

Nomura Asset Management Becomes First in Japan to Incorporate GHG Absorption Disclosures in ESG Scoring

Tokyo, February 18, 2022—Nomura Asset Management Co., Ltd. (NAM), the core company within the Investment Management Division of Nomura Group, today announced that it has revised its in-house ESG score to incorporate greenhouse gas (GHG) absorption into the factors used to assess the GHG emissions of Japanese corporations. NAM is the first asset management company in Japan¹ to incorporate GHG absorption when assessing ESG factors.

NAM determines a company's ESG score through research and analysis of approximately 100 non-financial factors related to Environmental, Social, Governance, and SDG issues, thereby assessing the company's corporate value from an ESG perspective. The assessment factors are subject to annual review and are used to inform investment decisions, guide new product development, and supplement client reporting.

As more companies implement GHG absorption measures and related disclosure, there is growing demand for these initiatives to be reflected in investors' ESG assessments. NAM has revised its ESG assessment of Japanese companies to subtract² a company's disclosed GHG absorption amounts from its GHG emissions. The amount of GHG absorbed includes: (1) "Removal" of GHG directly from the atmosphere via means such as afforestation or CCUS³, (2) "Avoided emissions" via a company's own technology, products, or initiatives, and (3) "Offset" via carbon credits.

Achieving net zero GHG emissions is a necessary step to addressing climate change. Net zero refers to a net total of zero emissions after the amount of GHG absorbed is subtracted from the amount emitted. After a company has reduced its emissions to the maximum extent possible, absorption measures are necessary to offset the remaining emissions.

Last year, NAM announced that it would refer to investee company disclosures regarding GHG absorption in order to achieve its 2050 net zero goal and 2030 interim target⁴.

As a responsible institutional investor, NAM will continue to address ESG issues while working to secure its place as the Japanese asset manager preferred by clients globally.

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Nomura

Nomura is a global financial services group with an integrated network spanning over 30 countries and regions. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Retail, Wholesale (Global Markets and Investment Banking), and Investment Management. Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.

¹ Based on NAM's own research.

² A maximum of 20% of the emissions data provided by Institutional Shareholder Services is set as the GHG absorption amount to be subtracted from GHG emissions.

³ CCUS: Carbon dioxide Capture, Utilization, and Storage.

⁴ Please refer to "Nomura Asset Management Sets 2050 Net Zero Goal and 2030 Interim Target for Greenhouse Gas Emissions from Investments" published on October 25, 2021. https://global.nomura-am.co.jp/media/pdf/20211025_DAD76C23.pdf
NAM will not use data regarding GHG absorption for its 2050 net zero goal or 2030 interim target.