

Second-Party Opinion

Nomura Green Issuance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Nomura Green Issuance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation and Green Buildings – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION Nomura has established a Green Issuance Committee which is responsible for evaluating and selecting projects in accordance with the eligibility criteria of the Framework. Nomura has ESG screening and due diligence processes in place to assess environmental and social risks associated with its transactions, including all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Nomura's Green Issuance Committee will manage and track the allocation of proceeds on a portfolio basis through an internal tracking method. Nomura intends to reach full allocation within 24 months of issuance. Pending allocation, an amount equal to the unallocated proceeds will be temporarily held in cash, cash equivalents or other liquid marketable instruments in line with Nomura's liquidity portfolio investment policy. This is in line with market practice.



REPORTING Nomura commits to report on the allocation of proceeds and the corresponding impact on its website through a Green Issuance Report on an annual basis until full allocation. Allocation reporting will include the financed or refinanced assets by net proceeds and their relevant environmental impact, the aggregated amount allocated to each eligible project category and the balance of unallocated proceeds. Sustainalytics views Nomura's allocation and impact reporting as aligned with market practice.

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Issuer Location Tokyo, Japan

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Introduction

Nomura Holdings Inc. (“Nomura” or the “Group”) is an international financial services group focusing on wealth management, investment banking and wholesale banking. Headquartered in Tokyo, Nomura has major operations in 30 countries in Europe, North and South America, and Asia. The Group employed 26,775 people globally and had approximately JPY 67.3 trillion (USD 417 billion) net assets under management as of March, 2023.^{1,2}

Nomura has developed the Nomura Green Issuance Framework dated August 2024 (the “Framework”) under which it intends to issue directly or have any of its subsidiaries or special-purpose vehicles issue bonds, including green project bonds, secured collateral bonds and secured standard bonds,³ loans,⁴ commercial papers and deposits.⁵ Nomura intends to use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to contribute to the low-carbon economy in the countries where Nomura operates. The Framework defines eligibility criteria in six areas:

1. Renewable Energy
2. Energy efficiency
3. Pollution Prevention and Control
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Clean Transportation
6. Green Buildings

Nomura engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁶ and the Green Loan Principles 2023 (GLP).⁷ The Framework has been published in a separate document.⁸

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Nomura’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Nomura representatives have confirmed that: (1) they understand it is the sole responsibility of Nomura to ensure that

¹ Nomura, “Nomura Report 2023”, at: https://www.nomuraholdings.com/investor/library/ar/2023/pdf/nomura_report_all.pdf

² Nomura, “Business Information | Assets under Management”, at: <https://www.nomuraholdings.com/investor/summary/business/asset.html>

³ For securitizations, Nomura: i) commits to distinguish between a secured sustainable standard bond and a secured sustainable collateral bond in the respective offering documents, per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021; and in the case of a secured sustainable collateral bond, ensure that all of the underlying collaterals will align with the eligibility criteria set forth in the Framework; and ii) has communicated to Sustainalytics that there will be no double counting of eligible projects under the secured sustainable standard bond, secured sustainable collateral bond and any other outstanding sustainable financing instruments.

⁴ Nomura has confirmed to Sustainalytics that it will not issue revolving credit facilities under the Framework.

⁵ Nomura has confirmed to Sustainalytics that deposits will be limited to wholesale deposits.

⁶ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁷ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁸ The Nomura Green Issuance Framework is available at: <https://www.nomuraholdings.com/sustainability/group/approach.html>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Nomura Holdings Inc.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Nomura has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Nomura Green Issuance Framework

Sustainalytics is of the opinion that the Nomura Green Issuance Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation and Green Buildings – are aligned with those recognized by the GBP and GLP.
 - The Framework has defined a look-back period of 24 months for the refinancing of opex, which is in line with market practice.
 - Under the Renewable Energy category, Nomura may finance or refinance: i) renewable energy generation; ii) transmission and distribution networks; iii) manufacturing and operation of energy storage facilities; and iv) ii) manufacturing of associated products and technologies that are wholly dedicated to renewable energy generation and storage in accordance with the following criteria:
 - Solar PV projects
 - Concentrated solar power (CSP) and solar thermal plants where at least 85% of the electricity is generated from solar energy sources.
 - On-shore and off-shore wind energy projects.
 - Ocean energy projects such as energy generation from tides and waves, and ocean thermal energy conversion. Fossil fuel back-up for ocean thermal energy will be limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures and restart capabilities.
 - Hydropower projects that meet one of the following criteria: i) run-of-river projects without an artificial reservoir or with low storage capacity; or ii) facilities operational before the end of 2020 and have an emissions intensity below 100 gCO₂e/kWh or a power density greater than 5 W/m²; or iii) new facilities operational after 2020 that have an emissions intensity below 50 gCO₂e/kWh or a power density greater than 10 W/m². For all new hydropower projects, an environmental and social impact assessment will

- be conducted by a credible body to ensure that no significant environmental and social risks, negative impacts or controversies are identified.
- Geothermal projects with direct emissions lower than 100 gCO₂e/kWh.
 - Bioenergy generated from non-waste feedstock derived from soybean oil, sugar cane, corn, wheat and wood pellets that are certified by Roundtable on Sustainable Biomaterials (RSB),¹⁰ ISCC Plus,¹¹ Bonsucro,¹² the Roundtable on Responsible Soy (RTRS),¹³ Forest Stewardship Council (FSC)¹⁴ or Programme for the Endorsement for Forest Certification (PEFC)¹⁵ with a life cycle emissions intensity below 100 gCO₂e/kWh for electricity production or with life cycle emissions at least 65% lower than the fossil fuel baseline for biofuels.¹⁶
 - Bioenergy derived from forestry and agricultural residues, including wood chips, sawdust trash, sugarcane bagasse or corn cobs.
 - Development, construction and maintenance of renewable energy transmission and distribution (T&D) networks that are: i) dedicated to connecting renewables to the grid; and ii) support the integration of at least 90% renewable electricity into the grid. Nomura may also finance grids that transmit less than 90% renewable electricity. Sustainalytics notes that the Group uses a pro-rata approach to only finance expenditures that are proportional to the share of renewable energy in the grid and limits investments to projects where the share of renewable energy in the grid is expected to increase. Nomura may also finance associated infrastructure such as fuses, transformers and circuit breakers, which are intended to reduce curtailment of renewable energy into the grid.
 - Manufacturing and operation of energy storage systems, such as battery storage, that are connected to renewables or grids that meet the T&D network criteria above.
 - Green hydrogen storage where hydrogen is produced by electrolysis powered by renewable energy.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, Nomura may finance or refinance the development, manufacturing and installation of energy-efficient technologies, products and systems, including the following:
- In new and refurbished buildings:
 - Energy-efficient household appliances in the highest two populated classes of the EU Energy Label. Sustainalytics notes that Nomura’s reliance on EU energy labels to define eligibility in this category is consistent with the EU Taxonomy.
 - Electric heat pumps, absorption heat pumps driven by solar-heated water, electricity smart meters, LED lighting, energy-efficient HVAC systems, high efficiency windows and doors with low U-value and building management systems. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems and Nomura has confirmed that refrigerants used for heat pumps will have a global warming potential (GWP) below 675, which is in line with the EU Taxonomy. Nomura has confirmed that such projects will be accompanied by a robust refrigerant leak control, detection and monitoring system ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - T&D systems:

¹⁰ RSB: <https://rsb.org/>

¹¹ ISCC: <https://www.iscc-system.org/>

¹² Bonsucro: <https://bonsucro.com/what-is-certification/>

¹³ RTRS: <https://responsiblesoy.org/?lang=en>

¹⁴ FSC: <https://ca.fsc.org/ca-en/what-is-fsc/fsc-certified-forests>

¹⁵ PEFC: <https://www.pefc.org/>

¹⁶ The Framework specifies the following fossil fuel baselines for biofuel production facilities: 1) Biofuels (for transportation) - 94 gCO₂e/MJ; 2) Bioliqids (production of electricity) - 183 CO₂e/MJ; and 3) Bioliqids (production of heat) - 80 CO₂e/MJ as per EU RED II.

EU Science Hub, “Renewable Energy – Recast to 2030 (RED II)”, at: https://joint-research-centre.ec.europa.eu/welcome-jec-website/reference-regulatory-framework/renewable-energy-recast-2030-red-ii_en

- Supportive infrastructure for more energy efficient T&D, including smart meters, monitoring and control automation devices and peak demand management.
- District heating distribution networks that use at least 50% renewable energy, waste heat or a combination of both. The Framework excludes systems using waste heat from fossil fuel production and operations.
- Electric powered cooling and heating systems. Sustainalytics notes that district heating and cooling distribution network systems primarily powered by renewables are preferred in the market, however, Sustainalytics recognizes the importance of improving energy efficiency of air conditioning systems, and encourages Nomura to report on the impacts achieved.
- For all expenditures under this category, Nomura has confirmed the exclusion of: i) technologies designed or intended for processes that are primarily driven or powered by fossil fuels; and ii) processes in heavy industries, such as steel, cement and aluminium. Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Pollution Prevention and Control category, the Group may finance or refinance the following projects:
 - Emissions reduction technologies, including installation of smokestack scrubbers, process upgrades and sensors to monitor emissions. Nomura confirms that the financing will exclude technologies designed or intended for processes in heavy industries or that are primarily driven or powered by fossil fuels.
 - Soil remediation projects. Nomura confirms that projects where the contamination is resulted from borrowers will not be financed.
 - Waste prevention, recycling, sorting and processing, including recycling of batteries, e-waste and electrical and electric equipment. The recycling of electronic waste will be accompanied by a waste management process to mitigate associated environmental and social risks. The chemical recycling of plastic is excluded under the Framework.
 - Processing of recyclable waste into secondary raw materials, including steel, aluminium and glass.
 - Energy generated from municipal solid waste where most recyclables are segregated before incineration. Sustainalytics recognizes that energy from waste could take potentially recyclable materials out of circulation and undermine two of the main objectives of a zero-waste circular economy, i.e. waste prevention and recycling. Additionally, the composition of residual waste is a crucial consideration for such projects to have low emissions intensities, particularly fossil carbon content. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends Nomura to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities.
 - Anaerobic digestion of sewage sludge and biowaste from food and garden. The Group has confirmed that this will exclude sewage sludge from fossil fuel operations.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, Nomura may finance or refinance expenditures related to the following:
 - Sustainable crop agriculture that is certified by Rainforest Alliance (including UTZ),¹⁷ Soil Association Certification organic standards,¹⁸ USDA Organic,¹⁹ EU Organic,²⁰ RTRS, Bonsucro, Cotton made in Africa (CmiA)²¹ or Better Cotton Initiative (BCI).²² Sustainalytics considers Rainforest Alliance, UTZ, Soil Association Certification, USDA

¹⁷ Rainforest Alliance: <https://www.rainforest-alliance.org/>

¹⁸ Soil Association Certification: <https://www.soilassociation.org/our-standards/read-our-organic-standards/>

¹⁹ USDA Organic: <https://www.usda.gov/topics/organic>

²⁰ EU Organic: <http://www.eu-organic-food.eu/en/european-union-standards/>

²¹ CmiA: <https://cottonmadeinafrica.org/en/>

²² Better Cotton Initiative: https://bettercotton.org/wp-content/uploads/2019/01/Better-Cotton-Principles_Overview_Extended.pdf

Organic, EU Organic, RTRS, Bonsucro and CmiA to be credible certifications. However, BCI does not set specific performance standards, focusing instead on encouraging improved performance over time. In addition, Sustainalytics also notes that BCI allows for the use of genetically modified organisms. Notwithstanding these drawbacks, and noting the positive ambition of the BCI scheme, Sustainalytics does not consider the use of BCI as an eligibility criterion that detracts from the credibility of the Framework.

- Investments targeted at smallholder farmers²³ that incorporate integrated cropland-livestock-agroforestry systems (ICLFS). Nomura has confirmed that such projects will have sustainable forestry management plans in place. Sustainalytics notes that livestock management projects for industrial-scale meat processors or producers will be excluded from financing under the Framework. Sustainalytics recognizes that ICLFS projects encompass a diversified production strategy that aims to enhance agricultural productivity and have been demonstrated to reduce the vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change. However, such integrated projects could face certain barriers,²⁴ especially related to their effective adoption at the farm level, as well as their overall potential for achieving a net reduction in methane emissions resulting from livestock production.²⁵
 - Sustainable fishery and aquaculture certified by Aquaculture Stewardship Council (ASC),²⁶ Marine Stewardship Council Fisheries Standard (MSCFS),²⁷ and Best Aquaculture Practice (2 stars or above).²⁸
 - Sustainable crop agriculture and forestry techniques and technologies such as: no-till farming, crop rotation, drip irrigation, interventions that eliminate the use of synthetic fertilizers and pesticides, precision agriculture satellite farming enabling data-driven agriculture management, remote sensing and GIS equipment, infrared and thermal cameras.
 - Vertical farming hydroponics powered by low-carbon energy with average carbon intensity up to 100 gCO₂e/kwh, in addition to other energy efficiency measures and renewable energy procurement.
 - Research and development of cultured meat, fermented meat and plant-based proteins and production of fermented meat and plant-based proteins. Plant-based proteins will: i) have significantly lower GHG emissions compared to meat counterparts; and ii) use raw materials certified by Rainforest Alliance, UTZ, USDA Organic, Soil Association Certification organic standards, EU Organic or RTRS.
 - Sustainable forestry certified by FSC, PEFC, American Tree Farm System,²⁹ China Forest Certification³⁰ or Sustainable Forestry Initiative.³¹
 - Afforestation and reforestation projects using tree species that are well adapted to site conditions. These projects will be accompanied by a sustainable forest management plan.
 - The Framework excludes expenditures related to inorganic or synthetic fertilizers, pesticides and herbicides.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Clean Transportation category, the Group may finance or refinance low-carbon vehicles and related infrastructure in accordance with the following criteria:
- Electric, hydrogen and fuel cell-powered vehicles, such as cars, buses, trucks and trains.

²³ Nomura defines smallholder farmers as small-scale farmers, pastoralists, forest keepers and fishers who manage areas up to 10 hectares.

²⁴ The adoption of integrated crop-livestock systems is influenced by several factors, including the “costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labour, access to information and know-how, as well as the willingness to diversify production.” Gil, J.D.B. et al. (2016), “Determinants of crop-livestock integration in Brazil: Evidence from the household and regional levels”, Land Use Policy, at: https://www.bu.edu/gdp/files/2018/02/Gil_Garrett_et_al_2016_Determinants-of-ICLS.pdf

²⁵ IPCC, “Chapter 2: Land-Climate Interactions”, at: https://www.ipcc.ch/site/assets/uploads/2019/08/2c.-Chapter-2_FINAL.pdf

²⁶ ASC: <https://www.asc-aqua.org/>

²⁷ MSCFS: <https://www.msc.org/standards-and-certification/fisheries-standard>

²⁸ Best Aquaculture Practice: <https://www.bapcertification.org/>

²⁹ American Tree Farm System: <https://www.treefarmssystem.org/>

³⁰ China Forest Certification Council: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/china-forest-certification-council-cfcc>

³¹ Sustainable Forestry Initiative: <https://forests.org/>

- Electric helicopters for short trips for passenger transport.. The Framework excludes all military helicopters and freight helicopters carrying more than 25% of the freight in fossil fuels.
- Hybrid vehicles, including cars, buses with an emissions intensity up to 75 gCO₂/pkm; trucks with emissions intensity up to 25 gCO₂/tkm. Passenger rail with direct emissions below 50 gCO₂/pkm and freight rail with emissions up to 25 gCO₂/tkm. Nomura has communicated that it will follow the Worldwide Harmonized Light Vehicles Test Procedure (WLTP) to measure emissions of the vehicles financed.
- The Group has confirmed to Sustainalytics that: i) vehicles used to transport fossil fuels or fossil fuels blended with alternative fuels will be excluded from financing under the Framework; and ii) freight trains carrying fossil fuels accounting for more than 25% of the total mass will not be financed.
- Development, operation and upgrade of infrastructure for low-carbon transportation as defined above, such as electric vehicle charging infrastructure. The Framework excludes parking infrastructure.
- Specialized parts for low-carbon transportation defined above, such as EV batteries.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Green Buildings category, Nomura may finance or refinance the development and retrofit of new and existing residential and commercial buildings in accordance with the following criteria:
 - Buildings that have achieved one of the following minimum certification levels: i) LEED Gold;³² ii) BREEAM Very Good with a minimum score of 70% in the energy category;³³ iii) EDGE Certified;³⁴ iv) NABERS Energy 5 stars;³⁵ v) Building-Housing Energy-efficiency Labelling System (BELS) 4 stars;³⁶ vi) CASBEE A or S;³⁷ vii) Development Bank of Japan (DBJ) Green Building certification 4 stars;³⁸ viii) Net Zero Energy Building (ZEB) and Nearly ZEB;³⁹ and ix) Net Zero Energy House (ZEH).⁴⁰ Sustainalytics views these certification schemes as robust and credible.
 - Building retrofits that achieve a minimum 30% improvement in energy efficiency over the term of the loan. Nomura has confirmed that the financing will be limited to the cost of energy efficiency measures.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- The Framework excludes the following sectors and activities: i) fossil fuel related assets; ii) nuclear and nuclear related assets; iii) biomass or feedstock that will be derived from sources that compete with food production or will be grown in areas with currently or previously high in biodiversity or will decrease carbon pools in soil.
- Project Evaluation and Selection:
 - Nomura has established a Green Issuance Committee (GIC), which will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee consists of representatives from the following functions and divisions: Group Sustainability function, Corporate Treasury function and Wholesale division. Nomura's respective entities or business line pre-select and submit eligible projects, which will then be verified and approved by the Green Issuance Committee. The committee will report on the selection decisions to Nomura's Sustainability Committee and to the CFO on a quarterly basis.
 - Nomura will undertake the ESG screening and due diligence processes set out in its Wholesale ESG Sectoral Appetite Statement to identify and manage environmental and social risks associated with the projects and assets financed under the Framework. Sustainalytics

³² LEED: <https://www.usgbc.org/leed>

³³ BREEAM: <https://bregroup.com/products/breeam/>

³⁴ EDGE: <https://www.edgebuildings.com/certify/certification/>

³⁵ NABERS: <https://www.nabers.gov.au/ratings/our-ratings/nabers-energy>

³⁶ BELS: <https://www.bcj.or.jp/assessment/bels/>

³⁷ Comprehensive Assessment System for Built Environment Efficiency (CASBEE): <https://www.ibec.or.jp/CASBEE/english/>

³⁸ DJB: https://www.dbj.jp/en/service/program/g_building/

³⁹ ZEB and Nearly ZEB: <https://www.env.go.jp/earth/zeb/detail/01.html>

⁴⁰ ZEH: https://www.enecho.meti.go.jp/category/saving_and_new/saving/general/housing/index03.html

- considers the environmental and social risk management system to be adequate and aligned with the requirements of the GBP and GLP. For additional details, see Section 2.
- Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The GIC will be responsible for the management of proceeds on a portfolio basis and will track the allocation of proceeds using an internal tracking method.
 - Nomura intends to allocate all proceeds to eligible assets within two years of issuance. Pending allocation, an amount equal to the unallocated proceeds will be temporarily held in cash, cash equivalents or other liquid marketable instruments in line with Nomura’s liquidity portfolio investment policy.
 - Nomura has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. The Group intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Nomura will report on the allocation and impact of proceeds in a Green Issuance Report which will be published on its website on an annual basis until full allocation.
 - Allocation reporting will include the financed or refinanced assets and their relevant environmental impact, the aggregated amount allocated to each eligible project category and the balance of unallocated proceeds.
 - Nomura intends to align its impact reporting with the ICMA Harmonised Framework for Impact Reporting Handbook. Key performance indicators may include metrics such as installed renewable energy production capacity (in MWh), estimated GHG emissions avoided per year, amount of energy saved and water withdrawals or treatment capacity (in m³/day or t/day)
 - Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Nomura Green Issuance Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Nomura

Contribution to Nomura’s sustainability strategy

In 2021, Nomura became a signatory to the Net Zero Banking Alliance and committed to aligning its commercial activities with the Paris Agreement’s objectives.^{41,42} The Group set a target to achieve net zero GHG emissions in its lending and investment portfolios by 2050, with a primary focus on reducing financed emissions from the power generation sector.⁴³ To reach its emissions target, Nomura established in 2022 a Net Zero Strategy Department to promote the following actions: i) expanding asset classes under measurement and disclosure of GHG emissions; ii) strengthening the management of and developing appropriate assessment methodologies for climate-related risks and opportunities; and iii) enhancing climate-related stewardship activities and developing funds for decarbonization.⁴⁴

Regarding its sustainable finance and underwriting business, Nomura aims to deploy USD 125 billion towards sustainable finance from 2021 to 2026. By FY 2022/23, the Group had achieved USD 46.6 billion.⁴⁵ Nomura also advances its sustainable finance agenda through other initiatives and by offering sustainable finance advisory and consulting services to its clients. For example, the Group established a dedicated energy-related infrastructure finance team in New York which focuses on sourcing, structuring, executing and distributing financing for green projects and other assets globally. It also developed a Greentech Industrials & Infrastructure team to provide M&A advisory services in relation to sustainable technology and infrastructure. In addition, Nomura develops and offers ESG and SDGs investment products for individual investors and

⁴¹ UNEP FI, “Nomura Holdings, Inc.”, at: <https://www.unepfi.org/member/nomura-holdings-inc/>

⁴² Nomura, “Toward Achieving Net Zero Emissions”, at: <https://www.nomuraholdings.com/sustainability/environment/netzero.html>

⁴³ Nomura, “Nomura Report 2023”, at: https://www.nomuraholdings.com/investor/library/ar/2023/pdf/nomura_report_all.pdf

⁴⁴ Nomura, “Responsible Investment Report 2022”, at: https://global.nomura-am.co.jp/responsibility-investment/pdf/ri_report_2022.pdf

⁴⁵ Nomura, “Nomura Report 2023”, at: https://www.nomuraholdings.com/investor/library/ar/2023/pdf/nomura_report_all.pdf

investment trusts. As of February 2023, Nomura's ESG product lineup had a net asset balance of more than JPY 650 billion (USD 4.1 billion).⁴⁶

Sustainalytics is of the opinion that the Nomura Green Issuance Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving emissions, effluents and waste generated in construction; land use and biodiversity loss associated with infrastructure development; occupational health and safety, community relations and business ethics.

Sustainalytics is of the opinion that Nomura is able to manage and mitigate potential risks through implementation of the following:

- Nomura's ESG Sectoral Appetite Statement sets sector-specific ESG risk screening and due diligence procedures for its wholesale business activities. As part of its transaction approval process, Nomura evaluates all relevant transactions for ESG factors, such as: GHG emissions, waste and pollution, biodiversity and impact on habitats, land degradation and fragmentation, excessive development in sensitive areas, violation of human and labour rights, impact on communities (such as resettlement and infringement of property rights), risks relevant to health and safety, employment and working conditions, corruption and facilitation payments by clients, and compliance with applicable laws and regulations. In addition, the Group has an internal guidance for its banking and risk team, providing directives on identifying key ESG issues and mandatory requirements specific to each sector or industry, including the process and actions for the ESG assessment of transactions. In cases where significant ESG issues are identified, Nomura initiates a due diligence process which involves client engagement, external evaluation of the client's environmental and social management practices and escalation to the senior management committees.⁴⁷
- Regarding business ethics, Nomura's Code of Conduct sets out guidelines for the Group's activities, including prevention of money laundering, handling conflicts of interest, protecting market integrity and appropriate management of risks. The code also addresses fair, timely and proper disclosure of information. It refrains from any falsifying, intentionally concealing or maliciously destroying of operational and financial information.⁴⁸ Additionally, Nomura has been a signatory to the UN Global Compact since 2015 and is committed to following its ten principles, including on human rights, labour, environment and anti-corruption.^{49,50}

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Nomura has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Contribution of renewable energy and energy efficiency to a low-carbon economy

Emissions from the energy sector increased by 1.1% and reached a new record of 37.4 Gt in 2023, accounting for approximately three-quarters of global GHG emissions.^{51,52} Electricity demand alone grew by 2.2% in

⁴⁶ Nomura, "Nomura TCFD Report 2023", at: <https://www.nomuraholdings.com/investor/library/tcfid/2023/pdf/all.pdf>

⁴⁷ Nomura, "Annex to Nomura Group Sustainability Statement – Wholesale Division: ESG Sectoral Appetite Statement", at: https://www.nomuraholdings.com/sustainability/group/data/pdf/esg_ws.pdf

⁴⁸ Nomura, "Nomura Code of Conduct", at: <https://www.nomuraholdings.com/company/basic/coc.pdf>

⁴⁹ United Nations Global Compact, "The Ten Principles of the UN Global Compact", at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁵⁰ Nomura, "Participation in Initiatives for Sustainability", at: <https://www.nomuraholdings.com/sustainability/stakeholder/initiatives.html>

⁵¹ International Energy Agency, "Net Zero by 2050 - A Roadmap for the Global Energy Sector", 2021, at:

https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

⁵² IEA, "Emissions grew in 2023, but clean energy is limiting the growth", (2024), at: <https://iea.org/reports/co2-emissions-in-2023/emissions-grew-in-2023-but-clean-energy-is-limiting-the-growth>

2023⁵³ and is expected to nearly double between 2020 and 2050.⁵⁴ The share of electricity from renewable energy in the global electricity generation is set to increase from 28% in 2021 to 43% in 2030, with wind and solar PV accounting for approximately 90% of this growth.⁵⁵ In addition to the emissions reduction provided by the displacement of expanding renewable energy production, global energy consumption and related emissions can be reduced by a third by doubling the current rate of annual energy efficiency improvements from 2% to 4% by 2030.⁵⁶ An estimated USD 125 trillion in investments are needed to meet the 2050 decarbonization goals, with USD 4.5 trillion annual investments required by 2030.⁵⁷ The electricity sector alone is expected to require USD 16 trillion for its decarbonization in the next decade.⁵⁸

In this context, Sustainability is of the opinion that Nomura’s investments in renewable energy and energy efficiency projects are expected to contribute to the decarbonization in the energy sector in the countries where Nomura operates.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Nomura Green Issuance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	12. Responsible Production and Consumption	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Environmentally Sustainable Management of Living Natural Resources and Land Use	12. Responsible Production and Consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older person
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

⁵³ IEA, “Executive summary”, (2024), at: <https://www.iea.org/reports/electricity-2024/executive-summary>

⁵⁴ IEA, “Net Zero by 2050: A Roadmap for the Global Energy Sector”, (2021), at: https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

⁵⁵ International Energy Agency, “Tracking Transport 2022”, at: <https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf>

⁵⁶ IEA, “Decade for Action Highlights,” (2023), at: <https://www.iea.org/reports/energy-efficiency-the-decade-for-action/decade-for-action-highlights>

⁵⁷ IEA, “Net Zero Roadmap A Global Pathway to Keep the 1.5 °C Goal in Reach”, (2023), at: https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d8971bf84/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf

⁵⁸ Glasgow Financing Alliance for Net Zero, “Financing Roadmaps”, at: <https://www.gfanzero.com/netzerofinancing>

Conclusion

Nomura has developed the Nomura Green Issuance Framework under which it may issue bonds, loans, commercial papers, structured notes and deposits and use the proceeds to finance projects in the following categories: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation and Green Buildings. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Nomura Green Issuance Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Nomura has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Nomura is well positioned to issue green bonds, loans, commercial papers, structured notes and deposits, and that the Nomura Green Issuance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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