

Nomura Issues Report on Avoided Emissions from Investor Perspective

Tokyo, May 1, 2025—Nomura Holdings, Inc. today announced that it has issued a report titled "Avoided emissions from the investor's perspective: Forging a link between avoided emissions and enterprise value."

Amid a pressing need for decarbonization, companies' efforts to reduce greenhouse gas (GHG) emissions have become a key factor for investors when analyzing companies and making investment decisions.

The concept of avoided emissions has gained traction as a new metric to assess a company's contribution to reducing overall GHG emissions and resolving issues affecting society.

Among Japanese TOPIX 500 companies, disclosures on avoided emissions currently stand at only 15.8%. However, efforts are being made to promote the concept both in Japan and overseas, as evidenced by specific references to avoided emissions in the joint statement issued by the G7 Ministers of Climate, Energy and Environment at their meeting in Sapporo in 2023.

For the past three years, Nomura Holdings has been driving the discussion on avoided emissions in its role as Chair of the GX League's¹ Working Group on Disclosure and Evaluation of Climate-related Opportunities². The working group consists of over 100 companies, with trailblazing companies that calculate and disclose their avoided emissions well represented among members.

The report explores various approaches to the concept of avoided emissions from the investor's perspective, in response to questions from working group members on how to encourage investors to make more use of disclosures and to help raise awareness about avoided emissions. Nomura believes that sharing the report with stakeholders—mainly business enterprises and institutional investors—will drive the further promotion of avoided emissions.

The report incorporates the diverse perspectives of Nomura Group in its analysis, including Nomura Asset Management and other entities that function as investors, the firm's role as an investment bank supporting business enterprises and the research function of its internal Content Company.

In line with its Purpose of "We aspire to create a better world by harnessing the power of financial markets", Nomura will leverage its full group capabilities to promote the concept of avoided emissions and contribute to the decarbonization of society.

¹ GX is short for Green Transformation. It refers to the transformation of the whole socio-economic system to reduce emissions and improve industry competitiveness by taking advantage of initiatives to realize carbon neutrality by 2050 and Japan's 2030 GHG emission reduction targets as an opportunity for economic growth. Based on the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry in February 2022, the [GX League](#) was launched to facilitate discussion between Japanese companies involved in green transformation initiatives and players in industry, government, academia and finance in order to transform the entire socio-economic system and establish a new market.

² See [Nomura Appointed as Chair of Newly Established "GX Business Working Group" to Build a Framework and Promote Evaluation and Disclosure on Climate-Related Opportunities by GX League](#)

Reference: Outline of each chapter of this report

Guest submission: Ministry of Economy, Trade and Industry and GX Acceleration Agency

Chapter 1: Initiatives at GX League Working Group on Disclosure and Evaluation of Climate-related Opportunities: Three years of progress with avoided emissions

In this chapter, we discuss what the GX League Working Group on Disclosure and Evaluation of Climate-related Opportunities has been working on over the past three years, and introduce the results of those efforts, which are based on discussions with member companies. We devote part of the chapter to a reflection on Nomura Holdings' experiences as the chair of the working group. This includes touching upon accomplishments that were possible because the working group is made up of more than 100 companies from across various sectors, as well as taking a look at the how we built consensus at times when the diversity of the group made the process difficult. We also look at the approaches taken in successfully linking up with global initiatives and avoiding the trap by which efforts undertaken in Japan sometimes go off on their own tangential evolution, cut off from developments elsewhere in the world.

Chapter 2: Can a link be forged between avoided emissions and enterprise value?

Here we explain what is meant by "avoided emissions", survey the existing guidance on avoided emissions, examine the methodologies used in calculating it, and consider the relationship between avoided emissions and enterprise value. We emphasize that the avoided emissions concept has an important part to play in any proper assessment of fresh initiatives undertaken by companies seeking to reduce their greenhouse gas emissions and the innovative technologies developed towards that end.

Chapter 3: Significance of avoided emissions for investors and how they can use them: Calculating financed avoided emissions in Nomura Asset Management portfolio

In this chapter, we explain how Nomura Asset Management, as an asset manager and as an investor, makes use of the avoided emissions concept in its assessments of companies. We touch upon the importance of avoided emissions as a tool for engagement. For the first time, we also present Nomura Asset Management's estimates of "financed avoided emissions" for its Japanese equity assets under management, produced with the aim of gaining a quantitative understanding of the opportunities associated with climate change.

Chapter 4: Quantitative analysis based on avoided emissions data

This chapter is written from the perspective of a portfolio strategist who presents institutional investors with investment strategy ideas, and consists of an analysis of share price trends among companies that disclose data on avoided emissions. This chapter also indicates desired improvements in disclosures of avoided emissions in order to anticipate widespread use by institutional investors

Chapter 5: Impact of GHG emission reductions on enterprise value: Strategies that involve using GHG impact to improve enterprise value

In this last chapter, quant researchers dedicated to the study of enterprise value analyze the impact that reductions in greenhouse gas emissions (Scope 1+2+3) have on the assessed value of companies. Based on the results of their analysis, the authors find that companies in high-emission sectors (those with high Scope 1+2 emissions per unit of sales) see a boost to their enterprise value when they reduce their in-house emissions (meaning a reduction in the company's negative impact), while companies in supply-chain- emission-dependent sectors (those with high Scope 3 emissions per unit of sales) see their enterprise value improve when they increase avoided emissions across their entire supply chain (meaning an increase in the company's positive impact).

Nomura

Nomura is a financial services group with an integrated global network. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its four business divisions: Wealth Management, Investment Management, Wholesale (Global Markets and Investment Banking), and 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.