NOMURA
Connecting Markets East & West

# Nomura Net Zero Transition Plan

FY2023/24

## Contents

# 1. FOUNDATION

## 1.1 Net Zero Objective and Strategy

Nomura recognizes that climate change is an important global issue. In September 2021, we announced our commitment to align our commercial activities with the objectives agreed in the Paris Agreement, aiming to limit global temperature increases to well below 2°C, and striving for 1.5°C, above pre-industrial levels.

To support the transition towards a decarbonized economy, we also announced our commitment to achieve net zero greenhouse gas (GHG) emissions for our own operations by 2030, and to transition attributable GHG emissions from our lending and investment portfolios to align with pathways achieving net zero by 2050.

### Our Operations

In addition to continuing our efforts to reduce emissions and promote energy conservation, we will gradually expand the use of renewable energy and replace electricity used in our operations with 100% renewable energy as we aim to achieve net zero by 2030.

With respect to renewable energy, we purchase and use green power certificates and non-fossil certificates corresponding to the amount of electricity used by our main offices in Japan. In addition, our key offices in Europe cover most of their electricity use with renewable electricity.

### Our Portfolio

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 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.

As demand for power is expected to continue to rise due to global population growth, GDP growth, and the promotion of electrification, in order to reduce GHG emissions in the power generation sector by 2030, it is essential to switch from fossil fuel-based electricity to renewable energy sources. This is reflected in the Net Zero Emission (NZE) scenario of the International Energy Agency (IEA) which assumes an increase in power generation from renewable energy sources and a reduction in power generation from fossil fuels between 2020 and 2030. We use the NZE Scenario to set our interim target for power generation.

At the same, we are cognizant that for many markets, especially emerging ones, energy access and security remain a critical issue. To that end we will need to consider the trade-offs made by governments between different energy sub-sectors in meeting their overall country-specific climate change objectives, the establishment of credible energy strategy and transition plans, as well as social objectives and Sustainable Development Goals

## 1.2 Commitment to changes in business and operations

In Japan, we have established an environmental management system (EMS) and are implementing comprehensive environmental preservation activities to deal with environmental risks and issues.

Our Environmental Activities Working Group, which is a Group-wide organization, meets once a month to monitor the progress of environmental preservation activities. Also, to make sure the plan, do, check, action (PDCA) management approach is functioning, internal environmental audits are conducted periodically. We carry out "checks of environmental initiatives" on a nationwide basis in Japan and work to increase the effectiveness of our EMS.

In addition, the Chief Sustainability Officer conducts reviews of these activities, confirms and assesses progress toward reaching objectives, and aims for continuing improvements.

Reports are made to the Sustainability Committee regarding risks and opportunities related to environmental issues. Our offices around the world are engaging in environmental initiatives. Our

London headquarters building has maintained ISO 14001 certification since 2007 following an audit performed by a local accreditation body receiving recertification against 2015 standard in 2018. In addition, it obtained ISO 50001 certification, a new international standard for energy management in 2015.

## 1.3 Risk Management

Please refer to section 4 in Nomura TCFD Report 2023 for a description of our risk management categories and approach. As outlined in section 4.2.3 of this report, we use various transition scenarios, including Net Zero 2050 aligned scenarios, to assess the vulnerability of our portfolio to these transition pathways under short, medium and long term time horizons. These scenarios are used as inputs into the transition risk assessments for the various risk categories.

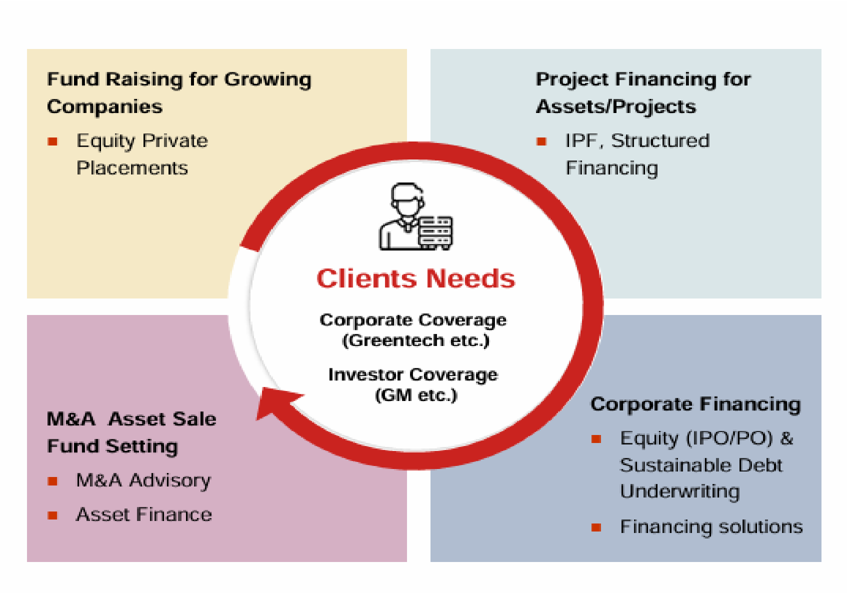
Nomura has enhanced the new transaction assessment process to include consideration of alignment to the Net Zero 2050 pathway as part of the review. See Monitoring and Implementation in section 4.3 below for details. Credit assessments are also being enhanced to assess the impact of a Net Zero 2050 pathway on the creditworthiness of the counterparties within the carbon related sectors.

## 2. IMPLEMENTATION STRATEGY

### 2.1 Products & Services

**Overview of Sustainability Business in the Wholesale Division**

Nomura's Wholesale division provides financing and advisory at every stage of clients' and sustainability projects' lifecycle.




**Overview of Capital Markets**

Nomura supports the transition to a low-carbon society globally by providing financing solutions. In particular, given the growing importance of sustainable investment, we are actively underwriting and distributing ESG bonds. In the fiscal year 2022, we lead managed 277 ESG bonds globally with Nomura's notional share of US $20.7 billion. In Japan, we ranked second largest in the industry in terms of underwriting value (Source: Prepared by Nomura, based on disclosure documents and various vendors including Capital EYE).

- In June 2022, Nomura acted as the lead manager and structuring agent for the first transition bond issuance by JFE Holdings, Inc. The bond was the first in the Japanese manufacturing industry to be selected as a model case for the fiscal 2021 Climate Transition Finance Model Project by the Ministry of Economy, Trade and Industry (METI). Due in part to METI's support, Japan leads the world in the field of transition bonds, both in terms of issuance amount and number of issuers. Also, Nomura was awarded Lead Manager of the Year for Transition Bonds at the Environmental Finance Bond Awards 2023 for having made the most significant contribution to global transition financing projects, which included assisting transition bond issuance by JFE Holdings.
- In July 2022, Nomura served as book runner and structuring agent for NTT Finance's first issuance of global dollar-denominated green bond totaling US$1.5 billion. NTT Finance issued its first yen-denominated green bond in June 2020 and its first euro-denominated green bond in December 2021, making it one of the largest green bond issuers.

**Overview of IPF Business**

Our Infrastructure & Power Finance (IPF) business has a dedicated New York-based team focused on sourcing, structuring, executing and distributing financing for green projects and other assets globally. Since its inception in 2017, the team has underwritten more than US$15 billion of infrastructure and sustainable assets, with more than half of the portfolio in solar and other renewables.

- IPF supported the acquisition of a 400 MW operational utility-scale solar portfolio by Enfinity Global. The company is a leading renewable energy operator and this acquisition marked a significant milestone in its expansion in the US, following growth in Japan and Europe. IPF underwrote the nearly US$300 million facility and distributed it to a variety of lenders such as Commonwealth Bank of Australia, Fifth Third Bank and Bayerische Landesbank. This transaction expanded upon a strong relationship initially established in Japan as Enfinity Global has continued to grow as a key global developer.
- IPF was involved in financing deals worth over US$4 billion between January 2022 and December 2022 being ranked #1 in Japan Renewables Project Finance according to Information (As of January 2023).
- IPF won the PFI "Americas Renewables Deal of the Year" for its role as a Coordinating Lead Arranger and Documentation agent on a ~$1B senior secured credit facility to support the construction of the Edwards & Sanborn 1B solar + storage project. The project consists of a 410 MWac solar PV and 1.7GWh battery energy storage system located in California. Terra-Gen, the Project sponsor is active in the U.S. renewables generation.

**Overview of Greentech Industrials & Infrastructure**

In April 2020, Nomura acquired Greentech Capital Advisors, a US M&A boutique with a strong presence in sustainable technology and infrastructure. The company was fully integrated into the Investment Banking team within the Wholesale Division. In April 2022, we established Greentech Industrials & Infrastructure (GII), a team of approximately 150 bankers working in 11 subsectors, by realigning our existing teams and hiring in focus areas to bolster the organization. GII supports clients in transforming their core infrastructure, from energy, transportation, food, and water to waste management systems. With unrivalled expertise in sustainable technology and infrastructure, GII provides advice to both companies possessing innovative technology and that are working towards a low-carbon, digitalized, and more efficient future, as well as existing players. In 2022, GII performed strongly, ranking first in M&A advisory in the Japan related sustainable sector, while also acting as financial advisor to multiple overseas companies. Going forward, GII will continue to strengthen and promote M&A advisory service in the sustainability field on a global basis, including support for decarbonization through the restructuring of our clients' business portfolios.

- Acted as joint placement agent in raising US$400 million through Series C financing for Group14, a global producer and supplier of advanced battery materials
- Acted as sole financial advisor to German-based photovoltaic operator Kronos Solar in its sale of a 70% stake to EDP Renewables (EDPR), a member of the EDP Group that specializes in the production of renewable energy
- Acted as sole financial advisor to Italy-based multinational power company Enel in its sale of a stake in Gridspertise
- Acted as sole financial advisor in a capital raising for Sif Holding's financing, a Dutch offshore wind foundation equipment manufacturer
- Acted as financial advisor to KKR, one of the world's leading investment companies, in its sale of a 50% stake of Spanish solar developer X-ELIO to Brookfield

## 2.2 Policies & Conditions

**Our Sector Approach**

Nomura's Wholesale ESG Sectoral Appetite Statement offers a comprehensive overview of our approach across various sectors, including the Energy Generation sector outlined below:

### Energy Generation

The energy sector provides fuel, power and heat, distributing them to people and businesses around the world and making a major contribution to both living standards and economic development. However, if not managed responsibly, these activities can have adverse impacts on people and on the environment.

The transition to a low-carbon economy is a multi-year transition. A significant reduction in the use of coal to generate electricity would help to achieve such goals more rapidly. Alternative sources of energy have an important role to play in the transition, though adoption of such alternatives at scale may not be feasible in certain countries over the short term. In addition, some countries may need more time to adjust than others as they balance sometimes competing sustainable development goals.

### Our approach

- **New thermal coal power generation** – We will not provide financing where the specified use of proceeds would be directed towards new/greenfield thermal coal power generation with technology below ultra-supercritical in developed markets.

  When considering transactions in emerging markets we will take into account the trade-offs made by governments between different energy sub-sectors in meeting their overall country specific climate change objectives, the future energy strategy and transition plans, as well as social objectives and Sustainable Development Goals.

- **Nuclear power generation** – We will screen transactions related to new and existing nuclear power plants and other activities related to nuclear power generation. The evaluation includes a review of the capability and commitment of the client to comply with international best practices, the host country being a signatory of Non-Proliferation Treaty, facilities' site selection criteria, plant design criteria, safety management and the de-commissioning programme. Clients in the nuclear power sector are required to operate in accordance with all applicable national, regional and international laws, treaties and regulations, incl. International Atomic Energy Agency (IAEA) Conventions, Agreements and Standards

- **Large-scale hydropower** – We will screen all potential transactions related to the large-scale (over 25MW of installed capacity of with dams over 10m high) hydropower generation projects. The screening for large scale hydropower projects will include a review of the commitment, capacity and performance of the client to comply with international best practices, such as the International Hydropower Association's (IHA) Hydropower Sustainability Assessment Protocol (HSAP) as well as qualifications of the host country's regulatory authorities, site selection, and project design criteria for individual projects, among other factors.

For all other relevant transactions involving power generation, we will conduct screening for ESG issues, and, wherever they are identified, will undertake ESG due diligence, including engagement with clients and external assessments where necessary. Transactions with significant ESG issues will require escalation to our senior management committees.

### Transaction Screening

We are committed to promoting sustainable practices in all sectors when supporting economic growth and prosperity. We expect our clients to comply with all applicable local laws and regulations, as well as international conventions that their country has ratified.

In addition to the specific sectors covered by the Wholesale ESG Sectoral Appetite Statement, we screen all relevant transactions in all sectors/industries for sustainability-related issues as part of our transaction approval process. We have an internal Guidance document on sustainability-related screening, which serves as a guide for banking and risk teams on identifying key issues for each sector/industry and cross sectoral issues, mandatory requirements for the clients operating in those sectors and explains the process and actions the teams need to take when conducting assessment of transactions and client activities.

Wherever significant issues are identified, we undertake enhanced due diligence, including engagement with clients and external assessments of the client's management of environmental and social issues, where necessary. Transactions that have significant issues are escalated for consideration by the senior management committees.

In our screening and due diligence, we assess transactions in all sectors considering key issues, sector-specific and cross-sectoral, which may include, among other things:

- Environmental: greenhouse gas emissions, waste and pollution from operations, usage of natural resources, such as water, energy and solid materials, impact on habitats and biodiversity, degradation and fragmentation, and excessive development in sensitive areas
- Social: Community impact: any violations of human rights, damage to human health and risk to lives, impact on valuable resources for communities, such as water; resettlement and any other impact on communities; and infringement of property rights. Labour practices including: working conditions, any violations of human rights, including child or slave labour, discrimination; freedom of association and collective bargaining rights; health and safety track record, employment conditions
- Governance: risk management practices and governance, compliance with applicable laws and regulations, lobbying, corruption and facilitation payments by the client, public engagement and disclosure

# 3. ENGAGEMENT STRATEGY

## 3.1 Client and Portfolio Companies

We will support our clients' sustainability efforts through the provision of products and services by each Nomura Group company. To support the transition to a decarbonized society, we will promote the following initiatives through the business activities of each group company and through the provision of products and services to our clients.

- We support our clients' efforts to decarbonize by providing M&A advisory services and consulting services and supporting sustainable finance.
- We recognize the potential for our products and services to impact climate change, and we will respond appropriately with due consideration to such impact.
- We will strive to properly manage risks related to climate change.

Nomura has the largest client base among Japanese securities companies. We hold ESG seminars for individual investors and share videos of ESG study sessions on our social media platforms. We introduce on the Nomura website investment trusts from our ESG product lineup which contribute to the SDGs under the categories of decarbonization, the environment, healthcare, water and SDGs. We also provide information to individual investors on how investing in these areas can help resolve social issues. By promoting ESG investment to individual investors, we aim to create a virtuous investment cycle.

## 3.2 Participation in Initiatives

Nomura participates actively in various organizations and initiatives to contribute to the development of society at all times and to fulfill the Nomura Group's corporate social responsibility as a corporate citizen.

In 2015, Nomura became a signatory to the UN Global Compact, a principle-based framework for businesses, stated in 10 principles in the areas of human rights, labor, the environment, and anti-corruption. Nomura will continue to support the UN Global Compact to contribute to sustainable development of society.

- **United Nations Environment Programme Finance Initiative (UNEP FI)**

  The United Nations Environment Programme Finance Initiative (UNEP FI) is a global network of financial institutions that works to identify, promote and adopt environmental best practices in their operations to support sustainable development. Nomura became a signatory to the UNEP FI in 2019, and the Principles for Responsible Banking (PRB) in 2020.

- **Principle for Responsible Investment (PRI)**

  NAM is a signatory of the Principles for Responsible Investment (PRI), and its investment management meeting clients' needs is to be compliant with the viewpoint of ESG (Environmental, Social, and Governance). About NAM's policy related to ESG issues, Nomura's Responsible Investment Committee meets for discussions.

- **Task Force on Climate-Related Financial Disclosures (TCFD)**

  TCFD was established by the Financial Stability Board (FSB) to urge individual companies to disclose their impact on climate change. Nomura has pledged our support for the Task Force on Climate-Related Financial Disclosures (TCFD) in 2018.

- **Net-Zero Banking Alliance (NZBA)**

  Net-Zero Banking Alliance (NZBA) is a global alliance for banks aiming for carbon neutrality in their lending and investment portfolios by 2050. Nomura became a signatory to the NZBA in 2021.

- **Net Zero Asset Managers Initiative (NZAM)**

Net Zero Asset Managers initiative (NZAM) is a global alliance for asset managers aiming for carbon neutrality in their lending and investment portfolios by 2050. Nomura Asset Management became a signatory to the NZAM in 2021.

- **Partnership for Carbon Accounting Financials (PCAF)**

  Partnership for Carbon Accounting Financials is a global initiative by financial institutions to calculate and disclose GHG emissions in lending and investment portfolios. Nomura Asset Management joined the PCAF in 2021 and Nomura Holdings joined in 2022.

- **Carbon Disclosure Project (CDP)**

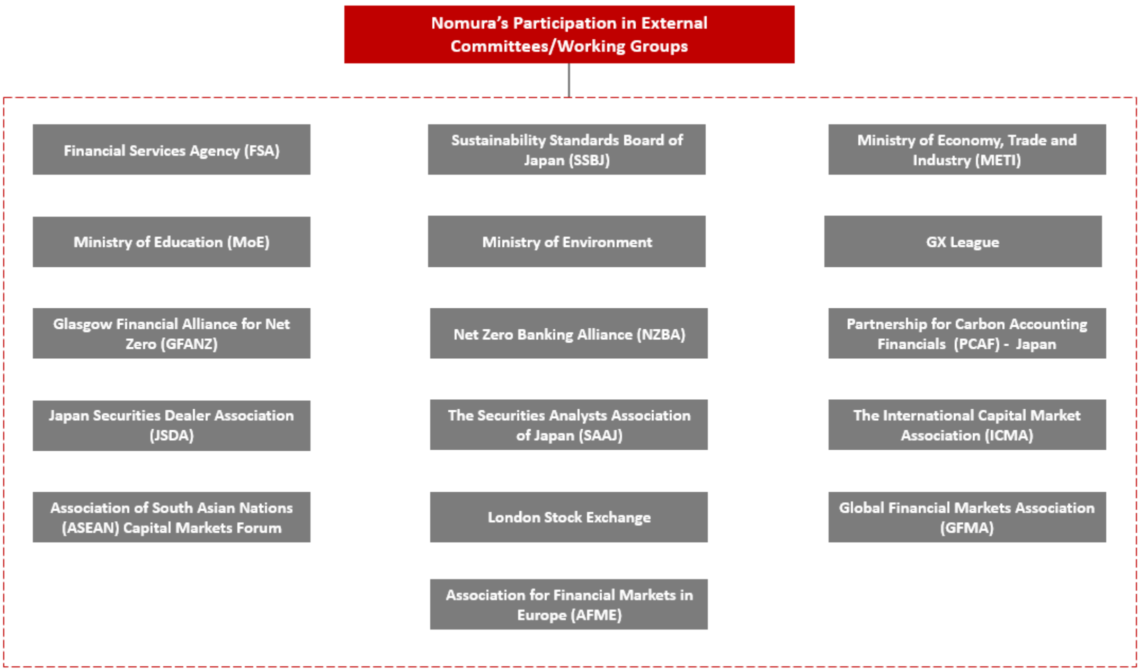
  CDP is an international project through which institutional investors around the world request companies to disclose their corporate strategies for dealing with climate change, emission volumes of greenhouse gases, and other related information. Nomura began to disclose this information to CDP in 2003 and in 2015 declared its support as a financial institution for this project.

- **GX League**

  Nomura Holdings endorses the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry in February 2022. With a view to achieving carbon neutrality and social change in 2050, the GX League was established as a place where industry, government, academia, and finance, all actively engaging in GX (Green Transformation), can work together to discuss and implement initiatives. We are chairing the GX Business Working Group (79 member companies), one of the initiatives under the GX League, with the aim of creating a mechanism to properly evaluate corporate contributions related to climate change.

- **Selected Membership on External Committees/Working Groups**

  Working Group continues in 2023 with about 90 participants from various sectors such as industrials, energy, construction, retail and financial institutions. Exploring use of avoided emissions as one of opportunities of climate change by way of industry players' disclosure and financial institutions' evaluation, for realizing economic growth and decarbonization. Collaborating with WBCSD and other global initiatives to promote ideas internationally.



## 4. METRICS AND TARGETS

### 4.1 Expansion of Sustainable Finance Initiatives

We offer sustainability finance, advisory, and consulting services and have set up dedicated teams within our Investment Banking business to originate a wide variety of sustainable financing projects in Japan and overseas. In October 2022, we established the Sustainable Finance Department to consolidate our internal functions related to sustainable finance, such as advising on non-financial disclosures, and have been providing value-added advice based on a high level of expertise.

To further strengthen and promote this initiative, in 2021 we set a target to deploy US$125 billion in sustainable financing over five years by March 2026. This target includes public and private equity, bonds, and mezzanine debt financing, as well as infrastructure project financing. In addition to working to achieve these targets, we are taking the following steps to further enhance our sustainable finance initiatives.

- **Transition Finance**

  As part of sustainable finance, we are strengthening our efforts in transition finance to respond to expected growth in demand by clients seeking to procure funds for capital investment and R&D in a low-carbon society. In the fiscal year 2022, Nomura has supported structuring and distribution of Transition Bonds under the Japanese government (METI) frameworks, through our Debt Capital Markets business.

- **Infrastructure Finance**

  We established a dedicated Infrastructure Finance team in our New York operation in 2017. We have been strengthening our Infrastructure & Power Finance (IPF) business, one of our core businesses overseeing sustainable finance globally, establishing global responsibilities for this business in July 2022.

- **Strengthening Global Cooperation**

  Under the leadership of our Head of Wholesale, employees in Global Markets and Investment Banking, which provide sustainable finance, play an important role in strengthening sustainable finance initiatives by collaborating globally to pursue business opportunities in the field of sustainable finance.

### 4.2 Net Zero in Scope 1 and 2 GHG Emissions

In FY2022-23 the Nomura Group achieved GHG emissions of 26,656 t-CO2 (Scope 2 emissions calculated with the market-based method based on the GHG Protocol), the reduction from the previous years was as a result of our commitments to promote energy savings and to expand renewable electricity for its own operations.

| GHG Emissions | FY2020/21 | FY2021/22 | FY2022/23 | 2030 Target |
|---|---|---|---|---|
| Scope 1 | 2,152 t-$CO_2$ | 1,924 t-$CO_2$ | 2,473 t-$CO_2$ | Net Zero |
| Scope 2 (Market-based) | 39,324 t-$CO_2$ | 31,710 t-$CO_2$ | 24,183 t-$CO_2$ | |

* *Scope 2 emissions are calculated with the market-based method based on the GHG Protocol.*
* *Market-based method is a method of calculating Scope 2 emissions reflecting companies' electricity contract. As the emission factor is based on the contractual terms, if a company purchases low-carbon electricity, such as from renewable energy sources, the effect can be reflected.*

Since 2009, we have held annual sustainability training (formerly environmental training) for all Nomura Group employees in Japan, with the aim of raising awareness of sustainability including environmental issues. To raise awareness of environmental matters we also stream information over the Group intranet and host events

In addition, our business sites in EMEA promote Nomura's environmental commitment through the onboarding program for new employees and make available a sustainability awareness tool on the intranet for all stakeholders including Nomura's supply chain.

**100% Renewable Electricity from our Own Operation**

Nomura Group has been promoting and increasing the purchase of renewable electricity. Nomura previously announced its target to switch the electricity at offices to 100% renewable energy by 2030. In FY2022, the Group's renewable power ratio was 67.8%, achieving the interim target of more than 50%.

| | FY2020/21 | FY2021/22 | FY2022/23 | 2030 Target |
|---|---|---|---|---|
| Percentage of Renewable Power (%) | 25.40% | 33.60% | 67.80% | FY2022/23 Over 50%<br>FY2025/26 Over 70%<br>2030 100% |

## 4.3 Net Zero in Financed Emissions (Scope 3 Category 15)

Nomura is a member of the Net-Zero Banking Alliance (NZBA), convened by the United Nations Environment Program Finance Initiative (UNEP FI). Based on the NZBA framework, targets are set by referring to the International Energy Agency's NZE scenario and the emission factor database provided by PCAF.

Out of our financed emission, significant majority of emission derived from Power generation at the end of March 2023.

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, which we use for calculating GHG emissions.

The emission factor increased as shown in table 2 below. 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.

Baseline measurement date: End of March 2021

### Table 1: Interim Target for the Power Generation Sector

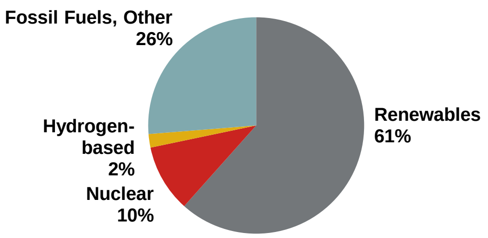
| | |
|---|---|
| Target Setting Metric | Economic Emission Intensity |
| Interim Target for FY2030/31 | Our target is in line with the Power generation mix that IEA NZE scenario assumes for 2030. Our emissions intensity in FY2030/31 shall be lower than that of this scenario. |
| Referenced Scenario | 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-$CO_2$e) | 790 | 3,647 | 4.662 |
| | | 1,250 | 1,673 |
| Economic Emission Intensity (t-$CO_2$e/US$m) | 635 | 3,458 | 3,422 |
| | | 1,186 | 1,229 |
| PCAF Data Quality Score (Scope 1, 2, 3) | 4.2 | 3.8 | 4.2 |

*Notes:*
1. *The values in the pink boxes in the chart are consistent with emission factors used by PCAF before June 2023.*
2. *The emissions for the baseline (end of March 2021) will be recalculated in the future, reflecting the latest PCAF methodology at the time.*

### Power Generation fuel mix under NZE Scenario (2030)




The chart on the left shows the power generation fuel mix assumed under the NZE Scenario in 2030. Using the PCAF emissions intensities per fuel type, we calculate an implied economic emissions intensity for the NZE Scenario fuel mix proportions, and for the fuel mix of Nomura's investment and loans portfolio in order to compare our portfolio against the NZE Scenario. Nomura's interim target is to keep our emissions intensity lower than this calculated intensity for the NZE Scenario as of end of March 2031.

In order to achieve the interim target, we seek to maintain and manage the ratio of renewable energy related assets versus our total fuel mix in our lending and investment portfolio and to improve the emission efficiency of our investments and loans through engagement with our customers. At present, calculations are mainly based on estimated data based on the PCAF emission factor database, but we will continue our efforts to improve the PCAF score, including the collection of investment and loan portfolio information, in order to make more accurate measurements.

**Monitoring and Implementation**

As part of our monitoring and implementation protocol, we are implementing a biannual review of emissions for the entire group lending and investment portfolio. To manage the alignment of portfolio emissions with our interim target for power generation sector, a process is being established whereby the business units provide information relating to their near term potential projects to Group Sustainability who will estimate the potential emissions for these transactions to be informed to the Emission Oversight Committee for incremental considerations and oversights.

A note on our targets:

We set targets for creating a sustainable future while serving the best interest of our clients and other stakeholders. As we work towards achieving these objectives, they are contingent upon various conditions and factors, some of which are within our sphere of influence while others are not. These include potential implications of legal and regulatory requirements, the importance of implementing effective climate policies, the necessity for technological progress, shifts in consumer behavior and demand, and the challenge of harmonizing short-term goals with the need to ensure a just transition and maintain energy security.

# 5. GOVERNANCE

## 5.1 Governance Structure

Nomura is a Company with Three Board Committees under Japanese law. Nomura has Board of Directors, Nomination Committee, Audit Committee and Compensation Committee, and ensures a separation of management oversight and business execution to strengthen corporate governance. The oversight function and the executive side play respective roles in recognizing climate change risks and opportunities, promoting various measures, and managing risks.


In addition to the Sustainability Committee, chaired by the Group CEO, and comprising other executives designated by the Group CEO including Executive Management Board members, we have established Sustainability Forums.

In the following sections, we explain how the Board of Directors, which provides oversight, and the Sustainability Committee, which is responsible for execution, are tackling climate change, and the role of the Chief Sustainability Officer.

### 5.1.1 Board of Directors

The Board of Directors offers advice on sustainability related reports prepared by executive officers, based on our basic sustainability policy which states: “Nomura will contribute to the creation of a truly enriched society through our business activities based on the principles embodied in the Nomura Group Corporate Philosophy, and actively pursue initiatives to resolve social issues and create a sustainable world.”

In the fiscal year 2022, the Board of Directors conducted three discussions on climate change-related issues, with a focus on setting interim targets for achieving net-zero GHG emissions from our lending and investment portfolio as a goal aligned with the NZBA framework.

Exchange of opinions regarding sustainability also occur at meetings of our outside directors, which are held periodically in order for outside directors to discuss our business and our corporate governance. Such exchange also occurs at our Internal Controls Committee, which consists of multiple directors and executive officers, and at our Audit Committee.

### 5.1.2 Sustainability Committee

- **Sustainability Committee and Working Groups**

  Nomura has established the Sustainability Committee, chaired by the Group CEO, and comprising other executives designated by the Group CEO that includes the Executive Management Board members, to deliberate and make decisions on strategies to achieve sustainability objectives. The Chief Sustainability Officer acts as secretary for discussions in the Sustainability Committee to consolidate the company’s sustainability activity and accelerate the formulation and promotion of strategies. In addition, the Sustainability

Committee may establish forums and working groups, aligned to key topics, to delegate planning.

- **Sustainability Forums**

  In order to ensure opportunities for more flexible and substantive discussions on sustainability, the Sustainability Council, which was established in 2021 and operated as a forum for discussion by executives from across departments and regions, was divided in 2023 into the Business Sustainability Forum, which deals with topics that are more closely related to business activities and the Corporate Sustainability Forum, which handles information disclosure and formulates various policies to provide opportunities for more flexible and substantive discussions by executives across divisions and regions. Each forum coordinates with the Sustainability Committee as appropriate to promote flexible approaches to sustainability.

- **Chief Sustainability Officer**

  In April 2023, a Chief Sustainability Officer was appointed to further accelerate our sustainability initiatives. The Chief Sustainability Officer is responsible for implementing sustainability related strategies including gathering information on sustainability locally and globally, managing the progress of sustainability-related measures, and developing sustainability-related policies and frameworks.

  The Chief Sustainability Officer acts as secretary for discussions at the Sustainability Committee meetings and the Sustainability Forums and also acts as the flagship for promoting sustainability by communicating our initiatives to the public.

- **Group Sustainability**

  The Group Sustainability is globally operating corporate function and a part of all working groups related to Sustainability. It is responsible for monitoring implementation of the transition plan and is the first point of contact for the business desks. It reviews our relevant portfolio, escalating to Sustainability Committee or relevant senior management committees as required.

- **Emission Oversight Committee**

  The Chief Sustainability Officer and Senior Managing Directors from the headquarter functions of Legal & Compliance and Risk Management will make up the Emission Oversight Committee which will monitor and implement our portfolio alignment.

## 5.2 Skills and Culture

Nomura is working to raise awareness of sustainability among its executive officers and employees by providing learning opportunities through training, study sessions, and online programs to develop talent that meet the diverse needs of clients.

In Japan, sustainability training is held once a year for all executive officers and employees, and in the fiscal year 2022 it covered general issues, including diversity, equity, and inclusion.

In addition, executive officers and employees from many departments in Japan and overseas voluntarily participate in internal study sessions on sustainability. A total of three study sessions were held in the fiscal year 2022. We invited experts from both inside and outside the company to discuss a wide range of topics, including the latest trends in financial and economic education, human capital, and ESG investment, and approximately 480 people participated. We also provide opportunities to learn about sustainability during training for new employees and training by title, such as newly appointed managers and executive officers.

Since November 2020, the Nomura Research Center of Sustainability has held in-house workshops with specialists and academic experts. In the fiscal year 2022, seven meetings were held, with active discussions on more multifaceted and specialized sustainability-related topics.

The Wholesale Division provides training on sustainable finance for executive officers and employees on a global basis. Topics covered include Nomura's approach to sustainability and business initiatives to achieve the SDGs; sustainable financing trends; political, economic, and regulatory trends in sustainability; and climate change and ESG risks. More than 2,500 employees have participated in the training since December 2020.

NOMURA

NOMURA HOLDINGS, INC.

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