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Enhancing Nomura's Value

I believe it is vital for Nomura Group to create a higher level of value if we are to achieve our long-term management vision targeting FY2019/20, and continue to grow both towards and beyond our 100th anniversary in 2025. We are thus undertaking a significant shift in management with the aim of realizing our vision for the future.

Amassing of individual strengths to achieve sustainable growth

The Financial Services Agency of Japan published the "Principles for Customer-Oriented Business Conduct" in March 2017. This document contains principles for seven areas, including pursuing the best interests of customers and appropriately managing conflicts of interest. These principles are congruent with Nomura Group's approach, as striving to be an organization that customers choose has always been our top priority based on the principle of putting the customer first—one of the ten principles set out by our founder.

Increasing Nomura Group's value based on our philosophy of "placing our clients at the heart of everything we do"

requires us to build upon the strengths of individuals. It is important that each individual determine what they personally should do to contribute to organization-wide optimization. For this reason, every employee must see themselves as a key player in pursuing the targets set forth by senior management, recognizing and faithfully carrying out their mission toward accomplishing these targets. It is also critical that supervisors provide appropriate guidance to employees in their reporting line, helping them to identify their particular objectives. Everyone should be constantly asking themselves what they want Nomura Group to become and what they can do to raise the Group's value. Without such individual reflection, sustainable growth will remain beyond our reach. Bringing together the thoughts of each and every employee is a source of strength for Nomura Group.

Pursuing change while maintaining important values

As we work to make Nomura Group more competitive, it is crucial that we maintain our desire to never lose. If people do not hold onto a strong aversion to losing, they will stop

caring deeply about their work and become accustomed to losing. Conversely, a commitment to victory requires maximum effort. This is rightfully based on the premise that individuals are compliant with laws and having a clear notion of right and wrong based on their ethics. It is vital that everyone feel a strong passion to contribute to the team effort of raising the brand value of Nomura Group so that we can be victorious in all areas, including staying at the top of the league tables.

Moreover, we must never stray from our established principles and mindset regarding customers and how to work with them. There are, however, areas in which we should actively pursue change, such as in our processes for doing business with customers. The ideal approach, the one that is best for customers, changes with the times. A customer-oriented business is one that stays in tune with the times by transforming all of its systems as necessary to maximize the benefits for customers. I am confident that Nomura Group will create even more value if we all remain highly receptive to changing social issues and client needs, always seeking solutions.

Corporate governance supporting our missions

Enhancing corporate governance is one of the most important matters when it comes to helping employees fulfill their missions to achieve goals.

Nomura committed two scandals in the late 1990s, and these regrettable experiences made us realize that we must never again lose the trust of society. Based on this recognition, we established the Advisory Board in 2001 to incorporate input from people outside Nomura Group. This move represented a large step forward in the enhancement of our corporate governance system.

Later, in 2003, we transitioned to the Company with Committees, etc., system described in the Companies Act of Japan (currently the Company with Three Board Committees) in order to further clarify the separation of the management oversight function from the business execution function and increase transparency. This change made it possible for Outside Directors to engage in discussions from the standpoint of management oversight. We have achieved a more stable corporate governance system which incorporates active discussions and the various perspectives of both domestic and overseas Outside Directors. The Advisory Board, which had comprised business managers of Japanese companies, was transformed in 2015, when we appointed four renowned experts from Asia and reinforced our governance system toward our aim to establish ourselves as "Asia's global investment bank."

Today, Nomura Holdings' Nomination Committee, Compensation Committee and the Board of Directors are comprised of a majority of Outside Directors. Accordingly, authority regarding senior management personnel matters rests with the Board of Directors, which represents a truly advanced system among Japanese companies. In 2015, a Outside Directors Meeting was established, and at these meetings, attended solely by Outside Directors, deliberations on specific strategies, medium-term management plans, and other matters are held, with the Group CEO and Group COO invited to join meetings as necessary. This is one example of how our Board of Directors does more than just carry out management oversight. In 2016, we began looking for ways to reduce disparities in the information held by different Directors. One measure to this end was having Outside Directors who are not members of the Audit Committee attend meetings between the Audit Committee and Company officers. In this manner, we are constantly tweaking our corporate governance system to make it even more effective.

Moreover, the Chairman of the Audit Committee adds his own prominent finance and accounting experience and insights to form his views on the global situation and issues faced in Japan and overseas, and we receive the frank and advanced opinions of the Chairman. The Chairman has also adopted other unprecedented approaches to enhancing corporate governance, including actively engaging with accounting audit firms to ensure that highly competent individuals are assigned to the Company's account so they can provide the Company with incredibly viable advice.

Furthermore, Outside Directors inspect overseas sites and visit domestic branches to obtain input from frontline employees that can be incorporated into management. This active involvement by Outside Directors is another distinctive characteristic of Nomura's corporate governance.

Increasing Nomura's Value

Having a diverse group of personnel is important in order for Nomura to provide financial solutions to customers all over the world. Currently, more than 70 nationalities are represented within Nomura Group, and diversity has become deeply rooted in the organization. Looking ahead, we should step up efforts to increase diversity at the management level by promoting female employees to management positions and creating frameworks for utilizing, in management, the skills and experience of employees that have worked overseas. Finally, to raise Nomura's value going forward, we will communicate even more closely with people from both inside and outside Nomura Group and in Japan and overseas, and actively implement changes where they are needed.