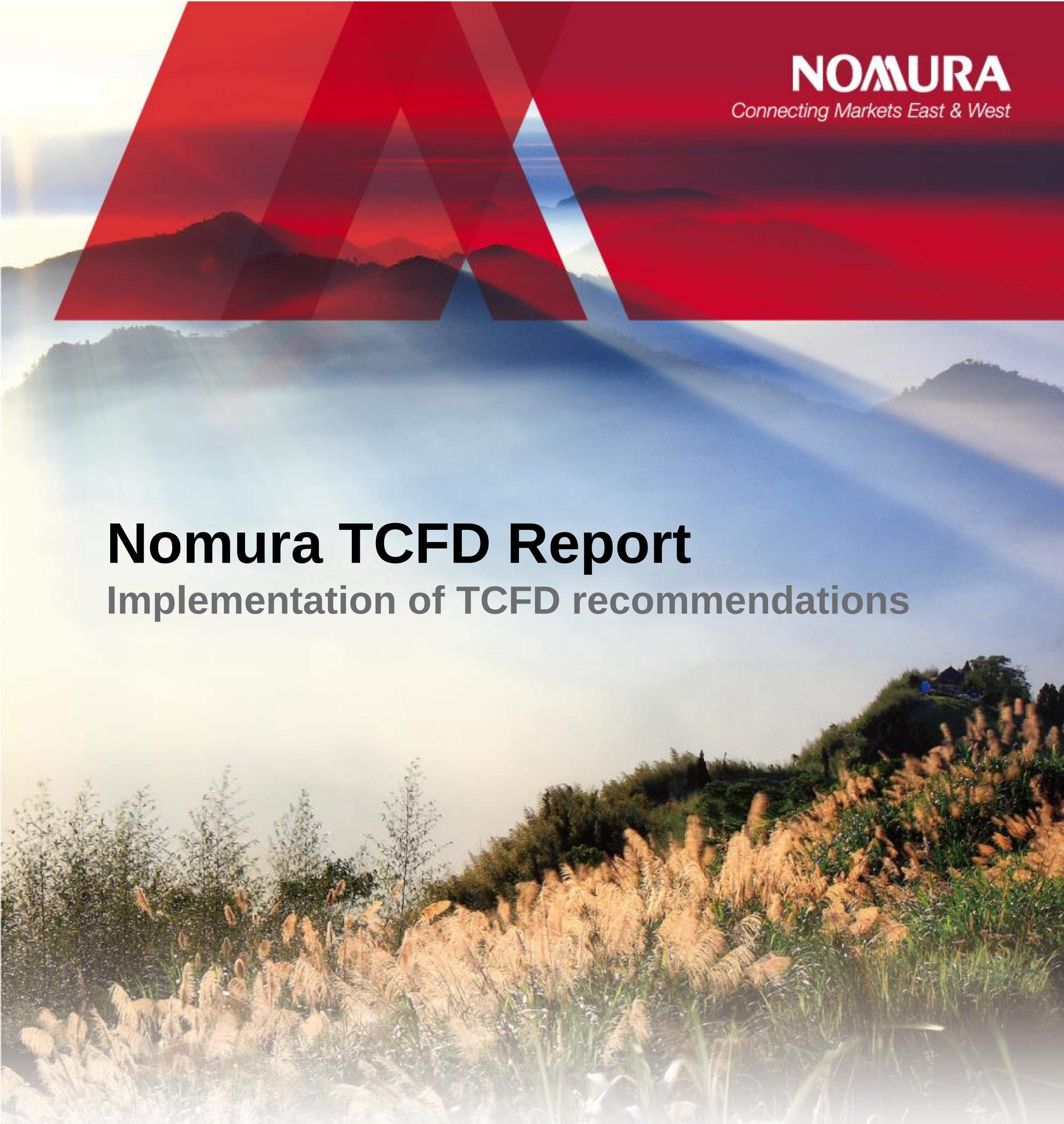

Nomura TCFD Report

Implementation of TCFD recommendations

As a good corporate citizen, Nomura Group recognizes the importance of disclosing climate-related financial information. Nomura supports the Task Force on Climate-related Financial Disclosures (TCFD) and we are committed to consistent and effective disclosures aligned with the TCFD recommendations.

NOMURA

Governance

In 2009, we published our environmental statement and environmental policy, which underpin our ongoing initiatives to protect the environment. Our ESG Committee, chaired by our Group CEO, approves the policies and activities that inform our approach to ESG risks and opportunities, including climate change. To provide enhanced disclosures in line with TCFD recommendations, in the fiscal year ended March 2020 we set up our TCFD Working Group under the ESG Committee.

Matters discussed by the TCFD Working Group are subject to deliberations by the ESG Committee. Reports are made periodically to the Executive Management Board, and to the Board of Directors as necessary. The Board of Directors oversees group-wide climate change initiatives.

The ESG Committee also comprises working groups focused on various themes including ESG business opportunities and risks, as well as initiatives to lower the impact of our business activities on the environment. These working groups collaborate with the TCFD Working Group on key initiatives.

Governance structure

Strategy

Opportunities

Growing interest in climate change and the transition to a low-carbon society is expected to lead to stronger demand from clients for fundraising and investing solutions that include sustainable finance.

In April 2020, we completed our acquisition of Greentech Capital Advisors, a leading boutique investment banking firm focused on supporting clients across sustainable technology and infrastructure. Under the rebranded Nomura Greentech, we will connect companies working to create sustainable technologies with investors and clients across different geographies to help them incorporate innovation into energy, transportation, food, water and waste infrastructure systems.

Through the acquisition, we will also strengthen primary and advisory services related to the environment, society and governance and expand our ESG capabilities to better serve the diverse needs of our clients.

Nomura is actively involved in industry initiatives geared towards developing the sustainable finance market. In 2019, Nomura was selected to join the Advisory Council to the Green Bond Principles and Social Bond Principles Executive Committee of the International Capital Market Association (ICMA), the only company in Japan to be selected. In the same year, we launched the Nomura Research Center of Sustainability. The center is working to strategically identify and conduct research into areas of sustainability closely linked to the financial and capital markets and provide value-added information and proposals to our clients.

To accelerate our efforts to provide financing and other solutions for low-carbon projects, our Wholesale Division has formed the Wholesale Sustainability Forum under the ESG Committee. Led by the head of Wholesale and comprising employees from relevant departments across the firm, the forum will monitor market and regulatory trends, identify opportunities for financial products and services that contribute to sustainability and take an active role in industry initiatives, while building up expert knowledge.

In Retail, we are continuously expanding our lineup of ESG and SDGs investment products. In the fiscal year ending March 2021, Nomura plans to launch a number of environment-related funds. By investing in these funds, clients will be able to invest in companies that are working to resolve social issues, while simultaneously earning investment income and helping solve these social problems. By marketing these funds, we also aim to bring greater awareness to investors about sustainable finance.

Risks

Nomura is aware of the impact climate change related risks including physical[1] and transition risks[2] can have on our businesses. Below are some of our assumed risks which can be classified as financial[3] or non-financial[4].

Main climate change risks

Type	Assumed risks
Physical risk	• Damage to company facilities, interruptions to business and increased expenses due to major natural disasters • Business partners suffering damages and a decline in their business due to natural disasters • Loss of collateral value in asset-based finance transactions, e.g. real estate
Transition risk	• Price fluctuation in trading positions, etc., difficulty selling underwriting positions as climate change risk is integrated into the market • Impact of stranded assets such as coal mines, oil fields and natural gas reserves, resulting in negative business performance and creditworthiness of clients and investments • Reputational risk arising from project finance transactions, decreased opportunities for reselling • Change in client needs and products becoming obsolete due to climate change, loss of competitive advantage in new product development • Decrease in existing businesses due to changes in legislation and the regulatory environment, higher costs due to increased burden on capital, etc.

1 Physical risk: Risk of extreme weather events, fire and flooding caused by rising sea levels and other physical climate change factors damaging the assets or operating base of Nomura Group, our clients and business partners; risk of operational capabilities being impaired

2 Transition risk: Impact of accelerated regulations, new technologies, and other changes in external environment in the move to address climate change, on Nomura Group's operating environment (including damage to assets or businesses unable to respond to changes in government and industrial policies, introduction of carbon tax and rapid technological innovation)

3 Financial risk: Market risk, credit risk, model risk

4 Non-financial risk: Reputational risk, operational risk (including compliance risk and conduct risk)

Risk Management

Nomura has internal guidelines and procedures for managing physical risks that are directly related to our business, such as responding to a scenario in which company facilities are damaged due to natural disasters and ensuring business continuity.

In addition, we have a governance framework to manage other climate change risks that may affect our business. We have launched the Climate Risk Working Group under the ESG Committee, which comprises members from risk management and related departments. This working group will build a global framework to identify, understand and manage climate change risks based on our strategy. The person responsible for these risk management frameworks is the Chief Risk Officer (CRO). Some of the methods currently being created are as follows.

- **Process for new transactions**
  We will bolster our due diligence process, particularly for new transactions, and incorporate sustainability considerations into the process. Exposure will be recognized by region, sector, etc.
- **Credit evaluation**
  We plan to enhance credit risk management processes to include an assessment of physical and transition risks. We will also consider ESG factors for credit ratings.
- **Scenario analysis**
  We are exploring scenario analysis methods for climate change relating to physical risk and transition risk. Exposure will be recognized by region, sector, etc.
- **Risk management techniques**
  In addition to verifying the presence and concentrations of ESG risks, we will create risk measurement techniques and draw up guidelines to manage these risks in line with our strategy. Any material exposures that come to light as a result will be reported periodically in accordance with the guidelines. This set of management techniques will be defined within risk regulations and implementation procedures.

NOMURA

Metrics and Targets

There is increasing demand for sustainable financing in the financial and capital markets. Nomura is increasing its resources provided towards the underwriting of sustainable finance projects to meet the financing needs of corporate clients and contribute to market growth. We offer financing-related services to help clients raise funds for short and medium term projects such as infrastructure, as well as hedging solutions. To support the transition to a low-carbon society, our Infrastructure and Power Financing and Structured Finance teams in the United States and EMEA are expanding our solution offering for projects related to key decarbonization themes.

In May 2020, we signed the Principles for Responsible Banking (PRB) 5. We are looking into areas where we can contribute including setting targets for advisory and arranger businesses, as well as finance, while aligning our business strategy in accordance with the PRB principles.

- **Sustainable finance targets**
  Greentech has completed more Clean Energy and Energy Smart M&A transactions than any other advisor, and has raised $4 billion of growth capital for private innovation companies over the past 10 years. Now as part of Nomura, Greentech seeks to help clients raise capital equal to or greater than this amount over the next 5 years.
- **Reducing CO_2 emissions**
  In December 2018, Nomura established group-wide CO_2 emission reduction targets for the medium and long-term. We have set direct (Scope 1) and indirect (Scope 2) monitoring indicators for CO_2 emissions as part of our ongoing commitment to lowering emissions across the firm through strategies that include the use of green energy in Japan and our international offices. As of March 2020, we had already achieved a 41.7% reduction in CO_2 emissions, which is in excess of our medium-term target level. We will continue to work toward achieving our long-term target.

Nomura Group medium/ long-term CO2 emission reduction target (global)
(Established in 2018)

Area	Target type	Base year	Target year		Level of reduction
Global	Absolute	FY2012/13	Medium term	FY2030/31	32%(Achieved)
			Long term	FY2050/51	65%

Nomura Asset Management (NAM) also supports the TCFD recommendations. For detailed disclosures, please view NAM's Responsible Investment Report.

[5] The Principles for Responsible Banking (PRB): PRB is a single framework for a sustainable banking industry developed through an innovative partnership between banks worldwide and United Nations Finance Initiative (UNEP FI). PRB set out the banking industry's role and responsibility in shaping a sustainable future and in aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement. UNEP FI is a collaborative platform between the United Nations and the private sector, signed by about 350 financial institutions around the world.