



Nomura Research Institute Group

NEWS RELEASE

Nomura Research Institute, Ltd.

Nomura Research Institute, Looking Toward the Next Generation of Sustainable Finance, Issues NRI Sustainability-Linked Bonds

Tokyo, March 19, 2021 - Nomura Research Institute, Ltd. (headquarters: Chiyoda Ward, Tokyo; Chairman, President, & CEO, Member of the Board: Shingo Konomoto; “NRI”), looking toward the next generation of sustainable finance¹, has announced that it will be issuing NRI Sustainability-Linked Bonds (Eighth Series Unsecured Straight Corporate Bonds) in the interest of diversifying its fundraising portfolio. These bonds constitute a new form of Sustainability-Linked Bonds², which are expected to be developed further going forward.

NRI, a trailblazer of sustainable finance, issued the first green bonds³ as a domestic business company in September 2016. Currently, the total amount of green bonds issued annually in Japan is 800 billion yen. In order to realize NRI’s greenhouse gas reduction targets⁴ for the fiscal year 2030 that were announced on February 24, 2021, the current series of NRI Sustainability-Linked Bonds will adopt a mechanism⁵ unlike that of typical sustainability link bonds so that investors can accept and support NRI’s achievement of the targets.

Based on its corporate philosophy of “dream up the future,” NRI will not only strive to diversify fundraising methods and raise the stability of those methods through NRI Sustainability-Linked Bonds, but will also create new value for a variety of stakeholders regarding environmental issues and other social problems, and contribute to building a sustainable future society.

● Overview of NRI Sustainability-Linked Bonds

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| (1) Bonds to be issued: | NRI Sustainability-Linked Bonds
(Nomura Research Institute, Ltd. Eighth Series Unsecured Straight Corporate Bonds (with Limited Inter-Bond Pari Passu Clause)) |
| (2) Issue amount: | 5 billion yen |
| (3) Tenor: | 12 years (with early redemption clause) |
| (4) SPTs ⁶ : | (i) By the fiscal year 2030, reduce NRI Group’s greenhouse gas emission volume by 72% (compared to the fiscal year 2013) (Scope1+2)
(ii) By the fiscal year 2030, 70% renewable energy use rate at the NRI’s data centers |
| (5) Interest rate: | 0.355% per annum from the day following March 26, 2021 to September 30, 2031
0.811 % per annum from the day following September 30, 2031 onward |
| (6) Paid-in amount: | 100 yen per 100 yen bond amount |
| (7) Payment date: | March 26, 2021 |
| (8) Redemption date: | March 31, 2033 |
| (9) Early redemption date: | September 30, 2031 |

- (10) Underwriters: Nomura Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Securities Co., Ltd.
- (11) Fiscal agent: MUFG Bank, Ltd.
- (12) Rating: AA- (Rating and Investment Information, Inc. (R&I))

With respect to qualification as Sustainability-Linked Bonds, second opinions have been obtained from V.E (Vigeo Eiris) and R&I.

For details regarding NRI Sustainability-Linked Bonds, please refer to the following NRI website page.
https://www.nri.com/jp/sustainability/environment/sustainability_linked_bond_01

This press release has been prepared for the general purpose of announcing the issuance of bonds and will not constitute a solicitation for investment in securities of NRI.

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- ¹ Sustainable finance is financing for the realization of a sustainable society. The International Capital Market Association defines it as financing that incorporates elements of climate, green and social finance while also adding wider consideration to the long-term economic sustainability of organizations that are being funded, as well as the roles and stability of the overall financial system in which they operate.
- ² Sustainability-Linked Bonds are bonds with terms that change depending on whether sustainability/ESG targets specified in advance can be realized. Issuers of Sustainability-Linked Bonds commit to improving outcome related to future sustainability within a time frame specified in advance. Specifically, Sustainability-Linked Bonds are financial instruments based on future performance that is evaluated by key performance indicators (“KPIs”) and sustainability performance targets (“SPTs”) specified by the issuer in advance, and the terms of such bonds will change depending on whether SPTs, which are set as target values to be realized in relation to KPIs, are realized.
- ³ Green bonds are bonds that are issued to procure financing required for projects that contribute to solving global warming and other environmental issues.
- NRI website: https://www.nri.com/-/media/Corporate/jp/Files/PDF/news/newsrelease/cc/2016/160909_3.pdf?la=ja-JP&hash=9D61DF557655A40304A10DC0B2B901F8725D0E98
- ⁴ NRI website: https://www.nri.com/jp/news/info/cc/1st/2021/0224_2
- February, 24, 2021 “Notice: (NRI Group’s Greenhouse Gas Emission Reduction Target Obtains ‘1.5°C Target’ Certification of ‘Science-Based Target (SBT) Initiative’—Cut Greenhouse Gas Emissions by 72% in the fiscal year 2030 Compared with the fiscal year 2013)”
- ⁵ Typically, even globally, Sustainability-Linked Bonds are designed so that interest rates increase if ESG targets set by the issuer in advance are not realized, creating a dilemma for investors where by investing in such bond, they look like they are counting on the not realizing its ESG targets – in other words, an increase in interest rate that would benefit the investor in the end). However, NRI Sustainability-Linked Bonds are a form of financing where NRI will not suffer any disadvantages even if the bonds are redeemed as planned, and adopts a mechanism whereby, if ESG targets are realized, NRI can implement an appropriate option (early redemption) in light of NRI’s financing environment. With such a mechanism, the investor dilemma avoided, and a relationship is built whereby the issuer’s ESG targets can be accepted and supported by investors.
- ⁶ SPTs (sustainability performance target) means the ESG target based on the issuer’s management strategy that decides issuance terms for Sustainability-Linked Bonds.

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