

Nomura Asset Management Becomes First in Japan to Quantitatively Assess Climate-related Opportunities Using Avoided Emissions and Removals

Tokyo, February 28, 2023—Nomura Asset Management Co., Ltd. (NAM), the core company within the Investment Management Division of Nomura Group, today announced that it has incorporated avoided emissions and removals¹ into its quantitative assessment of climate-related opportunities² for Japanese corporations.

NAM calculates the economic value of a company's avoided emissions and removals using the internal carbon price used in ESG assessment, and applies this value to assess the impact as a ratio of the company's operating income. NAM is the first asset management company in Japan³ to incorporate avoided and removed emissions into the quantitative assessment of climate-related opportunities.

Avoided emissions and removals are positively correlated with a company's sales and as such provide one of the best metrics for evaluating climate-related opportunities that lead to both reduction in greenhouse gas emissions and enhancement in enterprise value. With an increasing number of companies disclosing their avoided emissions and removals, through this revision NAM will encourage further corporate efforts to achieve net zero, as well as promote engagement on these matters.

NAM determines ESG scores for Japanese equities through research and analysis of approximately 100 non-financial factors, thereby assessing the company's enterprise value from an ESG perspective. The assessment factors are subject to annual review⁴ and the revision is a part of this process. NAM uses a company's ESG score to inform investment decisions, guide new product development, and supplement client reporting.

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, Investment Management, and Wholesale (Global Markets and Investment Banking). 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 A maximum of 20% of the emissions data provided by Institutional Shareholder Services is set as the avoided emissions and removals used in the quantitative assessment of climate-related opportunities

² Climate-related opportunities refer to opportunities for growth and expanded business through climate-related initiatives. While climate change poses a risk of having a negative impact on companies, it also presents an opportunity to increase enterprise value through efforts to address it.

³ Based on NAM's own research.

⁴ Please refer to "Nomura Asset Management Becomes First in Japan to Incorporate GHG Absorption Disclosures in ESG Scoring" published on February 18, 2022. https://global.nomura-am.co.jp/media/pdf/20220218_AJ6S6FZM.pdf
NAM will not use data regarding avoided emissions and removals for its 2050 net zero goal or 2030 interim target.