



## NAM's Initiatives on Climate Change and Climate-Related Risks and Opportunities

(Disclosure based on the TCFD Recommendations)

In June 1990, prior to the United Nations Conference on Environment and Development (Earth Summit) held in Rio De Janeiro in June 1992, NAM became an industry pioneer by establishing the “Global Environment Fund.” Since establishing this fund, NAM has been proactively investing in companies that help protect the environment around the world and combat climate change. With respect to the environment, we believe that climate change is the most important ESG issue in terms of impact on corporate value of portfolio companies, and our ESG Statement positions climate change as one of the most important ESG issues. Based on this stance, in March 2019 we became a signatory of the TCFD (Task Force on Climate-related Financial Disclosures), and in our Responsible Investment Report and other reports we disclose the details of our initiatives on climate change and the climate change-related risks and opportunities of portfolio companies, based on the TCFD Recommendations.

### **Enhancing our ESG integration with analysis and evaluation of climate-related risks and opportunities Incorporating climate change countermeasures into the management strategies through constructive engagement with portfolio companies**

Climate change is one of the most important ESG issues in the management strategies of portfolio companies. Through our TCFD initiatives, we are enhancing the level of our investment management with respect to climate-related risks and opportunities, and contributing to the realization of a carbon-free society by engaging with portfolio companies and encouraging them to include efforts to combat climate change in their business strategies.

# TCFD

As climate change increasingly impacts corporate management, government policies, consumer preferences, nature, weather, and other aspects of society, climate-related risks and opportunities are some of the most important factors that determine the corporate value of portfolio companies. Corporate value is the discounted present value of financial metrics such as future free cash flow, and the business assets that generate such metrics include not only tangible assets such as production equipment, but also human capital, natural capital, social capital, and other “non-financial capital” which is not found in a company’s financial statements. In order to analyze how these types of non-financial capital will impact the future management, sustainable growth, and financial data of a company, we believe it is extremely important to analyze non-financial data (data on non-financial capital) as a part of managing the assets our clients have entrusted to us.

Climate-related risks include transition risks accompanying the shift to a carbon-free society, and physical risks which include the impacts of natural disasters and other events (refer to table below). A company’s corporate value will decline if, due to climate change, it has natural disaster-related costs, incurs a carbon tax, has costs to acquire carbon credits, must pay litigation costs or insurance premium payments accompanying a disaster, or incurs asset impairment losses. On the other hand, climate-related opportunities include resource efficiency, energy sources, products and services, markets, and resiliency, among other possibilities. A company’s corporate value will

increase if business opportunities accompanying climate change result in higher profits or cash flow in the future.

In October 2020, the Government of Japan declared that Japan will become carbon neutral by 2050, and in December 2020 the government formulated the “Green Growth Strategy Through Achieving Carbon Neutrality in 2050”. Overseas, aiming to create a sustainable decarbonized society, many countries and territories, including the EU, have made declarations of carbon neutrality, established rules on taxonomy, introduced carbon pricing (carbon tax, emissions trading, etc.), and have made mandatory the disclosure of climate change data based on the TCFD Recommendations and other non-financial data. With these actions, climate-related risks and opportunities are expected to increasingly impact the corporate value of our portfolio companies going forward.

We are carrying out ESG integration that incorporates analysis and assessments of these climate-related risks and opportunities into our investment process, and we have built a system enabling comprehensive ESG integration not only for our company-wide portfolios but for individual funds. In addition to the TCFD Recommendations, we perform advanced analyses and evaluations of climate-related risks and opportunities in our proprietary ESG scores, and we work to enhance both the corporate value of portfolio companies and the performance of the funds we manage by encouraging portfolio companies through engagement and proxy voting, as well as by collaborating with various stakeholders on climate-related initiatives.

**Climate Change Risks and Opportunities**

**transition risks**

- Policy and legal risks accompanying carbon pricing, mandatory emissions reporting, and regulations/litigation surrounding products/services
- Replacement of existing products/services with carbon-free options, failed investments in new technologies, and costs to transition to carbon-free technologies, as well as technological risks accompanying each
- Market risks accompanying changes in consumer behavior, uncertainty in market signals, and soaring raw materials costs
- Reputation risk in conjunction with changes in consumer preferences, growing negative impressions of the industry, and an increase in stakeholder concerns as well as negative feedback from stakeholders

**physical risks**

- Acute physical risks accompanying intensifying abnormal weather events like strong typhoons and flooding
- Long-term physical risks due to changing rainfall patterns, increased volatility in weather patterns, rising average temperatures, and sea level rise

**opportunities**

- Resource Efficiency:** Use of more efficient means of transportation, use of more efficient means of production/transport, recycling, transitioning to more efficient buildings, reducing water use/consumption
- Energy Sources:** Use of carbon-free energy sources, use of support from policy initiatives, use of new technologies, participation in carbon markets, transitioning to diversified energy sources
- Products/Services:** Development and expansion of carbon-free products/services, adaptation to climate change and use of insurance to address risks, development of new products/services through R&D and innovation, ability of businesses to diversify, changes in consumer preferences
- Market:** Access to new markets, use of public sector incentives, access to new assets and locations requiring insurance coverage
- Resilience:** Participation in renewable energy programs and improvements in energy efficiency, replacement and diversification of resources

**Task Force on Climate-related Financial Disclosures**



## Climate-related Financial Disclosure based on the TCFD Recommendations

### Governance



- Our Board of Directors and Executive Management Committee both recognize that climate-related risks and opportunities have important impacts on our business and our medium-to long-term management targets, and we have therefore built an appropriate governance system and also carry out monitoring.
- The Responsible Investment Department, which acts as the TCFD Secretariat, shares the analytical data it compiles, such as greenhouse gas emissions, ESG scores and scenario analyses, with portfolio managers and analysts. These data are then utilized in company analyses, engagement, and investment decision-making.
- These data are also regularly reported to the Responsible Investment Committee, which comprises officers in the Investment and Research division, and they are used to evaluate a portfolio's climate-related risks and opportunities. Following this, the chair of the Responsible Investment Committee reports the evaluation outcomes to the Executive Management Committee, which allows members of senior management to monitor climate-related risks and opportunities and make management decisions. The details are then ultimately reported to the Board of Directors via the Executive Management Committee.

### Strategy



- As detailed on Page 20, we recognize a wide range of short-, medium- and long-term climate-related risks and opportunities. In terms of transition risks, we are closely watching carbon pricing, the stranding of assets, and changes in consumer behavior and preferences. For physical risks, we are focusing on abnormal weather, which is increasing in recent years. Meanwhile, with respect to opportunities, we are paying close attention to products and services related to renewable energy and energy efficiency and conservation, electricity storage, hydrogen, ammonia, CCUS (Carbon dioxide Capture, Utilization and Storage), carbon recycling, as well as disaster prevention and mitigation.
- We analyze the impacts that climate-related risks and opportunities do and will have on our businesses, strategies, financial plans, and portfolios. For example, we perform financial analysis and transition risk analysis using both Institutional Shareholder Services' (ISS) analysis methods and our own carbon pricing in our ESG score.
- In principle, we do not divest from (and thereby lose the chance for engagement with) portfolio companies with high levels of greenhouse emissions. Instead, by continuing to hold such companies, we use engagement as a means to encourage these portfolio companies to take measures to combat climate change.
- Please refer to Page 23 for information on the scenario analysis we performed for our four-asset integrated portfolio.

### Risk Management



- We manage portfolio risk using ISS's analysis methods for transition risk and physical risk. In addition, we identify and manage portfolio companies' transition risks and physical risks using our own corporate analysis and ESG scores, as well as through engagement.
- We feel it is important to analyze GHG emissions throughout the entire life cycle of a company's products and services, and on a supplementary basis we use emissions throughout the global supply chain and avoided emissions as disclosed by companies.
- Such risk management analysis outcomes are shared within the Investment and Research division, and are reported to both the Executive Management Committee and the Board of Directors after being monitored by the Responsible Investment Committee.

### Metrics and Targets



- In order to evaluate climate-related risks and opportunities in accordance with our own strategies and risk management process, we measure four metrics recommended by the TCFD (total carbon emissions, carbon footprint, carbon intensity, weighted average carbon intensity) and perform scenario analyses as well as a transition risk analysis and physical risk analysis for each portfolio.
- While the total carbon emissions of our entire Japanese equities portfolio is below the benchmark, the total carbon emissions of our global equities portfolio exceeds the benchmark.
- In December 2018, Nomura Group formulated medium- and long-term CO2 emissions reduction targets for the entire Group on a global basis. The global targets include reducing CO2 emissions (total) 32% by FY2030 (medium-term) and 65% by FY2050 (long-term) compared to FY2012 emissions.

## Analysis of Carbon Footprinting and Exposure Metrics

In order to evaluate the climate-related risks and opportunities of portfolio companies in accordance with our own strategy and risk management process, we

measure the following four metrics recommended by the TCFD for each of our portfolios.

### Total Carbon Emissions

- Absolute GHG emissions associated with a portfolio
- Unit: tCO<sub>2</sub>e(CO<sub>2</sub> equivalent)

$$\sum_n^i \left( \frac{\text{current value of investment } i}{\text{issuer's market capitalization } i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions } i \right)$$

### Carbon Footprint

- Total carbon emissions for a portfolio normalized by the market value of the portfolio
- Unit: tCO<sub>2</sub>e/US\$ million (investment amount)

$$\frac{\text{Total Carbon Emissions}}{\text{market capitalization of portfolio}}$$

### Carbon Intensity

- Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio)
- Unit: tCO<sub>2</sub>e/US\$ million (revenues)

$$\sum_n^i \left( \frac{\text{current value of investment } i}{\text{issuer's market capitalization } i} \times \frac{\text{the revenues of portfolio companies } i}{\text{Total Carbon Emissions}} \right)$$

### Weighted Average Carbon Intensity

- Portfolio's exposure to carbon-intensive companies and metric recommended by TCFD
- Unit: tCO<sub>2</sub>e/US\$ million (revenues)

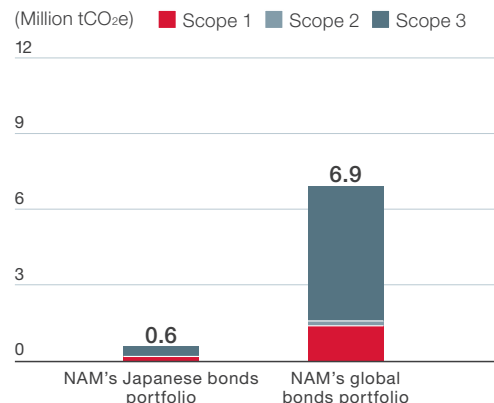
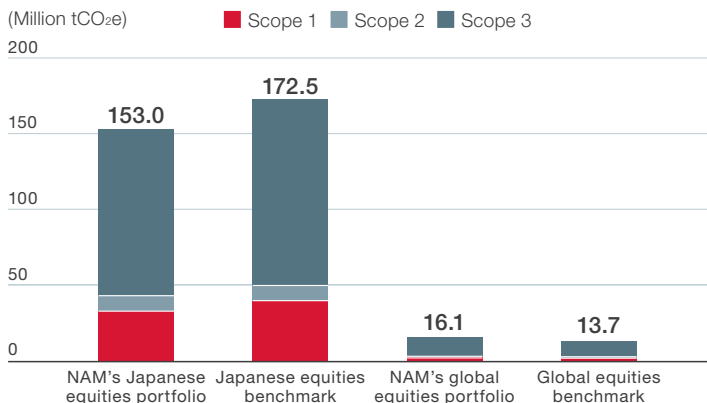
$$\sum_n^i \left( \frac{\text{current value of investment } i}{\text{market capitalization of portfolio } i} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions } i}{\text{the revenues of portfolio companies } i} \right)$$

We analyze climate-related risks and opportunities for four portfolios we manage: Japanese equities; global equities; Japanese bonds; and global bonds. In our analysis, we use data and analysis methods from ISS. For equities benchmarks, we used TOPIX for Japanese equities and MSCI ACWI ex-Japan for global equities. Bonds only included corporate bonds, and did not include government or other public bonds.

The analysis revealed that the total carbon emissions of our Japanese equities portfolio and global equities portfolio are less than, and greater than, respectively, the total carbon emissions of portfolios which have the same monetary amount as each portfolio and comprise the same stocks and weightings as the benchmarks. For global

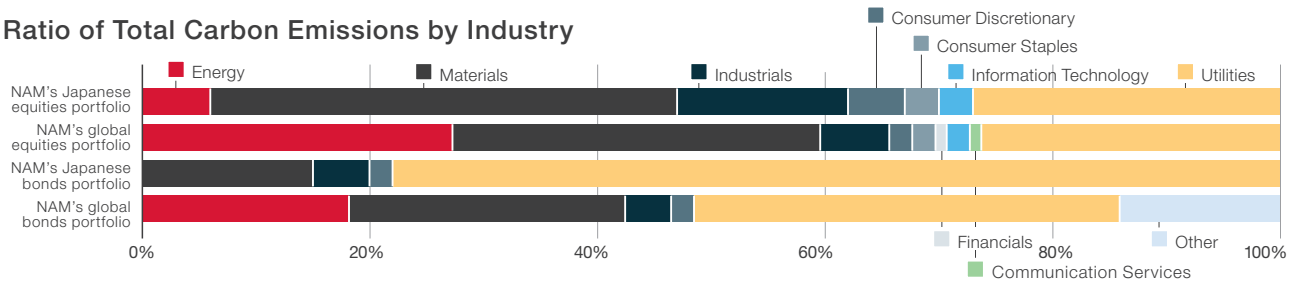
equities, total carbon emissions likely exceeded that of the benchmark due to the fact that the weightings of high-emitting companies in sectors such as Energy, Materials and Utilities in emerging countries including India, China, and Russia are higher than the weightings in the benchmark. In terms of the ratio of total carbon emissions accounted for by each industry, there is a high ratio from both Materials and Utilities, as well as relatively high ratios from Energy and Industrials. The same trend is seen in the industry ratios for weighted average carbon intensity. Going forward, through engagement as well as cooperation with climate change-related initiatives, we will continue to encourage portfolio companies to undertake initiatives targeting a carbon-free society.

### Total Carbon Emissions



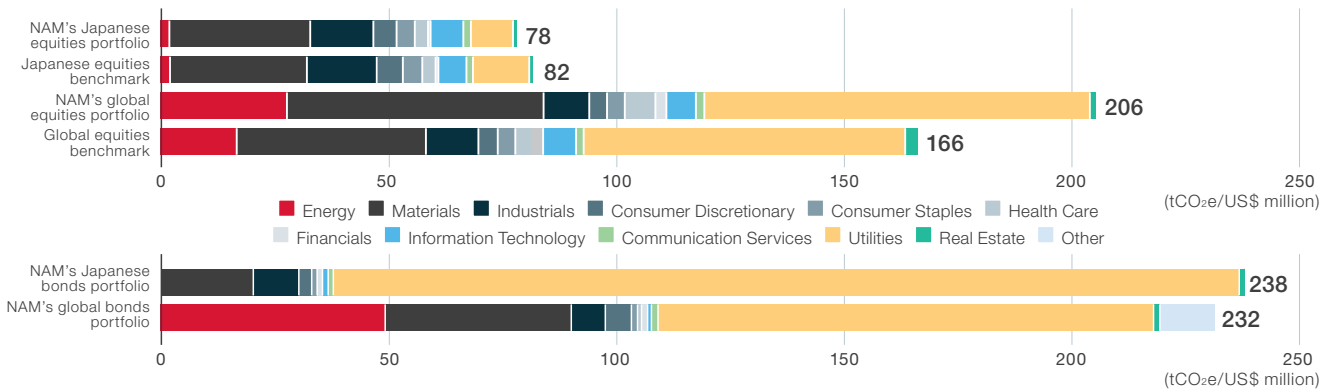
\*For equities, total carbon emissions have been calculated using NAM's ownership stake versus total market capitalization. For bonds, total carbon emissions have been calculated using Adjusted Enterprise Value (total market capitalization + total debt).

### Ratio of Total Carbon Emissions by Industry



\*Industries whose composition ratio of the Global Industry Classification Standard (GICS) is less than 1% are not included in industry classifications.

### Weighted Average Carbon Intensity and Ratio by Industry



### Scenario Analysis

For total carbon emissions of our four-asset integrated portfolio, we used data from ISS, and performed scenario analyses based on the three scenarios in the World Energy Outlook 2019 issued by the International Energy Agency (IEA). For the total carbon emissions used in our

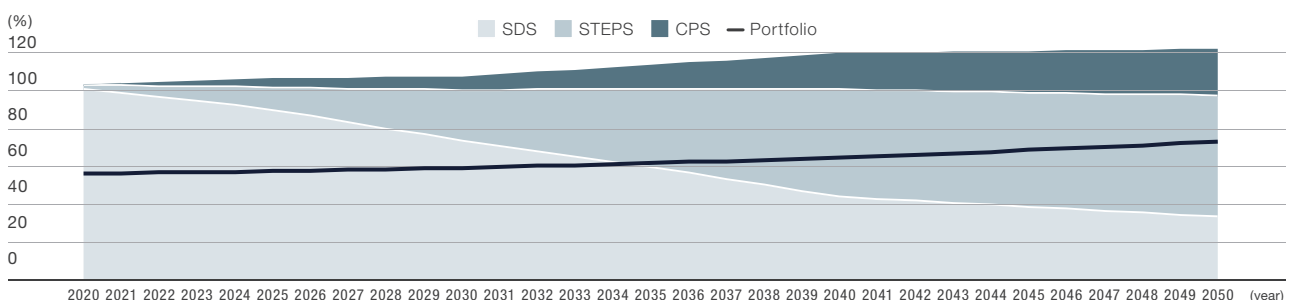
scenario analyses, in light of the specific characteristics of transition risk in each sector, we used only Scope 1 emissions for the utility companies, only Scope 3 emissions for fossil fuel producing companies, and both Scope 1 and Scope 2 emissions for all other companies.

- 1 Sustainable Development Scenario(SDS): The 1.5°C scenario aligned with the target of the Paris Agreement, which is to work to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.
- 2 Stated Policies Scenario (STEPS): A scenario which assumes that governments carry out policy initiatives they have already announced, on the assumption that countries will execute existing policy frameworks and ambitions. Under this scenario, the earth's temperature is projected to rise approximately 2.7°C by the end of this century.
- 3 Current Policies Scenario (CPS): A scenario under which countries continue, but make no changes to, their current policies. Under this scenario, the earth's temperature is projected to rise approximately 3.2°C by the end of this century.

The scenario analysis confirmed that our four-asset integrated portfolio is likely to reach the total carbon emissions permitted in the Sustainable Development Scenario around 2035. We feel that the portfolio's emissions were greatly impacted by the fact that our global equities and bonds portfolios include comparatively high weightings of stocks and bonds in

the Energy, Materials, and Utilities sectors, centered on emerging countries and developing countries, where GHG emissions are high in conjunction with economic growth. Our analysis also hints at the importance of calling for measures to address climate change across the market, as our investment portfolios include many passive investments.

### Comparison of NAM's four-asset integrated portfolio's total carbon emissions and carbon budget under each scenario



\*On the graph's y-axis, the 2020 carbon budget for SDS is set at 100%.



## Transition Risk Analysis

It is important to analyze in detail climate-related transition risk due to the fact that this risk is highly dependent on GHG emissions which have a relatively high correlation with both stock price performance and corporate valuation. We feel it is key to analyze GHG emissions throughout the entire life cycle of a company's products and services, and on a supplementary basis we use emissions throughout the global supply chain and avoided emissions as disclosed by companies.

The specific transition risk analysis method involves

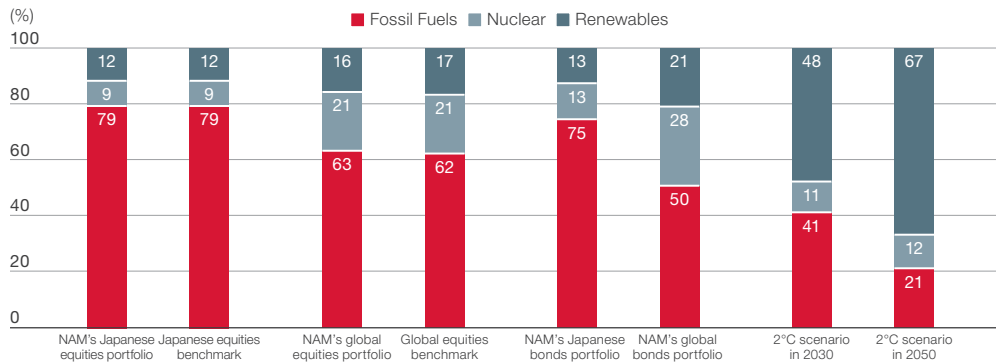
using ISS data to analyze the power generation exposure and future GHG emissions (risk of stranded assets) on an energy generation basis in the portfolio, and the ratio of problematic resource development (shale oil/gas development and fracking, crude oil or gas drilling in the arctic, oil sands development, etc.), along with using the carbon risk rating, which is ISS's proprietary transition risk assessment. Furthermore, the environment score within our proprietary ESG score includes evaluations of climate-related transition risk, and we use carbon pricing to analyze its financial impact.

## Power Generation Exposure Analysis (Portfolio, Benchmark, SDS)

The graph below compares the power generation exposure of our portfolios, the benchmarks, and the SDS on a power generation volume basis. The SDS, based on IEA forecasts, shows the power generation exposure that is likely to limit the temperature increase in 2030 and 2050 to less than 1.5°C above pre-industrial levels. The power generation exposure of both our domestic equities and global equities portfolios are

almost the same as the benchmarks, and the ratio of fossil fuels is higher in comparison to the power generation exposure in 2030 and 2050 under the SDS.

By increasing the ratio of renewable energy in our portfolios through engagement with portfolio companies, we will strive to reduce the transition risk from fossil fuels, as well as reduce the total carbon emissions and weighted average carbon intensities of our portfolios.



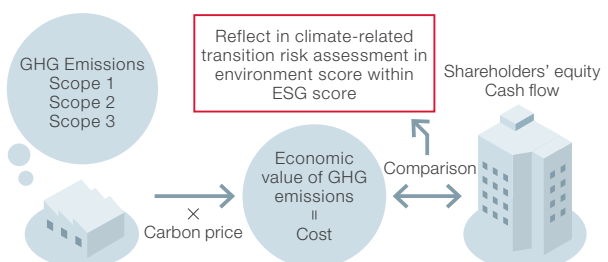
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### Using Carbon Pricing to Analyze Financial Impact

Transition risk analyses are generally based on the amount of GHG emissions, but we use carbon pricing to analyze financial impact in the evaluation of climate-related transition risk in the environment score within our ESG score. For example, if a carbon tax or emissions trading scheme is introduced, a portfolio company's GHG emissions become a cost. From the standpoint of the impact on corporate value, a more accurate transition risk analysis can be performed if the ratio of this cost to shareholders' equity or cash flow is analyzed.

For GHG emissions, we used data disclosed by companies for Scope 1 and Scope 2 emissions, and for Scope 3 emissions we used ISS's estimates. In

addition, the carbon price used to replace GHG emissions with economic value is periodically reviewed referencing the market price (EUA in EU ETS, etc.), internal carbon pricing levels in portfolio companies, and reports from international organizations such as the World Bank.



## Physical Risk Analysis

In recent years, hurricanes, cyclones, heavy rains, floods, heat waves, forest fires, and droughts, which are thought to be impacted by climate change, are frequently occurring around the world. The impact of these events on the businesses and assets held by portfolio companies can no longer be ignored, and analyzing physical risks is becoming increasingly important. In analyzing the physical risks of portfolio companies, in addition to ISS's risk analysis and physical risk score by industry and region, we utilize the portfolio's Value at Risk (potential

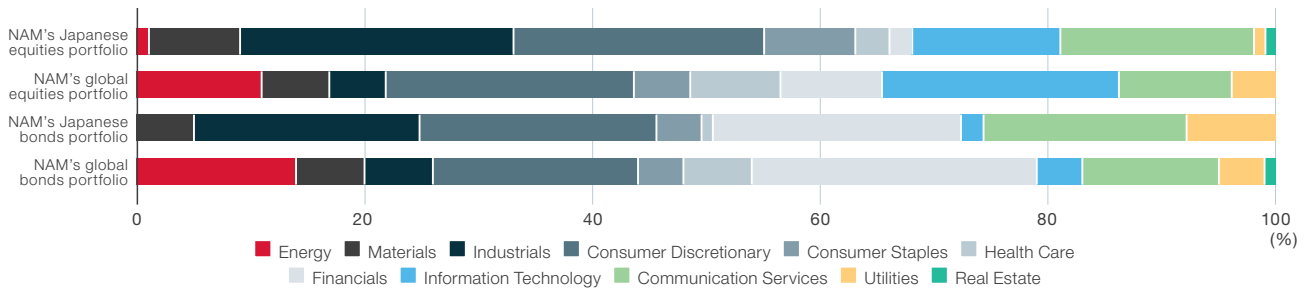
negative impact of physical risk on the value of a portfolio) calculated as the potential value lost through 2050 due to damage incurred by the business assets owned by portfolio companies from abnormal weather stemming from climate change. For Japanese companies, if necessary, we use disclosure materials and company websites to research the regions of offices, factories, and important owned assets, and we also check hazard maps and other materials published by local governments in order to supplement our analysis of physical risk.

### Physical Risk Analysis by Region and Sector

We utilize ISS data to analyze physical risks by industry and region. The graph below shows the percentage of Value at Risk related to physical risk in each sector through 2050 for our Japanese equities, global equities, Japanese bonds, and global bonds

portfolios. The higher the ratio, the greater the potential negative impact of physical risk on the value of companies in that industry. We calculate the Value at Risk of each portfolio, but it is used internally and not disclosed in this report.

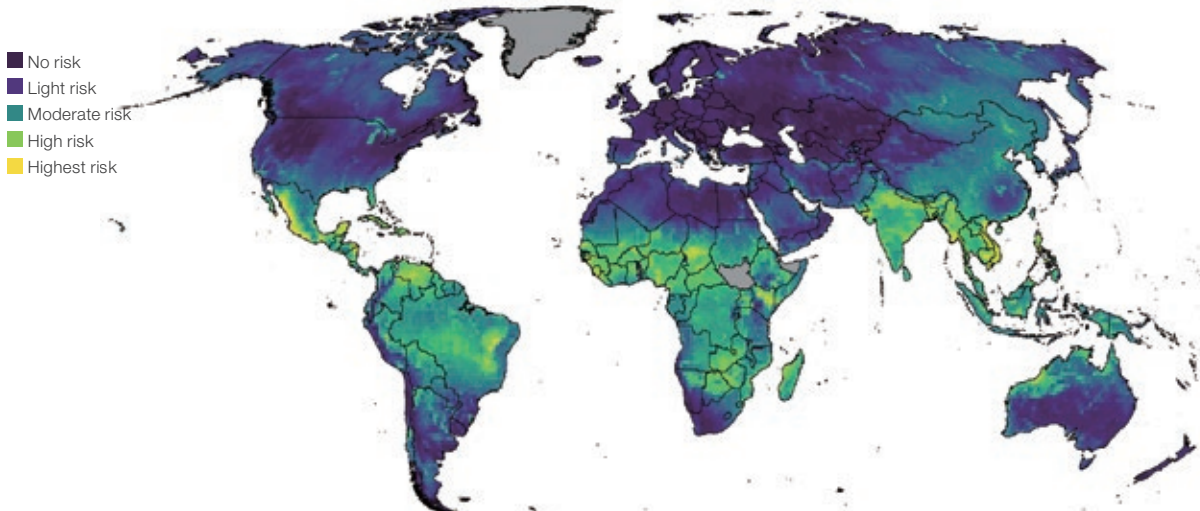
Value at Risk by Sector



The map below shows the physical risk by region for our Japanese equities and global equities portfolios. Along with the ratio by industry, we use this map as a

reference when considering industry and regional allocations. These analyses enable us to identify sectors and regions with relatively high physical risk.

The Physical Risk By Region



## Analysis of Individual Funds

Up to this point, we have explained our methods for analyzing climate-related risks and opportunities for our portfolios as a whole. However, we also perform the

following analyses of individual funds using data from ISS and other ESG evaluation firms, as well as our own ESG scores, and we compare them to benchmarks.

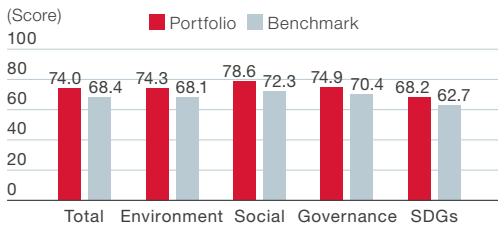
- The four metrics recommended by the TCFD (total carbon emissions, carbon footprint, carbon intensity, weighted average carbon intensity)
- Analyze the ratio of contribution from each sector and from individual companies to the fund's total carbon emissions and weighted average carbon intensity, and compare with other sectors and industry peers
- Scenario analysis based on the scenarios (SDS, STEPS, CPS) noted in the IEA's World Energy Outlook 2019
- Analysis of transition risk and physical risk
- Total weight of applicable companies vis-à-vis overall portfolio with respect to support for TCFD, establishment of short-, medium- and long-term GHG emissions reduction targets, measurement of Scope 3 and avoided emissions, introduction of internal carbon pricing (ICP), incorporation of climate change countermeasures into KPI for executive compensation, participation in climate change initiatives (CDP, SBT, RE100, etc.)

The analysis results are shared with portfolio managers, and referred to in the investment decision-making process. In addition, these results are regularly reported to the Executive Management Committee and the Board of Directors via the Responsible Investment Committee. If there is room for improvement in GHG emissions-related metrics, scenario analyses, or risk

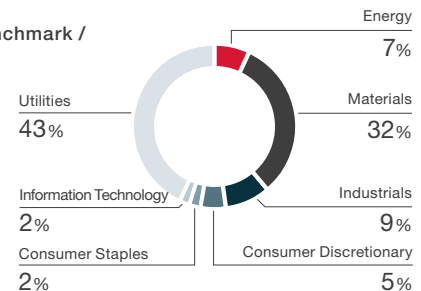
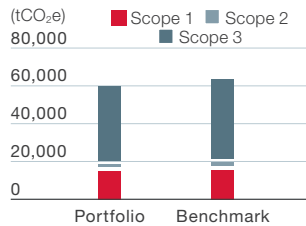
scores compared to the benchmarks, we check the contributions from the fund's constituent sectors and companies, promote awareness about climate-related risks and opportunities during engagement with portfolio companies, and discuss their efforts to improve GHG emissions or other metrics.

### Example of Analysis of Individual Fund (US\$100mn)

Nomura Asset Management ESG score



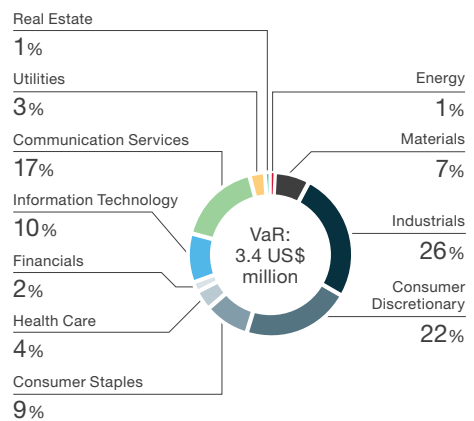
Total carbon emissions versus benchmark / sector contribution to emissions (tCO<sub>2</sub>e)



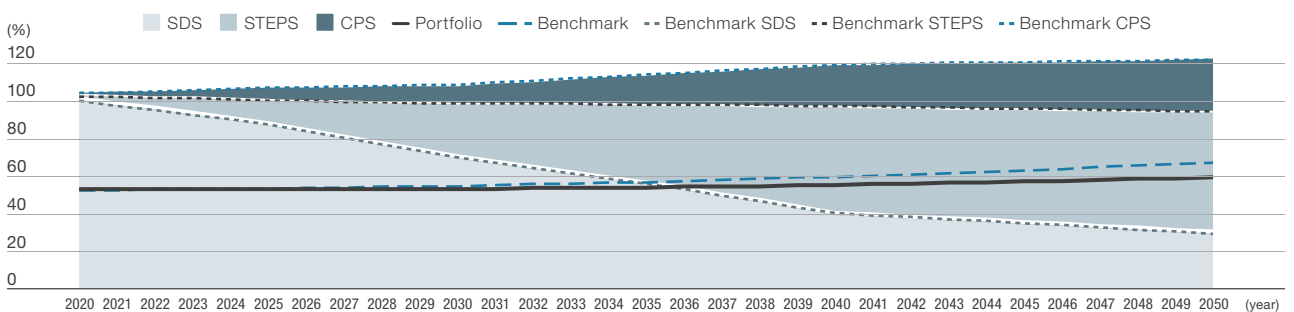
Sectors to emission attribution exposure versus benchmark

Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Energy	0.64%	0.58%	0.06%	-0.54%	-0.49%
Materials	4.82%	6.28%	-1.46%	8.94%	-0.52%
Industrials	20.20%	22.39%	-2.18%	1.39%	4.11%
Consumer Discretionary	17.76%	17.86%	-0.10%	0.03%	0.58%
Consumer Staples	8.43%	8.31%	0.12%	-0.04%	0.76%
Health Care	11.82%	10.21%	1.61%	-0.06%	0.07%
Financials	8.92%	8.49%	0.43%	-0.02%	0.01%
Information Technology	12.64%	13.24%	-0.60%	0.12%	0.67%
Communication Services	9.59%	9.07%	0.52%	-0.03%	0.04%
Utilities	1.60%	1.32%	0.28%	-6.38%	-3.26%
Real Estate	3.57%	2.25%	1.31%	-0.19%	0.09%
<b>Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark</b>				<b>3.20%</b>	<b>2.07%</b>
					<b>5.27%</b>

Physical risk VaR by Sector



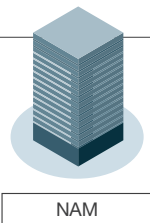
Total carbon emissions of portfolio and benchmark, carbon budget comparison in each scenario (scenario analysis)





## Climate Change-Related Engagement with Portfolio Companies

Through engagement with portfolio companies, we are pursuing the following initiatives in order to reduce climate-related risk in our portfolios and promote investment in climate-related opportunities.



- Active involvement in climate change countermeasures through climate-related initiatives we have joined, such as PRI, TCFD, and Climate Action 100+, cooperation with other investors, share best practices
- Further raise the level of TCFD disclosure and climate change-related ESG integration
- Develop climate change-related financial products
- Develop financial analysis/valuation methods using carbon pricing



Portfolio Companies

- Support for TCFD, climate-related financial data disclosure based on the TCFD Recommendations, including scenario analysis and GHG reduction targets
- Incorporate climate change countermeasures into KPI for executive compensation
- Obtain approval of science-based targets and commit to them
- Provide information to CDP, join RE100/EP100/EV100, etc.
- Introduce internal carbon pricing (ICP)
- Disclose Scope 3 and avoided emissions that enable GHG emissions to be assessed in the life cycle of products and services and throughout the supply chain

### Examples of Climate-Change Related Engagement

Company/ Sector	Company initiatives and post-engagement response	Details communicated from NAM to company during engagement
<b>Company A</b> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Chemicals</div>	<ul style="list-style-type: none"> <li>■ Considering support of the TCFD at time of engagement meeting</li> <li>■ In executive compensation, some directors have ESG-related metrics in their personal KPI</li> <li>■ Working to reduce non-energy source CO2 arising in the process of producing key products, but the development of new technologies takes time</li> <li>■ Supported the TCFD after the meeting, enhanced climate-related disclosure</li> </ul>	<ul style="list-style-type: none"> <li>■ We told the company that by supporting the TCFD, the company will show the commitment of senior management to combatting climate change, and we said that we would like the company to enhance its climate-related disclosure</li> <li>■ While the sales target for products and businesses that contribute to the environment is a good initiative, it is also important to have more detailed long-term reduction targets for GHG emissions and carbon intensity, as well as to include climate change countermeasure items in the KPI for executive compensation</li> <li>■ While we expressed our understanding that it is difficult to reduce non-energy source CO2 emitted in the manufacturing process, we discussed encouraging more innovation</li> </ul>
<b>Company B</b> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Electronics</div>	<ul style="list-style-type: none"> <li>■ In TCFD disclosure, the company discloses detailed scenario analyses, and specific financial impacts of risks and opportunities</li> <li>■ Has established medium- and long-term environmental targets, and has linked executive compensation to these targets</li> <li>■ Participating in climate-related initiatives and proactive in obtaining certifications</li> </ul>	<ul style="list-style-type: none"> <li>■ We told the company that we take a very positive view on its advanced initiatives, including establishing medium- and long-term environmental targets and linking executive compensation to these targets</li> <li>■ We told the company that more and more companies have recently started using ICP in internal investment decision-making and other areas, and we asked them to consider introducing ICP. We said that introducing ICP will also likely increase awareness of risks and opportunities related to non-financial data within the company</li> </ul>
<b>Company C</b> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Steel</div>	<ul style="list-style-type: none"> <li>■ Includes detailed scenario analyses in TCFD disclosure</li> <li>■ Has established medium- and long-term GHG reduction targets</li> <li>■ Discloses avoided emissions from using high-performance steel, renewable energy, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company asked a question about our method for assessing avoided emissions, so we answered that in our ESG score we evaluate whether or not a company discloses avoided emissions</li> <li>■ Currently, in the disclosure rules there are no clear rules for calculating avoided emissions, but we discussed how they should be assessed along with GHG emissions in the future should data become more reliable</li> </ul>

## Cooperation with Climate Change Initiatives

In March 2019, we pledged our support for the TCFD. Starting with our Responsible Investment Report 2019 we have been providing disclosure in line with the TCFD Recommendations, and also offering detailed disclosure and reports on GHG emissions monitoring for individual funds, covering our company-wide Japanese equities, global equities, Japanese bonds, and global bonds portfolios. In addition, we have been a member of the TCFD Consortium since its establishment in May 2019, and we are a member of the GIG Supporters, a group of investors that utilize the Green Investment Guidance formulated by the TCFD Consortium in October 2019. While leveraging the Green Investment Guidance, we engage with portfolio companies and actively encourage them to support the TCFD, disclose climate-related financial data, and integrate climate-related risks

and opportunities into their management strategies. Furthermore, in December 2019, we joined Climate Action100+, and through this initiative we collaborate with other institutional investors to encourage portfolio companies to take action to combat climate change.

In June 2015, Nomura Holdings, representing all of Nomura Group, became a signatory of the CDP. With this, Nomura Asset Management is one of the CDP's investor signatories. We are responsible for the responses to questions for the asset management firm on Nomura Holdings' CDP questionnaire. Nomura Holdings was selected as a member of the CDP's "Climate Change A List 2020," which recognizes Nomura Holdings as a globally excellent company with respect to initiatives to combat climate change and for its disclosure of related data.

