

Net Zero in Financed Emissions (Scope 3 Category 15)

In February 2023, we set and announced an interim target for reducing GHG emissions from our lending and investment portfolio in line with the NZBA^{*1} framework to achieve net-zero emissions in 2050. We chose to focus on the Power generation sector since it accounts for the largest share of our financed emissions by sector.



 TCFD Report
<https://www.nomuraholdings.com/investor/library/tcfcd/2023/pdf/all.pdf>

Recent Emissions

Our financed emissions in the Power generation sector as at the end of March 2022 and 2023 increased due to both internal and external factors. The main driver for the emissions increase at the end of March 2022 and 2023 was a recent change in the Exiobase emission factors by PCAF^{*2}, which we use for calculating GHG emissions. The emission factor increased as shown in table 2. In this report, we are presenting the emissions using the previous and the current PCAF emission factors for a comparison purpose. As a result of the limited data available for our investments (as indicated by our data quality score), our financed emissions are calculated using PCAF emissions intensity factors. This results in our calculated emissions being heavily influenced by the changes in PCAF emissions intensity factors and / or a change in

PCAF's approach for determining these.

The other factor of the emissions rise is the increase in outstanding loans in the Power generation sector (+ 9%, 2021 vs 2023) and a decrease in the portion of renewable energy among our Power generation sector loans and investment (61% in 2023 vs 80% in 2021). Nomura's renewable energy ratio in 2023 is still in line with NZE scenario's 2030 target.

Financed emissions calculation is still new and evolving and we expect there to be meaningful improvements to data sourcing and calculation methodologies over time. As better sources of data are identified through enhancements in reporting by our clients, revisions to data sources and updates to calculation methodologies and emission calculation factors, there may be significant volatility in year-over-year numbers and potential restatements of historical results.

^{*1} Net-Zero Banking Alliance . A framework convened by the United Nations Environment Program Finance Initiative (UNEP FI) for the transition towards a decarbonized economy.

^{*2} Partnership for Carbon Accounting Financials. A framework for financial institutions to calculate consistently GHG emissions derived by businesses that they invest and/or finance.

Table 1: Interim target for the Power generation sector

Target setting metric	Economic emission intensity
Interim target for FY2030/31	Our target is in line with the Power generation mix that IEA NZE scenario assumes for 2030. Our emissions intensity in FY2030/31 shall be lower than that of this scenario.
Referenced scenario	International Energy Agency Net Zero Emissions by 2050 Scenario (NZE)
Sub-industry	Power Generation business
Emission scope counted	Scope 1, 2, 3
Target assets	Investments and loans (excluding unused commitments)

Table 2: Power generation sector measurement

End of March	2021	2022	2023
GHG emissions (kt-CO₂e)	790	3,647	4,662
Economic emission intensity (t-CO₂e/US\$m)	635	1,250	1,673
		3,458	3,422
		1,186	1,229
PCAF data quality score (Scope 1,2,3)	4.2	3.8	4.2

Notes:

- The values in the dark grey boxes in the chart are consistent with emissions factors used by PCAF before June 2023.
- The emissions for the baseline (end of March 2021) will be recalculated in the future, reflecting the latest PCAF methodology at the time.