

## Outside Director's Interview

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Outside Director

### Michael Lim Choo San

Mr. Lim is Chairman of Nomura Singapore Limited, the Audit Committee of Nomura Asia ex-Japan, and Outside Director of Nomura Holdings, Inc.

A Chartered Accountant by profession, Mr. Lim was the Executive Chairman of PricewaterhouseCoopers Singapore, a position he held since 1999 until his retirement at the end of 2003. Prior to that, he was the Managing Partner of Price Waterhouse Singapore since 1992.

Mr. Lim is currently also the Chairman of the Land Transport Authority of Singapore, the Singapore Accountancy Commission, and the Singapore Accounting Standards Council.



#### Q1 What are your main areas of expertise, and how do you see your mission as an Outside Director?

First, I trust that I have been invited to the Nomura Board based on my background and experience, which are largely in the areas of finance, accounting, auditing, corporate governance, and regulatory work.

As an Outside Director, I believe my focus is to fulfill my fiduciary responsibilities as set out by legislation. There is an expectation that, with my background, my likely focus will be on matters I am experienced in. While this is likely the case, the reality is that you express your views, opinions, and queries on all matters you deemed fit to raise.

The combination of Outside Directors with differing backgrounds and skill sets, therefore, allows a variety of focus areas to be addressed at Board meetings, and I believe this to be so at Nomura.

#### Q2 Japan is taking steps to strengthen corporate governance, such as introducing the Stewardship Code last year. How would you rate corporate governance at Nomura? Could you also comment, in general, on the appropriate number of governance committees?

My view is that Japan is moving in the right direction as regards its new Stewardship Code, which was released in February 2014. The more communication you have with your shareholders and other stakeholders, the better it is for the company and society overall. I also look forward to the finalization of Japan's proposed Corporate Governance Code, which is the internal control guidance for listed companies.

I see no reason why corporate governance in Japan cannot be benchmarked against practices elsewhere in the world, and be further progressed from what are prescribed by codes. As an example, many boards evaluate their performance yearly, including an evaluation of members' performance. The recommendations and comments received, while confidential, are discussed and acted upon based on consensus. I have seen some fairly common comments relating to the desire for more discussion on strategy and succession planning.

Indeed, many board members welcome such evaluations as they provide formal avenues for feedback and discussion, all done to improve corporate governance.

As to the number of board committees, this would vary among boards depending on their needs. I believe many countries prescribe a minimum of three (audit, nomination, and remuneration) but allowing other committees such as risk, CSR, and capital investment.

#### Q3 Nomura is celebrating its 90th anniversary in 2015. Heading toward our 100th anniversary, what do you think will be important for Nomura to increase its corporate value?

I come from a small country, Singapore, where long-term planning has become second nature to most institutions, especially government-related entities. Long-term planning entails vision, mission, strategy, and corporate values, which are set and reviewed at regular intervals.

I am impressed that the principles established by Nomura's founder of placing the customer first, thinking globally, emphasizing research, and promoting teamwork

have been so well thought out that today they have withstood the test of time. The emphasis on commitment to clients, society, and ethics is critical in this day and age and should continue to guide Nomura's culture of ethical responsibility.

Nomura has made progress internationally and has the opportunity to do more. I am convinced that we can do more cross-border and cross-functional transactions. As a small illustration of a recent successful cross-functional activity, the Wealth Management business in Singapore has become a growing contributor to the Fixed Income business through active forex transactions executed for Wealth Management clients. Coming from the ASEAN region, I feel that we have yet to capture enough of the opportunities regarding cross-border transactions between ASEAN countries and between these countries and Japan and other Asian countries.

#### Q4 Asia is expected to grow faster than Europe and the United States, but it is a highly competitive region. What are your thoughts on Nomura's strategy of establishing a dominant position as Asia's global investment bank?

I am pleased that you used the term "Asia's global investment bank." Being the largest investment bank headquartered in Asia, it has and will continue to be more focused on Asia. This becomes more compelling as you look forward in the coming years to Asia's expected growth in GDP.

As a global investment bank, you have the capacity to tap into this growth especially on deal flows within Asia as well as flows between Asian and American and

European corporations. And by deal flows, I am referring not only to M&A activities but also debt and equity instruments.

Given this outlook, Nomura welcomed Asian leaders from India, Indonesia, Singapore, and Thailand to its Advisory Board, including Mr. Goh Chok Tong, former Prime Minister of Singapore.

#### Q5 Nomura integrated its annual report and CSR report in 2012, issuing the Nomura Report to introduce the Company's economic and social value. The Singapore Exchange also has requested the disclosure of non-financial information. What are your thoughts on corporate disclosure in integrated reports?

I am encouraged that Nomura has adopted integrated reporting as I feel that this is the way forward in annual reports. The Singapore Accountancy Commission, which I chair, has been working with the International Integrated Reporting Council (IIRC) to pave the way for more Singapore listed entities to adopt integrated reporting.

While integrated reporting may have started with the desire to integrate corporate sustainability reporting (CSR) with financial reporting, the direction it is now taking is towards a report by a corporation of how it creates values, its strategy, opportunities and risks, its business model, and governance and performance - giving stakeholders a holistic view.

Given that integrated reporting is principle based with no defined format, I believe that Nomura's integrated report represents a move in the right direction.