Nomura – Sustainable Finance

Transition Finance Guidance

MAY 2023

NOMURA

This document complements the Green and Social Finance Framework and sets out how Nomura defines and governs transition finance

1. Introduction

As a global financial services group with an integrated network that spans over 30 countries in Europe, Americas and Asia, Nomura Holdings Inc. ("Nomura" / "Nomura Group" / "Group") bridges the gap between investors and issuers by playing an active role in the global capital markets. We provide liquidity by facilitating the flow of capital, an essential component of ensuring a sound economy that contributes to business development and improving society. Nomura services the needs of a diverse set of customer segments, including institutional investors, financial institutions, governments, corporations, various organizations and individual investors, and serves as their most trusted partner. Nomura provides a wide range of products and services through its Wholesale Division (Global Markets and Investment Banking), Retail Division and Investment Management Division.

2. Nomura's approach to sustainability and transition finance

Nomura's Founder's Principles, Corporate Philosophy, Code of Conduct, and the Fundamental Management Policy outline the Group's endeavor to be a responsible corporate citizen.

Nomura's management vision for 2025 is to "Achieve sustainable growth by solving social issues", and we have integrated sustainability into our management strategy.

Our sustainability initiatives have the two main goals of supporting our clients' sustainability efforts through our business, and achieving sustainable growth by reducing the environmental impacts of our own operations and enhancing corporate governance.

Nomura is actively working towards integrating sustainability in its business strategy. In September 2021, we announced our target to align our commercial activities with the objectives agreed in the Paris Agreement, aiming to limit global temperature increases to well below 2°C, and striving for 1.5°C, above pre-industrial levels.

We recognize that large-scale investments are essential for the transition towards a carbon neutral economy. We target to provide and facilitate US$125 billion in sustainable financing by March 2026 to support our clients.

With significant investment required to finance transition to net zero, we see the need to finance transition activities that are not covered by our Green and Social Finance Framework. This document complements the Nomura's Social and Green Finance Framework. We will consider transition activities and their alignment to IEA Net Zero Energy 2050 scenario ("NZE") and other international and national transition roadmaps, for example, those set up by Japan's Ministry of Economy, Trade and Industry.

3. Defining transition finance for Nomura

3.1 Definitions

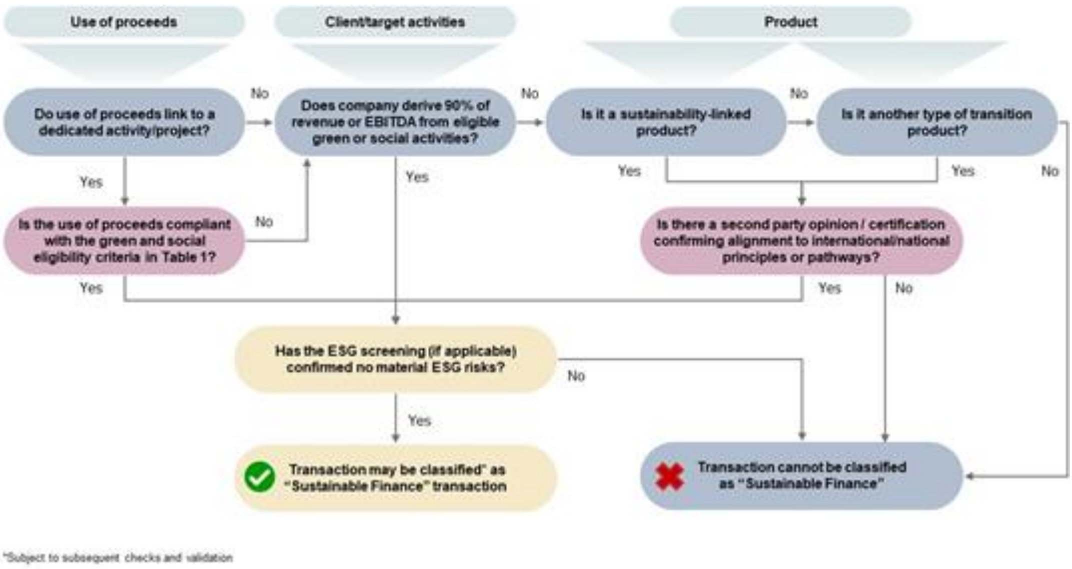
"Transition Finance"	Financial instruments that support the business/issuer in adapting their business model to make a positive contribution to the transition to a low carbon economy. It refers to financing that promotes long-term, strategic greenhouse gas emissions reduction initiatives that businesses take to tackle climate change and achieve a decarbonized society.

In the absence of the global standard for transition financial instruments, Nomura follows international and national transition finance pathways, considering sectoral scenarios and following recommended international and national guidance on disclosures and certifications for transition finance products. Nomura includes transition finance in the assessed value for sustainable finance where requirements of these pathways are met.

3.2 Sustainable finance classification

To decide whether a transaction may be considered a sustainable finance transaction Nomura uses the following chart:

Chart 1: Nomura's sustainable finance classification



Note: ESG screening will be conducted in line with the Wholesale ESG Sectoral Appetite Statement

3.3 Key principles of transition finance reporting

Principle #1	When reporting financing facilitated within a fiscal year, the financing should represent (1) new funding being raised/underwritten/facilitated within that fiscal year to go towards an eligible enterprise/ project or (2) refinancing of outstanding facility for such enterprise/project.
Principle #2	When reporting financing facilitated, Nomura should account for its role or its share of financing raised, so as to avoid double counting with other financing providers on the same deal.

3.4 Scope

The Transition Finance Guidance applies globally to the activities of the Wholesale Division, covering Investment Banking and Global Markets.

4. Governance and management of ESG risks

We established the Nomura Group Sustainability Statement outlining our approach to sustainability-related activities and our response to environmental and social risks.

The Wholesale ESG Sectoral Appetite Statement summarizes our approach to Wholesale business activities with specific sectors. The Statement identifies areas where Nomura will not provide or restrict financing from an ESG perspective, and outlines the ESG screening and due diligence process to assess transactions. We review the Nomura Group Sustainability Statement and Wholesale ESG Sectoral Appetite Statement on a regular basis.

5. Governance of the transition finance guidance

Nomura set up the process for validating Transition Finance transactions. The validation process consists of three key steps

(Step 1) Product desk teams confirm initial eligibility checks for inclusion and tag projects as Transition Finance

(Step 2) Sustainability team review all tagged deals and validate whether they have been included in compliance with this Guidance

(Step 3) The results of validation are reviewed and approved by the Sustainable Finance Oversight Committee consisting of the management with expertise in sustainability and sustainable finance