia offices.

Summary

Over the period 63 companies were reviewed and assigned ESG ratings. Of these, 17 were awarded a rating of ‘N’ (No Issues), 30 a rating of ‘I’ (Issues but Improving), 16 a rating of ‘I’ (Issues, Not Improving). No companies were deemed Uninvestable. In addition, 28 further companies were engaged with, supplementary to full company reviews, to discuss ESG related queries that arose over the period. In total we engaged with 74 companies to discuss ESG concerns. Of these engagements 7% were focused on Business Strategy, 18% on Social Impact, 27% on Environment, 17% on Governance, 5% on Financial Strategy and 26% on Dialogue/Disclosure. Of the companies we engaged with, 19 were based in North America, 13 in Europe, 30 Asia ex Japan and 12 within Japan. Responses were received from 57 companies (77% response ratio).

Companies reviewed	
N (No Issues)	17
I (Issues, but improving)	30
I (Issues, not improving)	16
U (Uninvestable)	0
Total	63

Engagements	
Number of contacts	74
Engaged & responded	57
Engaged with no response	17
Response Ratio	77%

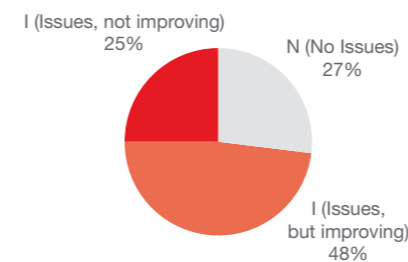
Engagements by Region	
Europe	13
North America	19
APAC ex Japan	30
Japan	12
Total	74

Engagements by Subject	
Business Strategy	17
Financial Strategy	11
Governance	40
Environment	64
Social	44
Dialogue/Disclosure	61

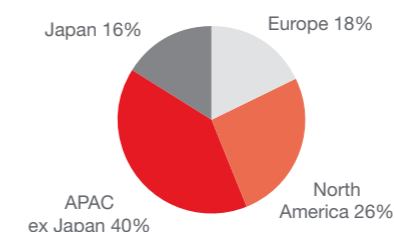
Engagements by Country	
Germany	2
United States	18
Netherlands	1
Britain	6
Spain	1
France	1
Switzerland	2
Canada	1
Taiwan	5
Malaysia	3
Indonesia	3
Hong Kong	2
South Korea	2
Philippines	1
Thailand	1
China	4
Singapore	5
Macau	1
Australia	3
Japan	12
Total	74

Please note ‘Engagement by Subject’ does not add up to total number of engagements as company engagements can typically include the covering of multiple topics.

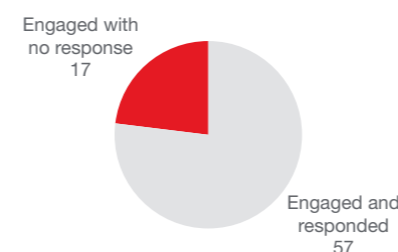
Ratings Assigned Over the Period



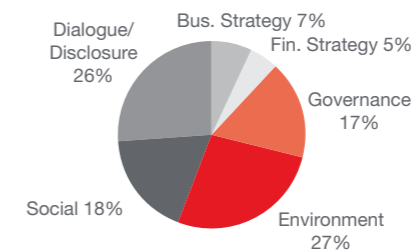
Engagement by Region



Engagement Over the Period



Engagement by Type



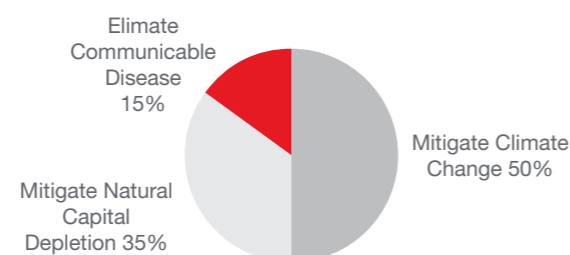
Notes from our Responsible Investing Research

Supporting Inter-company Collaboration: At Nomura Asset Management, we are committed to using our privileged position as institutional investors to have the greatest positive impact. We realise that we have a unique insight from investing in and analysing many hundreds of companies on ESG grounds, and that we can use this insight to identify companies with weaknesses and connect them with other companies, in different regions and sectors, that might be able to share experiences and support better ESG outcomes. As such over the quarter we embarked on an inter-company collaboration project seeking to connect companies on a non-competitive basis to work together towards better outcomes. We have found the response to the first stages highly promising with a number of companies willing to connect to either share positive experiences to support better outcomes at other companies, or eager to learn how they might support better outcomes from more advanced peers on the sustainability front.

Nomura Asset Management's 6 Impact Goals: In 4Q19 we introduced NAM's 6 Impact Goals focused around the most pressing issues facing our world today. Those Impact Goals are closely aligned with the UN's SDGs, as well as with NAM's Global ESG Statement. We took into consideration where we believe we as investors can have the biggest material impact. As part of our commitment to deeply integrate our 6 Impact Goals into our processes we strive to further increase our engagements with companies on the selected Goals and work together towards achieving them. In 3Q20, 20 of our total engagements were directly aligned to one of the identified Impact Goals. Of those 10 were related to Mitigating Climate Change, 7 to Mitigating Natural Capital Depletion and 3 to Eliminating Communicable Disease.

Engagements by NAM Impact Goals

Mitigate Climate Change	10
Mitigate Natural Capital Depletion	7
Eliminate Communicable Disease	3
Mitigate the Obesity Epidemic	0
Global Access to Basic Financial Services	0
Global Access to Clean Drinking Water	0
Total	20



Collaboration – Access to Medical Oxygen: The coronavirus pandemic has brought to light the severity of a lack of adequate access to medical oxygen within emerging economies given the role this can play in improving outcomes for those that experience severe symptoms. Over the quarter we participated in a roundtable led by the Access to Medicine and the Every Breath Counts coalition, for companies, NGOs, donors and investors to openly discuss how stakeholders could work together to tackle this grave issue. Working collaboratively across our firm we were also able to use our influence to support bringing a key player within the medical oxygen space to the table to participate in the conversation. The initiative remains in the early stages but the first steps have been taken and highlight the important role institutional investors can play in supporting better outcomes. More information on: <https://accesstomedicinefoundation.org/news/bridging-the-gap-in-access-to-oxygen-foundation-co-hosts-roundtable-that-identifies-10-key-actions>

Responsible Investing Case Study

Making sure companies monitor and ensure working conditions of employees in their supply chains are at a high enough standard is key for their sustainability.

NAM UK has been invested for a number of years in a global fashion apparel company, which is also one of the largest global employers, with more than 150,000 direct employees and additionally, more than a million being part of its supply chain. Recently a UK online retailer was involved in a significant controversy related to the labour practices in its supply chain in the UK, so we decided to do additional work looking at the apparel companies in our portfolios to understand in more depth how they control and manage their supply chains in order to prevent such problems.

NAM UK engaged with the company to understand the processes they have in place to manage and control their supply chain. They explained to us what their key advantages are. Those being, close proximity sourcing in countries with better labour conditions (more than half of their factories are located in countries close to its head offices) and having very long-term relationships established with suppliers (more than 90% of purchases involved suppliers with whom they have been doing business with for three or more years). Their suppliers have to subscribe to their Code of Conduct for Manufacturers and Suppliers, which defines minimum standards. To verify compliance, the company has carried out more than 50,000 audits on their suppliers and manufacturers, including facilities at every phase of the production cycle, and more than 10,000 traceability audits, which have been done in the last 5 years.

We also decided to set up a call with a global union representing around 50 million workers globally, including the textile and garment industries. The Director of the global union who was contacted by NAM UK, explained that the apparel company, which we are invested in, is one of the global leaders with regards to labour relations and sustainability. They have been leading the way in their sector with agreements to control the supply chain after the Rana Plaza disaster in Bangladesh or more recently, with the ACT (action, collaboration and transformation) plan (see on actonlivingwages.com).

It is a good thing that investors are increasingly aware of reputational risk in this industry. As long-term shareholders, we believe it is in the best interest of the company to assure the sustainability of its supply chain and make sure all employees (direct or not) are working under appropriate conditions. This provides benefits in the long term, from avoiding negative publicity, to increasing flexibility and productivity in the supply chain. We also think this is the right thing to do.

ISS Climate Impact Assessment – Aggregate Global Equities Holdings

Nomura Asset Management has contracted Institutional Shareholder Services (ISS) to provide Climate related analysis of our portfolios, based on the stock holdings. This section provides key elements of the analysis done on the aggregated holdings of the portfolios managed by the Global Equity team. It is based on a 99.91% coverage of the underlying holdings by ISS.

Portfolio Overview

Comparison of Global Equity holdings Climate performance relative to the MSCI All Country World Index benchmark as defined by the ISS Climate Impact Assessment.

Disclosure Number/Weight	Emission Exposure tCO ₂ e			Relative Emission Exposure tCO ₂ e/Mio USD Revenue		Climate Performance Weighted Avg	
	Share of Disclosing Holdings	Scope 1&2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg Carbon Intensity	Carbon Risk Rating ¹
Portfolio	80.1%/90.1%	279,563	1,355,099	88.03	127.17	94.38	40
Benchmark	56.8%/80.5%	392,912	1,601,604	123.72	215.03	179.31	36
Net Performance	23.3 p.p./9.6 p.p.	28.8%	15.4%	28.8%	40.9%	47.4%	-

Source: ISS ESG

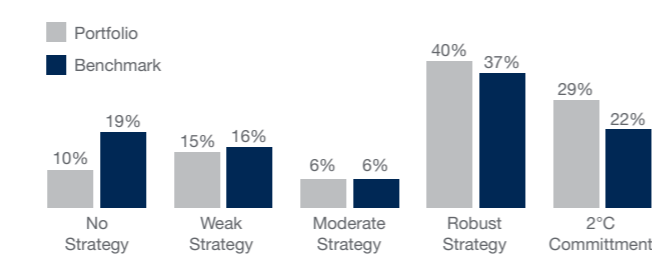
Climate Scenario Analysis

The climate transition will require companies to align themselves with international climate goals and progress on those in the future. Currently 29% of our aggregate holdings by value are committed to keeping to a 2° warming scenario, which compares to 22% for MSCI ACWI. Only 10% of our holdings by value have No Strategy vs 19% for MSCI ACWI. Our current holdings have an emissions profile consistent with the 2° warming target in the near term, but their expected longer term emissions trajectory remains too high and by 2036 will not be consistent with that target. To improve this situation is a key objective for our engagement programme and is why we included “Mitigate Climate Change” as an “Impact Goal” and a focus area for ongoing engagement.

Portfolio Compliance with Emission Budget per Scenario

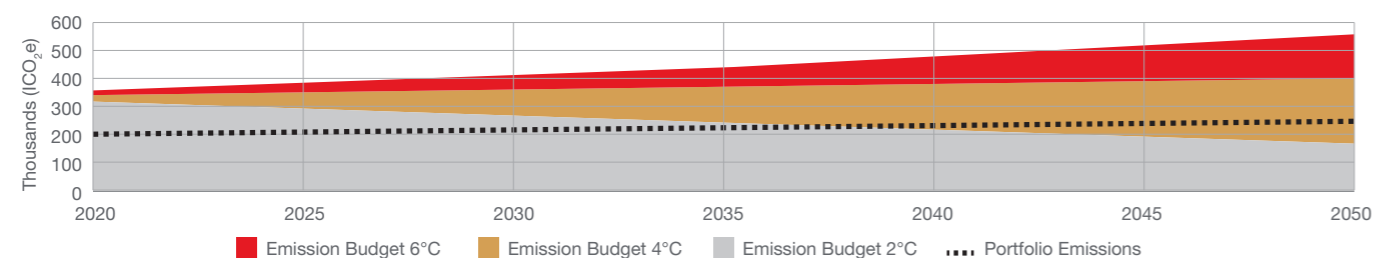
	2020	2030	2040	2050
2°	65.02%	83.65%	116.7%	156.5%
4°	61%	60.36%	59.96%	60.25%
6°	58.63%	53.31%	48.26%	45.32%

Climate Strategy Assessment (% Portfolio Weight)



2036 Until the year 2036, portfolio is aligned with a 2° Celsius warming scenario

Portfolio Emission Pathway vs. Climate Scenarios



Source: ISS ESG

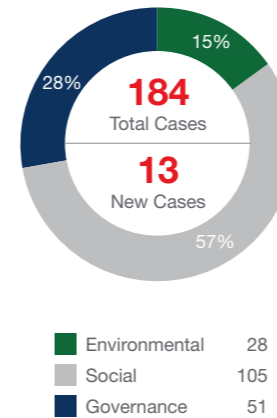
Sustainalytics Engagement (formerly GES International)

In addition to the extensive ESG research and engagement activity carried out at Nomura Asset Management, the services of Sustainalytics' engagement arm (formerly GES International) are used to maximise our engagement voice and ability to push for better practices and fairer outcomes for all stakeholders. The Sustainalytics engagement team has over 40 employees globally dedicated to corporate engagement and represent €1.5 trillion of investments worldwide. We include herein a summary of the engagement activity carried out on behalf of Nomura Asset Management as at August 2020.

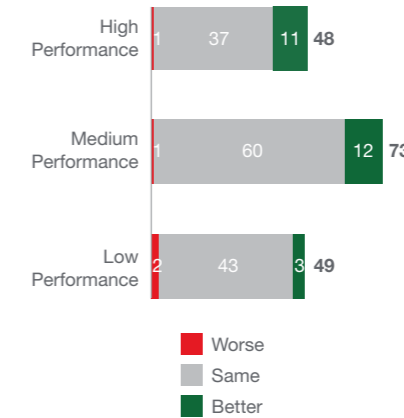
Quarterly Statistics

June – August 2020

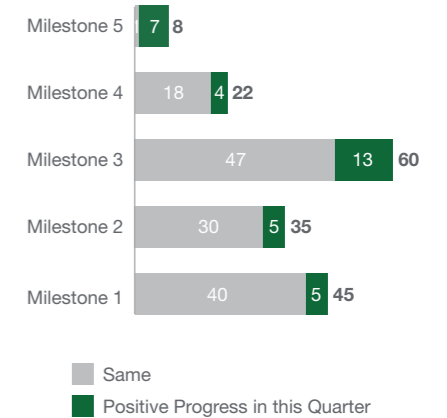
Cases by Theme



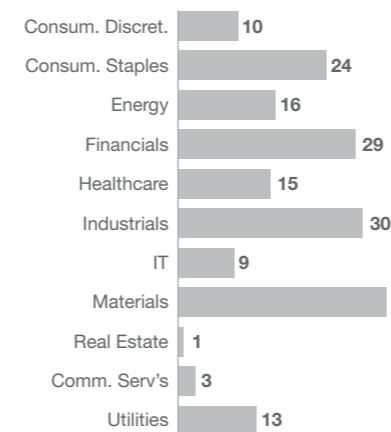
Engagement Performance Overview



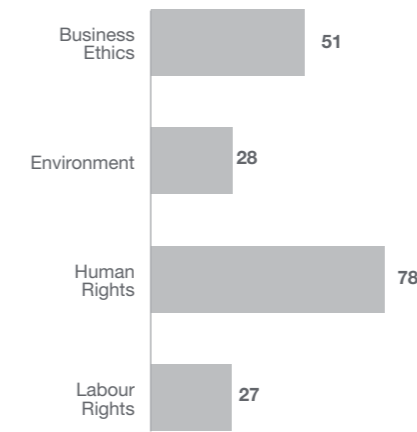
Milestone Overview



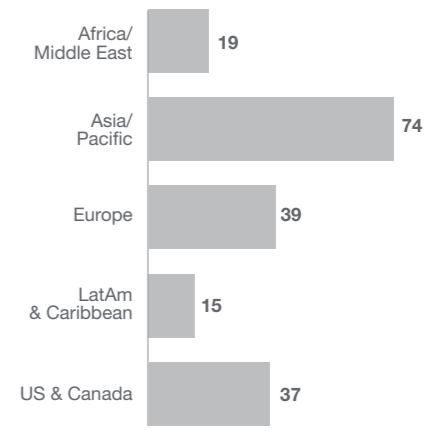
Cases by Sector



Cases by Norm



Cases by Headquarters



Proxy Voting Record 3Q20

NAM seeks to act in a manner most likely to enhance the economic value of the underlying companies owned on our clients' behalf. We engage with companies based on our "Ideal Form of Business Management of Investee Companies" in order to enhance our mutual understanding and to seek changes in their company practices. NAM employs the services of Institutional Shareholder Services (ISS) to efficiently apply our proxy voting policy to individual proposals. ISS are provided with comprehensive and proprietary guidelines set out in our proxy voting policy. NAM will closely consider the voting agenda of a company that meets certain conditions (including, but not limited to, the violation of any applicable laws, inadequate board composition, and financial strategies that are not deemed to be in the best interests of shareholders and other stakeholders). Where we believe that a specific agenda item is not in the best interests of shareholders, NAM will decide either to vote against or to abstain from voting on the item. [Please see the Nomura Asset Management Proxy Voting Policy for full details.](#)

Voting Data

Over the quarter NAM UK, NAMM and NAM SG voted on 1928 proposals across 74 shareholder meetings and 245 ballots. In total 56% of proposals were director related, with a further 18% in relation to 'Routine Business' and 14% 'Capitalisation'. In total NAM UK, NAMM and NAM SG voted 'With' management on 1824 (95%) proposals and 'Against' management (or 'Withheld' our vote) on 104 (5%) proposals. Examples of where we voted 'Against' management, or elected to 'Withhold' our vote included:

- Voted 'Against' the election of a Director at a German Automobile Manufacturer, as the nominee was clearly over boarded
- Voted 'Against' the approval of allocation of income at a Spanish Specialty Retail business as the company falls on "cash rich" watch list and the pay out ratio is less than 50%

Proposals Voted on in 3Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	4	0.2%
Capitalisation	262	13.6%
Directorships	1087	56.4%
Compensation	102	5.3%
Reorg/M&A	108	5.6%
Routine Business	352	18.3%
Health/Environment/Social	0	0.0%
Other	13	0.7%
Total	1928	100.0%

Proposals Voted 'Against' Management in 3Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	0	0.0%
Capitalisation	0	0.0%
Directorships	38	36.5%
Compensation	58	55.8%
Reorg/M&A	0	0.0%
Routine Business	8	7.7%
Health/Environment/Social	0	0.0%
Other	0	0.0%
Total	104	100.0%

Voting Record vs. Management in 3Q20

	With	Against
Votes	1824	104
Proportion	94.6%	5.4%

Voting Record vs. ISS in 3Q20

	With	Against
Votes	1919	9
Proportion	99.5%	0.5%

ESG Analysis

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Specialty Retail, Spain	Company ESG team	Issues (Improving)	Questions about their control of the supply chain, regarding working conditions, labour wages and sub-contracting. This is related to allegations made on a UK competitor earlier in July.	Company seems to be ahead of peers regarding most ESG issues.	Engaged and response received
Insurance, Switzerland	IR	Issues (Not Improving)	A 14 member board + generous executive pay have been highlighted as part of ESG issues.	No action/improvement over the past few years and no actions evident at this point in time.	Not Engaged
Insurance, United States	IR	Issues (Improving)	ESG issues should be incorporated into the investment process for their own assets.	Company have stated that they are working towards incorporating ESG criteria into their investment process so at this point we are waiting before any engagement.	Not Engaged
Semiconductors & Semiconductor, China		Issues (Not Improving)	Significant state ownership and government subsidies. No comprehensive anti-corruption controls. No evidence of conformance to global standards, such as the UNGC. High annual employee turnover (22%).	Investment recommendation - potential short candidate.	Not Engaged
Chemicals, Netherlands	IR	No Issues	The materials business does consume oil, but the emissions from oil in chemicals is much lower than in fuel and plastics offers solutions to efficiency challenges like light-weighting.	There is no major ESG consideration regarding the company. In fact it is positive and is a clear candidate for sustainable strategies.	Not Engaged
Pharmaceuticals, Britain		Issues (Improving)	Moderate controversies related to false marketing and failure to disclose product safety information. Experienced restructuring and layoffs recently. Lagging peers in efforts to attract/retain talent.	ESG issues are improving. Most lawsuits related to three medications are now closed. UK authorities closed investigations into China bribery allegations. Internal framework score has increased.	Engaged but no response
Specialty Retail, United States	Company ESG team	Issues (Improving)	Issues with destination of unsold inventory and labour standards in suppliers factories.	The fashion industry generates pollution and waste. Its production tends to happen in low-cost factories with patchy legal compliance. Company seems to be better than most peers when it comes to E&S.	Engaged and response received
Professional Services, Switzerland	IR	No Issues	Very limited environmental impact given business model. Contributes considerable value to society through supporting employment particularly across blue collar roles. MSCI flags data privacy risks.	Do not see considerable investment risks from ESG assessment (pending feedback from the company on personal data management policy). Contributes positively to multiple SDGs.	Engaged and response received

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Banks, Netherlands		Issues (Improving)	The company has faced allegations of money laundering recently and this seems to hang over its generally strong corporate governance. CEO pay is not linked to sustainability targets.	Strong sustainability targets and criteria in lending. Recent AML controversies must be balanced with good overall corporate governance. High retail exposure could lead to elevated credit losses.	Engaged but no response
Banks, Sweden		Issues (Improving)	Outstanding AML issues, however new management and conclusion of Swedish FSA fine has mitigated some of the fallout.	AML issues remain outstanding and an overhang on the share. Large retail and mortgage market exposure could lead to deflationary pricing and elevated credit losses.	Not Engaged
Banks, Sweden		Issues (Improving)	The company is generally past AML issues with the 1bn SEK fine by Swedish FSA. Higher employee attrition vs. industry average and local peers is worth looking into.	AML issues are generally behind them, however always a potential issue with financial services companies. This must be balanced by TOP MSCI rating on AML policies.	Engaged but no response
IT Services, United States		No Issues	The company fits our financial inclusion impact goals through its core banking outsourcing service. Works with small and mid-sized banks that serve under-banked communities.	Low risk to earnings or discount rate from ESG issues. Are reducing carbon footprint by reducing its datacentres from 45 in 2017 to 27 in 2019 with target of 14 in 2021. Reduces carbon and costs.	Not Engaged
Electric Utilities, United States	IR	Issues (Improving)	Non independent board Chairman. CEO remuneration has been an issue in regulator disputes. Accounting flags. Storm outages in August 2020.	Well aligned with environmental and decarbonisation megatrends. Enabler of Mitigate Climate Change impact goal.	Engaged and response received
Electric Utilities, United States	IR	Issues (Improving)	Flags for entrenched board, lacking diversity, CEO remuneration, auditor independence. Aggressive accounting, complex renewables disclosures. Small legacy coal power plants. Very strong on environment.	Exceptionally well aligned with decarbonisation megatrends. Suitable for sustainable strategies - massive enabler of Mitigate Climate Change impact goal. Acquiring competitor could impact holding.	Engaged and response received
Multi-Utilities, United States		No Issues	Minor flags for entrenched board, overboarded directors and non-independent Chairman. Company is not differentiated.	Less well aligned with positive environmental trends, but do not see gas assets as 'risk' of being stranded medium term. Not as suitable for sustainable strategies as some competitors.	Not Engaged
Electronic Equipment, Instruments, Taiwan	Company ESG team	Issues (Improving)	Composition of board members. Carbon emission target. Ensure consistency among suppliers regarding working conditions. Workplace health and safety issues.	Overall the company tries to improve ESG issues. For example, the company setting numerical target for carbon emissions. We do not own stock because of non-ESG reasons.	Engaged and response received

ESG Analysis (cont'd)

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Diversified Telecommunication, Indonesia	Senior Management	No Issues	Board of Commissioner (BOC) doesn't include women. Low female representation at senior management level. In process of calculating carbon footprint. To launch sustainability report in 2021.	No women on BOC probably reflects long tenure of existing commissioners. Unlikely to change in near term. Low female representation at senior management level is not ideal, but could be industry norm.	Engaged and response received
Hotels, Restaurants & Leisure, Hong Kong	IR	Issues (Improving)	Company's board members don't seem to be well diversified in terms of gender/nationality/age. Several directors have quite long years of serving and at quite senior age.	Biased board member constitute could be an industry norm, but should be considered to be an area for improvement in long term. Not material for our investment horizon.	Engaged and response received
Metals & Mining, South Korea	Company ESG team	Issues (Not Improving)	Development Corporate Citizen Committee. ESG initiatives to improve consistency in policies and practices across the group. Carbon Emission Target. Health Safety. Human Rights. Water.	The company's ESG strategy would be among best in the sector in our universe. We do not own stock due to loomy fundamental of industry (not ESG angle).	Engaged and response received
Hotels, Restaurants & Leisure, Philippines	IR	Issues (Improving)	Board composition questionable - no women included, 2 independent out of 7, undivided CEO and Chairman role, low female representation at management level.	No plan about succession and split role of Chairman/CEO, but didn't disagree to raise independent board members from 2 to 3 in the future. Still in the process of increasing gender diversification.	Engaged and response received
Chemicals, Thailand	IR	No Issues	Environmental efforts development, particularly for PET as main product of the company.	Has made a global commitment to recycle 750k tons of post-consumer PET materials as feedstock into its polyester production per year, invest \$1.5b by 2025, and recycle at least 50b bottles per year.	Engaged and response received
Technology Hardware, Storage &, South Korea	IR	Issues (Improving)	Anti-corruption policies, diversification/independency of board members and independency of audit and related party committees.	The company has established a Global Anti-Corruption and Bribery Policy in more than 20 languages. Independent directors are appointed from various fields. Internal system is established.	Engaged and response received
Transportation Infrastructure, Indonesia	Company ESG team - Group	No Issues	Board of Commissioner (BOC) - 1 female member out of 6. No clear policy on political donations. Perceived risk that company needs to do national service at expense of minority investors.	SOE minister shows strong support for women/millennials to be in senior mngt. In process of creating policy to ban political donations. Minority interest should largely be protected by IDX rules.	Engaged and response received
Semiconductors & Semiconductor, Taiwan	IR	No Issues	Whether they might be willing to share with others to help achieve the goal of mitigate climate change. Whether they are willing to accept help from others to achieve the goal above.	Company has intention to facilitate collaboration and information sharing among companies to improve in areas such as environmental impact.	Engaged and response received

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Interactive Media & Services, China	IR	Issues (Improving)	Long working hours of staff '9-9-6 culture'. Low female representation on the Board of Directors.	High female representation in all seniorities and job natures. Encourage employees to achieve work-life balance by promoting flexible working arrangements. Both issues are not material.	Engaged and response received
Semiconductors & Semiconductor, Taiwan	IR	No Issues	No major ESG issues. However, the company merely referred NAM SG to its CSR report instead of answering list of questions prepared, citing lack of time and resources to respond.	Among the few Taiwanese companies to have a female board member. The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged but no response
Electronic Equipment, instruments, Taiwan	IR	Issues (Improving)	Hazardous gas rose, even though goal was to reduce it. No female board members.	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged but no response
Semiconductors & Semiconductor, Taiwan	IR	Issues (Not Improving)	Company did not respond to request.	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Engaged but no response
Oil, Gas & Consumable Fuels, China	IR	Issues (Not improving)	Frequency of fatal incidents suggesting lack of adequate safety measures. Corruption incidents overshadow.	Overall not improving. Disclosures slightly improved, but not yet on oil spill compared to peers. Fatalities are still happening and need more disclosures, as well as adequate safety measures.	Engaged and response received
Real Estate Management & Devel, Indonesia	IR	No Issues	Currently does not disclose work place injury statistics. Management pledges to improve disclosure going forward. No specific gender diversity policy for Board of Commissioners.	Company has working relationship with IFC, which has raised ESG standards. Younger generation family members are pushing for greater board independence and possible independent Chairman in future.	Engaged and response received
Real Estate Management & Devel, Hong Kong	IR - Group	No Issues	Disclosure: In process of improving IR activity. Environment: In process of setting target for carbon reduction.	Both points are recognised by the company and now in the process of improvement.	Engaged and response received
Diversified Consumer Services, China	IR	No Issues	Data protection of students given the leaked incident in the beginning of the year. Lack of female directors.	Company took steps in mitigating data leakage. They are also considering to hire a female independent director. Company will have an ESG report soon and take this very seriously.	Engaged and response received
Road & Rail, Singapore	IR	No Issues	Discussion with company about environmental related concerns for their business model as a public transporter provider.	Moving to greener fleet and energy efficient vehicles.	Engaged and response received

ESG Analysis (cont'd)

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/Response
Diversified Telecommunication, Singapore	IR	No Issues	Diversified board representation.	Company prepares its business for the impact of climate change and mitigates its carbon footprint through renewable and ongoing organic energy efficiency initiatives.	Engaged and response received
Banks, Singapore	IR	Issues (Improving)	Risk management and money laundering concerns, as highlighted by news headlines.	Fiduciary duties to clients and shareholders.	Engaged and response received
Banks, Singapore	IR	No Issues	Risk management.	Fiduciary duties to clients and shareholders.	Engaged and response received
Banks, Singapore	IR	No Issues	Risk management.	Fiduciary duties to clients and shareholders.	Engaged and response received
Hotels, Restaurants & Leisure, Macau	IR	Issues (Improving)	Medium term environment target. CEO succession plan. Related party transaction rule. Independence of pay committee members.	Issues are not serious. Made good progress on environmental tasks. Some governance issues should be pointed out, but the company's board effectiveness seems okay.	Engaged and response received
Metals & Mining, Australia	IR	Issues (Improving)	Need clarity on tailings dam monitoring and stakeholder engagement procedures (landowners, local communities, government).	Issues an annual sustainability report and targets to reduce carbon emissions. Striving to increase women representation. Tailings dam monitoring and stakeholder engagement procedures in place.	Engaged and response received
Food & Staples Retailing, Australia	IR	Issues (Improving)	Has had labour issues around wage underpayment. Balance between monetization of poker machine revenue and customer care especially for those with gambling addiction.	Issues an annual sustainability report. Responsible sourcing and food waste reduction procedures in place. Responsible gaming in focus. Strong women representation. Effort to address wage gaps.	Engaged and response received
Capital Markets, Australia	IR	Issues (Improving)	Allegations around underpayment from former Bank Advisers. Overall robust corporate governance.	Strong commitment towards responsible lending and investment. Robust staff training programs despite allegations around underpayment from former staff. Overall robust corporate governance.	Engaged and response received
Textiles, Apparel & Luxury Goo, China	IR	Issues (Improving)	Low female representation on Board of Directors (BoD). Renewable energy contribution still low and will work towards lower carbon emission by 2025.	71% of total staff are female and working to increase BoD female representation. Working on developing wind energy in China and solar energy in Vietnam and Cambodia, doing studies at all 3 venues.	Engaged and response received
Independent Power and Renewables, Malaysia	Senior Management - Group	Issues (Improving)	Potential risks and opportunities on environmental issues and lack of female board representative(s).	The renewable energy comes from responsibly managed resources and the company is in the process of finding suitable female board representative(s).	Engaged and response received

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/Response
Food Products, Malaysia	Company ESG team - Group	Issues (Improving)	Allegations by Liberty Shared from the USA on labour issues in relation to wages, recruitment method and child labour.	Has policies and procedures in place to address the labour issues but may have not been applied consistently.	Engaged and response received
Health Care Equipment & Supplies, Malaysia	Senior Management	Issues (Improving)	Detention order by the U.S. Customs and Border Protection on two of the company's subsidiaries that make disposable gloves because of foreign labour issues.	Issue is due to retrospective payment of recruitment fees by the foreign workers before the implementation of Zero Cost Recruitment Policy in January 2019. The company has since borne the fees.	Engaged and response received
Chemicals, Malaysia		Issues (Improving)	Vulnerable to financial and litigation risks associated with workplace accidents and fatalities.	Has implemented an OHSAS 18001 certified safety plan with audit provisions, however can continue to improve by setting safety performance metrics or quantified reduction targets.	Not Engaged
Construction & Engineering, Malaysia		Issues (Improving)	Board does not have an independent majority. Founders control a majority stake in the company.	Has formed a joint venture to provide one-stop solar energy solutions to companies especially those in its own industrial parks.	Not Engaged
Banks, Malaysia		No Issues	Company can continue to improve on environmental credit/ESG investment policy.	Overall, the company has strong governance practices.	Not Engaged
Multiline Retail, Japan	Senior Management	Issues (Not Improving)	The board includes too many internal directors and lacks independence. Governance may not be working effectively.	The board includes too many internal directors and lacks independence. Governance may not be working effectively.	Engaged and response received
Chemicals, Japan	Senior Management	Issues (Not Improving)	There is no outside director who is strong in finance despite the conglomerate. Governance may not be working effectively.	There is no independent director who is strong in finance despite the conglomerate. Governance may not be working effectively.	Engaged and response received
Chemicals, Japan	Corporate Action	Issues (Improving)	The company announced the reorganisation of joint ventures in Asia, of which we had pointed out the need of restructuring of complicated capital relations. This is the result of NAM's engagement.	The company announced the reorganisation of joint ventures in Asia, of which we had pointed out the need of restructuring of complicated capital relations. This is the result of NAM's engagement.	Not Engaged
Oil, Gas & Consumable Fuels, Japan	Company ESG team	Issues (Improving)	Despite the issuance of CB, there are no human resources who can evaluate the price of derivatives. Due to conflicts of interest, it is urgent to appoint an outside director with financial experience.	Despite the issuance of CB, there are no human resources who can evaluate the price of derivatives. Due to conflicts of interest, it is urgent to appoint an outside director with financial experience.	Engaged and response received
Oil, Gas & Consumable Fuels, Japan	Company ESG team	Issues (Improving)	Stock price plummeted due to issuance of convertible bonds. Lack of awareness regarding the fact that the company's thinking is not being conveyed to the stock market.	Stock price plummeted due to issuance of convertible bonds. Lack of awareness regarding the fact that the company's thinking is not being conveyed to the stock market.	Engaged and response received

ESG Analysis (cont'd)

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Chemicals, Japan	Senior Management	Issues (Not Improving)	Revenue volatility is high compared to other companies, and synergies with the pharmaceutical business cannot be seen.	Revenue volatility is high compared to other companies, and synergies with the pharmaceutical business cannot be seen.	Engaged and response received
Entertainment, Japan	Senior Management	Issues (Not Improving)	Too much cash accumulation even if we consider their revenue expansion strategy with aggressive investment. Needs commitment to capital efficiency through remuneration, not only to revenue and profit.	Too much cash accumulation even if we consider their revenue expansion strategy with aggressive investment. Needs commitment to capital efficiency through remuneration, not only to revenue and profit.	Engaged and response received
Machinery, Japan	Senior Management	Issues (Not Improving)	Bottom line growth is slow despite its top line growth. Unbalanced strategy with no commitment for financial numbers through executive compensation and enthusiastic about SDGs etc.	Bottom line growth is slow despite its top line growth. Unbalanced strategy with no commitment for financial numbers through executive compensation and enthusiastic about SDGs etc.	Engaged and response received
Pharmaceuticals, Japan	IR - Group	Issues (Improving)	Transfer business to its parent company which will be settled by the deposit with the parent company. While there is a concern about the internal conflicts, they haven't fulfilled accountability.	Transfer business to its parent company which will be settled by the deposit with the parent company. While there is a concern about the internal conflicts, they haven't fulfilled accountability.	Engaged and response received
Professional Services, Japan	Company ESG team	Issues (Not Improving)	Good track records for M&A and new businesses. Reproducibility can be shown by showing contributions to solving social issues.	Good track records for M&A and new businesses. Reproducibility can be shown by showing contributions to solving social issues.	Engaged and response received
Chemicals, Japan	IR	Issues (Not Improving)	Lack of explanation regarding cross shareholding with partnering company and its strategic holding shares.	Lack of explanation regarding cross shareholding with partnering company and its strategic holding shares.	Engaged and response received
Chemicals, Japan	Senior Management	Issues (Not Improving)	The company has a complex business portfolio, and the remuneration KPIs are just PL numbers, they aren't properly designed as a commitment.	The company has a complex business portfolio, and the remuneration KPIs are just PL numbers, they aren't properly designed as a commitment.	Engaged and response received
Electronic Equipment, instruments, Japan	Senior Management	Issues (Not Improving)	Although it has a cash-rich financial structure, there is not enough explanation about how to use the funds.	Although it has a cash-rich financial structure, there is not enough explanation about how to use the funds.	Engaged and response received
Electronic Equipment, instruments, Japan	Senior Management	Issues (Not Improving)	Although it has a cash-rich financial structure, there is no outside director who has management experience and there is no link between executive compensation and capital efficiency or stock price.	Although it has a cash-rich financial structure, there is no outside director who has management experience and there is no link between executive compensation and capital efficiency or stock price.	Engaged and response received

Anonymous Name	Contact Type	ESG Rating	Primary ESG Issues Identified	ESG Opinion for Investment Consideration	Engaged/ Response
Auto Components, Japan	Senior Management	Issues (Not Improving)	Despite its active R&D and capital investment, capital efficiency hasn't improved. They are reluctant in shareholder return and need to improve the awareness for shareholder interests.	Despite its active R&D and capital investment, capital efficiency hasn't improved. They are reluctant in shareholder return and need to improve the awareness for shareholder interests.	Engaged and response received

Engagements

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Chemicals, Germany	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	Company explained that the Sustainability Strategy team is focusing on their Carbon Management Program and already engages in various initiatives of associations and with other companies.	Inter-company assistance
Chemicals, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	Call with the company was positive. They are willing to speak to other companies on what they do and how they incorporate ESG in management compensation drivers.	Inter-company assistance
Chemicals, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	Company stated that they have no interest in working with other companies.	Inter-company assistance
Chemicals, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company assistance
Chemicals, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company assistance
Chemicals, Netherlands	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	Willing to engage with other companies after their 2020 Investor day on 4 November.	Inter-company assistance
Oil, Gas & Consumable Fuels, Britain	Company has pivoted its strategy towards redirection of capital to renewable energy.	We are looking for the company to include environmental matters as drivers of management remuneration.		Environmental data reporting
Oil, Gas & Consumable Fuels, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are essentially asking them why they have not done what a competitor has announced (new "green" strategy).		Climate Change Related
Oil, Gas & Consumable Fuels, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are essentially asking them why they have not done what a competitor has announced (new "green" strategy).		Climate Change Related
Specialty Retail, Spain	Company seems to be ahead of peers in most ESG issues.	We talked with a global union about supply chain, labour practices, sustainability and this company (and the apparel industry).	They provided a significant amount of information and their views on the leaders in the industry: this company and European competitor.	Increased oversight (board, reporting, policies)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Specialty Retail, Spain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company assistance
Electric Utilities, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Urging the company to work with regulators to speed up the process of closing down its coal power plants.	Rather quick plan - 2 units to change to clean natural gas in 2020, 2 to retire in 2024, 1 in 2025, 1 in 2027 & 1 for which they have no plan yet.	Climate Change Related
Electric Utilities, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking the company to expand on their impact data reporting.	Broadly were very interested to hear about insights of EU investor on sustainability and impact too.	Environmental data reporting
Electric Utilities, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking if the company would agree to share information and success stories with other companies on ESG matters.	Willing to connect if we have ideas from non-commercially sensitive angle.	Inter-company Assistance
Building Products, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking for disclosure/commitment regarding alignment with a 2 degree warming scenario and strategy, as well as greater transparency on methodology of Tonnes of carbon saved from their technology.	Strong prospect of speeding up reporting of emissions data based on our recommendations.	Climate Change Related
Building Products, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking the company for disclosure on how environmental and climate impact is integrated into management remuneration (ideally explicitly as a component).	Very willing to be connected with other companies to hear about their success stories on incorporating environmental and climate impact into management remuneration (hopefully European competitor).	Environmental data reporting
Building Products, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking if the company would be interested in collaborating with other companies and hearing their success stories on ESG matters.	Very willing to be connected with other companies to hear their success stories on incorporating environmental impact into management remuneration & emissions reporting (hopefully European competitor).	Inter-company Assistance
Machinery, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking the company for disclosure/commitment regarding alignment with a 2 degree warming scenario, as well as greater transparency on methodology of Tonnes of carbon saved by customers.	Happy to set up a call to go through the points raised and answer further questions.	Climate Change Related
Machinery, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking for disclosure on how environmental impact is integrated into management remuneration and better data on the positive impact of water filtration products and broader clean water efforts.	Happy to set up a call to go through the points raised and answer further questions.	Remuneration

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Machinery, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking if company would be interested in collaborating with other companies and hearing out their success stories on ESG matters.	Happy to set up a call to go through the points raised and answer further questions.	Inter-company Assistance
Pharmaceuticals, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asked the company to explain why they are pulling one of their products, a smoking cessation aid, from the UK market during the Covid-19 pandemic.		Ethical (Health Related)
Electrical Equipment, France	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking if the company would be interested in collaborating with other companies and sharing their success stories on ESG matters.	Very willing to participate in the inter-company collaboration project. Willing to share information on incorporation of ESG measure in management remuneration.	Inter-company Assistance
Multi-Utilities, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Asking the company to start disclosing the impact its operation has had on reducing CO2 emissions within the system and to start disclosing internal metrics such as the MW's of renewables.		Environmental data reporting
Pharmaceuticals, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Signed collaborative statement and co-led engagement with pharmaceutical companies to discuss supporting access strategies and responsible Covid-19 response.		Collaborative Engagement
Biotechnology, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	Signed collaborative statement and co-led engagement with pharmaceutical companies to discuss supporting access strategies and responsible Covid-19 response.		Collaborative Engagement
Specialty Retail, United States	Sustainability is a differentiator for a fashion brand. If this company act as they talk regarding E&S, it is likely to strengthen their brands over the long term.	Clarified how they avoided sending unsold inventory to landfill. They sell it to an undisclosed company, who either manages to sell it on or gets it recycled. However does not audit this company.	Company made their Head of Sustainability available for our 1-1 call. Said would get back to us with more information on how decisions are made between them and the 3rd party company they use.	Natural Capital Efficiency Related
Personal Products, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company Assistance
Food & Staples Retailing, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company Assistance

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Beverages, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	They point out that they already work with many peer companies through trade associations. For example, they list the Better Calories initiative.	Inter-company Assistance
Professional Services, Switzerland	Do not see considerable investment risks from ESG assessment (pending feedback from the company on personal data management policy).	Engaged to understand the emissions data and also to press for some consideration of FCF in management metrics in addition to further details on MSCI's flag regarding data protection policies.	Company dispute MSCI interpretation of not having certain policies in place, highlight lack of any controversies. Are following up with MSCI directly.	Data Privacy Related
Food Products, Switzerland	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.	Call organised for 18th Nov 2020 with Head of Governance & Compliance, Senior PA and Head of IR.	Inter-company Assistance
Hotels, Restaurants & Leisure, Britain	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company Assistance
Hotels, Restaurants & Leisure, Canada	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company Assistance
Hotels, Restaurants & Leisure, United States	At this stage there is no investment consideration - it is the initial contact in our ongoing engagement project.	We are looking for the company to agree to share information with other companies on ESG matters.		Inter-company Assistance
Specialty Retail, United States	Sustainability is a differentiator for a fashion brand. If this company act as they talk regarding E&S, it is likely to strengthen their brands over the long term.	Management set the bar very high when they gave us their initial answer as they include what may happen to merchandise sold to online retailers.	Use 'aggregator', i.e. a processor with a giant warehouse, who delivers what this company sells to an off-price store or donate to charity and sends what is left to recycling or to WTE, but no audit?	Natural Capital Efficiency Related
Specialty Retail, United States	The issue was brought to the public and investors' attention by RAN (Rainforest Action Network). Matters for brand reputation and therefore brand value.	Company sound like they share our objective and have increased their traceability of wood-derived fibres. Canopy, a charity, is meant to monitor implementation, primarily in Asia.	Canopy's contact at this company has proven elusive, he had cancelled his planned meeting with us in 2019.	Natural Capital Efficiency Related
Specialty Retail, United States	Brand reputation and therefore brand value.	Partial answer during our call, on floorings only but IR emailed us a few hours later with very helpful disclosure about shelves, units and walls.	New and remodelled stores typically have floors covered by tiles or vinyl. Wood is used much less now, although some subsidiary stores still have wooden floors (e.g. from a certified Ohio supplier).	Natural Capital Efficiency Related

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Specialty Retail, United States	Brand reputation and therefore brand value: reports of breaches by sub-contractors of major fashion brands have been quite well publicised.	Unequivocal and fully satisfactory response by the company, which on this topic puts them ahead of other fashion companies usually considered ESG leaders.	The company uses none of the factories mentioned in the BHRRC report. The only recent labour relations issue they are aware of was a protest for pay at an Indian supplier, which is now resolved.	Human Rights
Interactive Media & Services, United States	Engaging on use of renewable energy which is amongst the best. View their success with renewables as a positive for the investment case. Asking them to engage with our other portfolio companies.	Requested parent company to engage with other portfolio companies we hold in other sectors on how they use renewables and how they achieved such success.	This company declined to participate in the inter-company collaboration project.	Inter-company Assistance
Textiles, Apparel & Luxury Goo, Germany	Brand reputation and therefore brand value.	Company is generally rated by various agencies as a sustainability leader in its industry, with a number of worthwhile initiatives. But IR wasn't sure about the final destination of unsold stock.	IR was not sure and sent us three links to different sections of their website, all included in the sustainability part of it.	Natural Capital Efficiency Related
Technology Hardware, Storage &, United States	Engaging with the company to share how they have pushed their supply chain towards the use of renewables. Commitment to be carbon neutral for entire supply chain is a positive.	Requested they engage with some of our other holdings that also have a supply chain - to learn how to get supply chains to use more renewables.	Unfortunately, they pointed us to their 2020 Environmental Progress Report and could not accommodate a call with one of our other holdings.	Inter-company Assistance
Software, United States	Engaging with the company to share with our other companies, as they have said that they will share best practices with respect to renewables with their Transform to Net Zero consortium - positive.	Requested the company share their best practices as they have publicly said they will. They are the most aggressive regarding carbon emissions.	Response from IR that they forwarded to ESG team. Waiting response from ESG team.	Inter-company Assistance
Electric Utilities, United States	Engaged on CEO pay, which has caused controversy with regulator and could impact regulatory outcomes.	Remuneration of ca. \$20mm is far too high, however \$8mm was for a pension revaluation.	Company explained pension impact and also advised remuneration will come down significantly this year.	Remuneration
Electronic Equipment, instruments, Taiwan	Overall the company tries to improve ESG issues. For examples, the company setting numerical target for carbon emissions. We do not own stock because of non-ESG reasons.	The company is clearly willing to improve gradually.	Happy to talk. Comprehensive coverage of safety issues might be difficult since production site is huge and located in many locations.	Environmental data reporting

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Diversified Telecommunication, Indonesia	Board of Commissioner (BOC) includes no women. Low female representation at senior management level, as well. Lack of diversity may affect longer term performance.	Low female representation at top mgt is not deliberate policy but just happens to be when hiring managers over the yrs. 37% of staff are women. There is a higher female representation at subsidiaries.	Receptive to investor's input and understanding of investors' concerns.	Director Related
Hotels, Restaurants & Leisure, Hong Kong	Biased board member constitute could be a industry norm, but should be considered to be points to improve in long term. Do not see this point to be material for our investment horizon.	Company's board members seems not well diversified in terms of gender/ nationality/ age. Several directors have quite long years of service and quite senior in age.	May consider mentioned points but as long as the company keeps creating good shareholder value led by the current board, the company does not feel urgency to make much change.	Director Related
Metals & Mining, South Korea	The company's ESG strategy would be among best in the sector in our universe. We do not own stock due to loomy fundamental of industry (not ESG angle).	One of the best class among the sector.	Happy to talk. Disclose numerical target and necessary given the nature of industry (Mining, Steel Production).	Other
Hotels, Restaurants & Leisure, Philippines	Board and governance structure could be potential overhang for investors in long term. More proactive development and disclosure about ESG could be required.	The company started to develop its initiatives and issued the first sustainable report. They acknowledge investors' concerns, but they don't have any plans to drastically change the organisation soon.	Happy to talk, understand investors' concerns and ESG related requirements. The company has good intention to improve ESG initiatives particularly for Environmental and Social parts going forward.	Director Related
Food Products, Malaysia	Articulates a clear policy on sustainably managing natural resources, raw materials use and protecting human rights.	The company is clearly willing to engage with stakeholders and NGOs.	Very receptive to input and open to change.	Climate Change Related
Chemicals, Thailand	Recycling and more environmental friendly manufacturing are requested globally. The company's proactive development should be maintained and accelerated as possible to follow stronger requirement.	The company has made many efforts to develop its ESG initiatives and tried to be a global leading player in the industry. They acknowledge the global trend and keep improving to follow it.	Happy to talk, understand well investors' concerns and ESG related requirements. The company committed to Key Sustainability Ambitions 2025 and keep investing in these areas.	Natural Capital Efficiency Related
Technology Hardware, Storage &, South Korea	While the company has experienced governance issues, they have established internal system to improve corporate governance.	Good response.	Open to hear from minority shareholders.	Auditor Related
Transportation Infrastructure, Indonesia	Perceived risk that company needs to do national service at expense of minority investors. Suspect the delay in tariff adjustment this year is due to weak economy.	Minority shareholders are largely protected by capital market rules. Gov largely understands the need to protect minorities - the key is to strike the right balance.	Receptive to investors' input and understand investors' concerns.	Shareholder Rights

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Semiconductors & Semiconductor, Taiwan	We continue to communicate with the company in an open manner to achieve NAM's 6 Impact Goals.	One of the best in class among the listed companies in Asia.	Happy to talk. Disclose numerical target and necessary given the nature of industry (Mining, Steel Production).	Environmental data reporting
Interactive Media & Services, China	The nature of the business may be difficult to find representative female BoD but this should be enhanced over the long term. Staff working hours needs to be improved. Both issues are not material.	Female representation is low despite diversified background from the BoD and independent BoD account for 50%. Long staff working hours needs to be improved despite being an industry norm.	Other than BoD, has relatively high female representation vs peers. Has lower than industry average turnover rate and is voted as one of the best employers in China for 14 consecutive years.	Director Related
Semiconductors & Semiconductor, Taiwan	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Company merely referred NAM SG to the CSR report instead of answering the list of questions prepared.		Director Related
Electronic Equipment, instruments, Taiwan	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Company merely referred NAM SG to the CSR report instead of answering the list of questions prepared.		Climate Change Related
Semiconductors & Semiconductor, Taiwan	The company is not taking ESG concerns from investors seriously and portfolio managers should be aware of that.	Company did not reply to request for engagement.		Environmental data reporting
Oil, Gas & Consumable Fuels, China	Overall not improving. Concerns on frequency of fatal incidents and lack of workplace safety measures. Poor corporate governance in terms of corruption still needs to be monitored going forward.	Email response is adequate, company disclose more measures on environmental side during meeting but social and governance side still lacking.	Company is taking ESG issues more seriously but still a long way to go.	Increased Social Oversight (board, reporting, policies)
Real Estate Management & Devel, Indonesia	Does not have specific gender diversity policy for Board of Commissioners, although current board has majority of female members.	Management understands investors' concern on board gender diversity. Company is one of few property companies that has a working relationship with IFC, which helps to raise ESG standards.	Receptive to investors' input and understand investors' concerns. Keen to raise the company's ESG standards.	Director Related
Real Estate Management & Devel, Hong Kong	Potential improvement in RI activity, as well as further focus on environmental issues can enhance shareholder value.	We did some engagement towards better disclosure, as well as towards further focus on environmental issues.	Receptive to investors' input and understand investors' opinion.	Environmental data reporting

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Diversified Consumer Services, China	Further disclosure in its upcoming ESG report will boost shareholder value. They take ESG issues seriously and seem to improve on governance based on their current plans.	IR director has always been open to meet investors and disclose openly their strategy and plans. Access to them is always available which gives comfort.	They will be coming up with an ESG report, which we will be following up on. Hiring an independent female director is also a plus.	Environmental data reporting
Road & Rail, Singapore	Singapore dominant public transport provider, thus environmental related issues were discussed.	Very cooperative.	Company is willing to communicate.	Climate Change Related
Diversified Telecommunication, Singapore	Climate change, board representation and management KPIs.	Engaging.	Company is willing to communicate.	Climate Change Related
Banks, Singapore	Management diversification and risk management.	Engaging.	Company is willing to communicate.	Director Related
Banks, Singapore	Management diversification and risk management.	Engaging.	Company is willing to communicate.	Director Related
Banks, Singapore	Management diversification and risk management.	Engaging.	Company is willing to communicate.	Director Related
Hotels, Restaurants & Leisure, Macau	Good attention on transparency and anti-corruption. CEO's age may cause concern but do not expect material issue on actual operations.	Engaging.	Company referred to their ESG reports but did not answer well the questions we prepared.	Other
Gold, Australia	Has an annual sustainability report. Has targets to reduce carbon emissions. Striving to increase women representation. Tailings dam monitoring and stakeholder engagement procedures in place.	Open to engagement and prompt in addressing the specific issues highlighted.	Annual external audit on all tailings storage facilities done against industry guidelines (ANCOLD). Follows Communities Policy and Social Performance Standard guide on stakeholder engagement.	Other
Food Retail, Australia	Has annual sustainability report. Responsible sourcing and food waste reduction procedures in place. Responsible gaming is a focus. Strong women representation. Effort to address wage underpayment.	Open to engagement and prompt in addressing the specific issues highlighted.	Added resource to identify areas of risk exposure, improved systems and increased team salaries to ensure risk of wage underpayment is minimised. Adhering to responsible gaming.	Remuneration

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Diversified Capital Markets, Australia	Strong commitment towards responsible lending and investment. Robust staff training programs despite allegations around underpayment from former staff. Overall robust corporate governance.	Open to engagement and prompt in addressing the specific issues highlighted.	Underpayment allegations currently before court, unable to comment. Has a risk management group supporting its risk culture, whilst ensuring compliance with prudential regulation.	Remuneration
Apparel, Accessories & Luxury, China	Low renewable energy consumption, for dyeing process using more natural gas boilers to reduce carbon emission already. Low female Board of Directors representation.	Only 1 out of 9 Board of Directors is female. Female representation needs to go up but the OEM industry is difficult to recruit board members. Needs to increase use of renewable energy.	Management to increase renewable energy contribution by building wind/solar panels in China/Vietnam/Cambodia. Working with two of its customers to be carbon neutral by 2025. 71% staff are female.	Climate Change Related
Independent Power Producers &, Malaysia	Potential upside from renewable energy business, continuous improvement in governance and sustainable/responsible practices.	Engagement seems likely to result in continuous improvement in the company.	Open to engage with the stakeholders and listen to their feedback.	Director Related
Agricultural Products, Malaysia	Articulates a clear policy on sustainably managing natural resources, raw materials use and protecting human rights.	The company is clearly willing to engage with the stakeholders and NGOs.	Very receptive to input and open to change.	Climate Change Related
Health Care Supplies, Malaysia	Continues to improve policy on sustainably managing natural resources, raw materials use and protecting human rights.	Engagement seems likely to result in continuous improvement in the company.	Very receptive to input and open to change.	Natural Capital Efficiency Related
General Merchandise Stores, Japan	The board includes too many internal directors and lacks independence. Governance may not be working effectively.	The board comprises too many directors, especially internal directors.	Rethinking the role of directors.	Director Related
Commodity Chemicals, Japan	There is no outside director who is strong in finance despite the conglomerate. Governance may not be working effectively.	Considering its conglomerate business characteristics, they need outside director who is strong in finance.	In recent years, the composition of outside directors has not been reviewed. Rethink.	Director Related
Specialty Chemicals, Japan	The company announced the reorganisation of joint ventures in Asia, of which we had pointed out the need for restructuring of complicated capital relations. This is the result of NAM's engagement.			General Strategy

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Oil & Gas Refining & Marketing, Japan	Despite the issuance of CB, there are no human resources who can evaluate the price of derivatives. Due to conflicts of interest, it is urgent to appoint an outside director with financial experience.	Requested the appointment of an outside director who can understand convertible bond pricing.	NAM's suggestions are reported to the board of directors for consideration.	Director Related
Oil & Gas Refining & Marketing, Japan	Stock price plummeted due to issuance of convertible bonds. Lack of awareness regarding the fact that the company's thinking is not being conveyed to the stock market.	Requested the company talk with shareholders on regular basis.	Planning to have dialogues twice a year going forward.	Financial Restructuring (equity, issuance, spin offs, splits etc.)
Diversified Chemicals, Japan	Revenue volatility is high compared to other companies, and synergies with the pharmaceutical business cannot be seen.	Revenue volatility is high compared to other companies, and synergies with the pharmaceutical business cannot be seen.	Wants to make one of its subsidiaries a wholly owned subsidiary if there is enough funds, but want to invest in other projects such as energy and promising herbicides.	General Strategy
Interactive Home Entertainment, Japan	Too much cash accumulation even if we consider their revenue expansion strategy with aggressive investment. Needs commitment to capital efficiency through remuneration, not only to revenue and profit.	Despite its cash rich balance sheet, executive commitment is limited to PL numbers. Requested the commitment to capital efficiency.	There is no excess cash. We might consider it when the industry becomes mature.	Remuneration
Agricultural & Farm Machinery, Japan	Bottom line growth is slow despite its top line growth. Unbalanced strategy with no commitment for financial numbers through executive compensation and enthusiastic about SDGs etc.	Requested to adopt capital efficiency indicators such as KPIs, as a commitment to the better efficiency of balance sheet.	PL was emphasised previously, but balance sheet has been emphasised as a management index, and we would like to think about how to incorporate it into executive compensation.	Remuneration
Pharmaceuticals, Japan	The explanation from this subsidiary (pharmaceutical) company for their loan to the parent company has not been clearly justified, and the explanation by the public information is insufficient.	Transfer business to its parent company which will be settled by the deposit with the parent company. While there is a concern about the internal conflicts, they haven't fulfilled accountability.	The parent company loan has no meaning other than being an investment destination.	Financial Restructuring (equity, issuance, spin offs, splits etc.)
Human Resource & Employment Se, Japan	Good track records for M&A and new businesses. Reproducibility can be shown by showing contributions to solving social issues.	The market appreciates the success of M&A and new businesses. The point is its reproducibility. It is important to disclose the impact on society, such as how much people have been taken care of.	Company consider non-financial to be a future driver of its foundation, and although have a natural strength, have not been able to verbalise it.	Increased Social Oversight (board, reporting, policies)

Engagements (cont'd)

Anonymous Name	Any investment consideration	NAM's comment on the engagement	Comments/response from company	Main sub-category of issues raised
Specialty Chemicals, Japan	Lack of explanation regarding cross shareholding with partnering company and its strategic holding shares.	There are capital efficiency and governance risks. Requested to adopt capital efficiency for executive compensation KPIs and appoint outside directors with management experience.	It is necessary to reconsider because it has not shown the effect of the alliance, but we have not been able to discuss it due to the existence of the other party and the influence of the coronavirus.	Director Related
Diversified Chemicals, Japan	The company has a complex business portfolio, and the remuneration KPIs are just PL numbers, they aren't properly designed as a commitment.	Since the company is a conglomerate, capital efficiency is important, and suggested it be incorporated into variable compensation KPIs.	Will consider.	Remuneration
Electronic Equipment & Instruments, Japan	Although it has a cash-rich financial structure, there is not enough explanation about how to use the funds.	The cash on hand has been accumulated, and it is expected that it will be further accumulated in the future.	Company are considering the possibility of investment, and are not just thinking about accumulating cash.	Capital Allocation
Electronic Equipment & Instruments, Japan	Although it has a cash-rich financial structure, there is no outside director who has management experience and there is no link between executive compensation and capital efficiency or stock price.	No outside director has management experience, no nomination / compensation committee has been established.	The current method is more suitable for the company than the separation of supervision and execution. The company can be inherited in its current state without a nominating committee.	Director Related
Auto Parts & Equipment, Japan	Despite its active R&D and capital investment, capital efficiency hasn't improved. They are reluctant in shareholder return and need to improve the awareness for shareholder interests.	Why not consider stock-based compensation to gain the trust of the stock market?	Previously, company introduced stock options, but no one exercised them because the stock price fell. It is also pointed out by the compensation committee. Will consider.	Remuneration

Glossary

AML	Anti Money Laundering
BOC	Board of Commissioners
BOD	Board of Directors
CB	Convertible bonds
COGS	Cost of Goods Sold
COI	Conflict of Interests
CSR	Corporate Social Responsibility
DTA	Deferred Tax Asset
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EM	Emerging Markets
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
FCF	Free Cash Flow
GSE	Global Sustainable Equity Fund
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
ND	Net Debt
Opex	Operating Expense
PSP	Performance Share Plan
PSU	Performance Share Unit
R&D	Research and Development
RoA	Return on Assets
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RSU	Restricted Share Unit
SAR	Stock Appreciation Rights
SH	Shareholder
SOE	State owned Enterprise
STIP	Short Term Incentive Plan
TSR	Total Shareholder Return
UNSDG	UN Sustainable Development Goals
WC	Working capital

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1,348

staff employed
across 14 offices

233

portfolio managers located
strategically around the world

112

dedicated professionals committed to
fundamental and quantitative research

1959

Our investment management capability was
established in Japan over 50 years ago

30 years

Operating in Europe
for over 30 years

Source: Nomura Asset Management as at 31st March 2020

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