

NOMURA

What is *your* total impact?

Nomura Asset Management U.K. Limited

Nomura Global Sustainable Equity Fund
Impact Report 2022

Introducing the Global Sustainable Equity Fund

The Nomura Global Sustainable Equity (GSE) Fund is a concentrated global equity strategy that seeks to deliver a double bottom line, defined as strong investment returns and high positive impact on the environment and society through both investment and engagement activity. In keeping with the team's investment philosophy the strategy has a strong bias towards quality companies and does not invest in companies that have a clear negative impact on our planet and society. The strategy capitalises on Nomura Asset Management's successful core global equity investment platform and long standing track record as responsible investors.

The team focuses on individual stock selection with an emphasis on the timely purchase of a select number of high quality businesses trading below their intrinsic values. It implements a unique, collegiate stock selection process combined with proprietary 'Total Stakeholder Impact' framework and UN Sustainable Development Goals (UN SDGs) analysis.

Introducing the Team

Portfolio management of the strategy is led by Alex Rowe with Tom Wildgoose as co-manager. The portfolio managers are supported by a team of investment professionals, based in London and Malaysia. The strategy is team based but Alex Rowe has final decision making power.



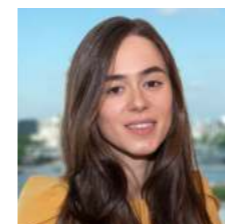
Alex Rowe, CFA
Lead Portfolio Manager

Alex has been with Nomura Asset Management U.K. Ltd. since 2014, and has been a professional equity investor for over 11 years. He holds a Masters of Chemistry (University of Oxford, First Class), and is a CFA Charterholder. He is an alumni of the Oxford University Said Business School Impact Investing executive program. Alex has specialised in sustainable investing since 2016.



Tom Wildgoose, CFA
Co-Manager, Head of Equity Investment

Tom is the Head of Equity Investment at Nomura Asset Management U.K. Ltd. and has been with the firm since 2007. He has been an equity investor for over 22 years. Tom holds a Masters of Engineering (University of Durham, First Class), a Masters in Computing (Imperial College, London), is a CFA Charterholder and an exam qualified management accountant.



Daniela Dorelova
Sustainable Investment Specialist

Daniela joined Nomura Asset Management U.K. Ltd in 2017 as part of the Risk and Performance team, and in January 2021 transferred to the Equity team as the Sustainable Investment Specialist and Global Utilities analyst. Daniela holds a Bachelor's degree in Financial Economics (Richmond the American International University in London) and is a CFA Level III candidate.

The data provided in this report covers the period January until December 2022. In certain cases where companies had yet to report 2022 data, we have used data from the prior year. The content and data in this report were correct as at June 2023 and have not been updated since.

For your reference, the following definitions will be used throughout this document:

"NAM Group"	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"	
"Our"	
"We"	
"NAM Tokyo"	This refers to Nomura Asset Management Co., Ltd., the Head Office of the NAM Group based in Tokyo, Japan.
"NAM UK"	This refers to Nomura Asset Management U.K. Limited, the UK based subsidiary of NAM Tokyo.

Foreword

In 2022 the world witnessed the breaking out of war in Europe as Russia did the unthinkable and invaded Ukraine. This has led to a number of very difficult questions being asked of 'sustainable' investors: Could defence ever actually be 'sustainable' as an investment on the grounds that without the defence industry, nations could be left 'defenceless' against invasion? Has the generally negative view on nuclear energy over the past decades been the most sustainable approach? We view such challenging of the industry as natural for the progression of sustainable investing and believe that it is crucial to remain open minded as the challenges faced by society evolve. These questions are of course highly complex and inherently subjective, but through focusing on real world impact and taking a total stakeholder impact approach we put ourselves in the best position to take into account such issues in the context of investment decision making and engagement action.

Affordable energy is central to quality of human life now, but the transition from fossil fuel and carbon emission reduction are central to quality of human life in the future. The reduction in the supply of Russian natural gas forced prices up and created a serious affordability issue, which in some cases has caused countries to focus on near term issues at the expense of longer term carbon emission commitments. Most notably this has led to the move back to coal fired power in some countries, setting society back in the effort to mitigate climate change. However, over the longer term we have observed a ramping up over emission reductions targets by both countries and individual companies themselves, giving reason to be more optimistic that climate change mitigation can get back on track.

We believe that over the coming years, as the negative impact from slipping behind on these global targets starts to become clearer, investors and broader society will be forced to refocus on sustainability and the challenges faced. Indeed governments globally have announced huge increases in funding to support accelerating the progression towards a cleaner, more sustainable world over the longer term. For example, in the United States, the Inflation Reduction Act (IRA) will provide almost US\$370bn of increased funding for addressing energy security and climate change over the next ten years. The IRA builds on the Infrastructure Investment and Jobs Act (IIJA) that was signed into law in late 2021 and together provide unprecedented levels of funding that will start to flow through into projects from 2023 and extend well into the end of the decade.

Over the year two trends that continue to emerge across the investor community are:

- I. A greater distinction between 'ESG' and genuine impact on society and the environment
- II. What impact is the engagement work of the investment community actually having?

We have been encouraged by a growing shift within the investment community towards focusing more on the actual impact of companies and a greater questioning of existing approaches to ESG, which are highly detached from the impact businesses are actually having on the environment and society. The actual role of asset managers in driving change through engagement is also coming further into question and the team expect that asset owners will rightly continue to demand more with regards to evidencing the impact of engagement activity. We have for a number of years targeted impact through engagement rather than simply engaging for the sake of engaging. We set goals and targets for outcomes we would like to achieve from our engagement activity and prioritise where we can have the greatest impact. Within this report we illustrate a number of examples of how we are doing things differently to peers and how we are seeking to maximise the impact of all our activity across investment, engagement and broader activities such as charitable giving.

Our Impact Investing Philosophy

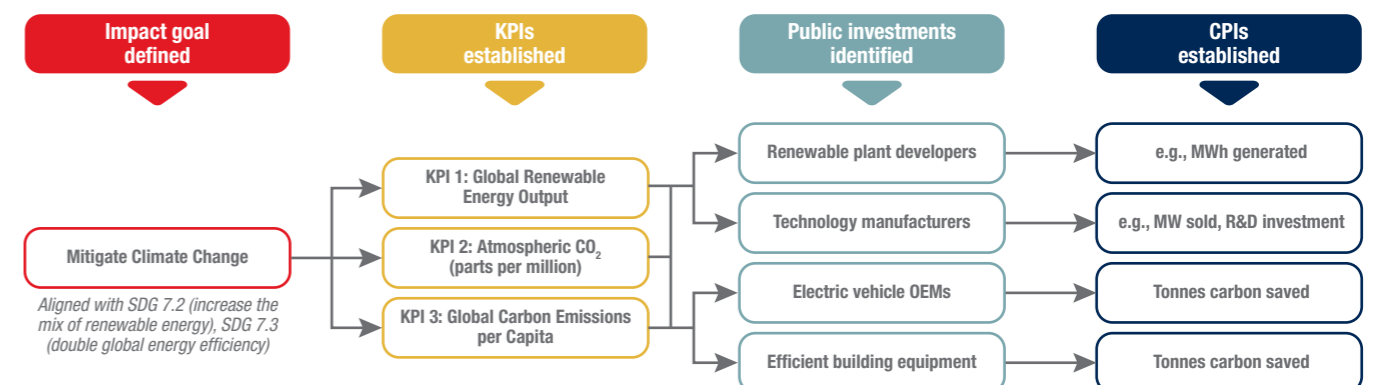
Nomura Asset Management U.K. Limited (NAM UK) is committed to reporting credible impact data to support our clients' understanding of the impact that their capital is having on the world alongside competitive financial returns. Whilst public equity funds are not traditionally considered vehicles for having impact, listed companies have a unique role to play, alongside multiple other stakeholders, in solving many of the problems society faces. Indeed, for certain UN SDGs related targets no other stakeholder can have a greater impact than public companies, which have the resources, scale and investment firepower, to bridge the huge funding gaps required to meet the goals. Institutional investors are furthermore uniquely positioned to enhance the impact of public companies through targeted engagement.



Our Approach

Impact cannot be claimed without having first established clear environmental and social goals that have a definable objective. The 'impact' must be measurable in order to assess progress towards the goals and if required, adapt the approach. At the public company level it is possible to report 'inputs' (such as R&D investment) or 'outputs' (number of patients receiving HIV treatment) but it is far more difficult to assess true 'impact'. Our approach is:






1. Set **'Impact Goals'** and establish **Key Performance Indicators (KPIs)** for each goal
2. Identify **investee companies** that support these goals and set **Company Performance Indicators (CPIs)**
3. **Track both KPIs and CPIs** and **engage with companies** to enhance individual impact
4. Report impact data and engagement activity



Defining Our Goals

The Environmental and Social Goals of NAM UK are focused on the most pressing issues facing our world today. Our "Impact Goals" are closely aligned with the UN SDGs and the Nomura Asset Management Group's previously published Global ESG Statement*. We have taken into consideration where we believe listed equities can have a material impact and in which our engagement can support and enhance impact.

Setting Definable Impact Goals in line with NAM's ESG statement and the UN SDGs

ESG Statement	Environment		Society	
	Climate Change	Natural Capital	Access to Healthcare	Social Responsibility
				
Impact Goals	Mitigate Climate Change Keep global warming to below 1.5°C	Mitigate Natural Capital Depletion	Eliminate Communicable Disease Mitigate the Obesity Epidemic	Global Access to Basic Financial Services Global Access to Clean Drinking Water
Key Performance Indicators	Global Renewable Energy Output Atmospheric CO ₂ Levels Global Carbon Emissions per Capita	Material Consumption per Capita Global Annual Tree Cover Loss	Deaths due to HIV, TB and Malaria Obesity related Death Rate	Percentage of population who are Unbanked Percentage of Global Population with Access to Safe Drinking Water
Alignment with the UN SDGs	SDG 7.2 Increase the mix of renewable energy SDG 7.3 Double global energy efficiency	SDG 12.2 Achieve the sustainable management and efficient use of raw materials SDG 15.2 Promote the implementation of sustainable management of all types of forests, halt deforestation	SDG 3.3 By 2030, end epidemics of AIDS, Tuberculosis and Malaria SDG 3.4 Reduce mortality from non-communicable diseases	SDG 1.4 By 2030, ensure all have equal rights to economic resources SDG 6.1 Achieve universal access to clean water

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

A Word on Company Level 'Impact' Data Reported

For each of our six impact goals we report multiple indicators (KPIs), which enable us to understand how society is progressing towards the goal, and supports our identification of investments and engagement activity that can have a positive impact. At a company level we want to report data that encapsulates the true 'impact' that the company has on the impact goal and its KPIs. However, as a result of both the scale and complexity of the issues faced and the degree of reporting by companies themselves, the company 'impact' data (CPIs) we report will span across a range of 'proxies' for impact. The levels of understanding and tracking 'impact' progress through the following levels – 'Theory of Change'*:

- I. **Input** – Resources invested into the activity, for example R&D expense, workers
- II. **Activities** – The activities that took place as a result
- III. **Output** – Results (products, services) as a consequence of the activities and inputs
- IV. **Outcomes** – Changes that occurred because of the outputs
- V. **Impact** – What was the impact on the initial goal (e.g. how did this mitigate climate change)

As we progress from Inputs through to Impact the metrics become harder to measure, more reliant on company reporting, and harder to attribute. For example, a HIV treatment company's inputs might include the human resources and capital invested, activities might be the research, manufacturing, agreement of licensing agreements, whilst outputs might be the number of HIV treatments manufactured and distributed. Outcomes would articulate the change this had on human life (extension, lives saved), and impact is the ultimate change this delivered with regards to 'eliminating HIV'. A number of pharmaceutical companies are currently working with academic institutions towards industry standard true impact reporting, however currently our impact reporting is predominantly limited to outputs as we would have to make too many assumptions that we cannot credibly claim to have sufficient accurate insight into given the data that is available to us. However, through also tracking KPIs, such as total deaths from certain diseases, and our knowledge of the proportion of patients being reached by a company we are able to develop a more qualitative understanding of the magnitude of the role the company is playing with regards to 'Impact' on our goal.

Depending on the company and the quality of its reporting, and nature of operation we may have inputs, activities, outputs. We seek to report the best data (CPIs) that reflects a 'proxy' for the ultimate impact it is having. We have included with the appendix full disclosure of all metrics we are tracking for our underlying companies and welcome any opportunity to engage with stakeholders on these metrics.

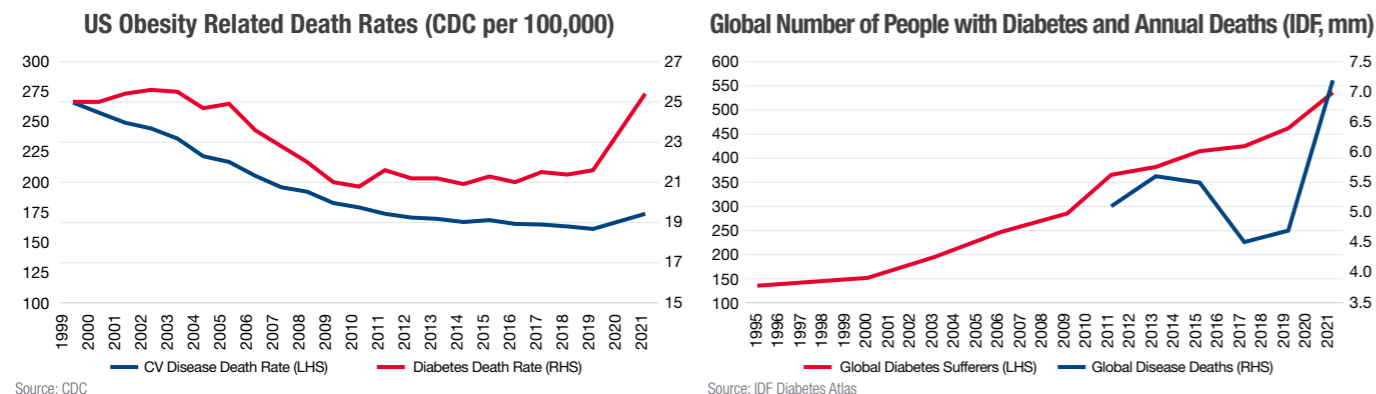
In previous years we reported solely the progression of specific Company Performance Indicator data (such as tonnes carbon emission saved). While this data is critical, it is not the ultimate impact of the company. In this report we have tried to move the debate forward by considering the ultimate impact of the company in addition to reporting the company specific data.

* Source: <https://iris.thegiin.org/metric/5.0/od6350/>

Tracking Progress Towards Our Environmental and Social Goals

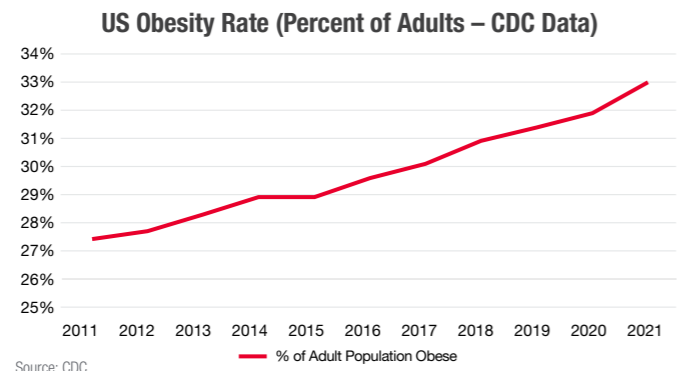
Mitigate The Obesity Epidemic

- SDG Alignment:** Our Mitigate the Obesity Epidemic Impact Goal is most closely aligned with SDG Target 3.4 'By 2030, reduce by one third premature mortality from non-communicable diseases'
- KPIs Tracked:** US obesity related death rates (Centers for Disease Control and Prevention (CDC)), Global prevalence of diabetes and annual deaths (International Diabetes Federation (IDF)), US obesity rates (CDC)
- KPI Targets:** By 2030, mortality from obesity related diseases to decrease by a third from 2016 base



Source: CDC

Source: IDF Diabetes Atlas



Source: CDC

The Challenge: The prevalence of obesity has increased substantially over the past decades and is a global problem. In the US, the CDC estimate prevalence rose to 33% (2021) from 27.4% (2011). Across Western Europe and developed Asian countries we have seen a similar pattern. Obesity in China is growing at a particularly alarming rate; an in depth study by Ma et al* showed the prevalence of obesity increased from 4% (1993) to 16% (2015).

Obesity directly causes medical problems that reduce life expectancy and the quality of life. Visceral fat can lead to increased blood cholesterol, increased blood pressure and the likelihood of developing Type 2 diabetes, ultimately increasing the chance of developing cardiovascular diseases. Obesity also directly causes other medical conditions such as fatty liver disease and sleep apnoea. In total, treating the associated conditions of obesity costs healthcare systems vast amounts of money. In the US alone, the CDC estimated that obesity cost the total healthcare system US\$173bn in 2019. Finally, there is a growing body of evidence suggesting that obesity is a leading cause of cancer. According to the University of Texas's MD Anderson Cancer Centre, excess body fat is thought to trigger inflammation that can lead to the pancreas producing more insulin and oestrogen, which increases cell division frequency that raises the chances of cancer developing.

Given the negative consequences that stem from obesity, reducing the prevalence of it is logical for healthcare systems. However, the current options available to those with excess weight (bariatric surgery, lifestyle options) have been unable to slow the rise in obese individuals. We think new, highly efficacious weight loss drugs may offer a way for many patients to lose significant amounts of weight. The arrival of these drugs comes after over a hundred years of controversial treatments in this field. Since these earlier attempts, pharmaceutical companies have continued to research the field but struggled to find a medicine with both high efficacy and limited side effects.

* Source: Ma et al – Trends in prevalence of overweight, obesity and abdominal obesity among Chinese adults between 1993 and 2015: <https://go.gale.com/ps/i.do?id=GALE%7CA655716151&sid=googleScholar&v=2.1&it=r&link-access=abs&issn=03070565&p=HRCA&sw=1w&userGroupName=anon%7E144c67f1&aty=open+web+entry>.

Progression of KPIs: Deaths from diabetes and cardiovascular disease spiked sharply in 2020 and 2021 driven primarily by the COVID-19 pandemic and the increased threat to those with comorbidities. Despite this, obesity rates continue to trend ever higher – in the United States the percentage of the population that is obese jumped from 31.9% in 2020 to 33.0% in 2021.

Examples of our Investments:

- **Novo Nordisk:** Global leader in diabetes treatment (36.3mm patients received diabetes treatment in 2022) and has been the early leader in obesity treatment through the development of the semaglutide molecule. Wegovy, the brand name for semaglutide in weight control, showed 15% weight loss in the STEP-1 trial published in 2021.
- **Medtronic:** MedTech company with large cardiovascular and diabetes businesses.
- **Becton Dickinson:** Medical equipment applications across diabetes and cardiovascular disease.

Examples of our Engagement for Impact:

Engaged extensively with **Novo Nordisk** to push for a more responsible approach to the supporting of access to diabetes treatment in the United States.

Translation into Impact: The metrics tracked for our holdings are predominantly data points around the number of patients receiving treatment for disease related to obesity (diabetes) and moving forward we will be tracking the reach achieved by our holdings with anti-obesity treatments. With regards to the reach of obesity treatments and the direct impact this could have on human life both Novo Nordisk and Eli Lilly are seeking to show the link between taking their medicines (Wegovy and Mounjaro respectively) and reducing the risk of cardiovascular events. In 2021, heart disease was the leading cause of death in the US accounting for 173.8 deaths per 100,000 of population. Diabetes was also significant with 25.4 deaths per 100,000 so that the two conditions combined accounted for close to a quarter of all deaths in the US in 2021. Novo Nordisk's SELECT trial is expected to report data in the summer of 2023 and should enable sustainable investors to better understand the potential real world impact on human life of the medical advances that have been achieved by the company.

Novo Nordisk's SELECT trial was designed to target a 17% reduction in cardiovascular events (CV events) across the 5-year trial for patients taking Wegovy compared to the control arm. A successful outcome of this trial could support the usage of anti-obesity medicines in millions of adults worldwide and improve health outcomes. Novo Nordisk has estimated 764mm people are suffering from obesity with around half of this in developed markets. So far around 10% of that population (76mm) seek help for obesity but very few (15mm) are treated with anti-obesity medicines. If all those seeking help (76mm) were treated with Wegovy, which was able to reduce CV events by 17%, it is conceivable that over 12 million CV events could be prevented over time. Given the trial length was 5 years and the take-up of Wegovy has been rapid, it could be possible that these benefits accrue already by 2035 globally. Longer-term the benefits are likely to be even greater as demand for these medicines continues to scale. The 76mm we modelled above is just 10% of today's obese population, which is still growing, and the penetration rate could move meaningfully higher. Why is it important to reduce CV events? Reducing cardiovascular events at scale should improve key health metrics such as life expectancy both directly (less fatal heart attacks/ strokes) but also because CV events can contribute to other debilitating conditions (just 10% of patients fully recover from a stroke according to the National Stroke Association for example).



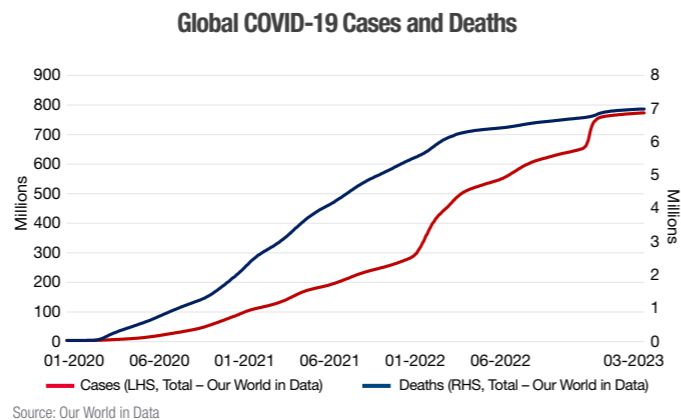
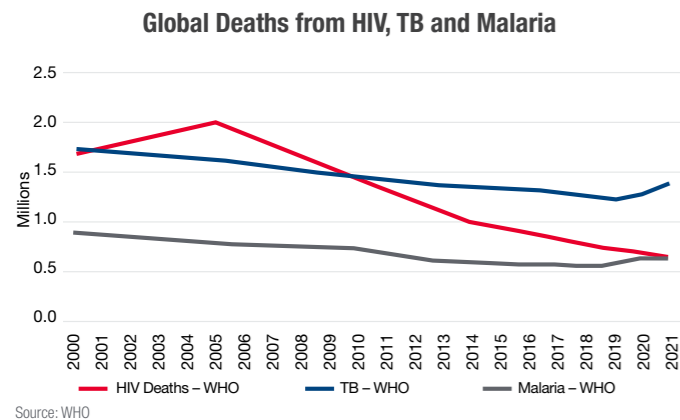
Tracking Progress Towards Our Environmental and Social Goals

Eliminate Communicable Disease

SDG Alignment: Our Eliminate Communicable Disease Impact Goal is most closely aligned with SDG Target 3.3 'By 2030, end the epidemics of AIDS, tuberculosis (TB), malaria & other communicable disease'

KPIs Tracked: Deaths due to HIV, TB and malaria (World Health Organization (WHO)), COVID-19 cases & deaths (Our World in Data)

KPI Targets: By 2030, deaths from HIV, TB and malaria to each decline by greater than 50% from a 2016 base



The Challenge and Progression of KPI's: On a global basis, the number of people living with HIV remains very high at 38.4mm in 2021. Though the number of new HIV cases and the mortality of HIV has been steadily decreasing over time, a ramping up of current prevention and treatment strategies will be needed to achieve the Global Health Sector Strategies targets set out by the WHO. In 2021, HIV related deaths stood at 650k globally and, though this was a decrease compared to 690k in 2020, it remains significantly above the WHO targets of 250k by 2025 and 240k by 2030. Over time, we think better treatment options can bring down the mortality rate of HIV with anti-retroviral coverage already vastly expanded; now at 75% in 2021 compared to just 25% in 2010. Testing is also extremely important to prevent new cases. Here, there is significant work to do with new cases still at 1.5mm in 2021 compared to the WHO targets of 370k by 2025 and 335k by 2030. The COVID-19 pandemic likely played a role in making testing more challenging with almost half of countries reporting disruption to these facilities to the WHO through the pandemic. In the US, cases of HIV seem to be on a trend downwards with 36k new cases in 2021 (7% less than 2017) according to the CDC. However, these cases are often concentrated in relatively poor areas of the US where healthcare coverage is worse. There is a fear that the true case numbers could be higher given that some of these areas had healthcare systems that were overwhelmed by COVID-19 so detection may have been poorer over the past years.

Though the COVID-19 pandemic has eased in terms of mortalities, it remains an important challenge for healthcare systems across the globe. The removal of restrictions in China towards the end of 2022 triggered a substantial new wave of cases and hospitalisations for example. As we move into the endemic phase, we think vaccinations and treatment for COVID-19 will remain important. Within this context, Pfizer and Moderna will continue to be important manufacturers of COVID-19 vaccines for some time to come. Gilead, a holding in our fund, is also still responding to waves of hospitalisations as Remdesivir is frequently administered to hospitalised patients with COVID-19. Finally, we still think there is more to do for the immunocompromised who do not respond well to vaccinations. For the initial COVID-19 variants, AstraZeneca's Evusheld was effective but its authorisation was pulled by the Food and Drug Administration (FDA) and other health authorities for later variants. Their work to develop a replacement, known as AZD3152, is important to help this section of the community go about their lives with greater security from COVID-19.

In 2021 deaths from TB and malaria continued to increase sharply to 1.38mm and 619k respectively (+13% and +9% respectively relative to 2019) having previously been on a strong downward trend. The COVID-19 pandemic was again the primary driver of this as resources were reallocated to fighting the pandemic and access to healthcare was reduced.

Examples of our Investments:

- **Gilead:** World's leading HIV treatment pharmaceutical company and has been a pioneer in supporting access in emerging economies. As at 2022, 20mm HIV sufferers receive treatment in low/ mid income countries through access strategies. Remdesivir was one of the earliest treatments for COVID-19 and continues to be important for use in hospitalised patients.
- **GlaxoSmithKline:** One of the largest vaccine manufacturers globally with leading Access strategies, and number two in HIV treatment. In 2022 reached 73mm patients in low income countries through access strategies with its treatments.
- **AstraZeneca:** The company has taken a sustainable approach in offering its COVID-19 vaccine on a not-for-profit basis during the pandemic. The company is also currently in its advanced research process to find new medicines that will protect the immunocompromised against new variants.

Examples of our Engagement for Impact:

Engaged extensively with those companies involved in the delivery of COVID-19 vaccines and treatment and continued to lead the Access to Medicine collaborative engagement programme with GlaxoSmithKline. Please see our Engagement for Impact section for further details.

Translation into Impact: The primary data that we track and report on is the number of patients reached with treatment and particularly those reached through access strategies. These data points do not however fully reflect the impact on human life or adjusted for the attribution across the stakeholders in the value chain. For example, donations to patent pools is an extremely effective way to support access, but does not deserve the same attribution as manufacturing and delivering treatment directly. The companies are currently working with academic institutions to develop better reporting on true impact and furthermore through the pandemic steps have been taken forward to better assess the impact on human life.

AstraZeneca (AZN) has made a large positive impact through the COVID-19 pandemic by developing and manufacturing its COVID-19 vaccine. There is a strong relationship between the vaccinations developed by pharmaceutical companies and improved health outcomes for those who catch COVID-19. AstraZeneca, a holding in our fund, played a particularly important role in lessening the effects of the pandemic through its vaccination programme that had a large impact in the developing world. An Imperial College study* showed that AstraZeneca saved the most lives through its vaccination efforts (6.3mm) during the period December 2020 – December 2021. Our assumption is that by constraining the pandemic and lending substantial immunity within the population, the effect of AZN's vaccines has remained substantial through 2022 despite lower demand for AZN's vaccine compared to Moderna/ Pfizer.

Gilead too has had a very positive impact in reducing the mortality of COVID-19. We believe the use of Remdesivir for those hospitalised with COVID-19 has saved thousands of lives over the course of the pandemic and continues to do so today. An article in The Lancet Respiratory Medicine by Alain Amstutz† has shown that Remdesivir led to 20 fewer deaths per 1000 patients in hospital for those receiving no oxygen support. Given Remdesivir is now given as standard care in hospitals across the US, it is likely that thousands of lives have been saved by the administration of this medicine given there were 38.4k Americans in hospital with COVID-19 on average every day through 2022.

* Source: <https://www.airfinity.com/articles/astrazeneca-and-pfizer-biotech-saved-over-12-million-lives-in-the-first>
 † Source: [https://www.thelancet.com/journals/lanres/article/PIIS2213-2600\(22\)00528-8/fulltext](https://www.thelancet.com/journals/lanres/article/PIIS2213-2600(22)00528-8/fulltext)



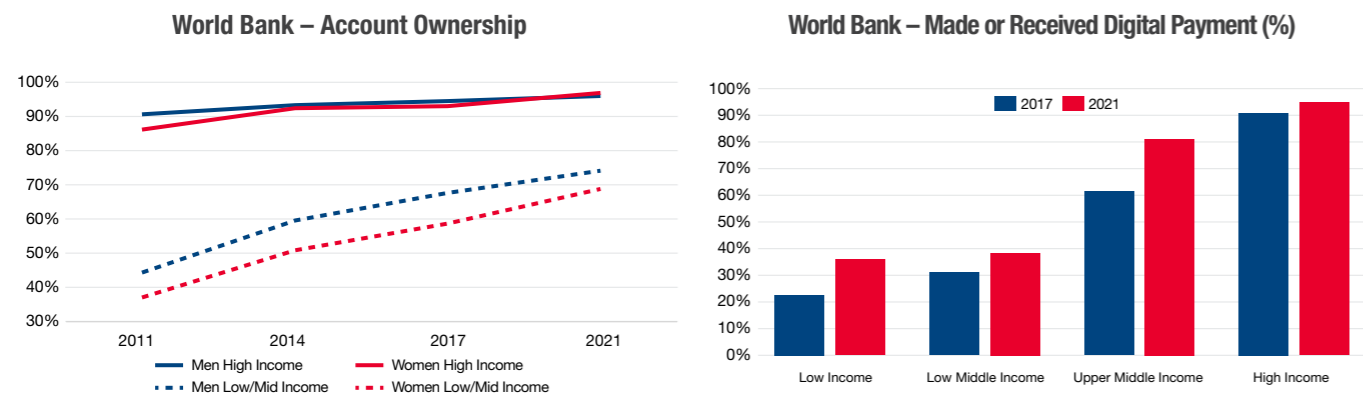
Tracking Progress Towards Our Environmental and Social Goals

Global Access to Basic Financial Services

SDG Alignment: Our Global Access to Basic Financial Services Impact Goal is most closely aligned with SDG Target 1.4 'By 2030, ensure all have equal rights to economic resources'

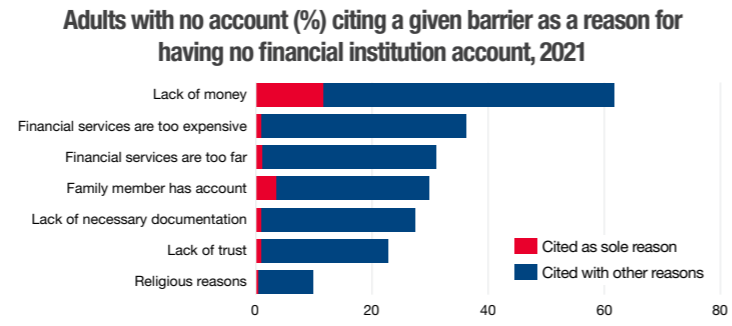
KPIs Tracked: Percentage of the global population that is unbanked; we track World Bank Account Ownership data as a proxy for this across low/mid income and high income economies, further broken down by gender. We also track data on digital payments to support our understanding

KPI Targets: By 2030 low/mid income account ownership to converge with high income achieving 95%+ and for the gender gap to close completely



The Challenge: In 2021, almost 1.4bn adults remained unbanked with 24% of the global population not holding an account. Whilst there has been considerable improvement over the past decade – these figures stood at 2.5bn unbanked adults and 49% not holding an account in 2011 – much remains to be done and supporting global progression towards near universal access to basic financial services is one of the greatest levers through which to push for an improvement in living standards and a more equitable world. Not only does account ownership support saving, credit access and the ability to make or receive payments, but it is also a material driver in supporting economic growth, increased safety, health and wellbeing. The World Bank introduced a number of studies in their Global Findex 2021 report*, which highlight the positive impact of improved financial inclusion. For example, one study in Liberia found that teachers were able to reduce their cost of collecting salaries by over 90% when enabled through digital deposits. Furthermore, it reduced the amount of time the teachers had to spend out of the classroom travelling and increased safety through not having to travel with large quantities of cash. Studies have also shown direct correlation between account ownership and levels of education expenditure, economic growth and consumption – across one study in Kenya spending on food and essentials was 7 – 10% higher for those with mobile payment access. Those with accounts are better able to navigate periods of financial stress through greater ability to receive funds from family and have higher levels of perceived financial security.

Obstacles to having a bank account quoted in the Findex survey include a lack of money, distance to the nearest bank and lack of documentation. A key driver for overcoming the historic obstacles has been the emergence of mobile money services and the rapid growth in mobile phone ownership across developing economies, which has offset the still very low levels in physical banking penetration. Looking forward the building out of telecommunication networks and payment processing in addition to further increasing mobile phone access will play a key role in growing access further.



* Source: <https://www.worldbank.org/en/publication/globalindex>

Progression of KPIs: Between 2017 and 2021 account ownership in developing countries increased from 63% to 71%, whilst the gender gap has declined from 9% to 6%. Much of the improvement in low/mid income countries has been driven by mobile banking; low income countries saw a 13% increase in digital transaction over the period. Indeed between 2014 – 2021, 8% of the 16% increase in account ownership across developing countries can be attributed to mobile banking.

Examples of our Investments:

- **Safaricom:** Operates M-Pesa a mobile payments business with 33mm active users in Kenya. Further role supporting access to financial services through building out of the telecom network.
- **Bank Rakyat:** Indonesian bank with a focus on micro loans via its large network of agents across the archipelago. Provided IDR 849trn of loans to micro small and medium sized enterprises in 2022.
- **HDFC:** Leading provider of mortgages and loans in India with strong presence across the low and economically weak segment of the economy to which provided INR 216bn of loans (2021/FY22).

Examples of our Engagement for Impact:

Engaged with **HDFC** to report better impact data that encapsulates the outcomes it is supporting through its mortgage lending to lower income segments of the Indian economy.

The metrics that we track for our holdings that are reported by the companies themselves are predominantly output or outcome data points. For example, M-Pesa is Kenya's ubiquitous mobile money service operated by Safaricom, the largest telecom provider in Kenya, and it acts as a digital wallet by allowing monetary value to be stored on a mobile phone and sent to others. We track the number of active users of M-Pesa and the value of transactions on M-Pesa as our Company Performance Indicators (CPIs) to monitor the progress the company is making in contributing to financial inclusion. However these are outcomes as a result of M-Pesa and whilst these are reasonable proxies for the 'impact' given that the vast majority of these users would otherwise not have had access to financial services it does not give a full picture of the true impact that this has had on people's lives. We stop at reporting company level data in this report and within our impact per US\$m of underlying holdings analysis, as the subsequent steps that need to be taken to consider true impact involve a number of estimations and assumptions, which limit the accuracy of the numbers calculated at this point in time. However, we can start to build a picture on an individual level and provide a framework for making this assessment.

According to a study published in 'Science' magazine in December 2016, M-Pesa lifted 194,000 Kenyan households out of poverty through increasing financial resilience of the population, most often women, with low incomes. The researchers carried out their survey work in Kenya between 2008 and 2014 and the full paper can be found here*. With M-Pesa, women in their sample easily received remittances from their partner working in urban cities like Nairobi or a wider network of social support. These remittances are withdrawn at a neighbourhood M-Pesa agent (often a small shop nearby) which is safer than travelling to a bank ATM that may be far away. At the time of the study, there were 40 times the number of M-Pesa agents compared to bank ATMs in Kenya. With stable access to income, the study showed how households exited extreme poverty. Whilst it is not possible for us to replicate the study and source the data required to build explicit numbers today ourselves, the study does provide a broad framework through which we can consider the 'impact of M-Pesa' today. M-Pesa service started in 2007 and the penetration rate of M-Pesa at the beginning of their survey was effectively zero, which then grew to 30.2%, supporting a 2% reduction in poverty across Kenya. In 2023 M-Pesa has a 59.4% penetration of the entire population (i.e. almost double the level at the time of the study) and so is likely to have an even greater impact on helping the population to exit extreme poverty.

* Source: https://www.findgateway.org/sites/default/files/publications/files/new_jack_and_suri_paper_1.pdf



Tracking Progress Towards Our Environmental and Social Goals

Global Access to Clean Drinking Water

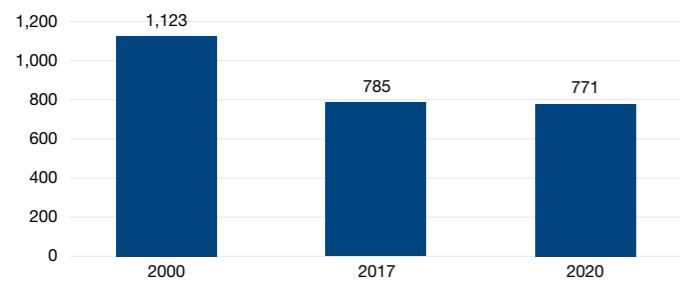
SDG Alignment: Our Global Access to Clean Drinking Water Impact Goal is most closely aligned with SDG Target 6.1 'By 2030, achieve universal and equitable access to safe and affordable drinking water for all (100%)'

KPIs Tracked: Percentage of Global Population with Access to Safe Drinking Water and Percentage of Global Population with Access to Safely Managed Sanitation Facilities (World Bank), Number of People Lacking Basic Drinking Water Services (WHO/ UNICEF (United Nations Children's Fund) Joint Monitoring Programme) and Degree of integrated water resourced management implementation (SDG Data)

KPI Targets: Our initial target would be for every individual universally to have access to at least basic drinking water and sanitation facilities. Once this is achieved, we would ultimately want for safe access to such facilities to be provided to all

The Challenge: The United Nations (UN) recognises access to water and sanitation as a fundamental human right, which is crucial for every individual's health, dignity and prosperity. Unfortunately, according to latest available data (2020), 1 in 10 people worldwide, or approximately 771 million people, are still lacking access to **basic** drinking water and sanitation services. It is important to note, that significant progress has been seen since 2000 (number of people without access has reduced 31.1%, from 1.1 billion), while during the same period the global population has increased by 26.9%. Despite the progress, there is still a long way to go and according to the latest assessment of progress towards reaching the UN SDG's reaching this target will require a fourfold increase in the current rate of progress and no SDG region is currently on track to do so.

Number of People Lacking Basic Drinking Water Services (mm)



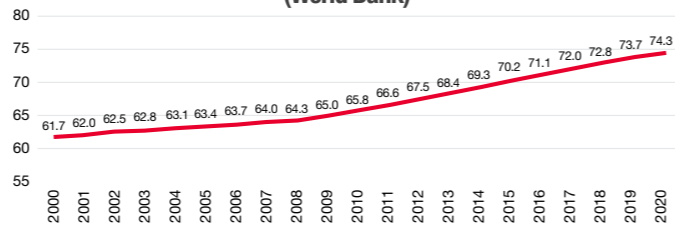
Source: WHO/ UNICEF Joint Monitoring Programme (JPM)

The WHO/ UNICEF Joint Monitoring Programme's (JPM) most recent update indicates that today around 25.7% (approximately 2 billion people) of the world's population still do not have access to **safe** drinking water, while 46.1% (approximately 3.5 billion people) do not have access to safely managed sanitation facilities. Although we are observing a negative trend in the numbers, which indicated a clear progress year over year, the goals are still a long way distant.

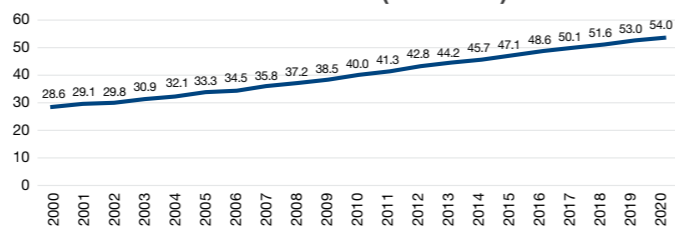
With regards to degree of integrated water resource management globally, we are seeing significant progress across the board but particularly across Central and South East Asia and Sub-Saharan Africa.

It is important to highlight how the UN SDG's are interlinked with some of our other Impact Goals. For example, a basic human right such as universal access to drinking water and sanitation facilities is an absolute prerequisite for achieving higher rates of public health, decreasing child mortality rates, drastically reducing the spread of various communicable diseases, getting a step closer to achieving gender equality, higher literacy rates, and overall economic prosperity.

% of Global Population with Access to Safe Drinking Water (World Bank)

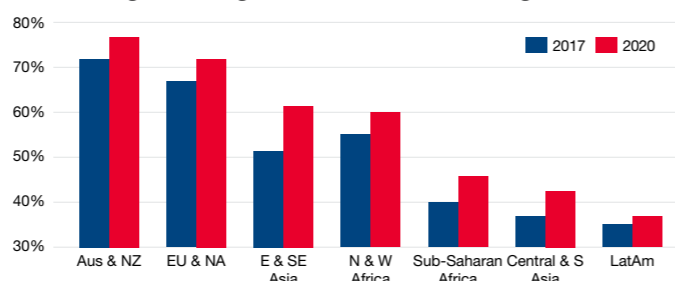


% of Global Population with Access to Safely Managed Sanitation Facilities (World Bank)



Source: World Bank

Degree of Integrated Water Resource Management



Source: SDG Data

Examples of our Investments:

- **Tetra Tech:** Provides services such as design and engineering for water infrastructure projects across both the United States and global markets. The company has a very high positive impact on Global Access to Clean Drinking Water especially through its involvement with international development projects that take place in developing nations as well as supporting access where it is needed the most. The impact of supporting clean water access in the US, its country of domicile, is also high. Tetra Tech reported that its projects enabled 328,000 mega litres of water to be treated, saved or reduced in 2021.
- **Pentair:** The company manufactures pumps and filtration systems. These products enable the processing and treatment of both water and wastewater. Pentair have a particularly strong presence within emerging markets, where they support global access to clean drinking water. 'Project Safewater' has supported access to water for 3mm people.
- **Unilever:** Very strong water filtration business and commitment to supporting global access.
- **Nestlé:** Has facilitated access to clean water within its supply chain to over 600k people that would otherwise not have had access.

Examples of our Engagement for Impact:

The team engaged with **Pentair** and **A. O. Smith**, which operate within the water filtration space and asked for disclosure of better data on the positive impact of water filtration products and broader clean water efforts. Although it is still very much a work in progress, we are pleased to see that the companies are now starting to report on metrics, such as number of people provided with cleaner, safer drinking water every day in the developing world through water access projects and number of single-use plastic water bottles avoided by using residential filtration systems. Given the semiconductor space is very water intensive, we engaged with **TSMC** on their water impact in production and links to efficiency. We further encouraged the company to start reporting more detail around their water conservation measures. We are pleased that the company now reports a full breakdown of metric tons of additional water conserved through various measures undertaken, such as decreasing water discharge loss, reducing consumption, and increasing wastewater recycling.

Translation into Impact: Still today, 1 in 10 people worldwide, or approximately 771 million people are living without access to clean, basic drinking water and sanitation. **So, what does this really mean?** Access to clean water and sanitation can save 16,000 lives a week, of which 43% are children under the age of five and can prevent countless numbers of permanent disabilities. Access to clean water can prevent women and girls from spending 200 million hours daily collecting water and as a result, with access to the right facilities school attendance can go up 31%. Women are responsible for 72% of the water collected in Sub-Saharan Africa. With access to water, women and girls can get their lives back. They start businesses, improve their homes and take charge of their own futures. In conclusion access to clean drinking water and sanitation is a basic human right and a key driver of economic growth. It is estimated that every £1 invested in clean water projects can contribute between £4-12 of returns for the local economy.

charity: water: In December 2022, NAM UK announced the start of a 3-year partnership with charity: water*. We are very pleased to support them in achieving their goal of bringing clean water to 15 million people over the next 5 years.

Our first donation will go towards the delivery of two projects. In Niger (which ranks 189 out of 189 countries on the UN's 2020 Human Development Index) we decided to support the construction of sustainable water drinking, handwashing, latrine and changing facilities for a school. The project will be accompanied by sanitation and hygiene education curriculum. In Ethiopia, where over 65% of the population still lacks access to basic water services, the focus will be on delivering piped systems with tap stands, to four communities, by sourcing water from high yield springs, which are connected to a solar powered pump.

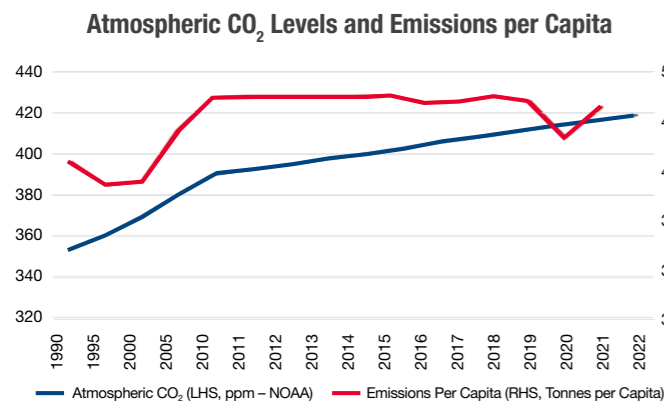
* Source: <https://www.charitywater.org/uk>



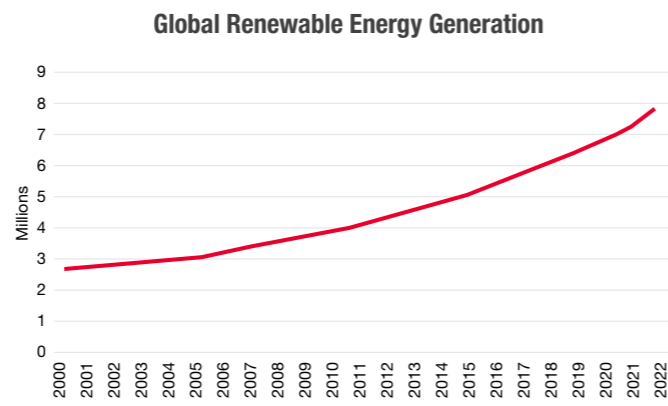
Tracking Progress Towards Our Environmental and Social Goals

Mitigate Climate Change

- SDG Alignment:** Our Mitigate Climate Change Impact Goal is most closely aligned with SDG Targets SDG 7.2 increase the mix of renewable energy and SDG 7.3 double global energy efficiency
- KPIs Tracked:** Global Renewable Energy Output (IEA), Atmospheric Carbon Levels (NOAA) and Global Carbon Emissions per Capita (Global Carbon Atlas)
- KPI Targets:** Our ultimate target is for global warming to be limited to 1.5°C. For temperatures to stabilise this means reaching Net Zero emissions. To remain on track global renewable energy generation needs to increase to 65% of electricity generation by 2030 whilst annual emissions must decline towards 25Gt (aligned with IRENA World Energy Transition Outlook) requiring a ca. 30% reduction in Emissions per Capita by 2030



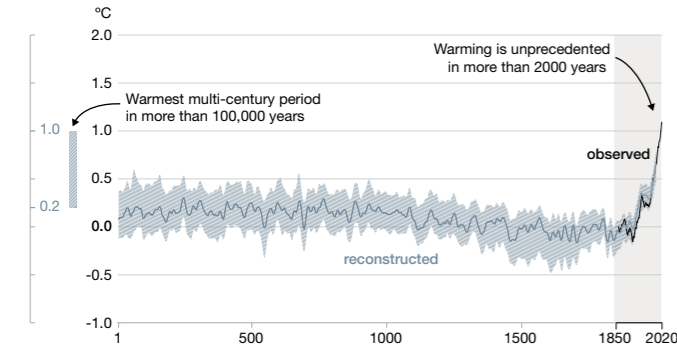
Source: NOAA Mauna Loa Observatory



Source: International Energy Agency

The Challenge: Global temperatures have continued to rise as the level of cumulative global emissions has grown and the scientific evidence is clear that there is a near linear correlation between emissions and surface temperatures. The Intergovernmental Panel on Climate Change (IPCC) estimate* that a surface temperature increase of between 0.8 and 1.3°C (1850-1900 vs. 2010-2019) has been 'human-caused'. The IPCC further estimate that at 2°C of warming it could be expected that once-in-a-decade droughts would increase by 2.4x and the intensity of cyclones would increase by +13% relative to 1850-1900, disproportionately impacting those in low and middle income countries. At 4°C of warming these numbers increase to 4.1x and +30% respectively. Estimates vary considerably of the economic impact of global warming and are frequently being refreshed to take into account new data available. One report by Oxford Economics[†] suggests 2.2°C of warming through 2050 could drive a -20% hit to global GDP whilst 5°C by 2100 could even drive a mass extinction event.

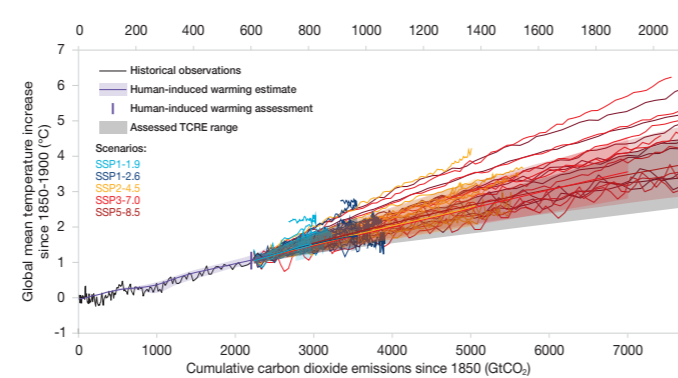
Change in Global Surface Temperature (decadal average) as Reconstructed (1-2000) and Observed (1850-2020)*



* Source: IPCC https://report.ipcc.ch/ar6/wg1/IPCC_AR6_WGI_FullReport.pdf p. 23 & p. 114

† Source: <https://www.oxfordeconomics.com/resource/the-global-economic-costs-of-climate-inaction/>

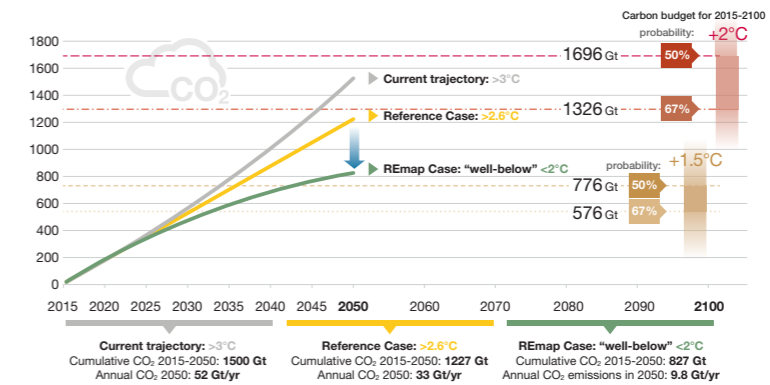
Cumulative Carbon Emissions Since 1850 (PgC)*



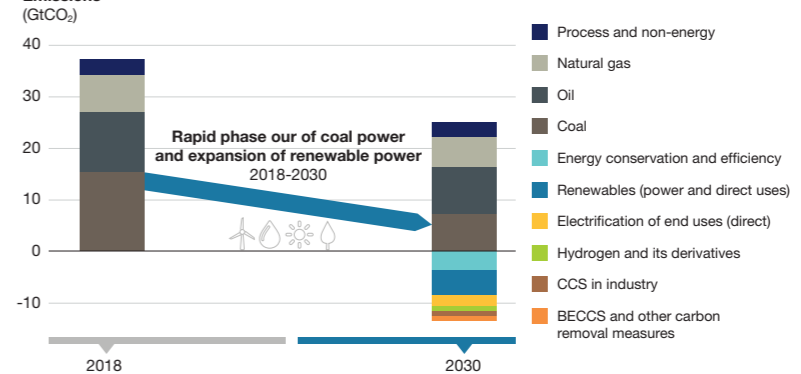
The IPCC's Fifth Assessment Report*, further estimates that to have a likely chance of limiting global warming to 2°C (with a 66% probability) globally there is a remaining carbon budget of between 790 – 1,200 Gt CO₂ before transition to Net Zero. To achieve this the primary focus must be on bringing emissions down across all sectors through transitioning to renewables and increasing energy efficiency. Importantly this requires much more than just solely investment in renewables. IRENA highlight six key areas through which to support reducing emissions through 2050; renewables account for 25% whilst the less appreciated Energy Efficiency and Electrification account for 25% and 20% respectively with the remainder coming from Hydrogen, Carbon Capture & Storage and CO₂ removal. It is further estimated by IRENA that a further US\$5.7trn of annual funding is required to remain on track for limiting global warming to 1.5°C.

* Source: <https://www.ipcc.ch/assessment-report/ar5/>

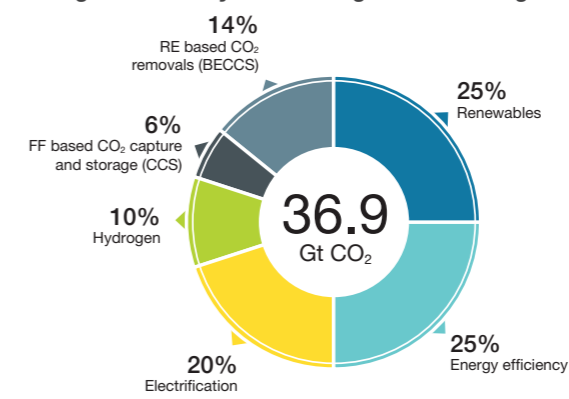
Cumulative Energy-related CO₂ Emissions for the Period 2015-2050 and Emissions Budgets for 2015-2020 for 1.5°C and 2°C Scenarios (Gt CO₂)



Emissions Reductions 2018-2030



Reducing Emissions by 2050 Through Six Technological Avenues



Source: IRENA World Energy Transition Outlook 2022 (https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Mar/IRENA_World_Energy_Transitions_Outlook_2022.pdf?rev=6f451981b0948c6894546661c6658a1) p. 22 & p. 34 and Roadmap to 2050 (https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Apr/IRENA_Global_Energy_Transformation_2019.pdf?rev=6ea97044a1274c6c8ffe4a116ab17b8f) p. 22

Progression of KPIs: The build out of renewables globally remains very strong with total renewable energy output estimated to have grown by more than 9% in 2022. Solar PV output in particular has grown at a three year CAGR of 22%. Following a decline in 2020 for carbon emissions per capita, as a result of global lockdowns, this rebounded in 2021 to just below 2019 levels even with a number of economies having remained partially locked down.

Examples of our Investments:

- **NextEra Energy:** World's largest onshore wind energy generator; rapidly growing solar portfolio.
- **Schneider:** World leading electrical equipment business with regards to managing climate impact and enabling customer emissions reduction through electrification.
- **Johnson Controls:** Efficient HVAC and control systems drastically reduce building emissions.
- **Umicore:** Leading manufacturer of cathode material for EV batteries.

Examples of our Engagement for Impact:

Engaged with all portfolio companies that have not yet committed to setting Science Based Targets initiative (SBTi) approved emissions targets to push these companies to make more explicit commitments to reduce their emissions. One engagement programme we were particularly pleased with was the commitment of Eversource to setting SBTi approved targets following a series of engagements and working closely with other external parties. Please see the Engagement for Impact Section of this report for full details.

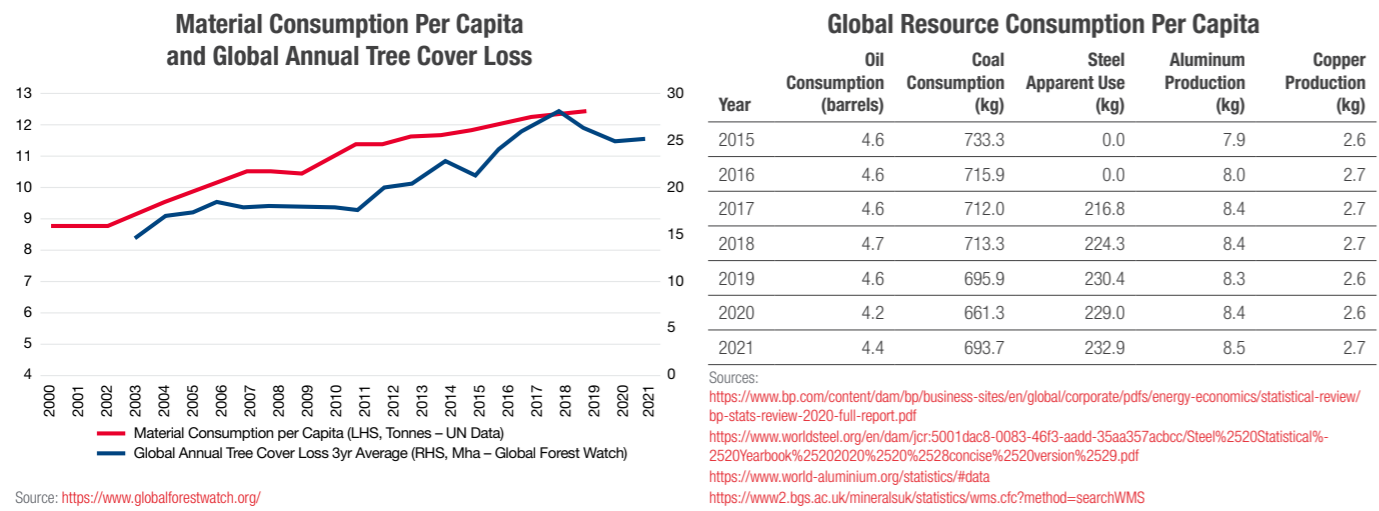
Translation into Impact: A build out of renewables, drastically improving energy efficiency and electrification are currently the three most important areas for achieving net zero carbon emissions and meeting goals to limit climate change. However, what is needed within different sectors and the difficulty or cost of doing this, ranges very significantly. For example, within automobiles there is a clear pathway to reach net zero through continued advances in electric vehicle technology and increased electric vehicle penetration combined with increased renewable power generation. However, for air transportation the technological path forward is much less clear and the extent of investment required not as well understood. Put differently, given the very different challenges faced across different segments the impact of investing in and solving challenges also varies meaningfully. There is also an important attribution consideration; the development of an offshore wind farm might avoid a certain number of tonnes of carbon emissions but how should this be attributed across the value chain (for example the wind turbine developers and manufacturers vs. the developer itself) – one approach to this is to take capital expenditure across the value chain. For the companies aligned with the mitigation of climate change, the most important metrics we track are tonnes of carbon avoided as a result of products and services. Whilst this data does not in itself articulate direct/true impact, when considered in the context of estimates for the total carbon budget to meet different climate change scenarios this data does give a good guide as to the impact, the companies are having on the climate change mitigation challenge. For example it is estimated by the IPCC that 1000Gt of carbon emissions is likely as a best estimate to cause 0.45°C of warming, whilst IRENA estimate that annual emissions must be reduced by 36.9Gt to keep within 1.5°C by 2050.

Portfolio emissions alignment and the proportion of companies committed to setting SBTi approved targets are further examples of outputs we can use to articulate alignment with climate change mitigation. These are independently provided by one of our data providers, ISS Climate Impact reporting. Whilst especially on the portfolio emissions side we feel this does not provide a full picture of the impact of the companies invested in – for example low emitting Tech companies that are not involved in any way supporting the development of the solutions required to tackle global warming might often 'look' better than an industrial company developing or manufacturing critical solutions – it does help to build a picture of the sustainable impact of the strategy.

Tracking Progress Towards Our Environmental and Social Goals

Mitigate Natural Capital Depletion

- SDG Alignment:** Our Mitigate Natural Capital Depletion Impact Goal, is most closely aligned with SDG Target 12.2 'By 2030, achieve the sustainable management and efficient use of natural resources' and SDG Target 15.2 'By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally'
- KPIs Tracked:** The Key Performance Indicators (KPIs) that we have tracked in relation to Mitigate Natural Capital Depletion are Global Annual Tree Cover Loss (million hectares, rolling three year average, Global Forest Watch) and Material Consumption per Capita (tonnes per person pa, the sum of the material footprint for biomass, fossil fuels, metal ores and non-metal ores, UN)
- KPI Targets:** This is a multi-layered target, which is quite difficult to define and achieve. From our perspective, the initial target we would set is to see the companies in our portfolio(s) achieve sustainable supply chain practices and monitoring of deforestation and biodiversity loss



Source: <https://www.globalforestwatch.org/>

The Challenge: It is estimated that 10 million hectares of forest are destroyed every year and approximately 90% of the use is for agricultural expansion e.g. cropland (49.6%) and livestock grazing (38.5%)*. The trend in global population growth exacerbates the need for establishing more sustainable agricultural practices and to better manage the output currently achieved e.g. food lost or wasted. For instance, 13.3% of the global harvest annually does not reach retail markets as it is lost in the process of transportation, storage and processing. While at the same time, 17% of that total food is wasted at consumer level, which includes households, grocery stores and restaurants.

Universal trends like transition to green energy and electrification of the economy are key for fighting climate change and natural capital depletion, however it is important to mention that they come with their resource demands. In order to meet this demand we need more sustainable sourcing and recycling of rare earth and other materials used in the production of batteries, renewable energy equipment (e.g. solar panels and wind turbines) and others. According to the latest data from 2019, the global average for e-waste collections was only 22.8% with the vast majority of consumers' electronic waste not being safely managed.

Whenever the topic of sustainable supply chains emerges, a key question and risk is also how it interlinks with human rights challenges and the need for ensuring the necessary living income. Across the team, we try to incorporate such consideration in our analysis and engagement work as well.

Progression of KPIs: With regards to the KPIs the team tracks under this impact goal, we would note that the material consumption per capita, defined as the sum of the material footprint for biomass, fossil fuels, metal ores and non-metal ores, measured in tonnes per person per year, continues to steadily increase year over year, along with population growth. The United Nations Environment Programme (UNEP) have not published data on consumption since 2019, however more frequently published data on global individual natural resource consumption did suggest a moderation in 2020 driven by the COVID-19 pandemic most notably in coal and oil (declined -10% and -5% respectively). As of 2021 however, as expected, data suggests a rebound as economies fully reopened.

* Source: <https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf> p.24

As for our tracking of annual global tree cover loss, we would point out that although seeing the peak in 2016/ 2017 of around 30 million hectares deforested, in most recent years a slight uptick can be witnessed. We want to note that that metric does not take into account reforestation, which might potentially smoothen numbers slightly.

Examples of our Investments:

- Umicore:** Company operates world leading industrial and precious metal recycling operations that support a reduction in extraction requirements. In 2022, the company recycled ca. 500k tonnes of high value industrial and precious metals.
- Adobe:** Although indirectly the team believes that through products and services Adobe supports mitigation of climate change and natural capital depletion. In 2022, the company reported that 400 billion of PDFs were opened in Adobe Products.

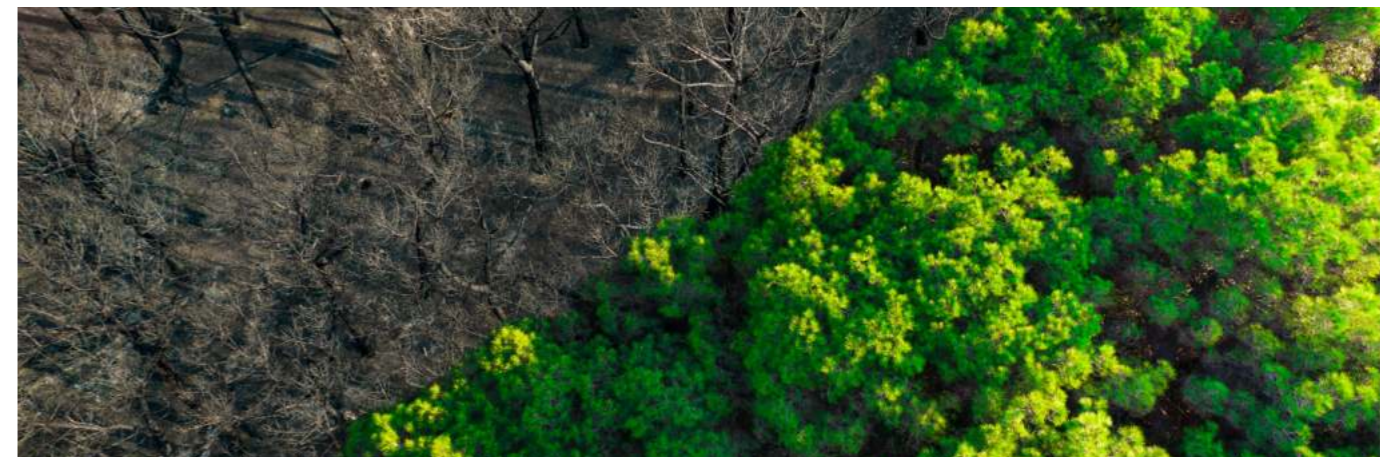
Examples of our Engagement for Impact:

As part of a Satellite based collaborative engagement towards zero deforestation, NAM UK is leading the engagements with both **Nestlé** and **Unilever**. The investor coalition collaborates with Satelligence who provides us with satellite imaging and artificial intelligence (AI) to support us in holding companies accountable for deforestation in supply chains. Another example of our differentiated engagement work towards mitigating natural capital depletion is NAM UK's participation, along with other asset managers, in an innovative **bioacoustics study**. The investor group along with Green Praxis collaborated to conduct an on-the-ground study of biodiversity richness and abundance at a palm oil plantation in Indonesia. This project aimed to inform, the investment group and the participating corporate, on the effects on biodiversity life in conservation areas versus monoculture production areas.

Translation into Impact: It is estimated that around 40,000 species are at the verge of extinction in the coming decades. According to Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Global Assessment Report*, change in land use, such as forest degradation and deforestation are the primary cause for biodiversity loss, globally causing around 30% of the total decline. Other factors that deplete biological diversity are overexploitation, such as hunting and fishing, which explains around 23% of the decline. Climate change (c. 14%), pollution (c. 14%) and invasive species (c. 11%), are also among the most common causes observed. Mitigating deforestation and increasing conservation and reforestation efforts can prevent numerous species from going extinct and maintain functioning ecosystems. Furthermore, biodiversity supports steady food supplies (food security) and has greatly contributed to advancements in modern medicine and treatments.

Reducing forest degradation and deforestation and switching our focus to forest restoration not only mitigates natural capital depletion and biodiversity loss but is also key for achieving society's climate goals. Forests are a brilliant example of nature's own carbon capture and storage (CCS) processes. Trees trap carbon dioxide (CO₂) from the atmosphere through photosynthesis and store it for the lifetime of the tree or the by-product if timber is used to produce furniture or in house building. On average around 50% of the dry mass of a tree is made up of absorbed carbon. It is estimated that a mature tree can absorb around 22 kilograms of carbon dioxide from the atmosphere annually, while in exchange releasing oxygen. As investors, we are starting to see the conversation with companies shifting towards forest positive strategies, which play key roles in the company's Net Zero goals.

* Source: <https://www.ipbes.net/global-assessment>



The Global Sustainable Equity Fund Investee Company Impact

Per US\$1mm invested in the Global Sustainable Equity strategy it is estimated that the underlying holdings achieved the following impact. More details on individual company contribution are available in the appendix.

Mitigate Natural Capital Depletion



Recovered **788 kgs** of high value industrial and precious metals through recycling
4188 single use plastic water bottles displaced by filtration products

Eliminate Communicable Disease



27 low income patients reached with treatments through access strategies – of which 7 represents HIV treatment

Global Access to Basic Financial Services



Supports **78** otherwise highly underserved individuals across Kenya having access to mobile payments

Mitigate Climate Change



158 tonnes lower CO₂ emissions (scope 1+2+3) relative to MSCI ACWI
Equivalent to taking 34 cars off the road and 77 tonnes of reported emissions avoided from products (Scope 4)

COVID-19 (Eliminate Communicable Disease)



196 vaccines delivered last year (130 excluding COVID-19 vaccines)

Global Access to Basic Financial Services



Provided **\$995 of mortgage financing** to the economically weak sector in India and **\$22,728 of loans** to micro, small and medium enterprises in Indonesia finance

Global Access to Basic Financial Services



Have reached **126 previously unbanked** individuals through financial access strategies since 2015

Global Access to Basic Financial Services



Provided insurance solutions in emerging economies for **31 individuals**

Global Access to Clean Drinking Water



2034 litres of safe and clean drinking water

Mitigate the Obesity Epidemic



Provided treatment for **4 diabetes sufferers**

Mitigate the Obesity Epidemic



10 members covered with medical insurance

Global Access to Clean Drinking Water



103 people reached through hygiene outreach and water access programmes

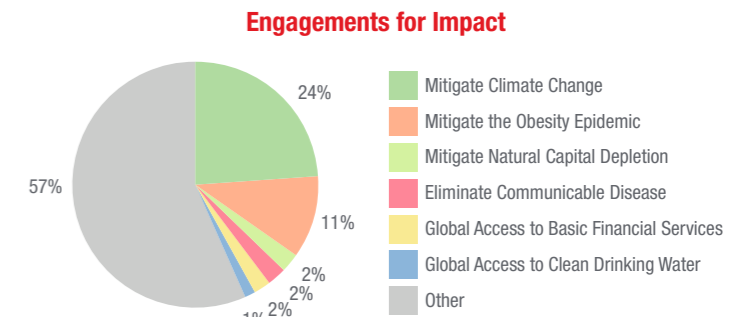
per **US\$1mm** invested

Source: Company Reports, Nomura Asset Management Research as of December 2022, accessed May 2023.
Company sustainability data is collected from each company's shareholder reports, regulatory filings, and/or other company-specific documentation. Impact data is susceptible to inconsistencies. There is currently no standardised, uniformly accepted methodology for companies to measure and report this data, which, in some cases, requires a conversion to allow for aggregation across the strategy. The slide contains estimates produced by NAM UK and has been prepared on a best efforts basis with a view of supporting an understanding of the impact of underlying holdings. Data has not been independently verified. Impact per US\$1 mm is taking into account the strategy's effective ownership of underlying companies. The impact is calculated as a proportion of our ownership relative to the companies' overall impact and is aggregated across all holdings. For example, if Company A reached 15.2mm people with HIV treatment through its access strategies, and considering the strategy holds 2% of its AUM in this company, US\$1 mm in the strategy would have a US\$20k holding in Company A. To calculate the impact we use the market cap of Company A and apply the following formula: (\$20k/market cap) x 15.2mm. The end result represents the estimated number of people reached with HIV treatment by the underlying companies within the portfolio per US\$1 mm invested. The company specific impact metrics and KPIs we track for our 6 impact goals have been collected from April until the end of May 2023.

Engaging for Impact

At Nomura Asset Management (NAM) we strongly believe the investment management industry has a huge opportunity to have a more positive impact. We are at the heart of an ecosystem in which there are multiple avenues to support better outcomes be that through collaboration with our responsible investment peers, supporting intercompany collaboration or working together with NGOs and the media, how we behave as professionals or supporting the next generation of impact investors. Engaging for impact is one very important avenue through which we can support better outcomes and over the year we undertook 83 engagements with portfolio companies.

Impact Goal	Count
Mitigate Climate Change	20
Eliminate Communicable Disease	9
Mitigate Natural Capital Depletion	2
Global Access to Clean Drinking Water	2
Global Access to Basic Financial Services	2
Mitigate the Obesity Epidemic	1
Other	47
Total	83



The majority of the 'Other' engagements were in relation to our Diversity & Inclusion engagement programme. Please see below for further details on this project.

Case Studies

Case Study One: Mitigate Climate Change, Science Based Targets

The team's Science Based Targets initiative (SBTi) project was originally launched at the end of 2021 and targeted specifically holdings in the Global Sustainable Equity (GSE) strategy. Throughout the course of 2022, the team continued extensively engaging with companies and gradually expanded the scope of the project to cover all holdings across the Global Equity platform. We are very happy with the initial progress that is being seen on some of our engagements. As an example, the team want to provide an update on our SBTi milestone engagements with Eversource, a US electric utility business. After an extensive engagement with them and despite the methodology challenges they were facing, the company announced in November 2022 their near term target commitment, which is very pleasing. Eversource's initial hesitation about the feasibility of such a commitment was due to lack of control over power supply as a pure play network operator, as according to the SBTi's methodology for validation, if a company's Scope 3 emissions are more than 40% of their total emissions a reduction of Scope 3 should be included in the overall reduction target. As an energy transmission and distribution business, power supply falls in the company's Scope 3 emissions. However, through conversations with the company and putting them in touch with the CDP, they were encouraged to hire external consultants who successfully assisted them in committing.

The team believe this is a great example of engagement for positive impact and as a next step plan to work with both Eversource and other companies on the team's holdings list (through the intercompany collaboration project) to assist them on their journeys as well.

Case Study Two: Mitigate Natural Capital Depletion, Bioacoustics Study

In the second half of 2022, an investor group consisting of Nomura Asset Management, Cardano and Fidelity International sponsored Green Praxis, a vegetation management solutions provider, to conduct a study and work on the development of biodiversity measurement tools and indices to measure the impact of human activities on natural ecosystems. The project leverages off the use of artificial intelligence and machine learning to process the bioacoustics data collected on the ground.

The goal of the study was to lay the initial foundations for building an affordable, speedy, reliable and non-invasive (minimal disturbance) tool for measuring biodiversity richness and abundance in a certain area. The work is important and innovative as at present, there is no universally accepted tool or metric to do so. Although, we acknowledge that there is a need for further studies with larger sample sizes and conducted at different geographies and at different times of the year (to check for seasonality), the investor group is pleased with the initial set of results and believe they are promising and in-line with previous scientific findings.

Key findings of the study show a clear difference between production and conservation areas, displaying strictly different acoustics landscapes. Production areas' acoustic space was dominated by intense monotonous activity of one particular type of insect, while to a different degree in both conservation and control areas a variety of species were observed, such as birds, frogs and even primates (e.g. gibbons). Another interesting finding was that while both conservation and control plots clearly demonstrated higher species richness, the conservation areas were lacking the control group in species abundance.

Overall, the conclusion of the study is that conservation efforts of corporations can be quite productive in restoring at least partially the biodiversity richness and abundance in a specific area, but cannot, of course, replace the protection of natural forests.

One of the limitations experienced was the inability to find a true primary, or otherwise called, pristine forest adjacent to the plantation to serve as a control group for the study. To our disappointment, the investor group learned that all of those forests in the area had been cleared in the 1980s. Despite this, we believe this represents another key finding of this study on its own and will be a continued focus for future phases of this project to find and test a true pristine forest.

Next Steps: The investor group, along with Green Praxis, is already in talks with another palm oil producer for a potential second study to continue building the database and to develop the AI model and overlay. Furthermore, once sufficient data is gathered and initial findings are confirmed, the results can be used in our engagements with companies. We have seen and demonstrated in the past the power of evidence-based engagement work through our participation in the collaborative engagement towards zero deforestation and we can potentially in the future be equipped with proprietary evidence and research on effects of conservation efforts and impacts on local biodiversity.

Case Studies

Case Study Three: Other, Diversity & Inclusion Project

During the first quarter of the year we finalised our Diversity & Inclusion (D&I) project in which we distributed a D&I questionnaire to all investee companies to assess their culture and sense of belonging of employees. Our findings show that the majority of our portfolio holdings have a very good top-level oversight of human capital management, with 85% of the strategy's investee companies currently having a Chief Diversity & Inclusion Officer, or a similar role. Furthermore, we were positively surprised by our findings that around 85% of the strategy's companies have established company D&I KPIs, as well as that the majority of the holdings (55%) have Diversity, Equity and Inclusion (DEI) metrics already tied to management remuneration.

The employee representation and diversity part of the survey was with certainty the most challenging area. Among the issues we faced were inconsistency of definitions and reporting styles used, and when it comes to minorities – the presence of various applicable laws across different jurisdictions and challenges/ failure to collect and/ or disclose data. The average percentage of women in senior management positions across the strategy's holdings is around 27%. However, we note inconsistencies across definitions and lack of full disclosures. With regards to overall management, this number increases to around 39%. Last but not least, we asked questions on companies' turnover figures and employee satisfaction surveys. Based on our results we found that while employee satisfaction surveys were a common practice for all companies in our strategy, only around half of the companies reported employee turnover figures and for those that did the figures were rarely consistent (e.g. total turnover vs voluntary turnover).

Case Study Four: Eliminate Communicable Disease, COVID-19 Vaccines and Treatment

We have continued our engagement for impact with companies involved in COVID-19 vaccine development and manufacturing, following up the public letter to the industry that we signed alongside a number of our responsible investment peers, with individual engagements with the companies. The strategy does not hold positions in Moderna or Pfizer – we believe the approach to supporting access to vaccines taken by AstraZeneca to be both the right thing to do and more sustainable over the long term – but took the opportunity to join the collaborative engagement calls with these two companies to seek to put pressure on them to take a more sustainable approach to supporting access and strongly push our views around company responsibility to support access, reporting on impact and aligning management with outcomes. We also participated in a collaborative call with Johnson & Johnson management on their approach to support access to their COVID-19 vaccine and aligning management remuneration with access. In the fourth quarter of the year the team ramped up its efforts further, and worked with peers to develop letters to the companies pushing for management remuneration to be tied to access outcomes and highlighting both best practices and potential routes for the companies to introduce appropriate management remuneration targets. These letters were sent directly to the companies and made public in order to maximise the pressure on the companies to push forward and improve social impact. Meetings were also held with some of the companies and included engaging with for example remuneration committees to discuss our proposals. Two portfolio companies were included within this engagement series.

Case Study Five: Eliminate Communicable Disease, Access to Medicine

As the co-lead for the Access to Medicine (ATM) investor engagement initiative with GlaxoSmithKline (GSK), we hosted a group call with the company across both areas of improvement identified by ATM and also our own expectations for GSK. This included improving impact reporting, aligning C-level management with access outcomes, the current distribution approach in Sub-Saharan Africa and the decision that ViiV initially took not to license its long-acting injectable cabotegravir so that generic companies could make and distribute less expensive versions to low and middle-income countries. The call was productive and we felt GSK were very engaged and open to debating where our views differed taking on board in particular the need for better impact data to support the sustainable investment community in making better decisions.

Case Studies

Case Study Six: Mitigate Natural Capital Depletion, Satellite-based engagement towards Zero Deforestation

In 2022, the satellite-based collaborative engagement towards zero deforestation marked its second full year of engaging with and holding to account, companies across various industries in respect of deforestation events occurring in their vast supply chains. NAM UK is proud to continue to participate in this project by being the lead/ co-lead investor on dialogues with two companies and supporting multiple others.

During the course of the year, NAM UK participated in initial dialogues with three companies across the personal products, beverages and chemicals industries. In particular, NAM UK co-led a constructive engagement with Unilever. Throughout the process, the team discussed the company's supply chain monitoring systems, practices, grievance mechanisms and traceability efforts, as well as their deforestation-free commitments. Most importantly, the team discussed the flagged deforestation events within Unilever's vast supply chain by our satellite-monitoring partner, Satelligence. The team was delighted to see that the company demonstrated sufficient monitoring and supply chain traceability efforts. As in many of the team's other dialogues, the need for industry wide collective effort was flagged given the scale of the issues at hand.

NAM UK also actively participated in follow-up dialogues with four other companies. These included a US household products business, a French personal products company and a French food & staples retailing business. These interactions were the second or third engagements with these companies, which allowed us to discuss new areas as well as the monitoring and traceability efforts within a single commodity (palm oil sourcing in Malaysia). Our broader discussions touched on other soft commodities (beef and soy supply chains), other regions such as Indonesia and Brazil, further efforts to mitigate biodiversity loss, the companies' reforestation policies and targets, and smallholder farmers' inclusion. The investor group is also pleased to see that quite a few of the companies engaged with have subsequently published detailed reports around deforestation cases linked to their supply chains. This reaffirms the investor group's belief that engaging with company specific evidence, provided by our satellite-monitoring partner, can be an effective tool to drive change. NAM UK looks forward to continuing this journey and supporting both peer investors and businesses on their path to zero deforestation.

The below photos illustrate a before and after comparison from a palm oil mill in Kalimantan, Indonesia.



Source: Satelligence, H1 2021 Risk Report.



Appendix: Individual Company Contributions

Company	Alignment with NAM Impact Goal	Direct Intentionality	Measurement	Company CPI 1		
				Value 2022	Value 2021	Value 2020
JOHNSON CONTROLS INTERNATIONAL	Mitigate Climate Change	Yes	Carbon saved as a result of performance contracting (tonnes pa and total since 2000)	3.7mm (35.2mm total)	4.1mm (31.9mm total)	1.1mm (27.8mm total)
NOVO NORDISK A/S-B	Mitigate the Obesity Epidemic	Yes	Number of patients that received Novo Nordisk treatment for diabetes (pa)	36.3mm	34.6mm	32.8mm
BECTON DICKINSON AND CO	Mitigate the Obesity Epidemic, Eliminate Communicable Disease	Yes	R&D expenditure used as a proxy for investment in solutions for Mitigate the Obesity Epidemic and Eliminate Communicable Disease	US\$1.26bn	US\$1.28bn	US\$1.0bn
DAVITA INC	Mitigate the Obesity Epidemic, Eliminate Communicable Disease	Yes	Total US Dialysis treatments given in the year	29.0mm	29.6mm	30.3mm
THE CIGNA GROUP	Mitigate the Obesity Epidemic	No	Number of plan members	18mm	17mm	17mm
SCHNEIDER ELECTRIC SE	Mitigate Climate Change	Yes	Tonnes of CO ₂ saved by customers as a result of offering (since 2018 cumulative)	440mm	347mm	263mm
SAFARICOM PLC	Global Access to Basic Financial Services	Yes	Number of active customers (M-Pesa)	32.8mm	28.3mm	24.9mm
PENTAIR PLC	Global Access to Clean Drinking Water	No	Number of people providing clean drinking water to in developing economies under Project Safewater	3mm	>3mm	3mm
AIA GROUP LTD	Global Access to Basic Financial Services	Yes	Number of individual life insurance policies	41mm	39mm	38mm
ASTRAZENECA PLC	Eliminate Communicable Disease, Mitigate the Obesity Epidemic	Yes	Number of COVID-19 vaccine doses supplied	3bn	2.5bn	
SMITH (A.O.) CORP	Mitigate Climate Change, Global Access to Clean Drinking Water	Yes	Tonnes carbon saved from AOS' efficient technology (pa)	Not yet released	495k	474k
GILEAD SCIENCES INC	Eliminate Communicable Disease	Yes	HIV sufferers that have received GILD drugs in low/ mid income countries through access strategies	20.0mm	16.5mm	17.6mm
JOHNSON & JOHNSON	Eliminate Communicable Disease	Yes	Total R&D expense	14.6bn	14.7bn	12.2bn
GSK PLC	Eliminate Communicable Disease	Yes	Patients reached in low income countries with products (mm)	73mm	52mm	65mm
CVS HEALTH CORP	Mitigate the Obesity Epidemic, Eliminate Communicable Disease	No	COVID-19 vaccine doses administered	28mm	59mm	N/A pre 2021
DAIKIN INDUSTRIES LTD	Mitigate Climate Change	Yes	Tonnes of carbon saved as a result of company's environmentally conscious products		19mm	15mm
HOUSING DEVELOPMENT FINANCE	Global Access to Basic Financial Services	Yes	Number of loans to 'economically weak' and 'Low Income Group' in India	CSR Report not yet released	119k	114k
UMICORE	Mitigate Climate Change, Mitigate Natural Capital Depletion	Yes	GWh of capacity - battery cathode material for electric vehicles	65GWh	65GWh	45GWh
TESLA INC	Mitigate Climate Change	Yes	Avoided emissions from EVs, storage and solar panels (million tonnes).	Not yet released	8.4	5.0
ASML HOLDING NV	Mitigate Climate Change	No	Scope 3 emissions intensity rate (kt per EUR mm of customer revenues)	0.56	0.47	0.61
ADOBE INC	Mitigate Climate Change, Mitigate Natural Capital Depletion	No	Number of PDFs opened in Adobe Products (annual, billions)	400bn	320bn	300bn
MICROSOFT CORP	Mitigate Climate Change	No	Renewable energy credits and power purchase agreements (GWh)	18,153	12,969	10,244
CISCO SYSTEMS INC	Mitigate Climate Change	No	Metric tonnes of CO ₂ e avoided through energy efficiency and renewable energy projects (pa)	8,000	2,700	8,600

Measurement	Company CPI 2			Measurement	Company CPI 3		
	Value 2022	Value 2021	Value 2020		Value 2022	Value 2021	Value 2020
Diabetes sufferers treated with human insulin (at a cost <US\$3/ vial) and through access programme	1.7mm and 4.3mm across total access strategies	1.7mm (lowered to US\$3), 5mm total through access strategies	3.2mm	R&D expense (of which the majority is in obesity and related diseases)	DKK 24.05bn	DKK 17.77bn	DKK 15.5bn
Number of devices committed for COVID-19 vaccines (needles, syringes)	2bn	2bn	1bn	Production run rate of Antigen tests for COVID-19 (per month, FY21 estimate)	No Longer Report	8mm	
Number of people provided access to green electricity	4.5mm (9.7mm since 2021)	4.2mm					
Volume of payments processed by M-Pesa (million Kenyan Shillings)	29,500	22,040	13,900				
Metrics tonnes of carbon saved from efficient pumps (total, since 2005)	15.9mm	15.4mm	19.1mm	Single use plastic water bottles avoided	7.8bn		
AIA Vitality and AIA China Wellness Customers	2.6mm	1.9mm					
Number of people reached through Healthy Heart Africa, Young Health and Healthy Lung Programme (cum)	45mm	31mm	25mm				
Displacement of single use plastic bottles by water filtration systems	Not yet released	1.3bn	1.4bn	Gallons of drinking water filtered by AOS water treatment systems	Not yet released	167mm gallons	180mm gallons
R&D expense	\$5.9bn	\$5.5bn	\$5.0bn	Individuals treated with Remdesivir (COVID treatment) through voluntary licensing	8mm		
Donations of Vermox	Not yet released	221mm		Number of patients receiving treatment for TB	Not yet released	137k	134k
Vaccines distributed on a daily basis globally	1.5mm/ day	2mm/ day	2mm/ day	Company estimate of lives saved through vaccinations	Did not report 2022	2-3mm	
COVID-19 tests delivered	15mm	32mm	N/A pre 2021	Medical Benefit Members	24.4mm	23.8mm	23.0mm
Environmentally conscious products as percentage of residential air conditioner sales	Not yet released	99%	98%				
Value of loans to 'economically weak' and 'Low Income Group' in India (INR bn)	CSR Report not yet released	216.21	207.87	Housing units financed		Data not yet released	8.4mm
Tonnes of carbon avoided as a result of products and services (annual)	11mm	13mm		Tonnes of industrial and precious metals recycled (capacity is used as a proxy)	500kt	500kt	500kt
Total number of wafers produced by ASML EUV system installed base (mm)	111	59	26				
Electronic and digital signature transactions processed (billions)	8bn	8bn					
Airband Initiative to close the broadband gap (cumulative number of people in millions)	50mm	33mm	17.2mm				
People impacted through social impact grants and signature programs (cumulative, target 1bn by 2025)	848mm	716mm	527mm				

Appendix: Individual Company Contributions

Company	Alignment with NAM Impact Goal	Direct Intentionality	Measurement	Company CPI 1		
				Value 2022	Value 2021	Value 2020
ALPHABET INC-CL A	Mitigate Climate Change	No	Renewable energy secured under PPA's (cumulative GW)	Not yet released	7.2GW	5.7GW
APPLE INC	Mitigate Climate Change	No	Renewable energy capacity committed at suppliers' facilities (GW)	6.8GW	15.9GW	7.9GW
AXA SA	Mitigate Climate Change, Global Access to Basic Financial Services	No	Divestment of Coal, Oil, Sands, Tobacco, Controversial Weapons (cumulative since 2007)	Not updated in latest report - Have engaged	7.5bn	7.5bn
NATIONAL GRID PLC	Mitigate Climate Change	Yes	GW of Renewables connected (cumulative since RII0-ED1, 2015)	Not yet released	8.25GW	5.75GW
PAYPAL HOLDINGS INC	Global Access to Basic Financial Services	No	Small-medium business working capital loans (USD, total since 2013)	US\$25bn	US\$24.2bn	US\$20.7bn
MASTERCARD INC - A	Global Access to Basic Financial Services	Yes	Number of people reached previously excluded from financial services (target 1bn by 2025)	Not yet released	675mm	500mm
TAIWAN SEMICONDUCTOR MANUFAC	Mitigate Climate Change, Global Access to Clean Drinking Water	No	Total Water Saving (million metric tons)	Not yet released	186.3	173.0
THERMO FISHER SCIENTIFIC INC	Eliminate Communicable Disease	Yes	COVID-19 PCR diagnostic testing (cumulative in million)	1,000	1,000	650
NEXTERA ENERGY INC	Mitigate Climate Change	Yes	Avoided CO ₂ emissions from renewables portfolio and transitioning generation assets (million tonnes)	Not yet released	57.15mm	51.71mm
KONINKLIJKE DSM NV	Mitigate Climate Change	Yes	Proportion of sales that are 'Brighter Living Solutions' defined by the company as having a higher environmental or societal impact than mainstream alternatives	67%	64%	63%
INTEL CORP	Mitigate Climate Change	No	Energy savings from conservation projects (pa since 2020, target 4bn kWh)	160mm	162mm	161mm
NESTLE SA-REG	Global Access to Clean Drinking Water	No	Absolute water savings through projects (m3, pa)	2.38mm	2.3mm	1.69mm
SAP SE	Mitigate Climate Change	No	Total GHG Emissions offset and avoided from renewables investments (metric tonnes per annum)	Not yet released	213,189	250,383
MEDTRONIC PLC	Mitigate the Obesity Epidemic	Yes	Patients served (we estimate 60% of the business is related to fields impacted by obesity - CV, diabetes etc.)	76mm	72mm	72mm
UNILEVER PLC	Global Access to Clean Drinking Water	Yes	Estimated litres of safe drinking water provided from Pureit devices (total and annual)	Stopped reporting	Stopped reporting	121bn (7bn in 2020)
VISA INC-CLASS A SHARES	Global Access to Basic Financial Services	Yes	Small and micro businesses digitally enabled (cumulative since 2020, goal of 50mm by 2023)	40mm	30.7mm	
EVERSOURCE ENERGY	Mitigate Climate Change	Yes	Annual CO ₂ reduced (metric tonnes)	Not yet released	241,623	245,462
FIDELITY NATIONAL INFO SERV	Global Access to Basic Financial Services	No	FIS Working Capital solution funding to small and medium-sized businesses (SMBs) in the US and the UK (cumulative, mm, since Mar 2019)	Not updated in latest report - Have engaged	285mm	-
ALLIANZ SE-REG	Mitigate Climate Change, Global Access to Basic Financial Services	No	Revenue from insuring 'sustainable solutions' (pa)	€1.283bn	€1.485bn	€1.879bn
BANK RAKYAT INDONESIA PERSER	Global Access to Basic Financial Services	Yes	Total micro, small and medium enterprises (MSMEs) loans (IDR, trillions)	849.18	771.3	712.2

Measurement	Company CPI 2			Measurement	Company CPI 3		
	Value 2022	Value 2021	Value 2020		Value 2022	Value 2021	Value 2020
Household energy saved by Nest thermostat customers (cumulative GWh)	Not yet released	86,711	65,153	Population of Android smartphone users worldwide (billions)	4.75bn	4.59bn	4.42bn
Scope 2 Emissions avoided as a result of renewable energy sourcing (metric tonnes CO ₂ e)	1,201,000	1,063,720	948,000	Population of IOS smartphone users worldwide (billions)	1.85bn	1.25bn	1.16bn
Total 'Green investments' (EUR bn)	25.1bn	22.6bn	16.0bn	Number of people benefitting from inclusive coverage (mm, pa)	11mm	10.6mm	22mm
Capital expenditure on electric transmission and distribution (£mm)	£2,520mm	£2,099mm	£1,072mm				184.8
Energy conserved based on company estimate "each 1 kWh devoted to production conserves 4 kWh for the world"	Not yet released	64.2GWh					
Research and development (R&D) spend (US\$bn, pa)	1.5	1.4	1.2	Number of clinical trials (pa)	8,200	7,100	
GW of Renewable Energy capacity (including contracted under construction)	47.3	44.8	35.5	TWh of carbon free energy generated (pa)	116.9	108.5	101.0
Reduction in Scope 3 Emissions Intensity from 2016 base level	17%	8%	5%				
Total renewable energy purchased (TWh, pa)	10.1	9.3	8.7				
GHG emission reductions + removals (millions tonnes CO ₂ e, pa)	10.7	13.7		Number of young people around the world with access to economic opportunities (millions, cumulative since 2017)	5.62mm	3.89mm	2.45mm
R&D expenditure (proxy for investment into technology supporting mitigate the obesity epidemic - we estimate ca. 60% of business)	\$2.7bn	\$2.5bn	\$2.3bn				
Number of people reached through health and hygiene strategies (pa, target of 1bn)	667mm in 2022	686mm in 2021	1.30bn (cumulative)	Number of water stewardship programmes in water-stressed areas (cumulative, target 100 locations by 2030)	8		
Number of previously unbanked customers who received a first-time account from Visa (annual)	Stopped reporting	Stopped reporting	604mm				
Capital expenditure on electric transmission and distribution (US\$mm)	2,561	2,339	2,153	Total emissions (metric tonnes CO ₂ e)	Not yet released	709,877	677,435
Loans distributed to SMBs as part of the US Paycheck Protection Program (PPP) (pa)	Not updated in latest report - Have engaged	15.5bn	13.9bn				
Total investment in 'sustainable investments'	€131.5bn	€123.1bn (Definition changed under SFDR)	€39.3bn	Affordable and effective insurance solutions to customers in the emerging consumers segment (mm)	57.2mm	62.0mm	46.1mm
Financing for Sustainable Business Activities (IDR, trillions)	694.9	614.2	550.4				



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US\$ **485** bn

assets under
management globally

1,378

staff employed
across **14** offices

231

portfolio managers located
strategically around the world

130

dedicated professionals committed to
fundamental and quantitative research

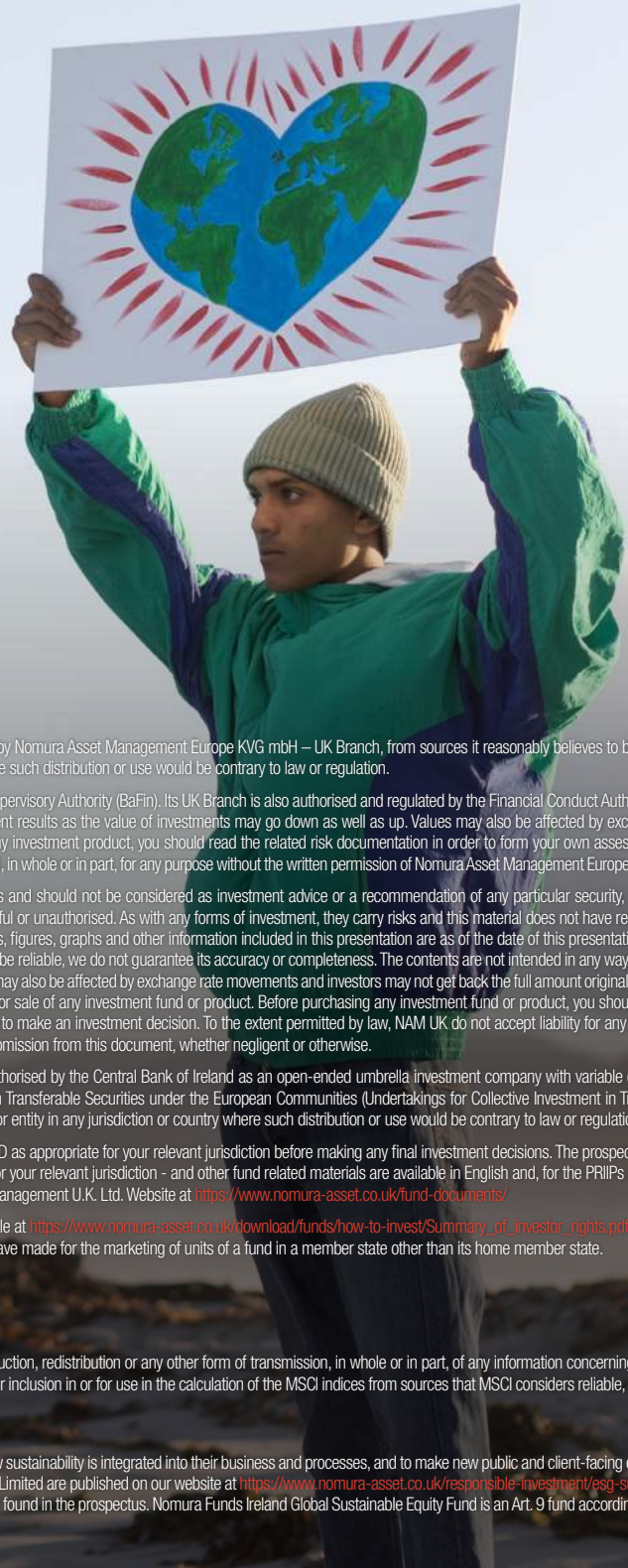
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Our investment management capability was
established in Japan over 50 years ago

30 years

Operating in Europe
for over 30 years

Source: Nomura Asset Management as at 31st March 2023



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