NOMURA | ASSET MANAGEMENT

Nomura Asset Management U.K. Limited

The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations 2025 Report

For your reference, the following definitions will be used throughout this document:

"Nomura AM"	This refers to Nomura Asset Management Co.,Ltd, the Head Office of the Nomura AM Group based in Tokyo, Japan.
"Nomura AM Group"	This refers to Nomura Asset Management Group.
"Nomura AM UK / We / Our / Us"	This refers to Nomura Asset Management U.K. Limited, the UK based subsidiary of Nomura AM.

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Compliance Statement

In accordance with ESG 2.2.7R, I confirm that the disclosures included in this report, including any third party or group disclosures cross-referenced in this report, comply with the requirements in chapter 2 of the FCA's ESG sourcebook.

Mari Nakamura / CEO, Nomura Asset Management U.K. Limited

Climate-related Financial Disclosures

Our climate ambition and strategy

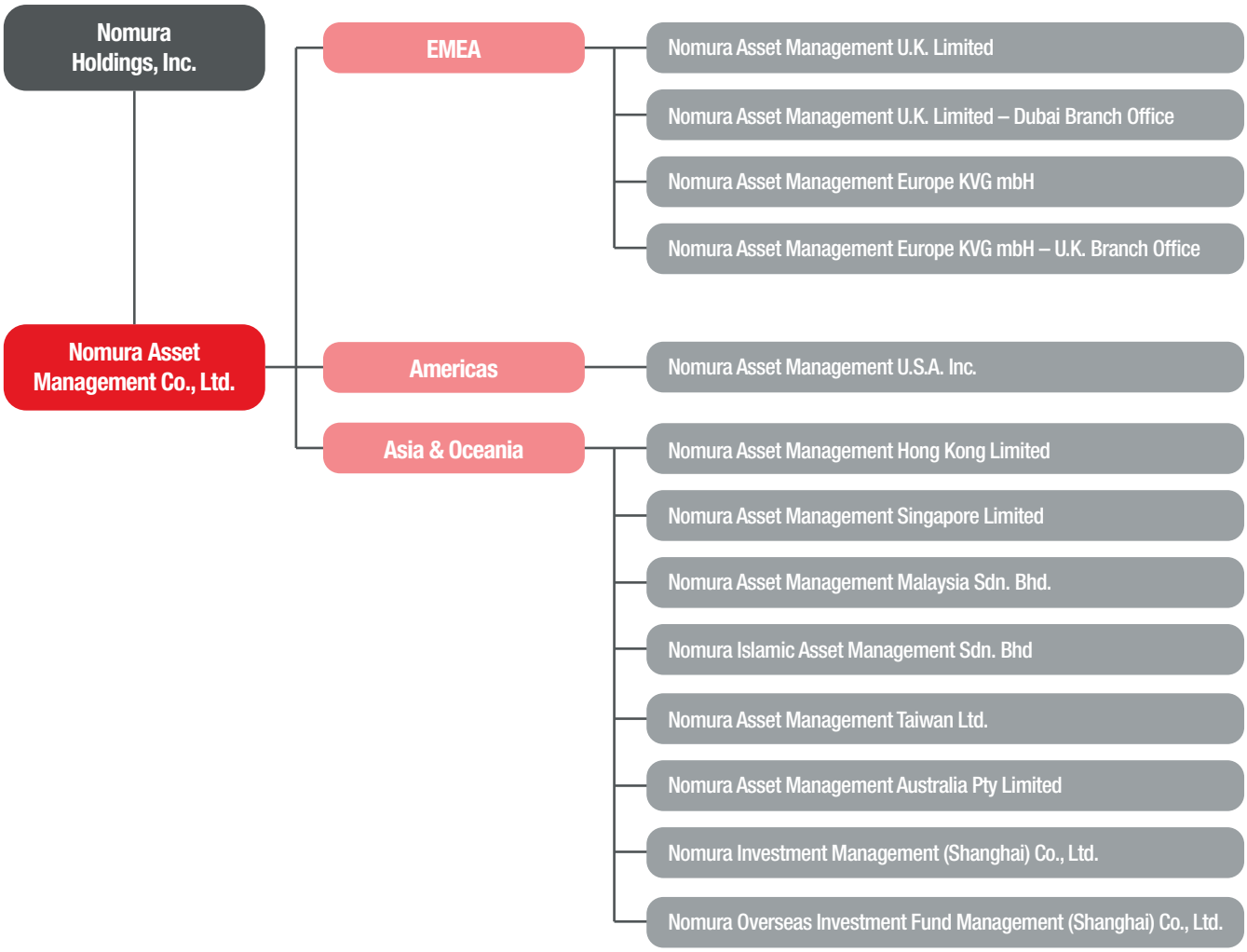
Nomura Asset Management U.K. Limited ("Nomura AM UK") is a wholly-owned subsidiary of Nomura Asset Management Co., Ltd. ("Nomura AM"), one of Japan's largest independent investment managers and one of the industry's leading global players. Nomura AM continues to see climate change as a high priority issue and remained as a signatory of the Net Zero Asset Managers (NZAM) initiative after the relaunch of the initiative in February 2026. To reduce the impact of climate change, the Paris Agreement sets a shared long-term goal of limiting the global average temperature increase to well below 2°C, and striving for 1.5°C, above pre-industrial levels. In order to achieve this, Parties to the Paris Agreement are expected to pursue efforts to reduce greenhouse gas (GHG) emissions. Nomura AM believes that it is crucial for companies to take appropriate actions on climate change both from risk management and business opportunity perspectives for a sustainable growth of corporate value.

In 2024, Nomura Holdings, Inc., a parent company of Nomura AM, created the Nomura Group Purpose: "We aspire to create a better world by harnessing the power of financial markets". This concept has been the core of Nomura's corporate philosophy since the foundation of Nomura Group. By facilitating the flow of risk capital through the financial market, we aim to support all stakeholders, including our clients, to raise ambition for change and have aspirations to make things better. With this purpose at our core, Nomura AM UK endeavours to provide high sustainability capabilities that 1) contribute to both enhanced corporate value and a sustainable society through active ownership and 2) fulfil our fiduciary duty by managing systemic risks associated with climate change, amongst other environmental, social and governance (ESG) factors and protecting long-term interests of investors.

As a subsidiary of the larger Nomura Asset Management Group ("Nomura AM Group", see "Nomura AM Group Structure" below), Nomura AM UK is in scope of producing its independent TCFD report to comply with the current regulatory requirements as set out in the FCA's ESG sourcebook. Through this report, Nomura AM UK aims to provide transparency to assist our stakeholders in understanding the financial materiality of climate change on our businesses, and how Nomura AM UK is positioned to respond to certain risks and opportunities through its governance structure, strategy and various monitoring and oversight in place.

Whilst the reporting period covers 1st January to 31st December 2025, narrative part of the report includes activities from before and after the reporting period.

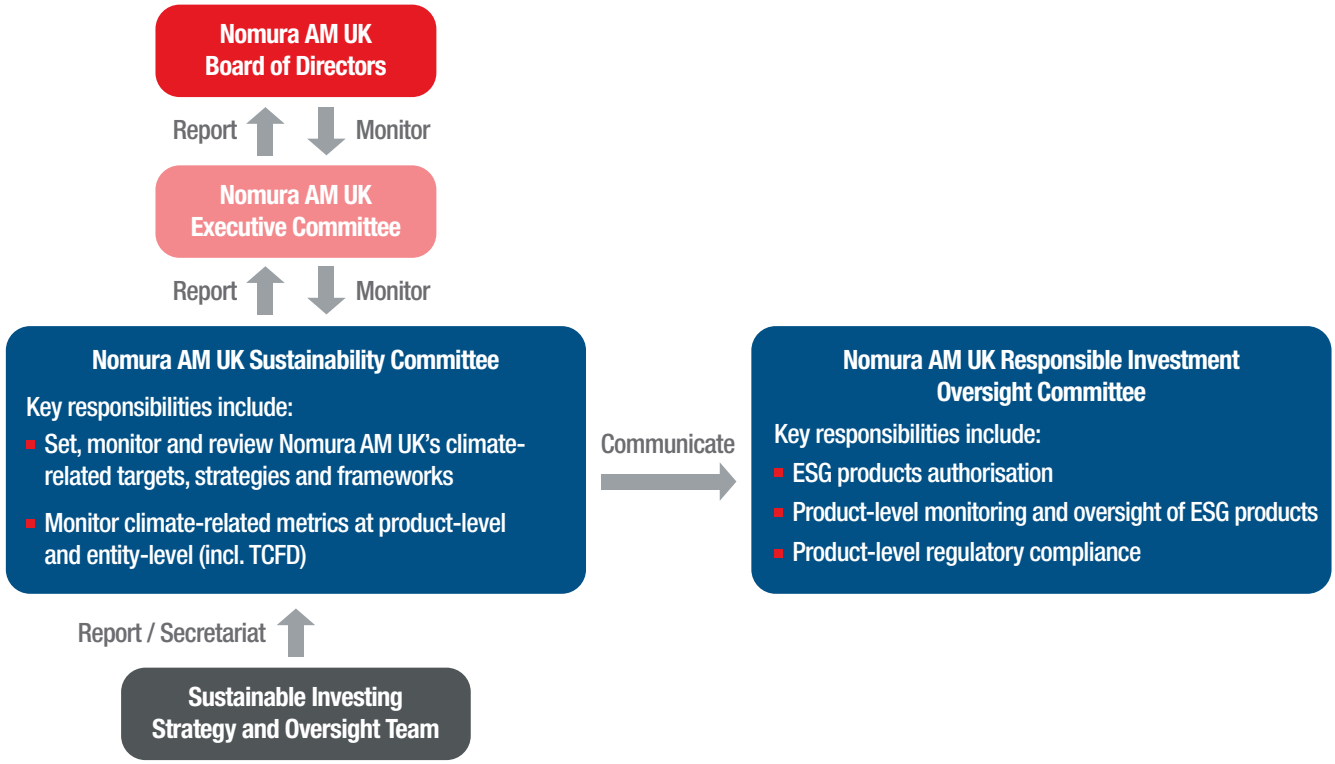
Nomura AM Group Structure



Governance

Governance Structure

Sustainability-related governance structure at Nomura AM UK encompasses the participation of various committees and teams, including the Board of Directors ("BoD"), Executive Committee ("ExCo"), Sustainability Committee, Responsible Investment Oversight Committee ("RIOC") and Sustainable Investing Strategy and Oversight ("SISO") team (see figure below). The BoD is ultimately responsible for the oversight of climate-related risks and opportunities at Nomura AM UK and believes that understanding and incorporating climate factors are important in making better long-term investment decisions. Direct oversight is delegated to the ExCo and Sustainability Committee, which are supported by the on-the-ground work of the SISO Team. The primary objective of this governance structure is to embed sustainability considerations including climate-related risks and opportunities into the management of Nomura AM UK and the investments we manage on behalf of our clients. As an asset management company, we particularly focus on the emissions attributed to our investment portfolios ("financed emissions") and assess Nomura AM UK entity-level climate-related risks and opportunities against the Nomura AM Group-level net zero targets, as further detailed under "Metrics and Targets" section. The SISO team also monitors product-level climate-related risks and opportunities for certain focus products (including all sustainable product offerings) and reports the results into the Sustainability Committee and ExCo. The Sustainability Committee will further work on building strategies and frameworks and communicate them with relevant committees and departments across Nomura AM UK to encourage sustainability risks and opportunities (including climate-related risks and opportunities) are appropriately embedded across the entity.



Governance (cont.)

Board's oversight of climate-related risks and opportunities:

- When Nomura AM UK established the Sustainability Committee towards the end of 2024, Nomura AM UK conducted a training to the ExCo and BoD with a third-party consulting firm for the purpose of general sustainability upskilling and setting the expectation for the ExCo and BoD in their oversight role on sustainability matters.
- Based on the sustainability-related governance structure described above, the BoD are informed of the results of the annual entity-level climate-related risks and opportunities analysis and sustainability-related developments.

Management's role in assessing and managing climate-related risks and opportunities:

- The Sustainability Committee discusses climate-related risks and opportunities at both Nomura AM UK entity-level and certain product-levels to promote appropriate assessment of climate-related risks and opportunities that are useful for decision-making. The Sustainability Committee reports directly to the Nomura AM UK ExCo, which reports to the Nomura AM UK BoD (see figure under "Governance Structure" above).
- Nomura AM UK has the RIOC which functions as an oversight entity to monitor product-level sustainability-related commitments and regulatory alignment including carbon metrics and climate-related risks and opportunities for Nomura AM Group Article 8 and 9 products.
- Nomura AM UK SISO team is the secretariat to the Sustainability Committee and the RIOC with the role of assessing and reporting climate-related risks and opportunities for Nomura AM UK as well as conducting deep-dive analysis of sustainable product offerings.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term:

- At Nomura AM UK, business operations and the investments we make on behalf of our clients are exposed to climate-related transition and physical risks as well as opportunities. The table below describes our qualitative assessment of main climate-related risks and opportunities for our business operations and investments.
- Nomura AM UK has conducted a climate-related impact analysis of our investments by using the tool provided by ISS-ESG. The results of the analysis are detailed under "Metrics and Targets".

Impact of climate-related risks and opportunities on Nomura AM UK's businesses, strategy, and financial planning:

- Nomura AM UK's actions to mitigate climate-related risks and take advantage of climate-related opportunities are described in the table below.

Type of Risks	Time Horizon*	Key Risk Driver	Examples of Potential Impact	Actions to mitigate risks and take advantage of opportunities
Transition risks and opportunities	Short to medium-term	Policy, regulation and legal (Investment risks and opportunities)	Our investment portfolios may be impacted by climate-related policies or regulations (e.g. carbon pricing, restrictions of fossil fuel and support for cleaner energy).	Regulatory horizon scanning and participation in industry discussions. Integration of climate-related factors into our investment research process.
	Medium-term	Technological innovations (Investment risks and opportunities)	The performance of our investment portfolios may be positively or negatively affected by technological breakthroughs which result in the phase-out of incumbent products and/or facilities. Existing CapEx could become stranded assets and/or infrastructure such as oil rigs, pipelines and tankers could become obsolete with further transition to renewables.	Integration of climate-related factors into our investment research process.
	Short to medium-term	Policy, regulation and legal (Operational risks)	New laws or regulations related to sustainability could result in additional costs for implementation and compliance. Anti-greenwashing measures taken by regulators may result in negative financial impact on Nomura AM UK.	Regulatory horizon scanning and participation in industry discussions. Anti-greenwashing reviews conducted by relevant teams. Mandatory training on greenwashing on relevant employees.
	Short-term	Market (Operational risks and opportunities)	Changes in market demand for investment solutions may affect our revenues negatively if we fail to keep up with trends and offer appropriate sustainable products. Conversely, if we capture changes in market demand appropriately, we may be able to take advantage of such opportunities.	Development and review of climate and sustainability-related products and frameworks to align our products and approaches with evolving market trends and demand.
	Medium-term	Reputation (Operational risks)	Failure to meet group-level climate targets and commitments will lead to reputational damage. This may also lead to negative financial outcome (loss of clients).	Keeping track of group-level climate targets and monitor Nomura AM UK-level progress by focusing on main products.
Physical risks	Medium-term	Acute and chronic weather events / natural disasters (Investment risks)	Climate-related events (e.g. floods, droughts and wildfires) could impact values of underlying assets held in our investment portfolios.	Integration of climate-related factors into our investment research process.
	Medium-term	Acute and chronic weather events / natural disasters (Operational risks)	Climate-related events may affect our operations including infrastructure, processes and employees.	

*Short-term: about 3 years; Medium-term: about 4 to 10 years; Long-term: over 10 years.

Strategy (cont.)

Nomura AM UK monitors climate-related risks across our focus products (e.g. the Nomura Funds Ireland UCITS funds managed by Nomura AM Group entities). Our sustainable product offerings (SFDR Article 8 & 9 products) are in general more resilient to climate-related risks than products without sustainability ambitions (SFDR Article 6 products), owing to sustainability integrated investment processes and stewardship activities that curtail downside risks arising from climate challenges, as further described below. The bird's-eye view of climate-related risks also allows Nomura AM UK to identify specific issuers, sectors and geographies that are more prone to physical and transition risks and assist our portfolio management teams to make more informed decisions accordingly.

As per the table above, our business operations and investments we make on behalf of our clients are exposed to climate-related risks and opportunities. In this part, we focus on how we seek to manage climate-related risks and opportunities in relation to our investments given that they could impact our ability to deliver long-term value for our clients.

The key actions are 1) integration, 2) stewardship activities and 3) sustainability capability, as below:

Integration

- At Nomura AM Group, we integrate ESG factors including climate risks (and in some cases opportunities) into our investment research processes across equities and fixed income strategies. The underlying belief of integrating ESG factors into investment research is that actions taken by investee companies to appropriately manage sustainability risks and opportunities are key drivers for investment returns. The approaches of integration may vary depending on asset classes and strategies – as an example, ESG factors are taken into account in the form of proprietary ESG scores and/or ratings.

Stewardship activities

- We believe that engagement is an integral part of our research and investment. Engagement, or constructive dialogue with investee companies, can enhance our understanding of investee companies and act as a driver to encourage positive changes. Our focused topics for engagement include climate-related disclosures and setting climate targets and approved by the Science Based Target initiative (SBTi). Depending on asset classes, strategies and targeted sustainability outcomes, some engagement activities are conducted by a dedicated team of engagement specialists and others are conducted by analysts and/or portfolio managers. Whilst the approaches taken may vary, all of our engagement activities follow Nomura AM's Basic Principles of Engagement (https://global.nomura-am.co.jp/responsibility-investment/engagement.html).
- Alongside engagement, we believe that proxy voting is a critical tool to fulfil our fiduciary duty to encourage investee companies to enhance corporate value. Nomura AM Group has the Global Proxy Voting Policy and specific Proxy Voting Standard for Japanese Companies which are used as a basis for judgement. In exercising proxy voting rights, we take into account ESG factors including climate-related disclosures and commitments and take appropriate decisions in order to protect shareholder value, ultimately our clients' assets.

Sustainability Capability

- We have a range of strategies that consider sustainability outcomes in addition to financial outcomes to a varying degree. Some are more focused on mitigating negative sustainability outcomes and others are more focused on looking for positive sustainability outcomes. We have sustainability capability in both equities and fixed income asset classes.
- There is no "one size fits all" approach when it comes to integrating sustainability into investment. Therefore, at Nomura AM UK, we aim to continuously enhance and expand our sustainability capability to reflect dynamically evolving environment, society, expectations of clients and regulations and to protect our clients' assets.

Resilience of Nomura AM UK's strategy taking into consideration climate-related scenario analysis for Nomura AM UK:

Nomura AM UK has assessed the alignment of our four asset-class (Japanese equities; global (ex. Japan) equities; Japanese bonds and global (ex. Japan) bonds) aggregate portfolio with the three scenarios developed by the International Energy Agency (the "IEA"). Please refer to page 14 for the climate scenario analysis.

Strategy (cont.)

Climate-related stewardship spotlight

Case Study: Engagement with leading European insurance underwriter regarding their ESG policies (Nomura AM UK Global Sustainable Equity strategy)

The following engagement case study was driven by an impact goal sought by the Global Sustainable Equity strategy managed at Nomura AM UK. Therefore, the references to "we", "us" and "our" in this case study mean Nomura AM UK Global Sustainable Equity strategy.

In September 2025, we engaged with a leading European insurance underwriter that is involved in insurance products for corporates as well as individuals and maintains a top decile market share in most geographies in which it operates. Insurance is key to allowing businesses and individuals to mitigate their risks and prevent disruption as an ongoing concern as well as to expand into new products and geographies. In addition, the float generated from policies can be a powerful force in directing investments towards credible causes such as climate change. Combined, this allows us to attempt to enact influence at both the insurance policy level as well as at the investment level.

Our approach to engaging with the company was unusual as we collaborated with a leading independent ESG and corporate governance research and analytics firm (ESG firm) to engage with the insurer. We successfully enabled access to the insurer's investor relations (IR) team for the ESG firm, as the firm's overtures had previously been ignored by the IR department of the insurance company. Additionally, we were able to add heft to our engagement as the ESG firm could then bring in additional asset managers to the engagement, thereby reinforcing its importance.

The engagement allowed us to discuss in further detail the process taken by the insurer when its client was involved in coal, as well as regional nuances between clients based in Europe and other OECD countries. The engagement also led us to gain better insight into how the company adopted a high-level exclusion list (particularly for coal and arms manufacturers) and worked with clients to encourage positive changes through annual thresholds monitoring. At the same time, in our discussion, we continued to suggest that the targets set by the company could be more ambitious.

In the engagement with this company, we placed a specific focus on the company's policies regarding financing and underwriting new oil and gas projects. We investigated how a double materiality reporting procedure was integrated into the insurance underwriting processes. We also stressed the importance of linkage between executive pay and sustainability achievements, to which the company suggested that they have future plans to incorporate social and insured emission targets into remuneration.

We were reassured by the nature and frequency of training the Board and other senior employees undergo with regard to sustainability topics and were also pleased to be told that climate-related suggestions by the internal climate consulting arm result in lower insurance premiums for customers that adopt these. We suggested the company disclose more Scope 3 emissions information in relation to Category 15, which the company agreed to. Lastly, we clarified the company's approach to the oil & gas industry that would enable better comparability with peers as well as highlighting the importance of this, with the company agreeing to provide more information related to liquefied natural gas (LNG) projects in particular.

Risk Management

Processes for monitoring and assessing climate-related risks:

- As above, our business operations and investments we make on behalf of our clients are exposed to climate-related risks and opportunities. The main risks we could face and actions we have taken to manage those risks are detailed in the Strategy section of this report (above).
- Specifically for products categorised as Article 8 and 9 under the EU Sustainable Finance Disclosure Regulation ("SFDR") that are managed by Nomura AM Group entities, we conduct periodic monitoring of sustainability profile which includes carbon emissions, carbon footprint and carbon intensity as well as climate scenario analysis for each portfolio. Our monitoring utilises data provided by external data providers, ISS-ESG and MSCI as well as a tool developed within the Nomura AM Group.
- As further detailed under the Metrics and Targets section, Nomura AM UK conducts climate scenario analysis provided by ISS-ESG for asset class-level monitoring of climate-related risks. In order to enhance our climate-related risk management framework, we expanded our climate scenario analysis to some of our key products that are outside of sustainable product offerings (i.e. SFDR Article 8 and 9). In 2026, we will continue to explore approaches to appropriately capture climate-related risks within our broader risk management framework and formalising the monitoring process for those key products as part of our risk management enhancement efforts.

Processes for managing climate-related risks and opportunities:

- Specifically for products categorised as Article 8 and 9 under the SFDR that are managed by Nomura AM Group entities, strategies have been taken which include limiting portfolio-level carbon emissions, carbon footprint, carbon intensity and exposure to fossil fuels against broad market benchmark, or evaluating certain climate-related indicators and transition plans and engaging with investee companies on the quality of their transition plans and/or if mid- or long-term trajectories are not in line with their decarbonisation plans. These assessments are supported by data provided by external data providers, ISS-ESG and MSCI, internally developed tool and company reported data.

Integrating climate-related risk processes into overall risk management:

- Nomura AM UK has been working on formalising sustainability risk management framework by formally identifying sustainability risks that span across various risk areas and embedding control measures targeted at sustainability risks, including climate-related risks, within the existing risk management framework.

Metrics and Targets

Metrics used to assess climate-related risks and opportunities:

- In assessing climate-related risks and opportunities in our financed emissions, Nomura AM UK aligns with the metrics used by Nomura AM Group, such as total carbon emissions, carbon footprint, carbon intensity, weighted average carbon intensity (WACI), to enable comparison between Nomura AM entities.

Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions and the related risks:

- Nomura AM UK reports Scope 1, Scope 2, and Scope 3 emissions for our investment portfolio consisting of four asset classes (Japanese equities, global (ex. Japan) equities, Japanese bonds and global (ex. Japan) bonds).
- Nomura AM UK's analysis examines several metrics, including total carbon emissions, carbon footprint, carbon intensity and WACI. These metrics are compared against relevant benchmarks to assess relative environmental impact.
- These metrics are also utilised to determine the exposure of each asset class to high-impact sectors, power generation mix and physical risk by geography. Additionally, they help calculate the portfolio's Climate Value at Risk (CVaR) by asset class and by sector, in comparison to the relevant benchmark.

Targets used to manage climate-related risks and opportunities:

- As a signatory of NZAM, Nomura AM has the following interim and long-term targets at the group-level.
  - 2050 net zero goal to achieve net zero emissions in investment portfolio.
  - 2030 interim target of 55%1 of assets under management to be managed in alignment with achieving net zero emissions by 2050 or sooner.
- Also Nomura Group aims to achieve net zero by FY2030/31, targeting net-zero GHG emissions from its own operations.
- At Nomura AM UK, we do not have climate targets set as a standalone entity due to its nature as a subsidiary of Nomura AM. Instead, we focus on enhancing our sustainability capability to serve various climate ambitions of our clients and contribute to the targets at the group-level.
- Nomura AM UK utilises analysis provided by ISS-ESG to assess emissions forecasts (Historical, Policies and Target) and their alignment with three scenarios developed by the IEA (please see below for details) for each asset class in the four-asset aggregated portfolio.

Note: 1) 55% (by weight) of the portfolio companies in Nomura Asset Management's investment portfolio having attained SBT approval.

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions)

Scope of Analysis:

In this section, Nomura AM UK analysed climate-related risks and opportunities (where applicable) in four asset class groupings: Japanese equities; global (ex. Japan) equities ("Global equities"); Japanese bonds and global (ex. Japan) bonds ("Global bonds") in line with the TCFD reports disclosed by Nomura AM. Products in scope of the analysis are products where Nomura AM UK acts as the lead investment manager (such as our Nomura Funds Ireland UCITS funds including those sub-delegated to other parties) as well as products where Nomura AM UK acts as the sub-investment manager and advisor (such as products delegated by other Nomura AM Group entities or clients) ("In-Scope Products"). All Scope 1, Scope 2 and Scope 3 GHG emissions consist of a combination of company-reported and estimated data depending on the availability and reliability of the data. Companies without data were removed from the analysis.

Japanese Equities

- Benchmark: TOPIX
- USD 9.06 billion, approx. 34% of total (four-asset aggregated portfolio) AUM in scope of the analysis

Global Equities

- Benchmark: MSCI ACWI ex-Japan
- USD 9.49 billion, approx. 35% of total (four-asset aggregated portfolio) AUM in scope of the analysis

Japanese Bonds

- Benchmark: NOMURA-BPI (overall) (only corporate bonds)
- USD 0.17 billion, approx. 1% of total (four-asset aggregated portfolio) AUM in scope of the analysis

Global Bonds

- Benchmark: Bloomberg Global Aggregate ex Japan Index (only corporate bonds)
- USD 8.08 billion, approx. 30% of total (four-asset aggregated portfolio) AUM in scope of the analysis

Reference Standards:

We utilised the following standards and methods in our analysis of climate-related risks and opportunities:

- The Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials ("PCAF")
- ISS-ESG[2]
- World Energy Outlook 2024 (IEA, International Energy Agency)

Reporting Period:

The reporting period covers 1st January to 31st December 2025 and the analysis below was conducted on the portfolio holdings as of the end of December 2025.

Limitations of Data and Modelling:

In our analysis of financed emissions, we use Scope 1, Scope 2 and Scope 3 GHG emissions reported by investee companies or estimated by ISS-ESG. As an improvement from previous TCFD reports, we now cover Scope 1, 2 and 3 emissions in the calculations of carbon footprint, carbon intensity and weighted average carbon intensity as opposed to only Scope 1 and Scope 2 carbon emissions. However, we would like to draw attention to limitations of data and modelling as below.

Analysis, data and information presented below should be treated with special caution as it involves a significant amount of data prepared, assumptions and estimations made at a given point in time. The quality of data we used to conduct climate-related analysis is still developing both at investee companies level and data provider level. Where estimates are used, methodologies involve various assumptions and judgements. Therefore, analysis conducted may subsequently turn out to be incorrect. In case of climate scenario analysis, such analysis relies on forward-looking assumptions that are inherently uncertain.

Note: 2) Due to changes in methodologies taken by ISS-ESG, scenario analysis in this TCFD report takes different methodologies compared to the 2024 TCFD report.

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions) (cont.)

Metrics Explained:

Financed Emissions (Total Carbon Emissions)

- **Total Carbon Emissions:** Total GHG emissions associated with the portfolio
- **Unit:** tCO_2e (CO_2 equivalent)
- **GHG Emissions of Investee Companies:** Include Scope 1,2 and 3 emissions

$$\text{Financed Emissions} = \sum_{i}^{n} \left(\frac{\text{Market Value of Investee } i}{\text{EVIC of Investee } i^*} \right) \times \left(\text{GHG Emissions of Investee Company } i \right)$$

Carbon Footprint

- **Carbon Footprint:** Total carbon emissions divided by the market value of the portfolio
- **Unit:** tCO_2e/million USD (investment amount)
- **Financed Emissions (Total Carbon Emissions):** Include Scope 1,2 and 3 emissions

$$\text{Carbon Footprint} = \frac{\text{Financed Emissions}}{\text{Market Value of Portfolio}}$$

Carbon Intensity

- **Carbon Intensity:** Total carbon emissions divided by revenues of investee companies allocated to the portfolio
- **Unit:** tCO_2e/million USD (revenue)
- **Financed Emissions (Total Carbon Emissions):** Include Scope 1,2 and 3 emissions

$$\text{Carbon Intensity} = \frac{\text{Financed Emissions}}{\sum_{i}^{n} \left(\frac{\text{Market Value of Investee } i}{\text{EVIC of Investee Company } i^*} \times \text{Revenue of Investee Company } i \right)}$$

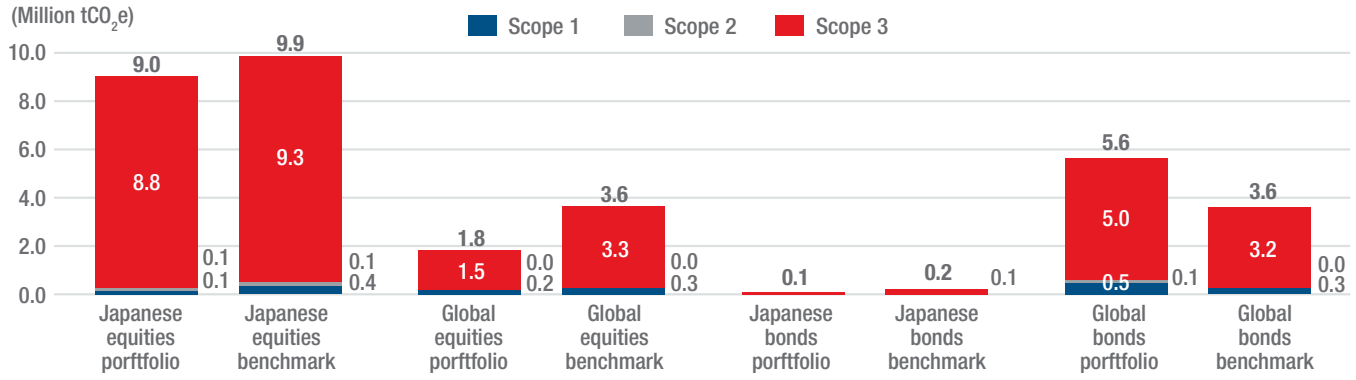
Weighted Average Carbon Intensity

- **Weighted Average Carbon Intensity:** Average carbon emissions per unit of revenue across all investee companies within the portfolio, weighted by the size of each investment
- **Unit:** tCO_2e/million USD (revenue)
- **GHG Emissions of Investee Companies:** Include Scope 1,2 and 3 emissions

$$\text{Weighted Average Carbon Intensity} = \sum_{i}^{n} \left(\frac{\text{Market Value of Investee } i}{\text{Market Value of Portfolio}} \right) \times \left(\frac{\text{GHG Emissions of Investee } i}{\text{Revenue of Investee Company } i} \right)$$

Note: EVIC is Enterprise Value Including Cash and refers to corporate value including cash. EVIC is used for calculation of financed emissions in order to avoid the possibility of negative enterprise value, meaning that cash and cash equivalents are not deducted. EVIC = Market capitalization of shares (ordinary shares, class shares such as preferred shares) + debt (book value) + non-controlling shareholders' interests (book value).

Financed Emissions (Scope 1, 2 and 3) vs. Benchmarks (Graph)



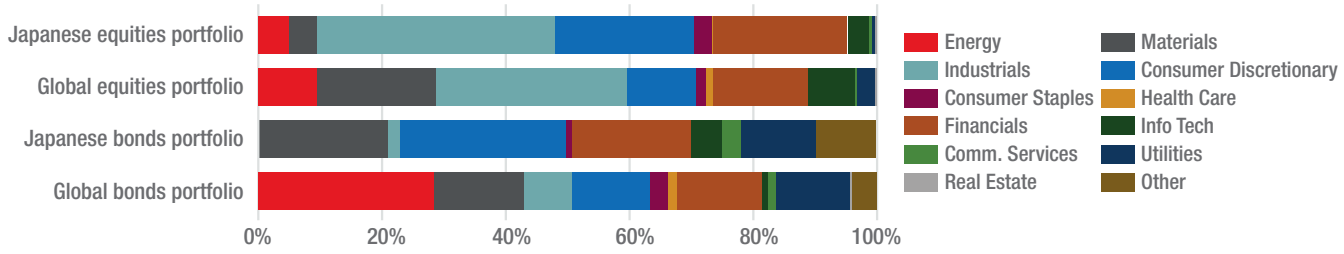
Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions) (cont.)

Financed Emissions (Scope 1, 2 and 3) vs. Benchmarks (Table)

		Portfolio	BM	% of BM		Portfolio	BM	% of BM
Scope 1 (Million tCO_2e)	Japanese equities	0.1	0.4	36%	Japanese bonds	0.0	0.0	51%
	Global equities	0.2	0.3	87%	Global bonds	0.5	0.3	177%
Scope 2 (Million tCO_2e)	Japanese equities	0.1	0.1	90%	Japanese bonds	0.0	0.0	62%
	Global equities	0.0	0.0	80%	Global bonds	0.1	0.0	193%
Scope 3 (Million tCO_2e)	Japanese equities	8.8	9.3	94%	Japanese bonds	0.1	0.1	66%
	Global equities	1.5	3.3	47%	Global bonds	5.0	3.2	155%
Total of Scope 1,2,3 (Million tCO_2e)	Japanese equities	9.0	9.9	91%	Japanese bonds	0.1	0.2	63%
	Global equities	1.8	3.6	50%	Global bonds	5.6	3.6	157%

The analysis indicates that Japanese equities, Global equities and Japanese bonds portfolios had lower emissions across all Scope 1, 2 and 3 compared to their relevant benchmarks. In comparing each asset class against its benchmark, we used the same monetary amount invested. Global bonds portfolio showed a similar profile as the previous year with higher total carbon emissions (Scope 1, 2 and 3) compared to the benchmark with each of Scope 1, 2 and 3 carbon emissions being higher than those of the benchmark.

Breakdown of Financed Emissions (Scope 1, 2 and 3) by Industry



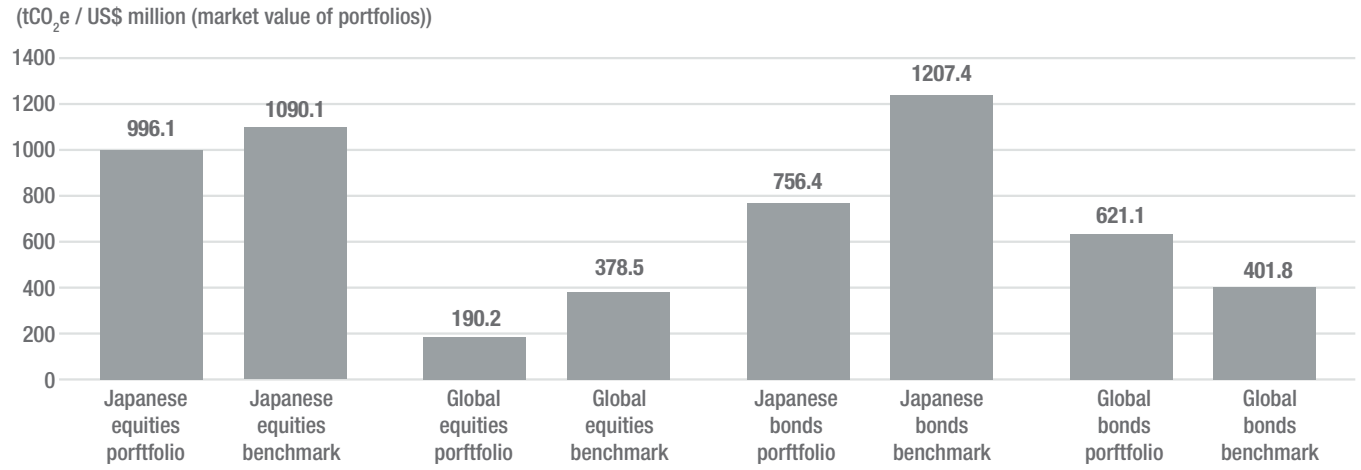
Notes: The scope of total carbon emissions above is Scope 1, Scope 2 and Scope 3 GHG emissions. Industry classification is based on 11 sectors based on the Global Industry Classification Standard ("GICS"). "Other" in Global bonds portfolio includes government managed companies which do not fall under GICS sectors.

From this report, we have started to include Scope 3 emissions in the breakdown of total carbon emissions by industry. When including Scope 3 emissions, the industry breakdown has changed significantly from that of only Scope 1 and 2 emissions with notable increase in proportions for Consumer Discretionary and Financials across the board. Whilst Financials are not considered a high climate impact sector[3], their contribution is large due to their financed emission (Scope 3). Industrials is the largest contributor to financed emissions in both Japanese equities and Global equities. Energy, Materials, Industrials, Consumer Discretionary and Financials have seen high proportions in most asset classes (whilst Japanese bond portfolio is slightly different partly due to the limited in-scope assets). Utilities also had relatively large contribution in bonds portfolios.

Note: 3) According to Commission Delegated Regulation (EU) 2022/1288 Annex I, high climate impact sectors are those listed in NACE Section A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of European Parliament and of the Council (based on NACE 2.0).

Analysis of Carbon Metrics in Investment Portfolios (Financed Emissions) (cont.)

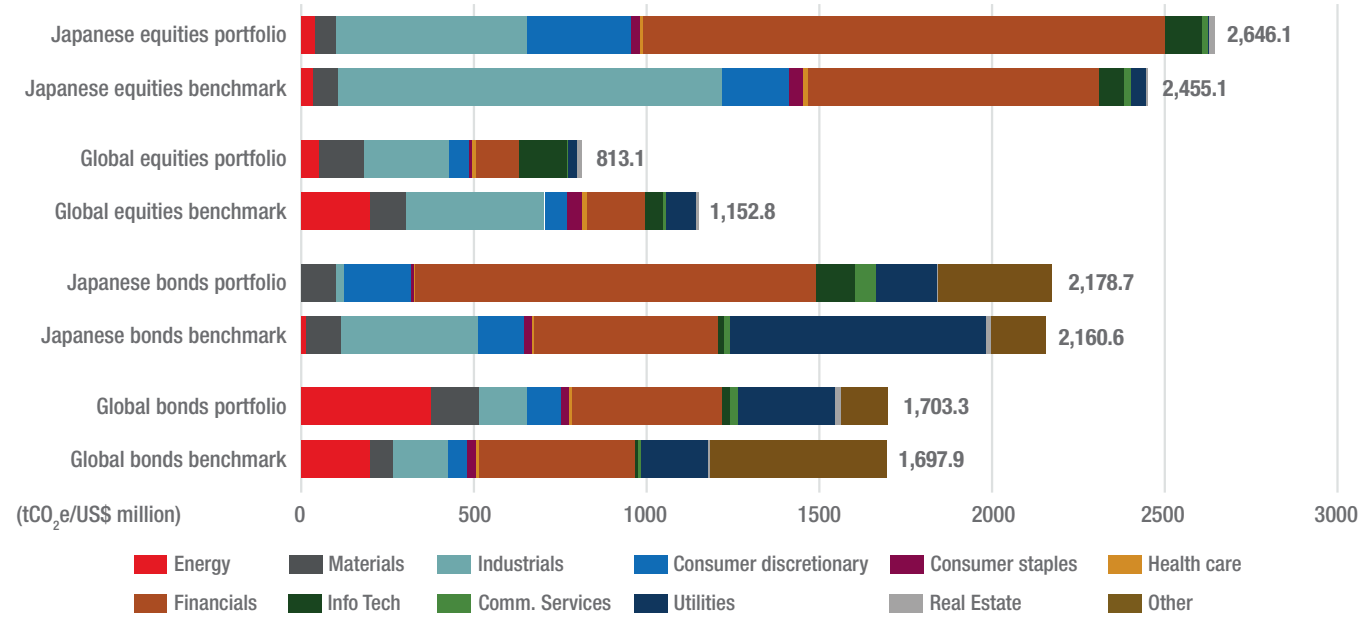
Carbon Footprint (Scope 1, 2 and 3) of Nomura AM UK's Investment Portfolios



Note: The scope of carbon footprint above is Scope 1, Scope 2 and Scope 3 GHG emissions. Carbon footprint is an indicator of GHG emissions per amount invested.

From this report, we have started to include Scope 3 emissions in carbon footprint calculations. Portfolio carbon footprint was lower than that of the benchmarks across all asset classes other than Global bonds.

Weighted Average Carbon Intensity of Financed Emissions (WACI) by Industry



Notes: The scope of Weighted Average Carbon Intensity (WACI) above is Scope 1, Scope 2 and Scope 3 GHG emissions. WACI is an indicator of GHG emissions per unit of revenue for companies or portfolios.

From this report, we have started to include Scope 3 emissions in WACI calculations. When including Scope 3 emissions, the industry breakdown has changed significantly from that of only Scope 1 and 2 emissions with significant increase in proportions for Financials across the board. Whilst the aggregate of absolute Scope 1, 2 and 3 GHG emissions were lower than the benchmarks for Japanese equities, Global equities and Japanese bonds, when normalised with revenues, WACI was higher for all asset classes other than Global equities.

Scenario Alignment Analysis and Status of GHG Emission Reduction Target

Scenario	Description	Associated Temperature (in 2100 with 50% chance)
NZE	Scenario consistent with net zero CO_2 emissions by 2050	< 1.5°C
APS	Scenario based on countries fulfilling their policies including national reduction targets and long-term net zero targets fully and in a timely manner	1.7 °C
STEPS	Scenario based on policies including plans and targets that are yet to be adopted to be met to the extent that are adequately underpinned	2.4°C

Source: Created by Nomura AM UK based on various sources including the International Energy Agency (IEA).

Net Zero Emissions by 2050 Scenario (NZE)

This scenario presents a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050 which is consistent with limiting long-term global warming to 1.5°C with limited overshoot (with a 50% probability) The NZE scenario also meets the key energy-related UN Sustainable Development Goals.

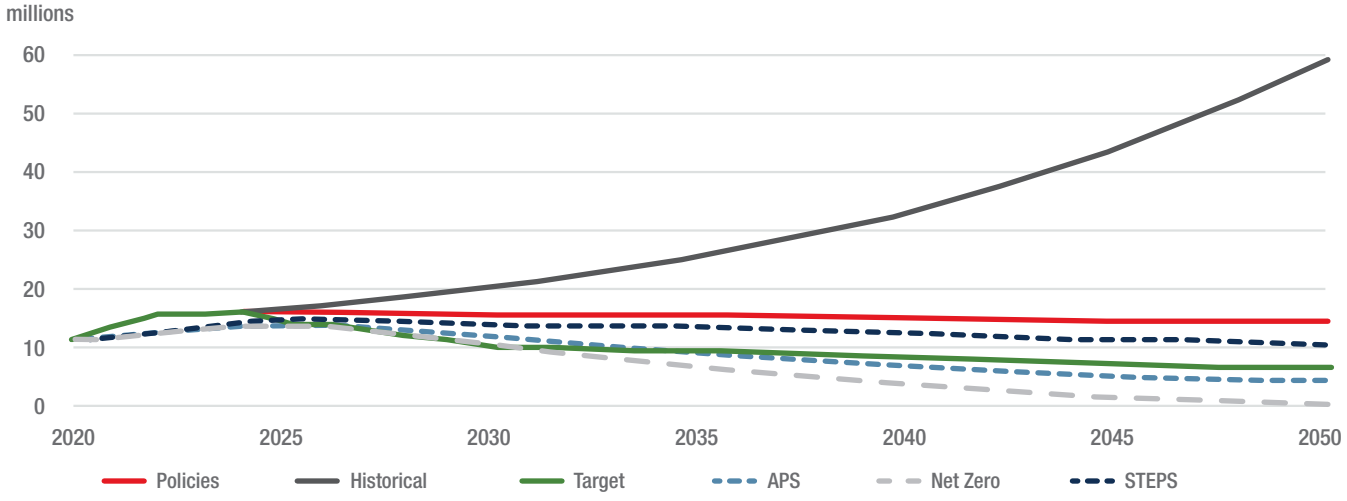
Announced Pledges Scenario (APS)

This scenario considers energy, climate and related industrial policies by governments but assumes that all policies and targets including their Nationally Determined Contributions (NDCs) and long-term net-zero targets are met in full and on time. The APS is associated with a temperature rise of 1.7°C in 2100 (with a 50% probability).

Stated Policies Scenario (STEPS)

This scenario is based on energy, climate and related industrial policies that are in place or that have been announced, and therefore, provides a sense of direction of travel. However, these policies are not automatically assumed to be met and only those policies, plans and targets that are underpinned by adequate provisions for their implementation are taken into account. The STEPS is associated with a temperature rise of 2.4°C in 2100 (with a 50% probability).

Nomura AM UK Four Asset-Class Aggregated Portfolio's Projected Emissions against IEA Carbon Budgets (Scope 1, 2 and 3 in tCO_2e)



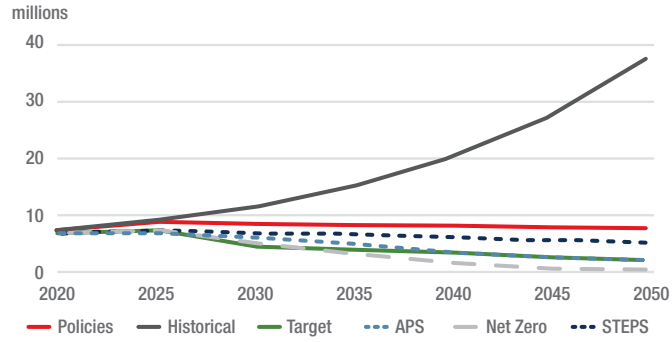
As shown above, Nomura AM UK used the ISS-ESG to perform a scenario alignment analysis to understand the alignment of Nomura AM UK's four asset-class (i.e. Japanese equities, Global equities, Japanese bonds and Global bonds) aggregated portfolio against scenarios described in the World Energy Outlook 2024 issued by the International Energy Agency (IEA).

In this report, a new scenario alignment analysis has been introduced due to the methodology changes at ISS-ESG. New scenario alignment provides three projected emission paths for the portfolio (in solid lines in the graph above), each of which reflects separate assumption (i.e. Policies, Historical and Target). Additionally, for comparison, the analysis indicates carbon budgets under three different scenarios (i.e. NZE, APS and STEPS as described above, in dotted lines). The graph indicates that Nomura AM UK's four asset-class aggregated portfolio overshoots the Net Zero scenario in all projected paths. The analysis also indicated that the Implied Temperature Rise (ITR) based on Target path is 1.7°C and the crosspoint year vs Net Zero carbon budget was 2038.

Scenario Alignment Analysis and Status of GHG Emission Reduction Target (cont.)

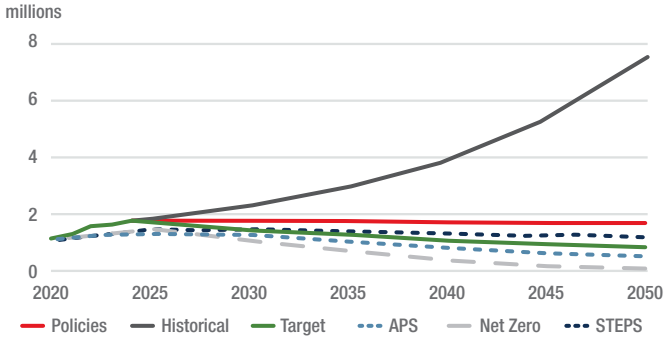
By Asset Class

Japanese equities portfolio



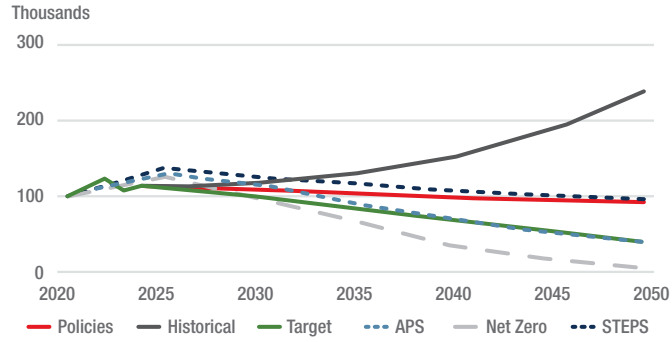
Japanese equities represent approx. 34% of total AUM in scope of the analysis

Global equities portfolio



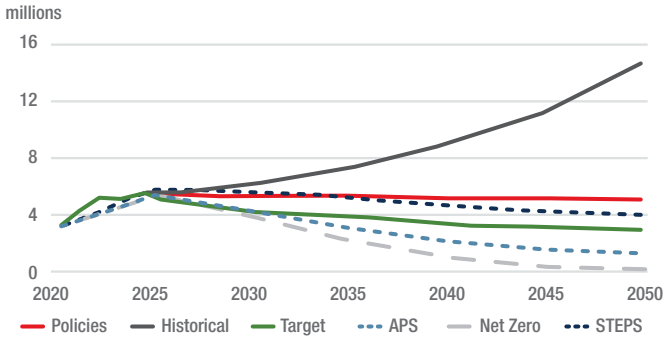
Global equities represent approx. 35% of total AUM in scope of the analysis

Japanese bonds portfolio



Japanese bonds represent approx. 1% of total AUM in scope of the analysis

Global bonds portfolio



Global bonds represent approx. 30% of total AUM in scope of the analysis

- The Japanese equities portfolio in its current state is **misaligned** with the IEA Net Zero carbon budget. The ITR of this portfolio is 1.7°C under Target projected emissions.
- The Global equities portfolio in its current state is **misaligned** with the IEA Net Zero carbon budget. The ITR of this portfolio is 1.8°C under Target projected emissions.
- The Japanese bonds portfolio in its current state is **misaligned** with the IEA Net Zero carbon budget. The ITR of this portfolio is 1.7°C under Target projected emissions.
- The Global bonds portfolio in its current state is **misaligned** with the IEA Net Zero carbon budget. The ITR of this portfolio is 1.8°C under Target projected emissions.

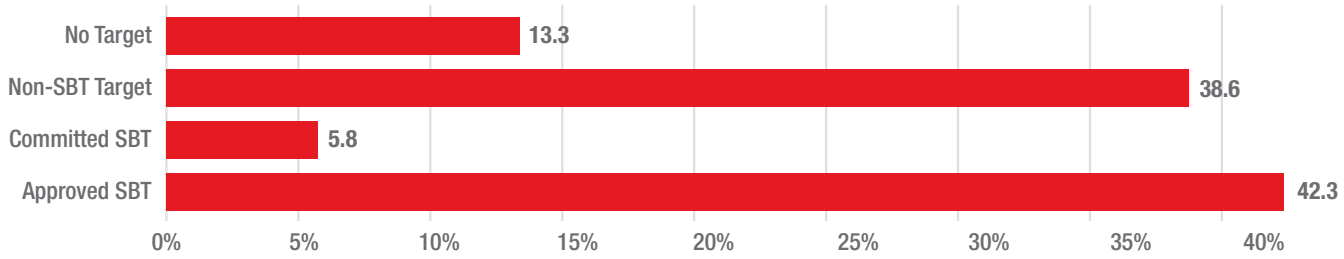
Scenario Alignment Analysis and Status of GHG Emission Reduction Target (cont.)

GHG Emission Reduction Targets Committed by Portfolio Companies

In order to track the progress of Nomura AM Group's managed assets towards its 2050 net zero goal and the 2030 interim target, we use the portfolio coverage ratio, based on the Science Based Targets initiative for Financial Institutions (also referred to as "SBTi for FI") portfolio coverage methodology, as one indicator. Nomura AM UK is utilising ISS-ESG's analytical tools to monitor GHG emission reduction targets of portfolio companies in our investment portfolio (including SBT approval).

As at the end of 2025, the ratio of companies with approved SBTs for Nomura AM UK's four asset-class aggregated portfolio was 42.3% compared to 37.2% as of the end of 2024. Companies with committed SBT means that they have committed to setting GHG reduction targets based on scientific evidence. Nomura AM UK believes that SBT commitment is an indication of investee companies' commitment to decarbonisation and an important stepping stone towards achieving a low-carbon economy. Therefore, Nomura AM UK will continue to encourage portfolio companies to proactively commit to SBTs and obtain validation through stewardship activities including engagement.

Status of GHG Emission Reduction Targets in Four Asset-Class Aggregated Portfolio

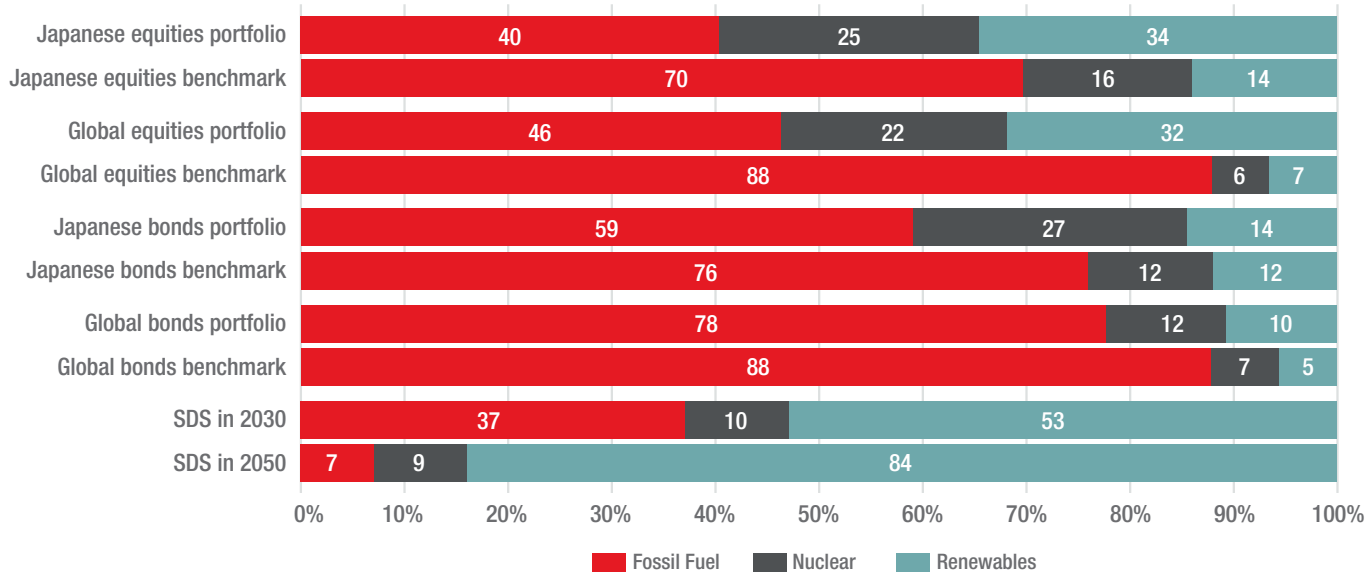


Source: ISS-ESG. "Non-SBT Target" includes "Ambitious" or "Non-Ambitious" assessed by ISS-ESG.

Transition Risk Analysis

It is important to analyse climate-related transition risks in detail as these risks could significantly affect companies' enterprise value and their cost of doing business. Nomura AM UK conducts transition risk analysis by using ISS-ESG data which includes analysis of the power generation exposure against a Sustainable Development Scenario ("SDS") compatible mix in 2040 and 2050, potential future GHG emissions (i.e. the risk of stranded assets) from fossil reserves, 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.).

Power Generation Mix (Portfolio, Benchmark, SDS)



The graph above compares the proportion of power generation exposure of our portfolios, their relevant benchmarks and SDS based on the power generation exposure. The SDS, based on the IEA forecasts, shows the power generation exposure mix that is likely to limit the temperature increase in 2030 and 2050 respectively to less than 1.5°C above pre-industrial levels.

Whilst the proportions of fossil fuel power generation exposure were lower than their broad market benchmarks across all asset classes, majority are still higher than the fossil fuel exposure compatible with SDS in 2030. To the extent that energy transition in the global economy allows, Nomura AM UK will continue our efforts to influence our investee companies through stewardship activities to transition away from fossil fuel and towards cleaner alternatives. We will also strive to direct our investments into appropriate opportunities that are key to enable transition such as companies that are fundamental to renewable deployment and companies producing materials crucial to building energy infrastructure.

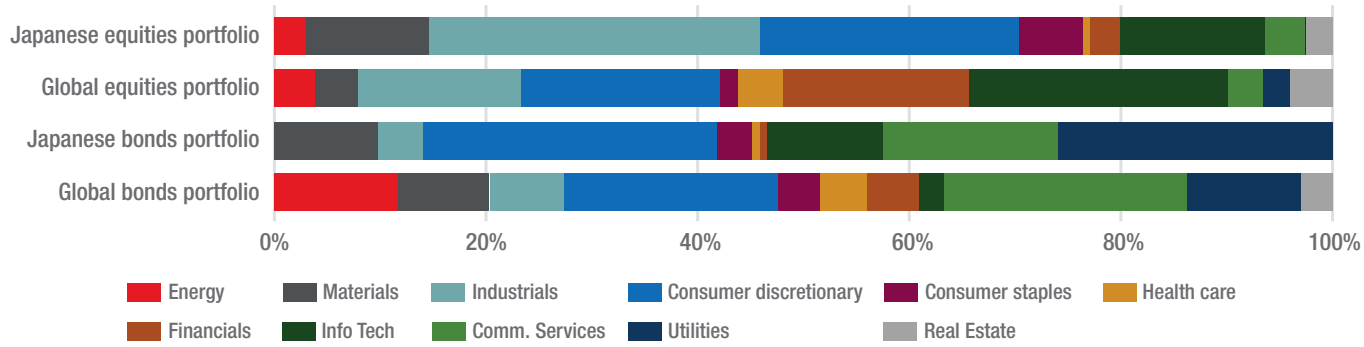
Physical Risk Analysis

In recent years, hurricanes, cyclones, heavy rains, floods, heat waves, wildfires and droughts, which are thought to be driven by climate change, are increasing both in frequency and magnitude worldwide. The impact of these events on the businesses and assets held by portfolio companies can be significant and analysing physical risks is becoming increasingly important. In analysing the physical risks of portfolio companies, in addition to ISS-ESG's risk analysis and physical risk score by industry and region, we utilise the portfolio's Climate Value at Risk (potential negative impact of physical risk on the value of a portfolio) calculated as the potential value lost through to 2050 due to damage incurred to the business assets owned by portfolio companies from abnormal weather stemming from climate change.

Physical Risk Analysis by Sector and Region

Nomura AM UK utilises ISS-ESG data to analyse physical risks by industry and region. The graph below shows the percentage of Value at Risk related to physical risk in each sector through to 2050 for Nomura AM UK's four asset classes (i.e. Japanese equities, Global equities, Japanese bonds and Global bonds portfolios). The higher the ratio, the greater the potential negative impact of physical risks is on the value of companies in the relevant industry.

Value at Risk by Sector



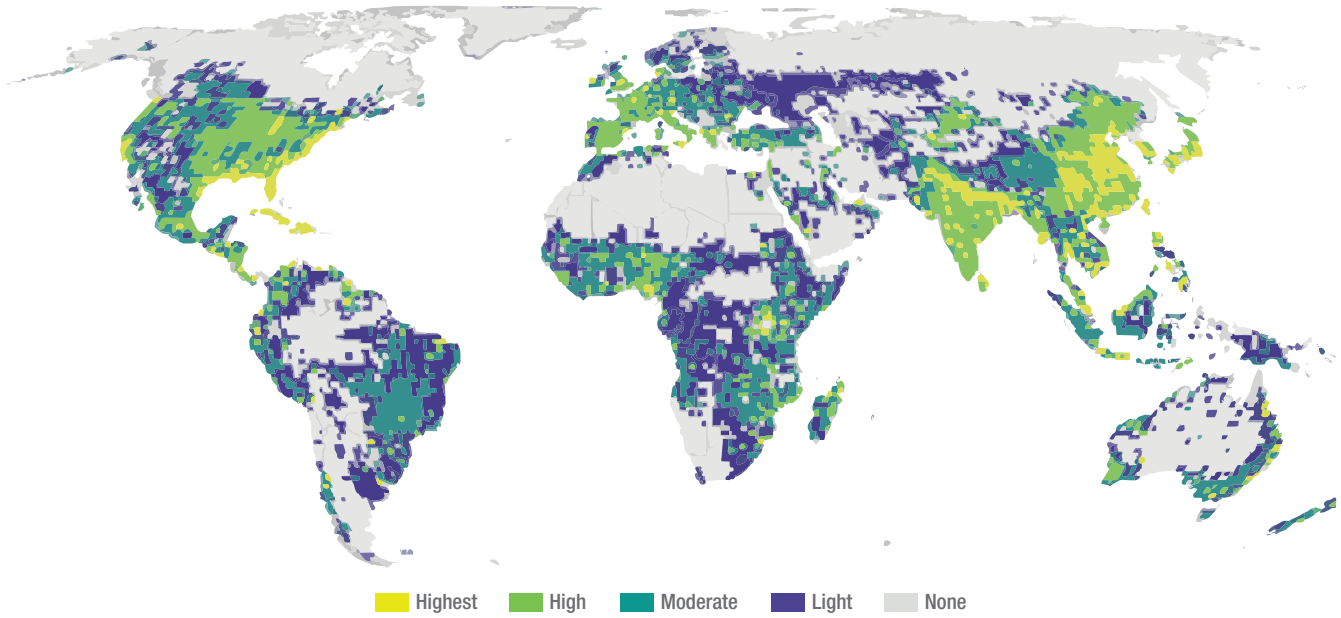
Portfolio Value at Risk (%)

Japanese Equities Portfolio	Global ex. Japan Equities Portfolio	Japanese Bonds Portfolio	Global ex. Japan Bonds Portfolio
1.2%	0.9%	1.8%	1.1%
Benchmark: 1.3%	*Benchmark: 0.6%*	*Benchmark: 2.9%*	*Benchmark: 0.5%*

Physical Risk Analysis (cont.)

The Physical Risk by Region

The map below shows the physical risk by region for our four asset-class aggregated portfolio. Along with the physical risk by industry, this map can be a useful reference for Nomura AM UK for investment decision making purposes when considering industry and regional allocations.



Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions) (cont.)

Nomura AM UK measured the emissions of our investment portfolio for both Japanese and global ex. Japan ("Global") sovereign debt held as of December 31, 2025 based on "The Global GHG Accounting and Reporting Standard for the Financial Industry" by the PCAF.

The method for measuring GHG emissions of sovereign bond portfolios differs from the one used for measuring GHG emissions of listed equities and corporate bonds.

Scope 1, Scope 2 and Scope 3 are defined as 1) domestic emissions based on production, 2) imported emissions related to energy, and 3) emissions associated with non-energy imports from other countries respectively. In addition to these, measurement of consumption-based emissions is also required. When calculating attribution factors, which represent weights in investee issuers (corporates or governments), the method also differs from the one used for measuring emissions from listed equities and corporate bonds, where such ratios are calculated as the amount invested relative to the EVIC (Enterprise Value Including Cash) of an investee company. In contrast, for measuring emissions from government bond portfolios, the attribution factor is based on the amount invested relative to the GDP adjusted for purchasing power parity (PPP) of a country.

Regarding the measurement of our sovereign bond portfolio emissions, there are currently challenges such as a several year lag in data availability, stale data and data completeness. Therefore, the results are based on the data available at the time of the report. For Scope 1, we primarily use GHG emission data from the UNFCCC (United Nations Framework Convention on Climate Change) for Annex I countries, whilst for Scope 2 and Scope 3, we mainly use GHG emission data from the OECD (Organization for Economic Co-operation and Development).

Sovereign Bond Portfolio Emisssions

$$\text{Sovereign Bond Portfolio Emissions} = \sum_{i}^{n} \left(\frac{\text{Book value of amount invested } i}{\text{PPP-adjusted GDP } i} \times \text{GHG emissions } i \right)$$

Sovereign Bond Portfolio Production Emssions Intesnsity

$$\text{Sovereign Bond Portfolio Production Emission Intensity} = \sum_{i}^{n} \left(\frac{\text{Book value of amount invested } i}{\text{Book value of portfolio}} \times \frac{\text{Production emissions } i}{\text{PPP-adjusted GDP } i} \right)$$

Sovereign Bond Portfolio Consumption Emssions Intensity

$$\text{Sovereign Bond Portfolio Consumption Emission Intensity} = \sum_{i}^{n} \left(\frac{\text{Book value of amount invested } i}{\text{Book value of amount invested}} \times \frac{\text{Consumption emissions } i}{\text{Population } i} \right)$$

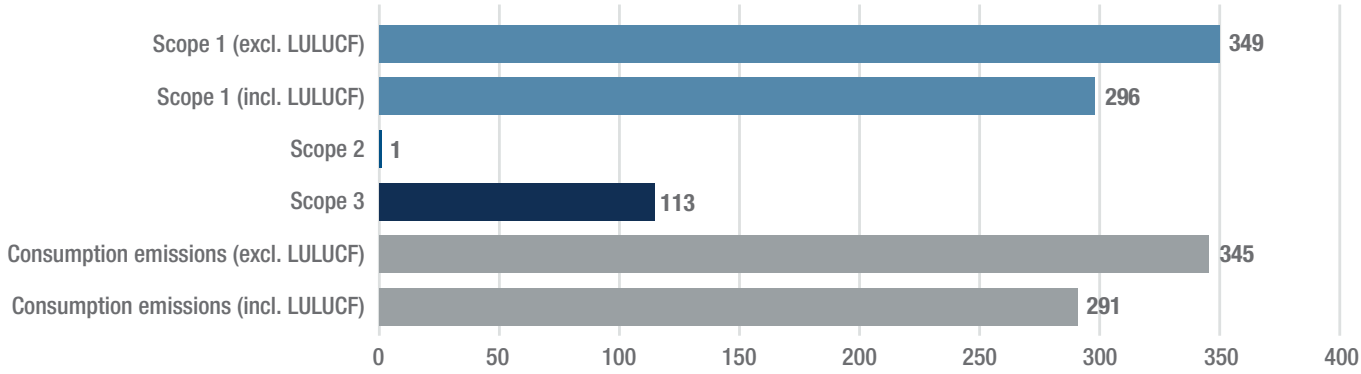
Definition of Scopes and Consumption Emissions for Measuring Sovereign Bond Portfolio Emissions

Scope 1	Domestic GHG emissions from sources located within the country's territory
Scope 2	GHG emissions occurring as a consequence of the domestic use of grid-supplied electricity, heat, steam and/or cooling which is imported from another territory
Scope 3	Emissions attributable to non-energy imports as a result of activities taking place within the country territory
Consumption Emissions	Scope 1 + 2 + 3 – Exported emissions

Source: PCAF scope definition for Sovereign Debt, The Global GHG Accounting and Reporting Standard for the Financial Industry

Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions) (cont.)

Sovereign Bond Portfolio Emissions (Units: $ktCO_2e$)



Notes:

LULUCF: Land Use, Land Use Change and Forestry

Due to data availability, the graph above only considers UNFCCC Annex 1 countries.

Scope 1, production emissions, used the latest (mostly 2021) GHG emission data from UNFCCC and 2024 PPP-adjusted GDP published by the World Bank.

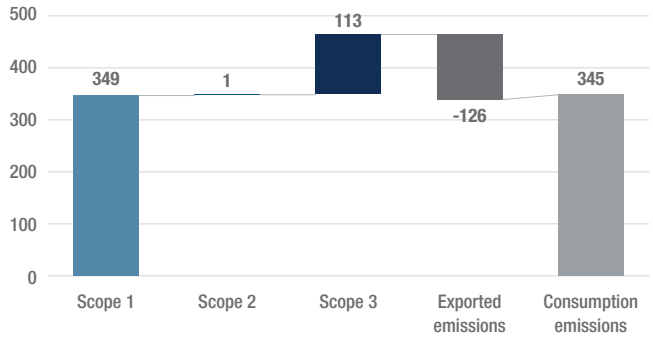
Scope 2 and Scope 3 used the latest (2020) GHG emission data from the OECD and 2024 PPP-adjusted GDP published by the World Bank.

For the calculation of consumption emissions, the latest (mostly 2021) Scope 1 GHG emission data was collected from UNFCCC, the latest (2020) Scope 2, Scope 3 and exported GHG emissions were collected from the OECD, with the adjustment made with 2024 PPP-adjusted GDP published by the World Bank.

When including the most recent data (range from 1990 to 2021) released by each UNFCCC Non-Annex 1 country, Scope 1 emissions were 429 $ktCO_2e$ (excluding LULUCF) and 371 $ktCO_2e$ (including LULUCF), whilst consumption emissions were 397 $ktCO_2e$ (excluding LULUCF) and 343 $ktCO_2e$ (including LULUCF).

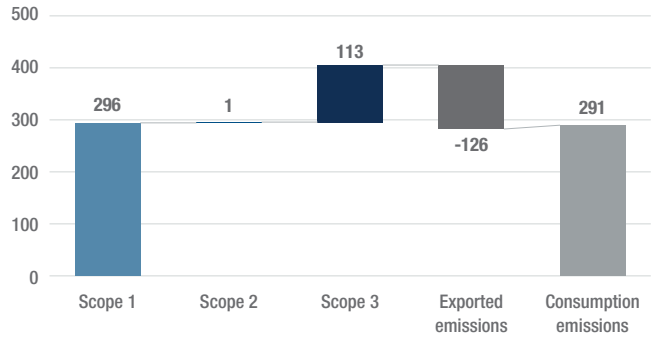
Breakdown of Consumption Emissions (Units: $ktCO_2e$, excluding LULUCF / including LULUCF)

Excluding LULUCF



Note: When measured including the most recent data released by each UNFCCC Non-Annex 1 country, Scope 1 emissions (excluding LULUCF) were 429 $ktCO_2e$, whilst consumption emissions (excluding LULUCF) were 397 $ktCO_2e$.

Including LULUCF

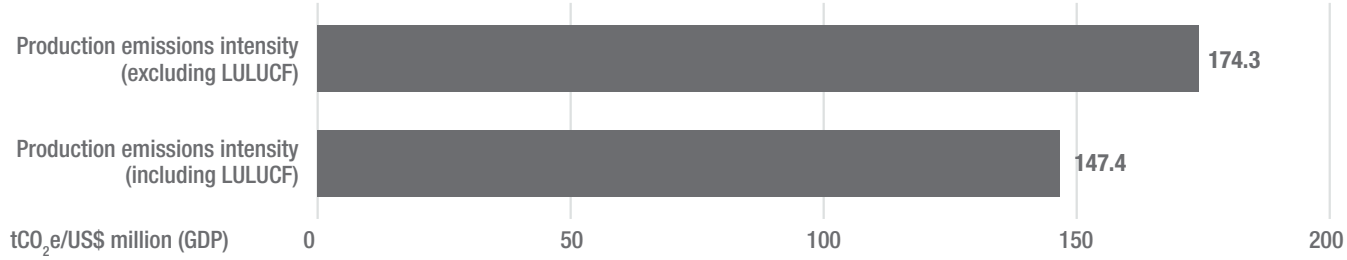


Note: When measured including the most recent data released by each UNFCCC Non-Annex 1 country, Scope 1 emissions (including LULUCF) were 371 $ktCO_2e$, whilst consumption emissions (including LULUCF) were 343 $ktCO_2e$.

Note: For countries for which Scope 1 emissions are not available, even if Scope 2 and Scope 3 emissions are available, Scope 2 and Scope 3 are excluded from the calculation of consumption emissions. Therefore, the values for "Scope 1 + Scope 2 + Scope 3 – exported emissions" and consumption emissions do not match.

Analysis of Sovereign Debt Portfolio Emissions (Financed Emissions) (cont.)

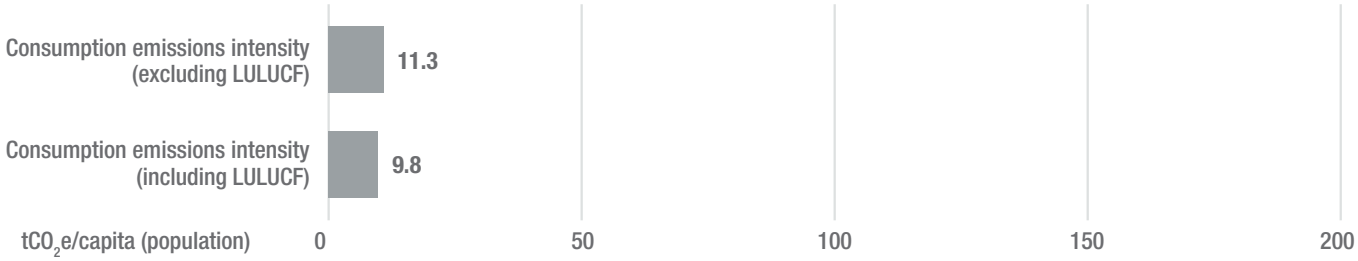
Sovereign Bond Portfolio Emissions Intensity (Carbon Intensity)



Note:

Production emissions used the Scope 1 data calculated above. GDP data is based on 2024 PPP-adjusted GDP published by the World Bank.

When measured including the most recent data released by each UNFCCC Non-Annex 1 country, the above values are 214.1tCO2e/US$ million (GDP) (excluding LULUCF) and 185.2tCO2e/US$ million (GDP) (including LULUCF).



Note:

Consumption emissions follow the same definition as above. Population data is based on 2024 World Bank data.

When measured including the most recent data released by each UNFCCC Non-Annex 1 country, the above values are 11.9tCO2e/capita (population) (excluding LULUCF) and 10.3tCO2e/capita (population) (including LULUCF).

Analysis of Carbon Metrics in Business Operations

As above, Nomura Group (including Nomura AM) aims to achieve net zero emissions in its business operations by 2030 and Nomura AM UK seeks to contribute to the target through our efforts to reduce our UK-office-related emissions. The emissions reported only include the UK-office-related activities and the reporting period is from January 2025 to December 2025.

Methodology

Our operational emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and cover the following emissions:

- **Scope 1:** Direct emissions over which Nomura has management control, this includes gas and the consumption of diesel and HVO from generator usage.
- **Scope 2:** Indirect emissions over which Nomura has management control, this includes electricity.
- **Scope 3:** Other indirect emissions, including travel – grey fleet, which refers to privately owned vehicles that employees use for work-related travels.

We report our Scope 2 emissions (indirect emissions from electricity purchased) in two ways; "location-based" and "market-based". The location-based method indicates the average emissions intensity of local electricity grids where energy consumption occurs. On the other hand, the market-based method reflects the emissions from the electricity source that Nomura has chosen.

	Gas		Diesel		HVO	
Scope 1	kwh	tCO_2e	kwh	tCO_2e	kwh	tCO_2e
2024 CY	86,916	16	558	0.14	528	0.002
2025 CY	96,485	18	858	0.22	809	0.003

	Electricity	Electricity (Location)	Electricity (Market)
Scope 2	kwh	tCO_2e	tCO_2e
2024 CY	552,653	114	0.007
2025 CY	552,889	99	0.337

	Travel-Grey Fleet	
Scope 3	kwh	tCO_2e
2024 CY	500	0.12
2025 CY	268	0.06

During the 2025, Nomura AM UK had the total Scope 1, 2 and 3 emissions of 117.1 tCO_2e in the location-based method and 18.3 tCO_2e in the market-based method. Changes in Scope 1 emissions have been primarily driven by detailed testing of the generator. Whilst there was no change in the frequency of testing, some were subject to further investigation with extended run times to ensure sufficient resilience measures are in place. As a result, 2025 saw an increase in fuel consumption compared to the previous year. We used the occupied floor area (m2) as the metric to normalise emissions to calculate the intensity and based on the location-based method the intensity was 0.11 tCO_2/m^2.

Intensity	tCO_2/m^2
2024 CY	0.12
2025 CY	0.11

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