Nomura Group implements processes to properly identify the possibility of potential losses arising from various operations and transactions, and seeks to establish a framework for assessing all risks and enforcing appropriate controls.

Fundamental Approach
The business activities of Nomura Group are exposed to various risks such as market risk, credit risk, operational risk, model risk, and other risks caused by external factors. We are working constantly to further upgrade and strengthen our risk management systems. In parallel, Nomura Group has prepared its Risk Appetite Statement. This statement sets forth the content of risks that the Group can undertake, and it takes account of the Group’s business strategy and business targets, including the amount of capital and liquidity required under regulations, and the business environment.

Risk Management Systems
The Risk Appetite Statement is proposed by the Chief Risk Officer (CRO) and the Chief Financial Officer (CFO), and submitted for final approval to the Executive Management Board. With a basic policy of controlling risks that arise in the course of the Group’s operations within the limits of the Group’s risk appetite, the Group Integrated Risk Management Committee, which has been delegated responsibility by the Executive Management Board, is responsible for deliberating and determining all important matters pertaining to risk management.

Ensuring Financial Soundness and Transparency
- Calculate risk factors on a daily basis
- Periodically conduct stress tests
Nomura Group calculates vast amounts of risk factors on a daily basis using cutting-edge risk management methodologies for measuring increasingly complex and diverse risks. Based on periodic verification of risk measurement models, and with the approval of the authorities, the Group uses risk measurement models to compute its capital adequacy ratio, thus ensuring a high degree of reliability and transparency regarding the soundness of Nomura Group’s financial position. Furthermore, Nomura Group periodically conducts stress tests to monitor the amount of losses that may emerge under assumptions of extremely difficult economic conditions.

Business Resilience
- Established the Crisis Management Committee
- Strengthen and enhance cyber security
Nomura Group has established the Crisis Management Committee, comprised of officers who concurrently serve as the Crisis Management Manager in each Nomura Group company worldwide, to address any crisis that may occur. Chaired by an Executive Officer appointed by the Group CEO, this committee has established a system for managing crises and ensuring business continuity in the event of an emergency.

Social and Environmental Risk Management
- Identify social and environmental risk in the assessment process and other business operations
We believe that considering the social and environmental risks that may arise from various transactions is key to managing our reputational risk. As such, in executing our business operations, we focus on these risks in the same cautious manner as legal compliance.