

Sustainability-related disclosures

Nomura Funds Ireland – Global Sustainable High Yield Bond Fund (the “**Sub-Fund**”)

Introduction

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

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

Nomura Corporate Research and Asset Management Inc. (“NCRAM”) is the sub-investment manager of the Sub-Fund.

Summary

The Sub-Fund is an actively managed portfolio that will invest primarily in high yielding debt and debt-related securities, issued in developed markets principally by companies which are listed or traded on a recognised exchange. In order to achieve its sustainable investment objective, the Sub-Fund shall invest in securities of issuers that NCRAM views as contributing to the following environmental and/or social objectives:

Environmental objectives:

- Climate Mitigation - Own Operations
- Climate Mitigation - Enabling Activities
- Climate Adaptation
- Efficient use of raw materials
- Sustainable use of water and land
- Minimizing waste production
- Mitigating impact on biodiversity
- Support the circular economy

Social objectives:

- Tackling inequality
- Fosters social cohesion
- Encourages social integration
- Investment in human capital
- Investment in economically or socially disadvantaged communities

NCRAM utilises NAM UK’s framework to identify sustainable investments and categorises contribution of sustainable investments to environmental or social objective into i) “direct contribution”, ii) “indirect contribution” and iii) “transition”. NCRAM implements the strategies of 1) proprietary ESG scores, 2) exclusions, and 3) contribution assessment, to identify sustainable investments that meet one or more of these categories.

- 1) Proprietary ESG scores: NCRAM will assign a proprietary ESG score to each potential issuer based on its analysis on issuers’ sustainability strengths and risks. The outcome of the analysis will be 1 to 8 scale ESG scores on an absolute basis (with 1 being the best) and those issuers that are ranked 6 to 8 on the ESG scoring scale will be excluded from the investable universe.
- 2) Exclusions in relation to the following areas:

- Thermal coal
- Tobacco
- Controversial weapons
- UN Global Compact principles (UNGC) and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD Guidelines)

3) Contribution assessment: In order to identify sustainable investments, NCRAM will only invest where there is measurable and quantitative evidence that the company fits into one or more of the contribution categories above and is aligned with the achievement of the sustainable investment objective of the Sub-Fund.

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

NCRAM has a proprietary assessment process for the evaluation of governance practices of issuers, including sound management structures, employee relations, remuneration of staff, and tax compliance.

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

To monitor the sustainable investment objective of the Sub-Fund, NCRAM monitors the sustainability indicators. Compliance with the exclusions above is ensured through guideline monitoring and post-trade checks. NCRAM’s analysts track performance of the Sub-Fund’s investments against the sustainable investment objective (including the environmental and/or social objectives specified above).

NCRAM utilises data and analysis from various sources including, but not limited to, investee companies, in-house sector analysts, third-party data providers, and industry reports. NCRAM seeks to use reported data but where availability of such data is limited, it will also utilise estimates provided by data providers and other sources.

NCRAM believes that engagement helps its understanding on how companies are committed to incorporating ESG issues into their ownership and management, and their plans to address those ESG risks and opportunities that may have a material financial impact in the future. Engagement also allows NCRAM to encourage companies to disclose ESG risks and opportunities and create plans to address them. NCRAM’s analysts engage with companies on ESG issues in various settings, including new issue meetings, regular company calls, and group meetings. Analysts incorporate their ESG engagement activities in their regular investment updates and recommendations for portfolio managers. Analysts undertake a more comprehensive ESG analysis and engagement on a semi-annual basis, focusing on companies that NCRAM believes have more material ESG risks. This engagement addresses specific ESG risks and the company’s initiatives, timeline/targets for addressing those risks, and includes an assessment as to whether those targets are achievable.

The Sub-Fund uses the ICE BofA Developed Markets High Yield Constrained Index (the “Index”) for the basis of regional allocation and performance comparison purposes. The Index is not used for the purpose of determining the attainment of the sustainable investment objective of the Sub-Fund.

No significant harm to the sustainable investment objective

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

NCRAM considers the following PAI indicators, either directly or indirectly, throughout the investment process through certain product-, activity- or conduct-based exclusions, proprietary ESG scores and contribution assessment.

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

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

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

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

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

Sustainable investment objective of the financial product

The Sub-Fund has sustainable investment as its investment objective. In order to achieve its sustainable investment objective, the Sub-Fund shall invest in securities of issuers that NCRAM views as contributing to environmental and/or social objectives. The environmental and social objectives of the Sub-Fund are to contribute to:

Environmental objectives:

- Climate Mitigation - Own Operations
- Climate Mitigation - Enabling Activities
- Climate Adaptation
- Efficient use of raw materials
- Sustainable use of water and land
- Minimizing waste production
- Mitigating impact on biodiversity
- Support the circular economy

Social objectives:

- Tackling inequality
- Fosters social cohesion
- Encourages social integration
- Investment in human capital
- Investment in economically or socially disadvantaged communities

Investment Strategy

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

The Sub-Fund is an actively managed portfolio that will invest primarily in high yielding debt and debt-related securities, issued in developed markets principally by companies which are listed or traded on a recognised exchange. NCRAM utilises NAM UK's proprietary framework to identify sustainable investments. Within its framework, NCRAM categorises contribution to environmental or social objective in the following categories; i) "direct contribution", ii) "indirect contribution" and iii) "transition".

i) Direct contribution

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

ii) Indirect contribution

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

iii) Transition

A company has a credible climate transition plan which is in line with available and/or relevant sectoral pathways, technology roadmaps and/or local taxonomies. For investing in such companies, NCRAM will be required to assess the risk of carbon lock-in (the risk of an investment delaying or

preventing the company's transition to near-zero or net-zero alternatives), whether such company supports a "just transition" (a transition to a more sustainable economy where the benefits are shared widely and fairly, and those who get negatively affected by such transition will be supported), and whether such investment causes significant harm to any environmental and social objectives without relying on the prospect or plans of reducing significant harm in the future.

In order to identify sustainable investments that meet one or more of the categories above, NCRAM will implement the following strategies; 1) proprietary ESG scores, 2) exclusions, and 3) contribution assessment.

1) Proprietary ESG scores

NCRAM will assign a proprietary ESG score to each potential issuer by incorporating environmental, social, and governance factors into its sustainability analysis. NCRAM's sustainability analysis will aim to understand issuers' sustainability strengths and risks through the evaluation of relevant factors such as, but are not limited to, emissions, utilisation of renewable energy, human capital development, stakeholder relations, board independence, and transparency, depending on the nature of the issuer. In this process, NCRAM's research analysts will analyse and assess an issuer from the following perspectives; 1) the level of expected financial impact of ESG risks on the company, and 2) the level of issuer's disclosure and/or transparency regarding significant ESG factors, as well as articulated plans to address or mitigate ESG risks.

The outcome of the analyses and assessments will be 1 to 8 scale ESG scores on an absolute basis (with 1 being the best). An ESG score is a composite score incorporating environmental, social and governance factors as indicated above. NCRAM's research analysts will utilise both direct communication with an issuer as well as secondary sources of information, including public filings, financial news, and third party research. Although information from third party vendors will be taken into account as an input, NCRAM's analysts will make the final determination on ESG scores.

NCRAM will exclude from the investable universe of the Sub-Fund those issuers that exhibit high sustainability risks by avoiding issuers ranked 6 to 8 on the ESG scoring scale.

2) Exclusions

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

- Thermal coal: Exclusion of companies for which production of thermal coal represents more than 5% of the company's revenue.
- Tobacco: Exclusion of companies that produce tobacco, or companies for which tobacco distribution represents more than 25% of the company's revenue.
- Controversial weapons: Exclusion of companies involved with controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, and biological weapons.
- Exclusion of companies that NCRAM deems to be in violation of the UNGC and OECD Guidelines.

3) Contribution assessment

In order to identify sustainable investments, NCRAM will focus on characteristics such as products, services, business activities and/or behaviours of investee companies (dependent on the type of company under review) and will only invest where there is measurable and quantitative evidence that the company fits into one or more of the contribution categories above and is aligned with the

achievement of the sustainable investment objective of the Sub-Fund. Examples of characteristics are:

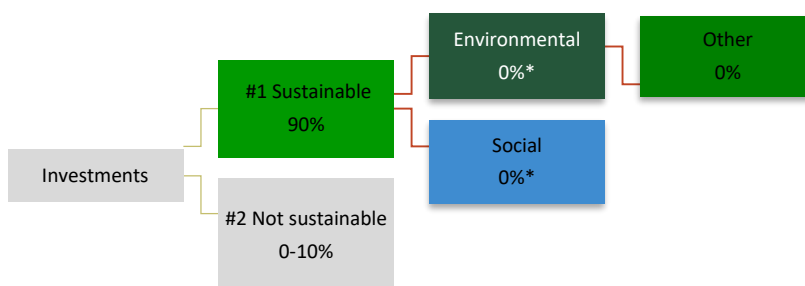
- the issuer’s use of energy or other resources,
- the issuer’s management of waste or GHG emissions
- the issuer’s impact on its customers, employees, community, or society at large

In the 1) proprietary ESG scoring and 3) contribution assessment process, NCRAM will utilise analysis provided by its in-house analysts, company reports and/or engagement with companies, data and analysis from recognised third party ESG data providers (“Data Providers”), information from various third party Non-Governmental Organisations (NGOs) whose mission is relevant to the issuer in question, and/or data from other sources such as industry reports and other third party research reports. NCRAM’s assessment and proprietary ESG scores may differ from those of the Data Providers.

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?

NCRAM has set a binding obligation to make a thorough assessment of the governance practices of the issuers under consideration for investment (including sound management structures, employee relations, remuneration of staff and tax compliance). NCRAM has a proprietary assessment process for the evaluation of governance practices of issuers. Within this assessment, NCRAM will utilise analysis provided by its in-house analysts, company reports or engagement with companies, and/or data and analysis from Data Providers where appropriate. The assessment will seek the following attributes in the issuers: 1) the issuer discloses environmental, social and/or governance information and shows understanding of the related risks; 2) the issuer has an appropriate remuneration policy for executives with regard to incentives; 3) the issuer has a track record of treating bondholders and other investors fairly; 4) the issuer has a history of tax compliance.

Proportion of investments



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

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

Monitoring of sustainable investment objective

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

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

NCRAM will select the most appropriate metric for measuring issuers' contribution. Sustainability indicators will include but are not limited to:

- GHG emissions
 - GHG emissions intensity
 - Subsidised healthcare* provided to economically or socially disadvantaged communities
- * Subsidised healthcare are health care services provided that are either subsidised by government programs or uncompensated.

To monitor the sustainable investment objective of the Sub-Fund, NCRAM monitors the sustainability indicators, as above. Compliance with the exclusions above is ensured through guideline monitoring and post-trade checks. NCRAM's analysts track performance of the Sub-Fund's investments against the sustainable investment objective (including the environmental and/or social objectives specified above). Engagement progress and results are periodically assessed and unsuccessful engagement, may lead investments to exclusion.

NCRAM also uses NAM UK's oversight platform to monitor alignment with the sustainable investment objective of the Sub-Fund within its periodic review.

Methodologies

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

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

Data sources and processing

The Sub-Fund will utilise the following data sources:

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

NCRAM scrutinises the data quality and coverage of Data Providers on an ongoing basis. This includes, but is not limited to, reviewing changes in data coverage, assessing data relative to expectations, and comparing data coverage and breadth across providers.

Where data is sufficiently available, NCRAM will utilise data from primary sources and Data Providers to calculate and monitor PAI indicators on an ongoing basis. NCRAM prefers to use primary sources

reported by investee companies, but will also combine primary sources, data from Data Providers and other sources in the course of its ESG strategy.

NCRAM 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, NCRAM aims to complement such estimates with internal analysis and/or engagement.

Limitations to methodologies and data

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

The primary limitation to the methodology or data source is the lack of corporate disclosure. As is the case with industry peers, NCRAM 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, NCRAM may resort to options such as having a direct dialogue with investee companies, setting a dedicated engagement plan or taking a decision against holding companies in order to ensure alignment of the Sub-Fund with its sustainable investment objective.

Due diligence

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

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

Engagement policies

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

NCRAM believes that engagement helps its understanding on how companies are committed to incorporating ESG issues into their ownership and management, and their plans to address those ESG risks and opportunities that may have a material financial impact in the future. Engagement also allows NCRAM to encourage companies to disclose ESG risks and opportunities and create plans to address them. NCRAM believes that companies should sustainably manage relationships with their various stakeholders, including shareholders, lenders, employees, customers and suppliers, as well as their impact on the environment. Companies should place appropriate emphasis on long-term business sustainability, with due consideration for the wider communities within which they operate.

NCRAM's analysts engage with companies on ESG issues in various settings, including new issue meetings, regular company calls, and group meetings. Analysts incorporate their ESG engagement activities in their regular investment updates and recommendations for portfolio managers. Analysts undertake a more comprehensive ESG analysis and engagement on a semi-annual basis, focusing on companies that NCRAM believes have more material ESG risks. This engagement addresses specific

ESG risks and the company's initiatives, timeline/targets for addressing those risks, and includes an assessment as to whether those targets are achievable.

As bondholders, NCRAM has limited ability to alter the governance structure of a company, such as nominating board directors or voting on management compensation. However, NCRAM can encourage companies to take its engagement seriously by re-evaluating its investment decisions and its participation in new issues if NCRAM deems that a company is not doing enough to address the ESG risks that may impact their financial outlook.

Attainment of the sustainable investment objective

The Sub-Fund uses the Index for the basis of regional allocation and performance comparison purposes. However, the Index is not used to define the portfolio composition of the Sub-Fund and is not used for the purpose of determining the attainment of the sustainable investment objective of the Sub-Fund. The Index is a broad market index and not consistent with the sustainable investment objective of the Sub-Fund.