

NOMURA



What is *your* total impact?

Nomura Asset Management U.K. Limited

Nomura Global Sustainable Equity Fund
Impact Report 2020

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 of 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'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 9 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 20 years. Tom holds a Masters of Engineering (Univesristy 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 II candidate.

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

"NAM Group" "NAM" "Our" "We"	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 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

We are excited to publish our second annual impact report for the Global Sustainable Equity strategy, and hope that all our stakeholders will find this another positive step forward in the journey we are on together towards supporting better outcomes. 2020 was a tragic year in terms of the loss of human life and impact on quality of life from the coronavirus pandemic. One silver lining is, however, that we observe a turning point in society's appreciation for the huge environmental and social issues we face and the desire to take the opportunity to build back better.

The role that large public companies have to play in tackling the monumental issues that we face is also becoming better appreciated. It was, after all, the huge pharmaceutical companies, and their research and development (R&D) and human resources that were the primary driver in the development of vaccines, in unprecedented timescales, enabling society to start its recovery towards normality. The role that NGOs, governments and investors are having to play to ensure that the most equitable and fair approaches are being taken, by pharmaceutical companies, with respect to vaccine distribution also highlights the importance of other stakeholders in collaborating with these large companies in steering them towards achieving the most positive outcomes.

The UN estimate that the annual funding gap for the Sustainable Development Goals (SDGs) to be achieved by 2030 is in the region of US\$4trn per year. The levels of investment that are required to tackle climate change for example, simply cannot be achieved without the mobilisation of the investment firepower of large public companies. The message is very clear – large public companies and their vast investment and broader resources must be mobilised to tackle the grave issues we are facing, and public equity investors have a huge role to play in having ‘impact’.

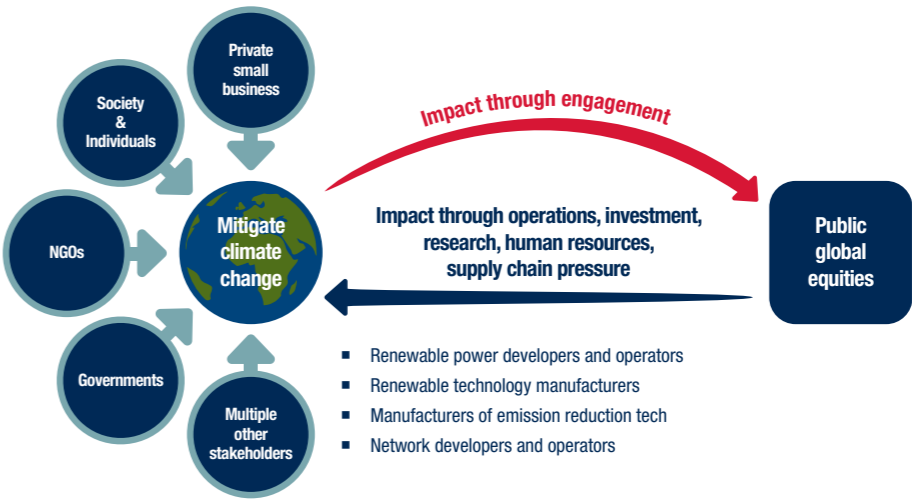
We are under no illusion that the task to attribute impact and report on it to our stakeholders is very difficult. The magnitude of the issues faced (e.g. climate change) and size of investee companies that are having vast, sometimes conflicting impacts, means attribution can never be an exact science. However, we believe the positives from reporting to the best extent currently possible and the benefits derived from investors starting to consider public equities as an asset class for impact, supporting greater capital mobilisation, far outweighs the limitations.

The impact that we can have as public equity investors is also by no means limited to our investment activity. We can have a huge impact through engagement and broader activity as investment professionals. Above all we believe the asset management industry has a huge opportunity to have a more positive impact. We sit 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, working together with NGOs and the media, how we behave as professionals and supporting the next generation of impact investors.

We will continue to work with companies to encourage a transparent and standardised reporting of impact. However, we believe that the transparency of this report will support our stakeholders' assessment of the impact of this strategy and the Nomura Asset Management Global Equity Team.

Our Impact Investing Philosophy

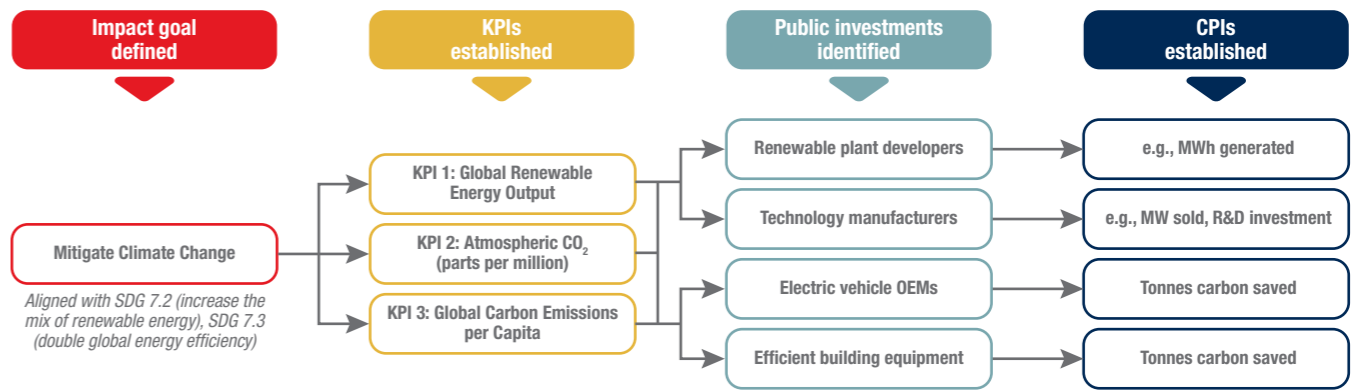
Nomura Asset Management U.K. Limited (NAM UK) is committed to reporting credible impact data to support our clients' understanding of the impact that their capital is having on the world alongside the competitive financial returns. Whilst public equity funds are not traditionally considered vehicles 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 CPIs and KPIs** 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 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.

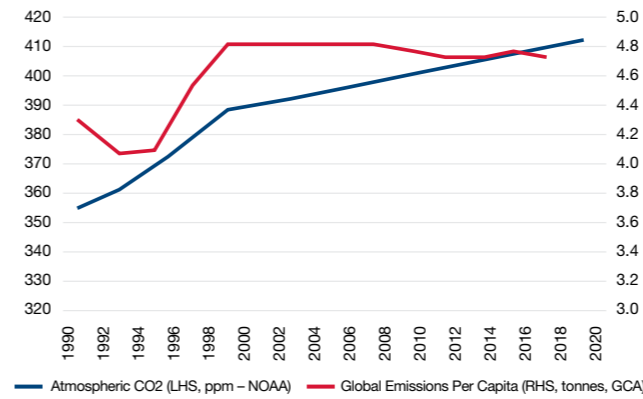
Setting Definable Impact Goals in line with NAM's ESG statement and the UN SDGs

<div></div> <div>ESG Statement</div>	Environment		Society	
	Climate Change	Natural Capital	Access to Healthcare	Social Responsibility
Impact Goals				
	Mitigate Climate Change: Keep global warming to below 2°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	Material Consumption per Capita	Deaths due to HIV, TB and Malaria	Percentage of population who are Unbanked
	Atmospheric CO ₂ Levels	Global Annual Tree Cover Loss	Obesity related Death Rate	Percentage of Global Population with Access to Safe Drinking Water
	Global Carbon Emissions per Capita			
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 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 6.2 Achieve universal access to clean water

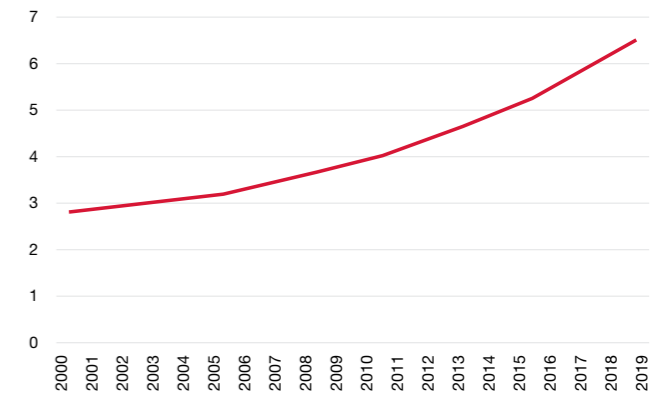
Tracking Progress Towards our Environmental and Social Goals

Mitigate Climate Change

Atmospheric CO₂ Levels and Emissions per Capita



Global Renewable Energy Generation Annual Output (millions GWh – IEA)



Progression towards our Goal and KPIs

Global Carbon Emissions per Capita and Carbon Intensity per Capita: Have started to decline, but this is not enough given our rapidly growing population.

Atmospheric CO₂ Levels: Have continued to increase at just under 1% per annum driven by global population growth.

Global Renewable Energy Output: Is growing at 5-6% per annum with wind still the primary driver of growth. However, solar is rapidly catching up as costs have declined significantly.

Examples of our Investments

Umicore: Leading manufacturer of cathode material for EV batteries.

NextEra Energy: World's largest onshore wind enery generator.

Johnson Controls: Efficient HVAC and control systems drastically reduce building emissions.

Schneider: World leading electrical equipment business with regards to managing climate impact and enabling customer emissions reduction.

Examples of our Engagement for Impact

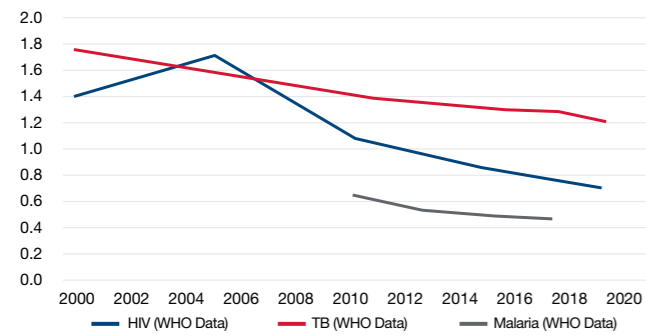
Supported inter-company collaboration engagements on managing climate impact and aligning this with management remuneration. Led by **DSM** and **Schneider**. Successfully engaged with **NextEra Energy** to report better impact data.



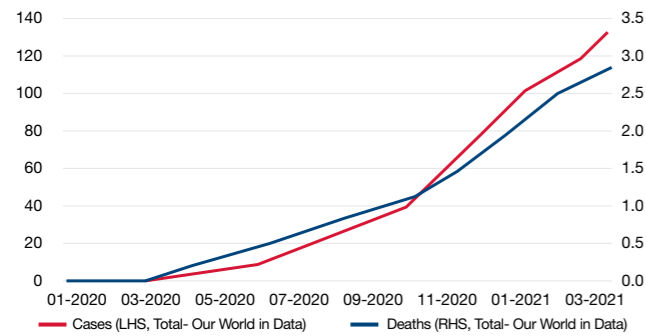
Tracking Progress Towards our Environmental and Social Goals

Eliminate Communicable Disease

Global Deaths from HIV, TB and Malaria (millions)



Global COVID-19 Cases and Deaths (millions)



Progression towards our Goal and KPIs

Deaths due to HIV, TB, Malaria: Deaths are falling steadily but 700k deaths from HIV/AIDS and 1.2 million deaths from TB is still far too high.

Deaths from COVID-19: In 2020 there were 1.8 million reported deaths from COVID-19 just less than the combined death from HIV/AIDS and TB.

Examples of our Investments for Impact

Gilead: The world's leading HIV treatment pharmaceutical company. Drug Remdesivir was one of the earliest treatments for COVID-19 to be introduced.

GlaxoSmithKline: Largest vaccine manufacturer globally with leading Access strategies. Supporting Sanofi with adjuvant technology for its proposed COVID-19 vaccine.

Johnson and Johnson: Pharmaceutical with strong HIV and vaccine franchises. One of the first companies to have a vaccine for COVID-19 approved.

Examples of our Engagement for Impact

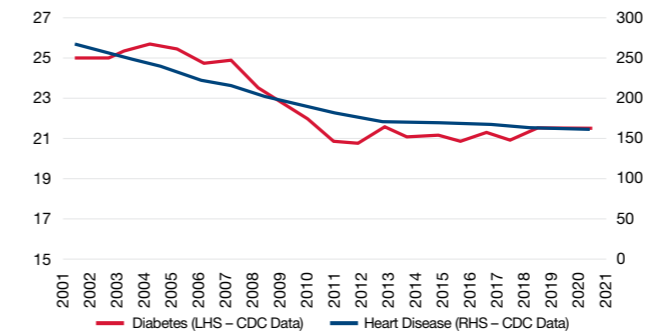
Collaborative engagements coordinated by Access to Medicine focusing on an equitable response to COVID-19. We co-lead engagements with **Gilead** and **GlaxoSmithKline**.



Tracking Progress Towards our Environmental and Social Goals

Mitigate the Obesity Epidemic

US Obesity Related Death Rates (Deaths per 100,000)



Progression towards our Goal and KPIs

Obesity Related Death Rate: Within the United States the death rate from heart disease has continued to decline modestly despite rapidly increasing levels of obesity. Diabetes death rates had plateaued having been in steep decline but are now rising.

Number of Individuals with Diabetes Globally: Continues to rise with very little sign of moderating, currently growing at 4% annually. Deaths have not grown in line with the number of people suffering from diabetes as a result of medical advances.

Examples of our Investments for Impact

Novo Nordisk: Leading diabetes treatment manufacturer.

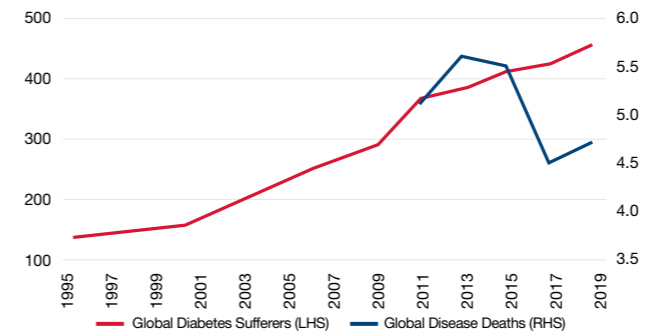
Becton Dickinson: Medical equipment applications across diabetes and cardiovascular disease.

Medtronic: MedTech company with large cardiovascular and diabetes businesses.

Examples of our Engagement for Impact

Engaged with **Novo Nordisk** to support the reporting of better impact data that articulates the social impact the company is having through its world leading diabetes treatment business.

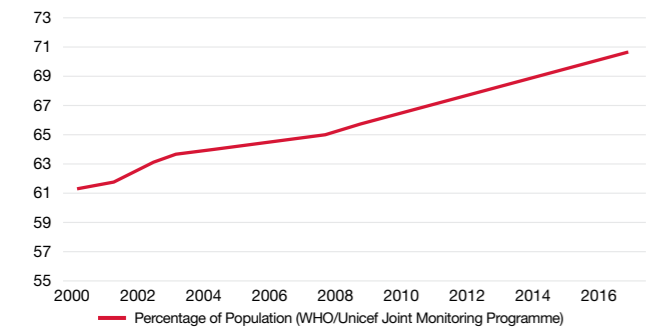
Global Number of People with Diabetes and Annual Deaths (IDF, millions)



Tracking Progress Towards our Environmental and Social Goals

Global Access To Clean Drinking Water

Percentage of Global Population with Access to Safe Drinking Water



Progression towards our Goal and KPIs

Percentage of Global Population with Access to Safe Drinking Water: The WHO/ Unicef Joint Monitoring Programme (JMP) has not updated this metric since 2017 when still 30% of the world's population did not have access to safe drinking water. UN Environment Programme (UNEP) data used to track SDG 6.5.1, updated in 2020 shows meaningful progress with regards to water resource management globally since 2017, particularly across Asia and Africa.

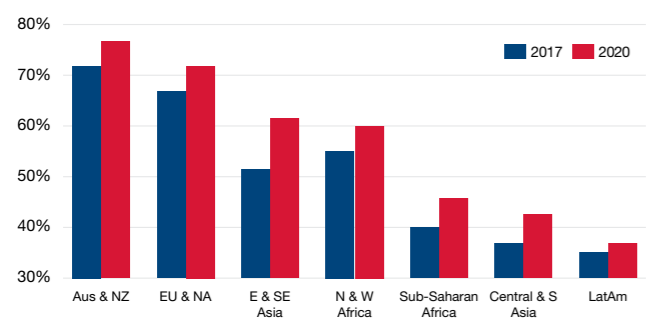
Examples of our Investments for Impact

Unilever: Very strong water filtration business and commitment to supporting global access.

Nestle: Has facilitated access to clean water within its supply chain to over 600k people that would otherwise not have had access.

Pentair: Water filtration business with strong presence in Asia. 'Project Safewater' has supported access to water for 3 million people.

Degree of Integrated Water Resource Management (UNEP)



Examples of our Engagement for Impact

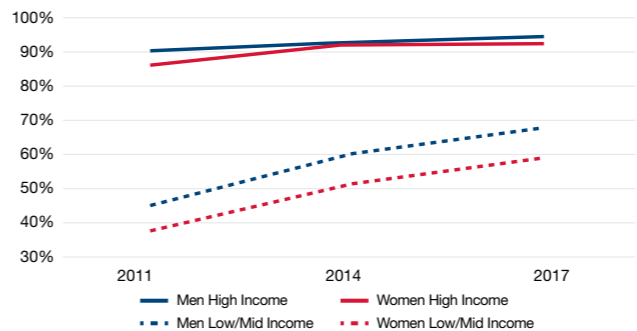
Engaged with **Waters** to support the reporting of better impact data that articulates the impact the company is having through its world leading testing equipment.



Tracking Progress Towards our Environmental and Social Goals

Global Access to Basic Financial Services

Percent of Population with Bank Account Access



Progression towards our Goal and KPIs

Percentage of Population who are Unbanked: The World Bank have not updated data on the proportion of the population that is unbanked since 2017, at which time there were still 1.7bn people globally who did not have access to a bank account (down 15% since 2014).

More frequently published data from the IMF on the growth in mobile money accounts across emerging economies shows the impact that mobile payment technology is having in accelerating financial inclusion.

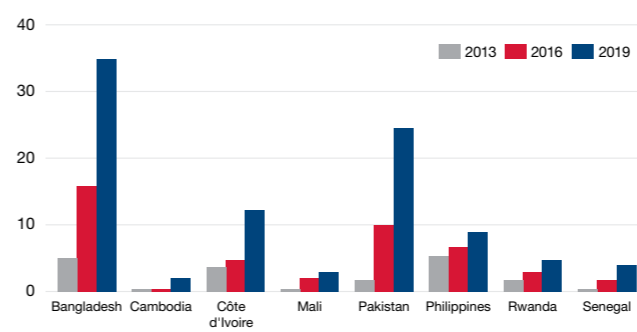
Examples of our Investments for Impact

Safaricom: Mobile payments business is used by over 40% of the population of Kenya, many of whom would not have access to financial services otherwise.

HDFC: A significant portion of the group's mortgage and loan portfolios are focused on the the low income and economically weak sectors in India.

Mastercard and Visa: Whilst not core to their operations these businesses have supported access to basic financial services for a huge number of individuals previously excluded from financial services (ca 1bn people between the two companies).

IMF Financial Access Survey
Number of Active Mobile Money Accounts (millions)



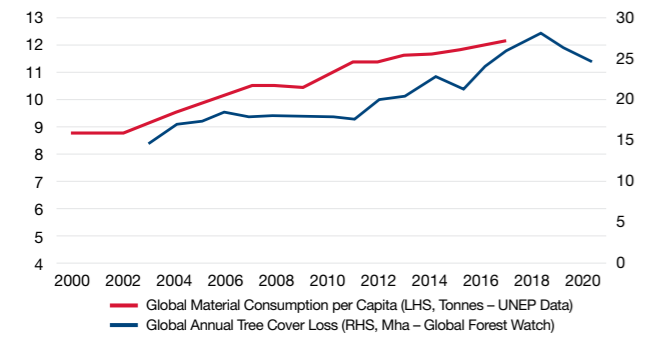
Examples of our Engagement for Impact

Engaged with **Safaricom** to push for the positive social impact of its mobile payments business to be increased with regards to its impact on management remuneration.

Tracking Progress Towards our Environmental and Social Goals

Mitigate Natural Capital Depletion

Global Material Consumption per Capita and Global Annual Tree Cover Loss



Global Resource Consumption

Year	Oil Consumed (mm bbl. a day)	Coal Consumed (mm tonnes)	Apparent Steel Use (mm tonnes)	Aluminium production (mm tonnes)	Copper production (mm tonnes)
2015	92.6	5385.6	1626.1	58.5	19.3
2016	94.4	5305.9	1640.4	59.9	20.4
2017	96.0	5326.1	1759.9	63.4	20.0
2018	97.3	5418.2	1835.8	64.2	20.6
2019	98.3	5386.2	1888.9	63.7	20.7

Global Resource Consumption Per Capita

Year	Oil Consumption (barrels)	Coal Consumption (kg)	Steel Apparent Use (kg)	Aluminium production (kg)	Copper production (kg)
2015	4.6	729.8	220.4	7.9	2.6
2016	4.6	710.9	219.8	8.0	2.7
2017	4.6	705.6	233.2	8.4	2.7
2018	4.7	710.0	240.6	8.4	2.7
2019	4.7	698.3	244.9	8.3	2.7

Progression towards our Goal and KPIs

Global Annual Tree Cover Loss: Rolling three year average deforestation levels have moderated since peaking in 2018 following a sharp acceleration starting in 2012.

Material Consumption per Capita: The UNEP have not updated this primary metric that we use to track to mitigate natural capital depletion since 2017, however more frequently published data on global individual natural resource consumption suggests consumption is finally flattening on a per capita basis. Given current population growth levels, sustainable development requires a considerable decline in per capita levels.

Examples of our Investments for Impact

Umicore: Company operates world leading industrial and precious metal recycling operations that support a reduction in extraction requirements.

Inditex: Sustainability leader within apparel retail. Efforts have driven considerable waste reduction within the supply chain.

Examples of our Engagement for Impact

Joined a collaborative engagement initiative that is using satellite imaging and artificial intelligence (AI) to support us in holding companies accountable for deforestation in supply chains.

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 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’:

1. **Input** – Resources invested into the activity, for example R&D expense, workers
2. **Activities** – The activities that took place as a result
3. **Output** – Results (products, services) as a consequence of the activities and inputs
4. **Outcomes** – Changes that occurred because of the outputs
5. **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. Taking 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, 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.

We know for a utility company it has made certain investments (inputs) and a certain capacity of renewable energy has been connected (output) as a result of this activity. The outcome has been that the emissions of the country have been reduced and we have an understanding of the emissions reduction achieved by the region – attributing this between the network developer, renewable developer and other stakeholders is difficult however. The final stage ‘Impact’ on climate change is more difficult still – we can start to calculate the impact this has on climate change but this involves a huge number of assumptions.

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.

The Global Sustainable Equity Fund Investee Company Impact

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

Mitigate Natural Capital Depletion



Recovered 796 kgs of high value industrial and precious metals through recycling

Mitigate Climate Change:



386 tonnes lower CO₂ emissions (scope 1+2+3) relative to MSCI ACWI
Equivalent to taking 84 cars off the road



2.63 kW of renewable energy connected
Enough to power 3 homes



72 kWh of cathode material produced for electric vehicles
Enough to power 3 EVs

Global Access to Clean Drinking Water



1,582 litres of safe and clean drinking water



303 people reached through hygiene outreach and water access programmes

Eliminate Communicable Disease



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



189 vaccines delivered last year

per
US\$1 mm
invested

COVID-19 (Eliminate Communicable Disease):



Current annual run rate for COVID-19 testing manufacture of **39 tests**

*Targeted COVID-19 vaccine manufactured in 2021 of **54 vaccines**

*Current annual capacity for vaccine administration of **44 vaccines**

*Number of devices committed for COVID-19 vaccines **362**

**For Coronavirus related impact, per \$mm invested, only we have provided forward looking data instead of historic data, to better support stakeholder understanding of the role companies are playing (that have only recently established capacity)*

Global Access to Basic Financial Services:



Supports **65** otherwise highly underserved individuals across Kenya having access to mobile payments



Provided **\$889 of mortgage financing** to the economically weak sector in India



Have reached **59 previously unbanked** individuals through financial access strategies since 2015



Provided insurance solutions in emerging economies for **33** individuals

Mitigate the Obesity Epidemic:



Provided treatment for **7 diabetes sufferers**



13 members covered with medical insurance

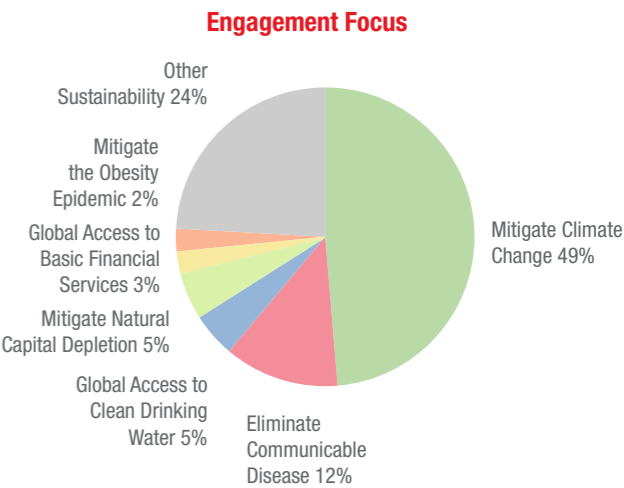
Source: NAM UK. Company sustainability data is collected from each company's shareholder reports, regulatory filings, and/or other company-specific documentation. Impact data is susceptible to inconsistencies. There is currently no standardized, uniformly accepted methodology for companies to measure 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 \$20k holding in Company A. To calculate the impact we use the market cap of the 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.

Engaging for Impact

At Nomura Asset Management 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 41 engagements with portfolio companies. Mitigate Climate Change accounted for 20 of these engagements as this was a particular focus of our intercompany collaboration project in which we engaged with a number of investee companies to discuss the prospect for collaborating on best practice particularly around climate change.

Topic	Count
Mitigate Climate Change	20
Eliminate Communicable Disease	5
Global Access to Clean Drinking Water	2
Mitigate Natural Capital Depletion	2
Global Access to Basic Financial Services	1
Mitigate the Obesity Epidemic	1
Other Sustainability	10
Total	41



Case Studies

Case Study One: Intercompany Collaboration Project

We recognise that we have a unique insight from analysing the ESG performance of hundreds of companies, and that we can use this insight to identify companies with weaknesses and connect them with other companies, in different regions and sectors, that might be able to share experiences and support better ESG outcomes. As such over the year we embarked on an intercompany collaboration project seeking to connect companies on a non-competitive basis to work together towards better outcomes. We have found the response to the project highly promising with a number of companies willing to connect to either share positive experiences to support better outcomes at other companies, or eager to learn how they might support better outcomes from more advanced peers on the sustainability front.

We identified a US portfolio holding with a weakness on climate reporting and in the incorporation of climate targets in management remuneration and connected it with a European portfolio holding that is more advanced in those areas. We believe this connection will help the laggard rapidly improve.

We also connected a European portfolio holding that is advanced on climate impact with a Malaysian company that is keen to learn and improve. The feedback from this connection has been excellent. We continue to look to expand the initiative following initial success.

Case Study Two: Supporting an Equitable Response to the COVID-19 Pandemic

In collaboration with Access to Medicine and a number of our fellow signatories, we supported the development of an open letter to the pharmaceutical industry urging companies to take a number of actions focused around collaboration and cooperation to support a response to the pandemic. Following the letter we co-led two individual company engagements to focus on the most relevant actions the respective companies should be taking. We engaged with GlaxoSmithKline, in which our conversation was focused around how the company could use its vast resources and footprint to support peers that were more likely to develop a treatment. We also engaged with Gilead focusing on how the company would responsibly price its treatment (Remdesivir) and the actions being taken to ensure access in emerging economies through licensing agreements. We later co-signed an additional Access to Medicine statement supporting a fair and equitable response to the Coronavirus pandemic, which recognised that the spread of new Covid strains had made it even more urgent to launch rapid vaccination programs covering as many people as possible, including in low and middle-income countries. As co-leads of the Access to Medicine investor collaboration with GlaxoSmithKline, we engaged again with the company to discuss vaccine efforts and strategies for ensuring access.

The coronavirus pandemic has also highlighted the severe lack of access to medical oxygen in emerging countries given the role this can play in improving outcomes for those that experience severe symptoms. During 3Q20 we participated in a roundtable led by the Access to Medicine and the Every Breath Counts coalition, for companies, NGOs, donors and investors to openly discuss how stakeholders could work together to tackle this grave issue. Working collaboratively across our firm we were also able to use our influence to support bringing a key Japanese player within the medical oxygen space to the table to participate in the conversation. The initiative remains in the early stages but the first steps have been taken and highlight the important role institutional investors can play in supporting better outcomes.

Case Study Three: Satellite-based engagement towards No-Deforestation

In October 2020, Nomura Asset Management joined an investor initiative using satellite-based imaging to work towards no-deforestation. This initiative represents a coalition of nine financial institutions with a total of €1.8 trillion in AUM. The project will use satellite imagery and artificial intelligence (provided by Satelligence) to assess companies' supply chain traceability and deforestation risks. The loss of biodiversity due to increasing cases of deforestation is one of the greatest societal and economic risks we face today. Scrutiny of the financial and material risks, as well as recent governmental and regulatory discussions, has brought analysis and risk management of deforestation to the forefront of investors' minds. Hence, traceability and transparency of companies' supply chains are crucial to investors in order to identify and mitigate natural capital depletion risks in their portfolios holdings.

For the purpose of this engagement, 10 companies have been identified and split into two distinct groups. The first group consists of five companies that are currently showing lack of traceability efforts and/or do not disclose their supplier lists. The second group of five companies provide disclosures of their existing supply chain, however have been connected to cases of deforestation in the recent year based on satellite information. The target companies are expected to meet the investors' expectations in two to three years' time. By means of innovative tools, such as satellite imagery and artificial intelligence, investors would be able to assess independently the progress made by the subject companies and determine whether their efforts are indeed leading to a reduction of deforestation in the monitored regions and suppliers. The initial collaborative engagement reviews the palm oil sector in Malaysia, however the current approach used for monitoring could potentially be expanded and applied to other soft commodities in the future.

Case Study Four: Engaging for Better Impact Data

NextEra Energy is a core enabler of our 'Mitigate Climate Change' impact goal and has been an important holding in the Global Sustainable Equity strategy since inception. NextEra was one of the first movers into onshore wind and commands a dominant position within North America as by far the largest renewables operator with over 26GW of renewable energy in operation or under construction, generating almost 50TWh of clean energy annually. We have been engaging for impact with NextEra Energy to support even more positive environmental outcomes. We believe that impact data will play an important role in supporting positive outcomes as it enables investors to better understand the true impact of what they are investing in, and we have been engaging with NextEra Energy to report the tonnes of carbon avoided as a result of their renewable energy investment. The company has reacted to our engagement activity and now reports this metric – its renewable operating portfolio resulted in over 28mm tonnes of avoided CO2 emissions in 2019, and combined with the transition of the generation portfolio at its regulated utility the figure rises to 57mm tonnes of CO2 avoided in 2020. We are currently engaging with the company to support improved disclosures around its recycling of renewable equipment.

Appendix: Individual Company Contributions

Company	Alignment with NAM Impact Goal	Direct Intentionality	Company CPI 1			
			Measurement	Value 2020	Value 2019	Value 2018
DaVita	Mitigate the Obesity Epidemic, Eliminate Communicable Disease	Yes	Total US Dialysis treatments given in the year	30.3mm	30.2mm	29.4mm
PAYPAL HOLDINGS INC	Global Access to Basic Financial Services	No	Small-medium business working capital loans (USD, total since 2013)	CSR 2020 not out	\$14.5bn	\$7bn
APPLE INC	Mitigate Climate Change	No	Renewable energy capacity committed at suppliers' facilities (GW)	CSR 2020 not out	5.1GW	3.3GW
MICROSOFT CORP	Mitigate Climate Change	No	Renewable energy credits and power purchase agreements (GWh)	10,244.06 GWh	8,744.25 GWh	7,357.24 GWh
JOHNSON CONTROLS	Mitigate Climate Change	Yes	Carbon saved as a result of performance contracting (tonnes pa and total since 2000)	CSR 2020 not out	1.4mm (26.7 mm total)	25.3mm total
UNILEVER PLC	Global Access to Clean Drinking Water	Yes	Estimated litres of safe drinking water provided from Pureit devices (total & annual)	121bn (7bn in 2020)	114bn (8bn in 2019)	106bn (10bn in 2019)
ALLIANZ SE-REG	Mitigate Climate Change, Global Access to Basic Financial Services	No	Revenue from insuring 'sustainable solutions' (pa)	CSR 2020 not out	€1.333bn	€1.279bn
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)	CSR 2020 not out	75mm	71mm
NOVO NORDISK A/S-B	Mitigate the Obesity Epidemic	Yes	Number of patients that received Novo Nordisk treatment for diabetes	32.8mm	30mm	29.2mm
AXA SA	Mitigate Climate Change, Global Access to Basic Financial Services	No	Divestment of Coal, Oil, Sands, Tobacco, Controversial Weapons	CSR 2020 not out	7.5bn	7.2bn
SAFARICOM PLC	Global Access to Basic Financial Services	Yes	Number of active customers (M-Pesa)	24.91mm	22.6mm	20.5mm
ALPHABET INC-CL A	Mitigate Climate Change	No	Renewable energy secured under PPA's (cumulative GW)	CSR 2020 not out	5.4GW	3.8GW
WATERS CORP	Eliminate Communicable Disease, Global Access to Clean Drinking Water	Yes	Track R&D spend as a proxy for impact of solutions as we continue to engage for better data	\$141mm	\$143mm	\$143mm
MASTERCARD INC - A	Global Access to Basic Financial Services	Yes	Number of people reached previously excluded from financial services	CSR 2020 not out	500mm	400mm
SMITH (A.O.) CORP	Mitigate Climate Change, Global Access to Clean Drinking Water	Yes	Tonnes carbon saved from AOS' efficient technology (pa)	CSR 2020 not out	462k tonnes	309k tonnes
PENTAIR PLC	Global Access to Clean Drinking Water	No	Number of people providing clean drinking water to in developing economies under Project Safewater	3mm		
SCHNEIDER ELECTRIC SE	Mitigate Climate Change	Yes	Tonnes of CO2 saved by customers as a result of offering	122mm /239mm	109mm tonnes	91mm tonnes
CISCO SYSTEMS INC	Mitigate Climate Change	No	GHG emissions reduced in supply chain (cumulative tonnes since 2016)	-	1.15mm tonnes	0.91mm tonnes
AIA GROUP LTD	Global Access to Basic Financial Services	Yes	Number of individual life insurance policies	CSR 2020 not out	36mm	33mm
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	\$1.1bn	\$1.1bn	\$1.0bn

Company CPI 2				Company CPI 3			
Measurement	Value 2020	Value 2019	Value 2018	Measurement	Value 2020	Value 2019	Value 2018
Hospitalisation rate (% lower than the industry average)	CSR 2020 not out	25%	25%				
Scope 2 Emissions avoided as a result of renewable energy sourcing (metric tonnes CO ₂ e)	CSR 2020 not out	899,000	690,000	Population of IOS smartphone users worldwide (billions)	1.00	0.86	0.78
Reduced emissions across all scopes (metric tonnes of CO ₂ e)	586,683			Airband Initiative to close the broadband gap (cumulative in millions)	17.2mm		
Number of people reached through health and hygiene push - note a large portion of this is through TV (Total, but 2020 methodology impacted by Covid)	1.30bn	1.30bn	1.24bn				
Total investment in 'sustainable investments'	CSR 2020 not out	€29.4bn	€25.1bn	Affordable and effective insurance solutions to customers in the emerging consumers segment (mm)	CSR 2020 not out	49.4mm	44.1mm
R&D expenditure (proxy for investment into technology supporting mitigate the obesity epidemic - we estimate ca. 60% of business)	\$2.3bn	\$2.3bn	\$2.3bn				
Diabetes sufferers treated with human insulin (at a cost <\$4/ vial) through access programme	3.2mm	2.9mm	0.3mm	Research and Developmnt Expense (of which the majority is into obesity and related diseases)	DKK 15.5bn	DKK 14.2bn	DKK 14.8bn
Total 'Green investments'	CSR 2020 not out	11.8bn	€350mm	Emerging markets customers insured by AXA (mm)	CSR 2020 not out	17mm	9.3mm
Volume of payments processed by M-Pesa (million Kenyan Shillings)	13,900	11,720	9,179	Volume of transactions processed by M-Pesa per customer per month	12.9	12.2	11
Household energy saved by Nest thermostat customers (cumulative GWh)	CSR 2020 not out	47,020	29,894	Population of Android smartphone users worldwide (billions)	2.8	2.9	2.9
Gallons of drinking water filtered by AOS water treatment systems	CSR 2020 not out	154mm gallons					
Metrics tonnes of carbon saved from efficient pumps (total)	CSR 2020 not out	15.5mm (since 2005)	12.7mm tonnes (since 2007)				
Tonnes of avoided primary resource consumption from recycling and take back programs	157k	120k	100k				
Positively impact 1 billion people through social impact grants and signature programs by 2025 (cumulative)	527mm						
Current production run rate of Antigen tests for COVID-19 (per month, FY21 forecast)	8mm			Number of devices committed for COVID-19 vaccines (needles, syringes)	1bn		

Appendix: Individual Company Contributions

Company	Alignment with NAM Impact Goal	Direct Intentionality	Company CPI 1			
			Measurement	Value 2020	Value 2019	Value 2018
INDUSTRIA DE DISEÑO TEXTIL	Mitigate Natural Capital Depletion	No	Tonnes of product recovered for recycling and collected for closing the loop strategy (annual)	CSR 2020 not out	37k tonnes	34k tonnes
ADECCO GROUP AG-REG		Yes	Number of associates on assignments daily (people provided flexible work for)	600k	600k	700k
GLAXOSMITHKLINE PLC	Eliminate Communicable Disease	Yes	Patients reached through access strategies	267mm	193mm	102mm
NATIONAL GRID PLC	Mitigate Climate Change	Yes	GW of Renewables connected	4.8GW		
JOHNSON & JOHNSON	Eliminate Communicable Disease	Yes	Number of patients benefitting from JNJ solutions that prevent, control and eliminate global diseases (16-19 total)	CSR 2020 not out	417mm	306mm
SAP SE	Mitigate Climate Change	No	Total GHG Emissions offset & avoided from renewables investments (metric tonnes per annum)	250.38k	448.15k	383.74k
INTEL CORP	Mitigate Climate Change	No	Energy savings from conservation projects (since 2012)	CSR 2020 not out	4.5bn kWh	4bn kWh
HOUSING DEVELOPMENT FINANCE	Global Access to Basic Financial Services	Yes	Number of loans to 'economically weak' and 'Low Income Group' in India	115k	113k	100k
VISA INC-CLASS A SHARES	Global Access to Basic Financial Services	Yes	Number of previously unbanked customers who received a first-time account from Visa (annual)	CSR 2020 not out	In excess of 104mm	115mm
UMICORE	Mitigate Climate Change	Yes	GWh of capacity - battery cathode material for electric vehicles	45GWh	30GWh	
HUMANA INC	Mitigate the Obesity Epidemic	No	Number of plan members	16.8mm	16.7mm	16.6mm
GILEAD SCIENCES INC	Eliminate Communicable Disease	Yes	HIV sufferers that have received GILD drugs in low/ mid income countries through access strategies	17.4mm	15.2mm	11.5mm
EVERSOURCE ENERGY	Mitigate Climate Change	Yes	Annual CO ₂ reduced (metric tonnes)	CSR 2020 not out	247,288	301,226
CVS HEALTH CORP	Mitigate the Obesity Epidemic	No	Number of medical plan members (Aetna)	23.0mm	22.1mm	22.1mm
CIGNA CORP	Mitigate the Obesity Epidemic	No	Number of plan members	17mm	17mm	17mm
NESTLE SA-REG	Global Access to Clean Drinking Water	No	Beneficiaries receiving direct access to water through WASH programme (cumulative in millions)	1.407mm	0.896mm	0.759mm
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)	CSR 2020 not out	20mm	
KONINKLIJKE DSM NV	Mitigate Climate Change	Yes	Tonnes of carbon avoided as a result of products	CSR 2020 not out	28mm	
NEXTERA ENERGY INC	Mitigate Climate Change	Yes	TWh of carbon free energy generated from wind capacity	56TWh	48.6TWh	44.5TWh
NETWORK INTERNATIONAL HOLDIN	Global Access to Basic Financial Services	Yes	Total processed volumes (\$mm)	\$34bn	\$44bn	\$40bn
COMPASS GROUP PLC	Mitigate Natural Capital Depletion and Mitigate the Obesity Epidemic	No	Number of restaurants offering healthy food alternatives	0.87	0.83	18.2k

Measurement	Company CPI 2			Measurement	Company CPI 3		
	Value 2020	Value 2019	Value 2018		Value 2020	Value 2019	Value 2018
Number of people trained and coached in the year	500k	500k					
Vaccines distributed on a daily basis globally	2mm/ day	1.9mm/ day	2mm/ day	R&D Expense	£5.1bn	£4.6bn	
Average carbon intensity of British electricity (gCO ₂ / kWh)	181	210	248	Capital expenditure within transmission is one proxy for network role in supporting energy transition	£1,043mm	£925mm	£999mm
Total R&D Expense	CSR 2020 not out	11.4bn	10.8bn	Patients provided with access to HIV / TB treatment	CSR 2020 not out	105k/106k	51k/76k
Total installed capacity of alternative energy and green power (onsite)	CSR 2020 not out	50MW	48MW				
Value of loans to 'economically weak' and 'Low Income Group' in India (INR bn)	190.68	169	157				
Tonnes of industrial and precious metals recycled (capacity is used as a proxy)	500kt	500kt					
R&D Expense	\$5.0bn	\$4.1bn	\$3.9bn				
				Total emissions (metric tonnes CO ₂ e)	CSR 2020 not out	659,088	815,150
Capacity for vaccine administration made available (per month), as at March 2021	20-25mm						
GW of Renewable Energy capacity (including contracted under construction)	CSR 2020 not out	26GW	23GW	Avoided CO ₂ emissions from renewables portfolio and transitioning generation assets (million tonnes)	51.71mm tonnes	25.4mm tonnes	
Number of transactions (mm)	758.1mm	752mm	681mm				
Plastic straws and cutlery removed (2018 just UK & NA data, from 2019 will be groupwide figure)		30mm	6.9mm				

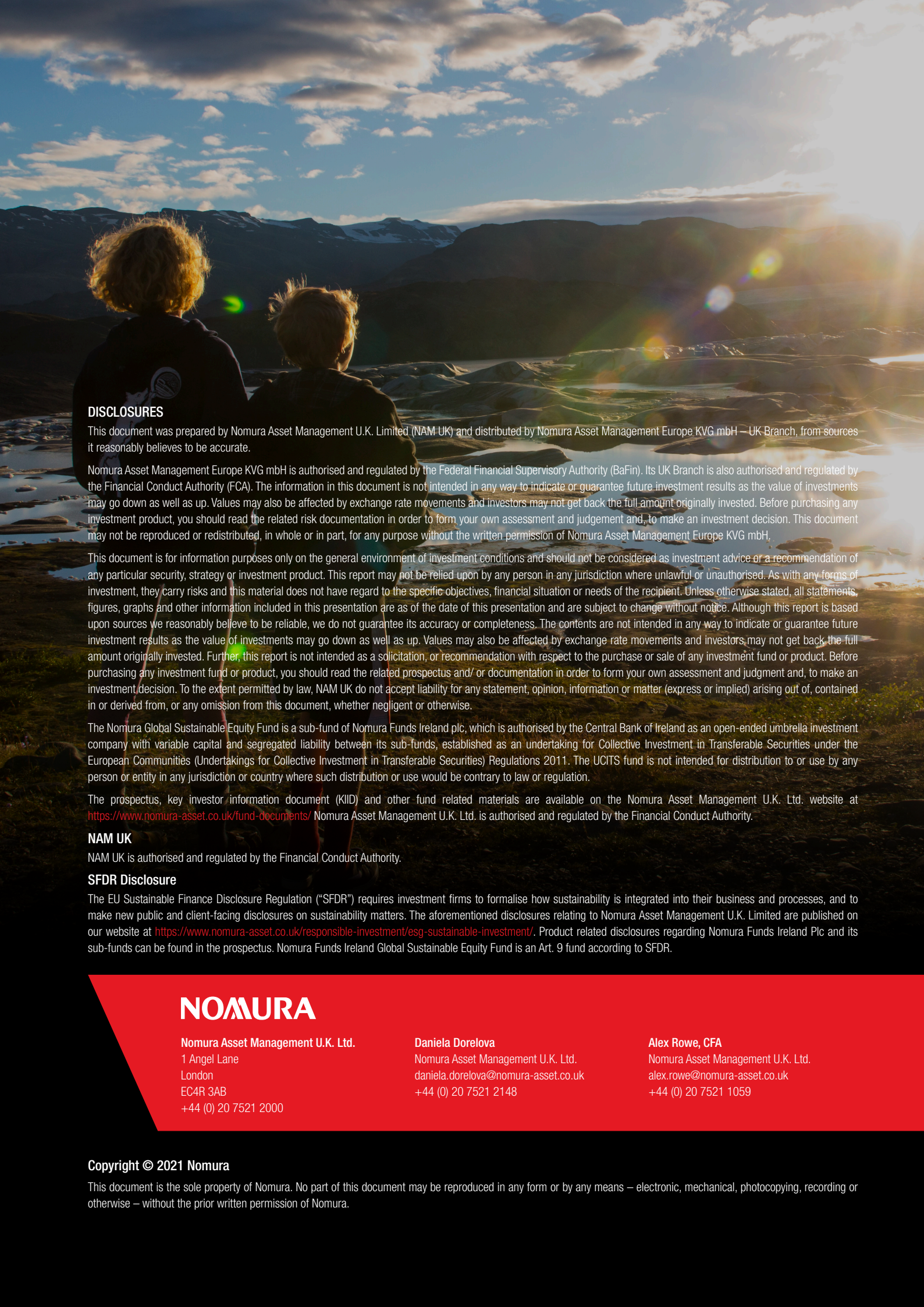
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