

Nachhaltigkeitsbezogene Offenlegungen

Nomura Funds Ireland – Japan Strategic Value Fund (der „Teilfonds“)

Einführung

Die Verordnung (EU) 2019/2088 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor („SFDR“) schreibt vor, dass Unternehmen Angaben zu den ökologischen und sozialen Merkmalen, die ihre Produkte bewerben (für Produkte nach Artikel 8) und zu den nachhaltigen Investitionszielen (für Produkte nach Artikel 9) sowie Angaben zu den Methoden veröffentlichen, die angewandt werden, um diese zu bewerten, zu messen und zu überwachen.

Nomura Asset Management U.K. Limited („NAM UK“) ist der Anlageverwalter des Teilfonds.

Nomura Asset Management Co., Ltd. („NAM“) ist der Unteranlageverwalter des Teilfonds.

Zusammenfassung

Der Teilfonds ist ein aktiv verwaltetes Portfolio, das vorwiegend in Aktien und aktienähnlichen Wertpapieren investiert, die an einer anerkannten Börse in Japan notiert sind oder gehandelt werden. Der Teilfonds bewirbt einen Beitrag zur Verringerung der Treibhausgasemissionen sowie nachhaltige, faire und inklusive Geschäftspraktiken als seine ökologischen und sozialen Merkmale.

Der Teilfonds bewirbt zwar eine Verringerung der Treibhausgasemissionen als sein ökologisches Merkmal, aber Anleger sollten sich bewusst sein, dass die Reduzierung der CO₂-Emissionen nicht Ziel des Produkts im Sinne von Artikel 9 Abs. 3 SFDR ist.

Um die ökologischen und sozialen Merkmale des Fonds zu fördern, setzt NAM die folgenden Strategien um: 1) eigene ESG-Ratings, 2) Ausschlüsse und 3) ESG-Metriken.

- 1) Eigene ESG-Ratings: NAM weist ein eigenes ESG-Rating zu, das auf seiner Bewertung der Chancen und Risiken im Zusammenhang mit verschiedenen ESG-Faktoren und den Chancen im Zusammenhang mit den Zielen für nachhaltige Entwicklung der Vereinten Nationen (SDGs) steht. Die potenziellen ESG-Ratings lauten: „Keine Probleme“, „Watchlist“ und „Nicht investierbar“. Der Teilfonds darf nicht in Unternehmen investieren, die als „Nicht investierbar“ eingestuft werden. In Unternehmen aus der Kategorie „Watchlist“ darf der Teilfonds nur investieren, wenn NAM einen aktiven Dialog mit dem Unternehmen anstößt, um sicherzustellen, dass die Unternehmen gewisse Qualitätskriterien im Hinblick auf Chancen und Risiken einhalten und/oder sie Probleme, die mit dem Rating zusammenhängen, angehen.
- 2) Ausschlüsse in Bezug auf die folgenden Bereiche:
 - Glücksspiel
 - Kraftwerkskohle
 - Tabak
 - Umstrittene Waffen
 - Grundsätze des UN Global Compact und die Leitsätze der Organisation für wirtschaftliche Zusammenarbeit und Entwicklung für multinationale Unternehmen (OECD-Leitsätze)
- 3) ESG-Metriken: Bei der Abwägung von Anlagechancen berücksichtigt NAM ESG-Metriken wie Energieverbrauch, THG-Emissionen, nachhaltige Beschaffung, Menschenrechte, Arbeitsbeziehungen und Diversität („ESG-Metriken“). Beim Vergleich mit ansonsten ähnlichen Anlagegelegenheiten (z. B. ähnlicher Sektor, ähnliches Produkt, ähnliche Dienstleistung und Bewertungen) ist NAM verpflichtet, das Unternehmen mit den günstigsten ESG-Metriken in seiner Vergleichsgruppe für seine Investition auszuwählen.

NAM hat verbindlich festgelegt, dass die Verfahrensweisen einer guten Unternehmensführung der Unternehmen, in die investiert wird (wie etwa solide Managementstrukturen, die Beziehungen zu den Arbeitnehmern, die Vergütung von Mitarbeitern sowie die Einhaltung der Steuervorschriften), eingehend bewertet werden.

Neben den oben genannten Elementen berücksichtigt der Teilfonds bestimmte PAI-Indikatoren (für die wichtigsten nachteiligen Auswirkungen) in seinem Anlageprozess.

Um die Einhaltung der ökologischen und sozialen Merkmale des Fonds zu überwachen, überprüft NAM die Nachhaltigkeitsindikatoren. Die Einhaltung der oben genannten Ausschlusskriterien wird durch die Vorab-Überwachung und Nachhandelsprüfungen sichergestellt. Außerdem überwacht NAM im Rahmen seiner regelmäßigen Überprüfung mit Hilfe der Überwachungsplattform von NAM UK die Ausrichtung auf die ökologischen und sozialen Merkmale des Teilfonds.

NAM greift dabei auf Daten und Analysen aus verschiedenen Quellen zurück, darunter unter anderem von Unternehmen, in die investiert wird, internen ESG-Spezialisten, externen Datenanbietern und Branchenberichte. NAM ist bestrebt, verlässliche und aktuelle Daten zu verwenden, aber wenn diese nur begrenzt verfügbar sind, werden auch Schätzungen von Datenanbietern und anderen Quellen herangezogen.

NAM verfügt über einen bewährten Mitwirkungsansatz, bei dem der Mitwirkungszyklus strukturiert, kontrolliert und anhand gewisser Meilensteine überwacht wird. Jede Tätigkeit im Rahmen der Mitwirkung wird überwacht und von einem eigens dafür zuständigen Team nachverfolgt. NAM kann proaktiv in einen Dialog mit Emittenten treten, deren Merkmale bei verschiedenen ESG-Themen relativ schwach sind. Dazu können direkte Gespräche mit der Unternehmensführung, etwa durch persönliche Treffen, Telefongespräche, elektronische Kommunikation/und Schreiben oder gemeinsame Maßnahmen mit externen Stakeholdern gehören. Führt dieser aktive Dialog nicht zum Erfolg, trifft NAM angemessene Anlageentscheidungen, die von der Schwere der Nachhaltigkeitskontroverse oder des Problems abhängen. Zudem kann NAM auch einen Dialog mit den Unternehmen, in die investiert wird, anstoßen, um diese besser zu verstehen und sie zu ermutigen, ihre Offenlegung nachhaltigkeitsbezogener Informationen zu verbessern.

Der Teilfonds verwendet den TOPIX-Index (der „Index“) so, dass der PAI des Teilfonds dem PAI des Index gegenübergestellt wird, grundsätzlich mit dem Ziel, die durchschnittlichen nachteiligen Auswirkungen des Portfolios (gewichtete durchschnittliche nachteilige Auswirkungen der vom Teilfonds gehaltenen Unternehmen) unter die des Index zu senken. Der Index wird nicht herangezogen, um die Erreichung der vom Teilfonds beworbenen ökologischen und sozialen Merkmale zu bestimmen.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Sub-Fund does not commit to making sustainable investments.

Environmental or social characteristics of the financial product

The Sub-Fund promotes contribution to reduction of GHG emissions and sustainable, fair and inclusive business practices as its environmental and social characteristics.

In order to promote environmental and/or social characteristics described above, NAM will focus on the environmental and social characteristics of the investee company (dependent on the type of company under review), including but not limited to the following:

- Whether products and/or services support the reduction of emissions (e.g. renewable energy technology or electric vehicles) or not.
- The use of energy and/or GHG emissions, including any targets the company may have set and progress towards those targets.
- The sustainability of sourcing and consumption of raw materials, for example, deforestation issues and water consumption.
- Whether products and/or services contribute to lowering social security and medical costs (e.g. artificial intelligence (A.I.) assisted digital diagnosis).
- Whether products and/or services contribute to improve industrial productivity (e.g. IT equipment, components and materials, research and development products).
- The treatment of employees, including diversity (e.g. gender), customers (e.g. fair pricing and treatment) and suppliers (e.g. avoiding coercive sourcing practices).
- The adherence to societal norms such as anti-bribery, anti-child or other forced labour and appropriate treatment of local communities, including within their supply chain.

While the Sub-Fund promotes GHG emission reduction as its environmental characteristic, investors should be aware that this product does not have reduction of carbon emissions as its objective within the meaning of Article 9(3) of SFDR.

Investment Strategy

What investment strategy does this financial product use to meet the environmental or social characteristics promoted by the financial product?

The Sub-Fund is an actively managed portfolio that will invest primarily in equity and equity-related securities listed or traded on a recognised exchange in Japan.

The Sub-Fund will seek to identify equity and equity-related securities whose valuations are deemed to be low in comparison to assets and profitability, and which may be expected to rise in the future. Additionally, NAM will seek investments based on strategic features such as securities where changes to financial conditions are expected, potential for growth has been identified, and companies are identified as candidates for business restructuring.

Further information on the investment objective, policy and investment strategy of the Sub-Fund, including the asset classes in which the Sub-Fund may invest, is detailed in the Supplement for this Sub-Fund and should be read in conjunction with and in the context of its Annex.

To attain the environmental and social characteristics promoted by the Sub-Fund, NAM integrates ESG considerations in the strategy in the following manner; i) proprietary ESG ratings, ii) exclusions and iii) ESG Metrics.

i) Proprietary ESG ratings

NAM will assign a proprietary ESG rating in respect of each potential issuer. The ESG rating will aim to assess opportunities and risks with regard to various ESG factors as well as opportunities in relation to the UN Sustainable Development Goals (SDGs). In assigning ESG ratings, NAM will utilise proprietary ESG scores provided by NAM's in-house team of ESG specialists, and data and analysis from sector analysts, external data providers ("Data Providers"), such as MSCI ESG, ISS ESG and Sustainalytics and various third party Non-Governmental Organisations (NGOs) such as NGOs whose mission is relevant to the company in question as well as data from other sources (such as company reports, industry reports and other third party research reports).

The potential ESG ratings are "No Issues", "Watch list" and "Uninvestible". Companies that are yet to be assigned proprietary ESG scores by the in-house team of ESG specialists or that fall within the bottom 20 percentile of the proprietary ESG score will be put under "Watch list". NAM can invest in companies on "Watch list" if it will actively engage with them to verify that such companies meet certain opportunities, risks and SDGs quality and/or to address the issues that attributed to the rating. If NAM determines that the company rated "Watch list" shows no sign of intent to improve, such company will be officially put on "Uninvestible". NAM will be precluded from investing in companies that are rated "Uninvestible".

ii) Exclusions

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

- Gambling: Exclusion of companies whose core business is gambling and related services (core definition = 50% or more of sales)
- Thermal coal: Exclusion of companies for which thermal coal represents more than 20% of the company's revenue
- Tobacco: Exclusion of companies that produce tobacco, or companies whose core business is tobacco distribution (core definition = 50% or more of sales)
- Controversial weapons: Exclusion of companies involved with controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, and biological weapons.
- Exclusion of companies that NAM deems to be in violation of the UNGC and OECD Guidelines.

iii) ESG Metrics

When considering investment opportunities, NAM will consider certain ESG metrics. Depending on the nature of the company, these metrics will include but are not limited to energy use, GHG emissions, sustainable sourcing, human rights, labour relations and diversity ("ESG Metrics") both in the relevant company's own operations and those of the company's supply chain. When comparing otherwise similar investment opportunities (e.g. similar sector, product, service and valuations), NAM will be obliged to select the investee company that displays the most favourable ESG Metrics among its peers.

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

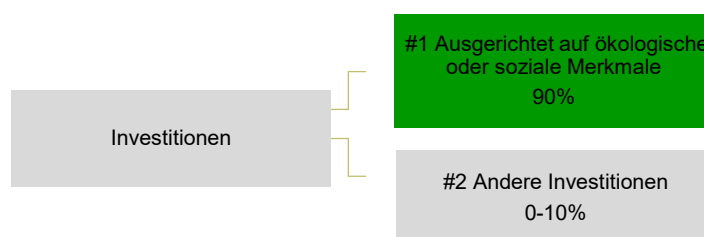
NAM has set a binding obligation to make a thorough assessment of the governance practices of the investee companies (including sound management structures, employee relations, remuneration of staff and tax compliance) and votes any proxies issued by such investee companies taking into account their governance practices.

NAM has a proprietary assessment process for the assessment of governance practices of investee companies. Within this assessment, NAM will utilise data from third party data providers as well as other sources (such as company publications) which focuses on four primary areas as follows:

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

If the assessment results of a company are unsatisfactory, NAM will encourage improvement through engagement and the company will either be put on a “Watch list” or removed from consideration depending on whether the company shows intent to solve the issue. For further information in relation to this “Watch list” approach, please refer to “Proprietary ESG ratings” under “What investment strategy does this financial product use to meet the environmental or social characteristics promoted by the financial product?” above.

Proportion of investments



NAM commits to invest a minimum of 90% of the Sub-Fund's assets in investments which are aligned with the environmental and/or social characteristics being promoted, which will be obtained through direct exposure to investee companies.

Monitoring of environmental or social characteristics

How are the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product monitored throughout the lifecycle of the financial product and what are the related internal or external control mechanisms?

NAM will use the sustainability indicators to measure the attainment of the environmental and social characteristics. The sustainability indicators will include but not limited to:

Contribution to reduction of GHG emissions:

- GHG emissions

Sustainable, fair and inclusive business practices:

- Women in senior management
- Compliance with UNGC
- Exposure to controversial weapons

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

NAM also uses NAM UK's oversight platform to monitor alignment with the environmental and social characteristics of the Sub-Fund within its periodic review.

Methodologies for environmental or social characteristics

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The methodologies to measure the attainment of the environmental and social characteristics of the Sub-Fund are set out under "Monitoring of environmental or social characteristics" above.

Data sources and processing

The Sub-Fund will utilise the following data sources:

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

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

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

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

Limitations to methodologies and data

What are limitations to the methodologies or data sources and how do such limitations not affect how the environmental or social characteristics promoted by the financial product are met?

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

Due diligence

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

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

Engagement policies

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

NAM places strong emphasis on engagement to maximise its influence on investee companies. NAM has a well-established approach to engagement where engagement cycle is structured, managed and monitored with certain milestones. Engagement target companies and themes are identified and prioritised based on top-down and bottom-up approaches. Each engagement activity is monitored and followed up by a dedicated team.

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

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

Designated reference benchmark

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