Nomura Group is a global financial services group with an integrated network spanning over 30 countries. We connect investors with issuers such as corporates through the capital markets and provide liquidity by facilitating the flow of capital, an essential component of ensuring a sound economy that contributes to business development and improving society.

Contribute to social value creation by promoting the circulation of capital

Nomura Group is a global financial services group with an integrated network spanning over 30 countries. We connect investors with issuers such as corporates through the capital markets and provide liquidity by facilitating the flow of capital, an essential component of ensuring a sound economy that contributes to business development and improving society.
BUSINESS MODEL
Nomura Group’s Business Model

Creating Value-Add through Financial Markets

Services related to asset management and business succession for individual and corporate clients

We provide financial services through our nationwide branches, call centers and online platform. In addition to traditional investment products such as stocks and bonds, we offer inheritance, real estate, asset succession, financing, and corporate finance advisory.

Asset management
We manage clients’ assets according to their needs. We also provide investment trusts through various financial institutions.

Merger, acquisition, sales, business alliances, etc.
We support clients in valuations of target companies and negotiations.

Financing
We support financing from financial markets by issuing stocks and bonds.

Research
We conduct research and quantitative analysis on financial markets and individual stocks, providing information to support clients’ decision-making. Through the recently established “Content Company” we aim to further enhance our consulting solution capabilities.

Services related to the investment and market intermediation for institutional investors and corporations

Sales
We provide solutions utilizing products such as stocks, interest rates, credit, foreign exchange, and securitization products.

Trading
We provide market liquidity through trading operations such as pricing financial products and managing inventories.

Structuring
We develop and structure products that utilize derivatives to meet client needs.

Nomura’s revenue comes from the provision of value-add consulting solutions and from the smooth execution in financial products. An increase in volume in transaction and investment of clients’ financial products and in corporate activities such as financing will lead to an increase in our revenue. Net gains or losses on financial products positions held by Nomura also affect earnings. *Represents the percentage of net revenue (¥1,287.8 billion) for the year ended March 2020.

Nomura’s Strengths
Brand and trust built up over 95 years of history and experience
Consulting capability and employees with profound market knowledge
Comprehensive capabilities as a main player in global financial markets
Strong Corporate Governance Structure
Adapted to Company with Committees etc. structure (now known as Company with Three Board Committees) at early stage in Japan
Financial strength with adequate capital base well above the regulatory minimum requirements

Cost Structure

We aim to efficiently manage the business resources required to provide high-quality financial services. Because compensation and benefits account for a large portion of our costs, the performance of our employees is an important factor in Nomura’s profitability.

*Represents the percentage of total expenses (¥1,039.6 billion) for the year ended March 2020.

Revenue Structure

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>24%</td>
</tr>
<tr>
<td>Fees from investment banking</td>
<td>8%</td>
</tr>
<tr>
<td>Asset management and portfolio service fees</td>
<td>18%</td>
</tr>
<tr>
<td>Net gain (loss) on trading</td>
<td>35%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
</tr>
<tr>
<td>Gain/loss on private debt investments</td>
<td>0%</td>
</tr>
<tr>
<td>Gain/loss on investments in equity securities</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Major revenue items* for each business are shown in the corresponding markers in the revenue breakdown on the right page.

*Represents the percentage of net revenue (¥1,287.8 billion) for the year ended March 2020.
I am Kentaro Okuda and I have been Group CEO since April 2020. Since my appointment as the incoming Group CEO in December 2019, I have held a number of honest discussions with the new management team about the future of Nomura Group. These discussions included asking ourselves what Nomura should aim to become, what our clients, shareholders, the markets, and society expect from us, and what is our principal purpose for our stakeholders. The financial industry is regarded as a highly public function that is essential to society, and I believe it will continue to grow and evolve. However, this does not guarantee that Nomura Group will remain a key industry player in the future. Maintaining our position in the industry requires that we continue to adapt to the evolving marketplace. As barriers to entry in the financial industry continue to fall due to the digitalization of financial services, we need to be sensitive to the needs of the market and our clients, and constantly transform ourselves by developing new ideas.

I often reflect on and have spoken about these themes as a business leader and as a Group Co-COO since 2018. Furthermore, as Group CEO, I promote the message that “I want to bring Nomura to a next stage from where we stand now.” Some may be a bit surprised by my saying “Let’s aim for nonlinear growth,” “create unconventional security businesses,” and “no need to stick with only financial businesses domain.” However, we have not yet shared the complete form of “Next Stage of Growth” that we are aiming for at this point and we are still working to finalize some of the details. Through this report I hope to convey as much as possible about major transformation to come and the goals that drive it.
Nomura Group has established this management vision for the year 2025, the 100 year anniversary of its founding. In order to realize this management vision within the next five years, we will promote three core values: “business growth” x “trust from society” x “employee satisfaction.”

One component of our management vision is “achieving sustainable growth by helping solve social issues”. In order to realize this vision, we need to break away from our existing business model and take forward thinking actions to reach a “Next Stage of Growth.”

What social issues should Nomura Group deal with over the next five years? First, investor appetite and demand has broadened in response to the historically low interest rate environment and increasing volatility in financial markets. Second, there is growing interest in Environment, Social, and Governance (ESG) investments as a means of achieving economic growth in harmony with the environment and society. Another major challenge is to increase productivity and add value through digitization.

In facing these issues, we have to overcome some of our own challenges first. In Japan, we are responding to an aging client base due to demographic trends and the accompanying changes in our profit structure. On a global level, we are responding to challenges including increasing need for value-add services, higher productivity and operational efficiency by using digital technologies. Another major challenge is to improve earnings stability and return on capital in our international Wholesale business and improve the capital efficiency of the entire group. It is also essential for us to develop new business areas and diversify revenue streams in order to grow in uncertain market environments.

With recognition of these issues, we will focus on “business growth” as one of the pillars for realizing our management vision. By the fiscal year ending March 2023, we aim to expand existing businesses and improve productivity. At the same time, we will invest in and cultivate new business areas, thereby expanding our company’s strategic options. By the fiscal year ending March 2025, five years from now, Nomura aims to expand its core business domain which is not just in the public but also private space to make a leap to a “Next Stage of Growth.” The ROE target is set between 8-10%.

In the first phase of the plan, which proceeds through fiscal 2023, we aim to achieve income before income taxes of ¥280 billion in existing core businesses (¥110 billion in Retail Division, ¥50 billion in Asset Management Division, ¥120 billion in Wholesale Division). Over the next three years, we set KPIs (key performance indicators) for each business division to determine areas of focus, and to monitor how we are progressing toward our goals while constantly evaluating effective and lagging strategies.

The details of each business division are described in greater detail later in this report. First, in the Retail Division, we will leverage the reviewed channel formation and last year’s implementation of digital infrastructure to provide the most suitable services through appropriate channels based on client profiles. By doing so, we will increase the number of active clients by 1.4 times and nearly double consulting related revenues. In addition, we plan to leverage the expertise of the CIO (Chief Investment Office) Group, which we established in July 2020, to provide high value-add asset management services that will lead to the introduction of a new fee model. The Asset Management Division aims to increase assets under management to ¥65 trillion by strengthening its investment capabilities in growth areas such as multi-asset, alternative and ESG investments. We believe the Wholesale Division has improved its profitability and earnings potential following their business portfolio review last year. Over the next three years, our focus is to continue pursuing resource efficiency, prudent risk management, and operational efficiency to increase earnings stability.

At the same time, we will invest in new business areas in order to appropriately respond to social issues and create a foundation for long-term growth. Additionally, three segments profit target of ¥280 billion was set amid significant uncertainties regarding the impact and length of the coronavirus pandemic, and therefore targets could be subject to review in the future. However, we do not intend to significantly change the core strategy or the actions planned to achieve our goal and appreciate the understanding of our stakeholders as we navigate this crisis.

In the second phase of our management plan, which is scheduled for the fiscal year ending March 2025, or five years from now, we aim to properly respond to social issues by providing a comprehensive range of services, from public to private, through the investments we are making going forward. As we pursue business growth, we will maintain our financial soundness while striking the right balance between investment in growth areas and shareholder return.
Expanding our scope of business from "Public" to "Private"

What does it mean to step into "Next Stage of Growth" and expand our business scope from "Public" to "Private" in order to achieve this goal? Since our definition of "Private" includes various meanings, we will explain each of them in the context of three ideas: "products and services" we offer, "client franchise," and "delivery method."

First, with regard to "products and services," we continue to be strong in public markets and financial products such as listed stocks and investment trusts. Going forward, we will also strengthen alternative investment management in the private sector, which includes business assets such as private equity, private debt, and infrastructure. In order to meet these needs, we will position the private investment business as one of the Group's growth strategies, expanding the range of products offered to our clients for which fees are paid based on investment performance. This will increase our so-called fee business. We are currently formulating detailed business plans for targeted asset classes, including fund sizes and management teams, which we will elaborate on later.

In terms of products and services in the private side, we will also work on digital assets, a new asset class. A joint venture company established with Nomura Research Institute named "BOOSTRY Co., Ltd." began full-scale operations in November 2019 to undertake upstream financing operations in the digital asset value chain. In March 2020, we provided and underwrote technical infrastructure for the issuance of Japan’s first digital asset bonds / digital bonds. In addition, together with Ledger in France and CoinShares in the UK, we launched "Komainu," to offer custodial services, settle accounts, and manage digital assets on behalf of institutional investors in the downstream (administration) area of the value chain. The need for digital assets will only continue to grow. Our company’s involvement in this platform will lead to the creation of new revenue streams.

With regard to the second point, "client franchise," as an example, we will reallocate some of our coverage resources towards unlisted companies such as startups (currently, clients of our Investment Banking business are primarily listed companies, such as issuers). This will contribute to further expansion in this field. Moreover, we will not only provide products to existing investors, but also aim to provide new services by identifying needs through consulting and advisory services.

The third focus point, "delivery method" is to promote the use of digital technologies in addition to providing services based on physical meetings and other high-touch business. This will be implemented, as an additional tool to increase our client orders via online presence. For example, the Retail Division have already moved to a hybrid model where they use data from various interactions to select the appropriate channel services, ideal timing for each client - physical face-to-face, phone, e-mail, or online conferencing. Going forward, we will continue to evolve the delivery of content and other products that we have been providing with the goal of meeting the unique needs and preferences of individual clients. In a way, this can be defined as a private service.

If we can expand these three focus points, we will be able to provide services and solutions that are customized for each client, that is, "private." This tailored "just for you" proposal should lead to truly differentiated competitiveness.

Nomura’s research capabilities are amongst our most important management resources, and the content generated by them will play an important role in realizing future growth. For example, reliable research on unlisted companies and startups with limited public information should provide significant added value to venture capitals and other clients. We will also expand the scope of our consulting business, which goes beyond research to solve our client’s challenges together. Furthermore, we recognize that the commercialization of new technologies and the development of new industries are essential for the revitalization of the economy, and our mission is to contribute to solving social and environmental issues.

In order to effectively use our intellectual assets and content, in July of this year, we consolidated and reorganized the Group’s research capabilities and established a new organization called "Content Company." Going forward, in addition to providing information, we intend to enhance functionality, adding digital delivery development teams. We will be able to proactively promote business and provide more value with a wider range of points of contact than ever before.

The goal of working toward "Next Stage of Growth" is not to deny the past or create something from scratch, but to leverage Nomura Group’s track record in "public" businesses, relationships with clients, and individual employees’ strengths into new areas. In the United States, while Amazon’s strength in the e-commerce field is remarkable, Wal-Mart, which combines digital and physical outlets, is growing again in both spaces. In China, Ping An Insurance is expanding its business domain beyond insurance by utilizing insurance salespeople as a channel to promote digital transformation, integrating interpersonal sales (high-touch) and digital dialogue (high-tech), and introducing doctors and supporting health management. While we rely on digital services as much as possible, our employees need to continue raising their abilities for face-to-face high-touch consulting and advisory so that they can be fully recognized as a trusted consultant for our clients. We are confident that we will be able to further increase our growth potential by maintaining the face-to-face aspect as a core while still moving away from the narrowly-defined scope of securities business.
ESG as the pillars of Management Vision

In addition to the “business growth”, our management vision incorporates ESG elements to achieve “trust from society” and “employee satisfaction”. After my appointment as Group CEO, I listened to opinions from people outside the company, and noticed some have felt that “Nomura is becoming less functioning to serve broader society than before.” Even before that, our clients often brought up ESG in conversation, and I realized that the world was changing. In addition to climate change, large-scale natural disasters, widening social disparities, and the crisis caused by coronavirus further reveal distortions in the economy and society, where we will be required to make more effort to build a sustainable world.

Under these circumstances, we will reform the Group to reach the next level and to achieve nonlinear growth, while maintaining our core mission of “contributing to the creation of a truly affluent society through financial and capital markets.” I would also like to strengthen our vision through expanding ESG capabilities in line with changes taking place during our times. In addition to the securities business, which is our specialty, there are many other things that we can do to help our society and community as we aim to transform and advance our business. When I speak with junior employees, I find that they appreciate and value the fact that their work contributes to society and are proud to serve their company with these priorities.

In order to strengthen ESG management, I chair the ESG Committee, which is now aligned with members of the Executive Management Board to create a framework for the strategic promotion of ESG within the highest decision-making body at the executive level. In addition, four subcommittees were established under the ESG Committee: (1) “Wholesale Sustainability Forum” to plan business opportunities and strategies for sustainable finance; (2) “Climate Risk Working Group” to analyze scenarios of climate change risks and conduct stress testing; (3) “Working Group on Environmental Activities” to promote Nomura Group’s efforts to reduce environmental impact; and (4) “TCFD Working Group” for the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the “Nomura Group’s top management materiality which was identified in last year’s comprehensive review of management issues and existing ESG issues, is being reviewed in accordance with the Management Vision.

"Trust from society" included as an element of our management vision has several key considerations. The first step is to increase client satisfaction by providing the best services and solutions to meet the needs and challenges faced by individual clients. Through our core businesses, we would like to contribute even more to the realization of a sustainable society, including the achievement of the goals of the SDGs and the Paris Agreement. To this end, we listed sustainable finance, including green bonds, and Nomura Asset Management’s sustainable investment ratio as KPIs. Meeting these social needs will lead to the growth of our business. In April 2020, Nomura completed its acquisition of U.S. M&A boutique Greentech Capital Advisors. Greentech is a leader in the sustainable technology and infrastructure sector M&A advisory space. Through this acquisition, we combine Greentech’s expertise and knowledge with our global network and expertise in the solutions business to provide value-add services and contribute to sustainable growth with consideration of the global environment.

The trend in society to increase productivity and add value through digitization is expected to accelerate in the future. While many companies are exploring new growth strategies in light of the major structural changes in society caused by the coronavirus pandemic, there is still a need for responding social and economic expansion and investment, especially in new digital fields. These are areas in which our comprehensive strengths can be utilized, and we will work to strengthen our responsiveness with urgency in order to support our clients’ growth strategies and their efforts to improve corporate value.

Our vision to maintain the “trust from Society,” and efforts to maintain trust in Nomura Group is also an important issue. In May 2019, an inappropriate communication concerning a review of market segmentation of the Tokyo Stock Exchange caused considerable inconvenience to our clients and other stakeholders. We established the Nomura Group Code of Conduct in December 2019 so that every employee can translate the shared values of “challenge,” “collaboration” and “good faith” into action, keeping in mind that it is our social mission to contribute to the development of healthy capital markets. We have also established the Nomura Group Corporate Conduct Committee directly under the Executive Management Board to instill the Code of Conduct in our employees and foster ethical corporate culture. The Code of Conduct represents our commitment to our stakeholders. As society changes drastically, it is important to understand the needs of society and to be accountable to a wide range of stakeholders, including clients and investors. Holding ourselves accountable leads to increased trust. At the same time, we want to develop a company that employees are proud to work for and deepen our dialogue with stakeholders. There is no end to these efforts, but I will take the lead and work to continually improve our discipline as an organization.
Our job is to provide clients with value-add services. The most important of these is the three S’s; “Skills,” “Speed” and “Spirit”. “Skills” means to continue to refine expertise and improve professionalism in order to be selected by clients. The next S is “Speed” which requires quick response to clients, keeping an eye on the changing world, and being capable of taking the lead. “Spirit” is our DNA, our founding spirit of contributing to society through our business. Nomura has always endeavored to be the first in new frontiers. I want to keep this spirit unchanged. Contributing solutions to environmental and social issues is appreciated by our clients, society, and the world. We have included “employee satisfaction” as the third element of our management vision, with the aim of creating a company where employees are excited and proud to work for a company that is cherished by their family and friends, and those closest to them.

Nomura has a large platform with approximately 27,000 employees worldwide. There are about 16,000 and 11,000 employees in Japan and overseas with backgrounds diversified across 90 nationalities. Each and every employee is our greatest asset. We believe that “diversity” regardless of gender, nationality or age will become even more important as we evolve into a “Next Stage of Growth.” Under the new management structure introduced in April 2020, a key executive in charge of corporate finance transitioned from Investment Banking to become the director in charge of Wealth Management in Retail Division, and an executive in charge of Fixed Income moved to Investment Banking. I felt that if someone who knows investors moves to the issuer side, they will be able to do something that they have not been able to do before, especially in the private space.

Half of the newly appointed 12 executive officers came to Nomura after working outside our company. We believe their various backgrounds can create synergies with different areas of the Group, and therefore contribute toward our goal of responding to changes in society and complicated clients’ needs.

Finally, the coronavirus as an invisible threat changed our lifestyle completely. It reminded us that tomorrow is not just an extension of today. There is no guarantee that people’s lives and ways of thinking will remain the same after things settle down. That is why we should not be bound by conventional ideas, and look to move towards our “Next Stage of Growth” with thoughtful ideas about future business. We have to change ourselves. We will continue to take on new challenges. In this spirit, we will continue to make every effort to enhance our corporate value.

In closing
Nomura Group's Management Vision

In May 2020, Nomura Group announced a new management vision for the year 2025, the 100-year anniversary of its founding. Under this vision, we aim to realize "business growth" by expanding our business domain from public to private, with our core business (Retail, Asset Management, Wholesale and Merchant Banking) as the foundation. The ROE target is set at 8-10%.

At the same time, we will focus on ESG (Environment, Social and Governance) elements such as "trust from society" and "employee satisfaction." We believe sustainable growth cannot be achieved if either element is missing. By combining "business growth," "trust from society" and "employee satisfaction" to create synergies, we will achieve sustainable growth and help solve social issues.

Nomura Group needs to comply with various financial regulations in order to operate globally. We are working to improve capital efficiency by appropriately allocating the limited capital to businesses, while complying with these requirements and ensuring financial soundness. At the same time, we aim to provide the appropriate return to shareholders.

Nomura Group operates businesses by placing our clients at the heart of everything we do. The environment surrounding us is changing rapidly, and the needs of our clients are becoming more diverse and complex. We would like to remain the most trusted partner for clients by sincerely addressing the needs of each client in any environment and providing the best financial products, services and solutions.

Approximately 26,600 employees of 90 nationalities work for Nomura Group. We seek to manage our employees in a flexible and appropriate manner so that each and every one of our employees can thrive as they collaborate with each other and contribute their skills to the workplace. The new management vision will focus on the following three areas.

1. **Business growth**
   - Trust from society
   - Employee satisfaction

2. **Trust from society**
   - As environmental and social issues such as climate change and widening social disparities become more serious, consideration of these issues are essential for economic growth. Nomura Group contributes to the realization of a sustainable society through the financial and capital markets.

3. **Employee satisfaction**
   - Environment where employees can work with enthusiasm
   - Talent development
   - Diversity & Inclusion

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*We will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator. Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as the Company’s consolidated financial performance.*
Since 2012, Nomura Group has conducted structural reforms by transforming the business model in Japan and improving profitability of international business. As a result, the quality of our business and the recognition from our clients has improved significantly, and we have built a more solid business foundation in international regions by focusing on areas of our strength. For the next five years, we will continue to focus on transformation within our core businesses, while making necessary investments and incorporating new ideas to expand our scope of business from public to private so that we are able to enter into a “Next Stage of Growth.”

Our management vision for the fiscal year ending March 2025 is broadly divided into two phases. By fiscal year ending March 2023, we aim to expand existing businesses and invest towards developing new business domains. By the fiscal year ending March 2025, we aim to expand our core business domain from public to private. The ROE target is set at 8-10%.

ROE is one of the most important financial targets in our management vision. The targeted 8-10% of ROE is broken down into three factors; profitability, efficiency and financial leverage, which we call as the “ROE tree.” In particular, to improve profitability, we have established Key Performance Indicators (KPIs) and Key Goal Indicators (KGI) to align our efforts with those of each business.
In the fiscal year ended March 2020, we significantly improved financial performance from the previous year’s loss despite difficult business conditions, which included the market downturn in March, due to our successful reforms to the Retail Division and firm-wide cost saving initiatives. In Retail, we realigned sales channels and improved our organizational structure to better support client needs. In Wholesale, we lowered our break-even point through a review of our business portfolio and ongoing cost reductions.

Nomura Group reformed the management board in April 2020 and set forth a new management vision towards the fiscal year ending March 2025. In this management vision, through a combination of “business growth”, “trust from society” and “employee satisfaction”, we aim to help solve social issues and to achieve sustainable growth.

I believe that my main role as CFO is to provide financial and capital support, while communicating with a variety of stakeholders and taking their interests into account to realize our management vision. To this end, we will maintain a balance between (1) maintaining an appropriate financial base that enables compliance with various financial regulations, which are essential for Nomura Group to conduct business globally, (2) supporting Nomura Group’s sustainable growth from a financial and capital perspective, and (3) providing appropriate shareholder returns.

We will strive to maximize our corporate value and contribute toward the realization of our management vision by pursuing an optimal balance between investment in growth areas and digitalization and shareholder return.

Financial and capital support to achieve our management vision

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Shareholders</th>
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</thead>
<tbody>
<tr>
<td>Pursuit of optimal capital</td>
<td>Appropriate return to shareholders</td>
</tr>
</tbody>
</table>

Financial soundness

- CET1 ratio*: 11% or higher

Regulatory requirements

- Increase profitability of existing businesses
- Expanding the scope of business
- Optimize resource allocation

Increase profitability of existing businesses

- ROE 8-10%

Optimize resource allocation

- Total return ratio: 50% or more

Appropriate return to shareholders

- Dividend payout ratio*: 30%

Increase profitability of existing businesses

- ROE 8-10%

Expanding the scope of business

- ROE 8-10%

Optimize resource allocation

- ROE 8-10%

Appropriate return to shareholders

- ROE 8-10%

Increase profitability of existing businesses

- ROE 8-10%

Optimize resource allocation

- ROE 8-10%

Dividend payout ratio*: 30%

Total return ratio: 50% or more

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*1 Consolidated Common Equity Tier1 (“CET1”) capital ratio: defined as Tier1 capital minus Additional Tier1 capital divided by risk-weighted assets.

*2 We will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator. Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as the Company’s consolidated financial performance.
Compliance with financial regulations and maintenance of financial soundness

There are several global financial regulations that Nomura Group must comply with. Above all, the capital adequacy regulations set by the Basel Committee have a direct impact on our operations. As we anticipate the minimum required consolidated Common Equity Tier 1 ("CET1") capital ratio at 7.5-8.5%, we are aiming to maintain a CET1 capital ratio of 11% or higher over the medium term, which includes a discretionary management buffer.

The rapid spread of the coronavirus pandemic since the beginning of this year resulted in significant capital markets fluctuations. In March, the VIX index reached record high levels since the global financial crisis, and credit spreads widened rapidly. Due to these acute market changes, risk-weighted assets, the denominator of the CET1 capital ratio, increased mainly on market risk. As of March 31, 2020, the CET1 capital ratio was 15.3%, down from a year ago (17.1%). Nevertheless, our financial position is sound as the CET1 capital ratio is more than 11%.

The methodology for measuring risk-weighted assets will be more stringent with the finalization of Basel III. This stricter regulation was scheduled to be implemented in the fiscal year ending March 2022, but was postponed for one year due to the impact of the coronavirus pandemic. We have more time to prepare for the tightening of the regulation, but there is no guarantee that such a sudden market downturn as we saw in March will not happen again. We will continue to manage appropriately while attentively controlling risk.

In April 2018, it was announced that the Total Loss Absorbing Capacity ("TLAC") requirement would be applied to Nomura Group effective March 31, 2021. As a result, we have been proceeding with issuance of TLAC-eligible debt* and refinancing existing liabilities. We have raised approximately ¥240 billion on TLAC-eligible debt in fiscal year ended March 2019 and ¥380 billion in fiscal year ended March 2020. At the same time, as a result of our efforts to ensure disciplined management of our balance sheet, we have managed our loss absorbing capacity (regulatory Capital and TLAC-eligible debt) to meet the minimum required level of TLAC as of March 31, 2020. In June, we issued perpetual subordinated bonds* worth ¥150 billion to strengthen capital base, which supports our growth strategy, and to increase the flexibility of our financial strategy. These perpetual subordinated bonds are considered to be both Tier 1 capital and TLAC eligible. We will continue to implement our fund raising plan so that we can meet the required regulatory level without difficulty.

Toward sustainable growth

In our management vision, in addition to our existing public business areas, we aim to expand and grow our businesses into the private area in terms of products and services, client base and delivery format.

ROE is the most important indicator of business growth. Our management vision and goal is to build the foundation of a business capital capable of achieving ROE of 8-10% by the fiscal year ending March 2025. ROE can be divided into three factors: "profitability" x "efficiency" x "financial leverage". Nomura’s current challenge is "profitability". In our management vision, we have established new KPIs (key performance indicators) so that we can regularly measure the progress of each business division’s efforts to improve "profitability". By expanding our business reach from public to private, we would like to steadily increase revenues not only in our existing, but also in new business areas. At the same time, we will thoroughly control costs. At present, the ¥140 billion cost reduction plan towards the fiscal year ending March 2022 has progressed approximately 70% as of March 2020, and we will continue to make steady progress on the remaining 30%. We will also selectively invest in digitization and growth areas to take a leap forward to the "Next Stage of Growth".

Since 2012, Nomura Group has worked to reform its domestic business model and improve the profitability of its overseas business while simultaneously strengthening its financial base. I am confident that we have been able to improve our competitiveness in the areas where we have strengths while transforming toward a leaner structure by continuously assessing the ideal business platform. Over the next five years, we will deepen these efforts while also investing in growth areas to reach the “Next Stage of Growth”. In order to achieve our management vision for the fiscal year ending March 2025, we will exercise financial and capital discipline, and we will communicate with our stakeholders about our progress based on established KPIs for each business division. Although I did not mention it in this message, "trust from society" and "employee satisfaction" are also essential to achieving our management vision. As a member of the group executive board, I will strive to create an organization that can grow sustainably through the resolution of social issues and make steady efforts to address these issues. Thank you for your continued support.
MATERIALITY

Nomura Group Materiality

Achieving sustainable growth by listening to our stakeholders and helping to solve social issues

A rich natural environment and healthy social environment are the foundations of economic and business advancement as well as people’s lives. Without such foundations, it is impossible to fulfill Nomura Group’s social mission of helping to enrich society. We have been expanding our products and services, and globally expanding our businesses and bolstering our corporate governance based on the recognition that initiatives such as protecting the global environment and promoting the active participation of a diverse range of people are essential for advancing both economic activity and society as a whole. In May 2020, Nomura Group announced a new management vision to “Achieve sustainable growth by helping solve social issues” ahead of the year 2025, the centennial anniversary of Nomura’s founding. In addition to business growth, our management vision incorporates the ESG elements of trust from society and employee satisfaction. By combining these three elements to create synergies, we will achieve sustainable growth and help solve social issues.

Material issues

Since Nomura Group first identified CSR Materiality in 2008, we have conducted regular reviews based on trends in the international community and the expectations of stakeholders. In light of the management vision announced in May 2020, we reviewed the Nomura Group Materiality and identified the 27 material issues including seven highest priority issues. We will continue to make every effort toward our targets by using metrics to monitor how we are progressing.

The highest priority issues

<table>
<thead>
<tr>
<th>The highest priority issues</th>
<th>Metrics</th>
<th>Targets</th>
<th>SDGs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide financial services that contribute to the creation of a sustainable society</td>
<td>Value of sustainable finance we support, Sustainable investment ratio</td>
<td>Through our core business, create a better future by addressing stakeholders’ needs and providing value added solutions</td>
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</tr>
<tr>
<td>Pursue digitization to enhance customer service and productivity</td>
<td>Expansion of diverse digital delivery</td>
<td>Continue to focus on transformation to respond to the ever-changing business environment. Enhance the quality and quantity of customer service and achieve high productivity through digitization initiatives</td>
<td></td>
</tr>
<tr>
<td>Expand and strengthen businesses from “Public” to “Private”</td>
<td>Provide customized products, services and solutions, Address new investor base and needs</td>
<td>Achieve medium to long-term growth through expanding our business presence in private markets by expanding alternative products and discovering new client needs. In addition, optimize the business portfolio taking into account the profitability of each business</td>
<td></td>
</tr>
<tr>
<td>Continuously review existing business portfolio based on profitability</td>
<td>Optimal allocation of resources, ROE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure all Nomura people understand and comply with the Nomura Group Code of Conduct</td>
<td>Status of instilling of the Nomura Group Code of Conduct</td>
<td>To increase corporate value, strength and enhance the corporate governance framework as corporate governance is one of the most important issues. At the same time, build trust with society and protect and enhance corporate value with thorough compliance and by raising employee awareness of the Nomura Group Code of Conduct</td>
<td></td>
</tr>
<tr>
<td>Ensure financial soundness and transparency</td>
<td>Monitoring of financial indicators</td>
<td>To improve financial soundness and corporate value. Various risks must be managed appropriately. Establish a risk management framework for monitoring and reporting on a globally integrated basis</td>
<td></td>
</tr>
<tr>
<td>Enjoyable work environment for employees</td>
<td>Employee surveys</td>
<td>Diverse and talented employees are our greatest asset amid the changes in the environment, such as innovation and digitalization. Make sure every employee can be active and successful in utilizing her/his capabilities and individuality, and provide high value-added service</td>
<td></td>
</tr>
</tbody>
</table>
What Financial Institutions Need for Sustainable Development

In order to achieve the SDGs and the "2°C target," which are international goals, financial institutions need to create a flow of funds that will contribute to the formation of a sustainable society. Initiatives for E (Environment), S (Society), and G (Governance) in corporate management have become essential for improving enterprise value. Supported by growing recognition of SDGs in recent years, initiatives to address environmental and social issues, such as green bonds, social bonds, and sustainability bonds (hereinafter collectively referred to as "SDG bonds") are attracting international attention, and the amount of SDG bonds issued worldwide continues to increase. The Principles for Responsible Investment (PRI), which stipulates the consideration of ESG issues in the decision-making process of institutional investors, highlights ESG issues and the responsibilities of financial institutions, and promotes the creation of a framework that contributes to the establishment of a stable and sustainable financial system through global partnerships. Since the establishment of the PRI in 2006, the number of signatories has increased globally, and ESG investments have become mainstream. In Japan, the Japanese version of the Stewardship Code was revised in March 2020 to require institutional investors to make investment decisions taking sustainability into consideration and to engage in dialogue with companies.

SDG Bonds Issuance

In light of the growing interest in ESG among issuers and investors both in Japan and abroad, Nomura Group established a team dedicated to working on ESG bonds globally, and has built up a track record of underwriting SDG bonds.

In Japan, we underwrote Sustainability Bonds issued by NTT Finance Corporation in 2020. We actively underwrite SDG bonds not only in Japan but also overseas to share market conditions and provide customers with useful information and proposals.

Nomura Asset Management regards engagement as an important activity for the improvement of enterprise value of portfolio companies. In addition to regular dialogue, Nomura Asset Management engages in dialogue aimed at resolving ESG issues with key companies that need to be further examined out of approximately 2,400 portfolio companies (as of December 31, 2019). In 2019, Nomura Asset Management engaged in ESG-related dialogue with a total of 400 companies, and approximately 850 topics were discussed.

<table>
<thead>
<tr>
<th>Global issuance of SDG bonds (US$100 million)</th>
<th>Growth in PRI signatories (Calendar year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000</td>
<td>3,600</td>
</tr>
<tr>
<td>2,500</td>
<td>3,000</td>
</tr>
<tr>
<td>2,000</td>
<td>2,400</td>
</tr>
<tr>
<td>1,500</td>
<td>1,800</td>
</tr>
<tr>
<td>1,000</td>
<td>1,200</td>
</tr>
<tr>
<td>500</td>
<td>600</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Prepared by NICMIR based on Bloomberg data

<table>
<thead>
<tr>
<th>Number of engagements (Fiscal years ended March 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019: 656 topics (399 companies)</td>
</tr>
<tr>
<td>2019: 793 topics (350 companies)</td>
</tr>
</tbody>
</table>

Source: PRI

Engagement Meetings

ESG-related meetings: 76%
Proxy voting-related: 21%
Governance: 29%
Financial strategy: 16%
Environmental: 15%
Social: 11%
Ratios by topic

SDG bonds issuance amount (involving Nomura Group) (millions of yen) (Bonds)

<table>
<thead>
<tr>
<th>Fiscal years ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020: 3,000,000</td>
</tr>
<tr>
<td>2019: 2,000,000</td>
</tr>
<tr>
<td>2018: 1,000,000</td>
</tr>
<tr>
<td>2017: 500,000</td>
</tr>
<tr>
<td>2016: 0</td>
</tr>
</tbody>
</table>

Source: PRI
Leveraging the Group’s comprehensive strengths to meet clients' sustainable needs

Nomura Group is strengthening ESG management under the Mission of "We help to enrich society through our expertise in capital markets." Group companies will continue to work together across the board with their respective expertise to maximize the collective strengths of the Group to meet the needs of investors and clients and realize a sustainable society.

Nomura Securities was allotted the world’s first Sustainable FITs (stock acquisition rights). Airtech Japan’s stock acquisition rights are the first in the world in the form of equity financing to receive a second opinion from an external advisor and specialists at the firm. NICMR provides value-added information and proposals to investors and clients and realize a sustainable society.

Establishment of the Nomura Research Center of Sustainability

In December 2019, Nomura Institute of Capital Markets Research (NICMR), an independent research institute in Nomura Group, established the Nomura Research Center of Sustainability. The new research center focuses on objective and practical research. The center strategically identifies and conducts research into areas of sustainability closely related to the financial and capital markets and provides value-added information and proposals to clients. Specifically, NICMR creates an open platform to connect people within Nomura Group with people outside, including through collaboration between external advisors and specialists at the firm. NICMR will also collaborate with relevant international organizations in order to broaden the themes and scope of its research.

Nomura Asset Management Initiatives

In FY2019/2020, in addition to the previous Governance Initiatives, we strengthened our Environment and Society initiatives. For the environment, we identified climate-related risks and opportunities in our investment portfolio, used these analyses in engagement with portfolio companies and in the management of our investment portfolio, and worked to improve investment quality so that it is more resilient to climate change issues and leads to higher added value. With respect to Society, in addition to the traditional concept of risk-return, we incorporated the 3rd axis of “social impact” into the process and promoted the development of new investment methods with higher sustainable growth while linking to social development. In the PRI assessment, which was granted in 2019, a rating of A or higher was received in all categories, indicating that external evaluations are steadily improving.
Based on our aspirations to "enrich clients by responding to their asset concerns," the Retail Division provides a variety of financial services to individuals and corporate clients in Japan through its branches, call centers and online platform. In addition to traditional investment products such as stocks and bonds, we offer consulting services such as inheritance, real estate, business succession, fund-raising, and corporate finance advisory based on client needs, financial assets and life stages.

Retail client assets

No.1 in Japan
¥104 trillion
(as of March 31, 2020)

Japan Client Satisfaction Study
(Full-service Securities Category)
No.1 ranked for 8 consecutive years
1st Place, Japan 2020-2019

Strength
1. Largest client base across Japan’s securities sector
2. Sophisticated consulting capabilities and supporting platforms
3. Ability to offer products and services by leveraging Nomura’s comprehensive strengths

Challenges
1. Approach to client’s total balance sheet
2. Relatively high sensitivity to market fluctuation
3. Building relationships with family members of elderly clients
4. Expanding younger generation client base
5. Expanding contact points with clients and improving client satisfaction

Actions
1. Training Sales Partners* whom clients could completely trust
2. Sales Partners* deployment with knowledge and expertise tailored to client needs
3. Building stable earnings structure by increasing recurring revenues
4. Deployment of Sales Partners* (Heartful Partners) for elderly clients to each branch
5. Enhancing content targeted at younger generations (websites, seminars, apps, etc.)
6. Deepening the use of digital tools and data

Vision and its initiatives

In order to provide appropriate services to meet each client’s needs, the Retail Division has undertaken its channel alignment strategy in August 2019, and also improved digital infrastructure. The client interface is now a hybrid model that goes beyond physical meetings by utilizing phone, email, online services and conferencing systems. In the fiscal year ending March 2021, we intend to further deepen our use of digital tools and data to enhance client satisfaction and employee productivity, and to achieve long-term business relationships with more clients. In addition, we aim to build a more advanced advisory system in the future by leveraging the knowledge of the CIO (Chief Investment Office) Group, an independent unit separate from the business divisions. This group will play a central role in providing asset management services and introducing a new fee structure.

* We call our sales representatives "Partners" because we want to be the most trusted financial service group for clients.
Initiatives in next three years

Based on the new channel formation, Retail Division will expand and enhance productivity of existing businesses, and implement a full-scale business shift by introducing a high value-add advisory model.

**Point 01**
Enhance productivity of existing businesses

We will promote digitalization and expand our products and services in order to further evolve the channel realignment that was done in 2019.

Enhance client experience by providing necessary services through optimized combinations of face-to-face and non-face-to-face channels and timing for each client, based on data obtained through various interactions.

Strengthen our digital marketing capabilities to improve the efficiency of our Partner’s sales activities and to provide highly specialized services to more clients.

Enhance our products and services so that we can provide advice to client’s total balance sheet.

Offer a wide range of services to corporate clients and their owners in addition to asset management, which supports businesses growth, helps employees build their assets, and ensures that we maintain long-term relationships with corporate clients and diversify our revenue sources.

Provide services using digital marketing

- Understand clients using data
- Link to proposals/contracts
- Enhance collaboration of digital, contact centers, and sales partners
- Strengthen digital / marketing functions
- Build framework to match information, products and services to client needs
- Optimize Partner sales activities
- Gather information, feedback from clients
- Analyze data (To realize initiatives shown to the left)
- Analyze data
- Client type and past transactions
- Record calls, analog and digital data and other input information
- Times of past calls, branch visits, visits to clients
- Website browsing, actions taken such as opening of emails

**Point 02**
Create a high value-add advisory model

We plan to offer new asset management services by leveraging insights from the independent CIO Group (Chief Investment Office Group) established in July 2020.

The CIO Group, an independent unit separate from the business divisions, was formed by consolidating the investment consultation team to institutional investors and the discretionary investment service team to individual investors. By leveraging value-add content, the group will provide an asset allocation strategy based on investors’ risk appetites, investment strategies and thesis.

We will also create a strategy so that each Sales Partner can leverage output from the CIO Group providing sophisticated proposals to clients who want to make investment decisions based on advice.

**Point 03**
Expand business through collaboration with regional financial institutions

Enhance productivity of existing businesses

We expect synergies from collaborations between regional financial institutions who have strong client bases and branch networks in the region and with Nomura, who has industry expertise and an expansive lineup of products and services. By entering into a new collaboration strategy, we aim to provide our products and services to the clients we have not yet reached, and further contribute to the revitalization of the local economies.

Nomura has already announced a comprehensive business collaboration with San-in Goto Bank Group and Awa Bank in the financial instruments intermediary business and is preparing for the collaboration to start.

**Point 02**
Create a high value-add advisory model

**Point 03**
Expand business through collaboration with regional financial institutions

<table>
<thead>
<tr>
<th>Organization independent from business divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIO Group</td>
</tr>
<tr>
<td>Concepts</td>
</tr>
<tr>
<td>Investment management services (Portfolio consulting)</td>
</tr>
<tr>
<td>Brokerage services by sales Partners, asset management consulting</td>
</tr>
<tr>
<td>CIO Group is a team to provide investment advice to Retail Division’s clients (individuals, corporates, etc.)</td>
</tr>
<tr>
<td>Provide client-oriented advice with a strong awareness of the performance of the clients, by proactively collecting and utilizing a variety of information from qualitative and quantitative aspects</td>
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</table>

**Point 02**
Create a high value-add advisory model

**Point 03**
Expand business through collaboration with regional financial institutions

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Create a high value-add advisory model

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Expand business through collaboration with regional financial institutions

<table>
<thead>
<tr>
<th>Client needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
</tr>
<tr>
<td>Sales Partners</td>
</tr>
</tbody>
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<table>
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<th>CIO Group</th>
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<table>
<thead>
<tr>
<th>Regional financial institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Securities</td>
</tr>
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</table>

**Point 02**
Create a high value-add advisory model

**Point 03**
Expand business through collaboration with regional financial institutions

<table>
<thead>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Nomura Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths</td>
</tr>
<tr>
<td>External branch office network</td>
</tr>
<tr>
<td>Trust from clients</td>
</tr>
<tr>
<td>Talented people</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nomura Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths</td>
</tr>
<tr>
<td>Professional knowledge</td>
</tr>
<tr>
<td>Wide variety of products and services</td>
</tr>
<tr>
<td>Abundant information, latest IT infrastructure</td>
</tr>
</tbody>
</table>
**Asset Management Division**

The Asset Management Division, led by Nomura Asset Management Co., Ltd., has approximately 1,500 staff in 13 locations worldwide, and aims to become “Japan’s leading asset management firm, chosen by clients around the world.” In addition to pursuing investment strategies, offering products and services that satisfy the varied needs of our clients, we are committed to promoting active engagement and dialogue with investee companies and issuers that can lead to the “mutually beneficial coexistence of companies and broader society”, while also actively promote socially responsible investment practices to achieve the “sustainable development of society.”

**Strengths**

1. Our global investment platform based on our capacity to analyze global trends from a regional perspective.
2. Ability to provide solutions and investment strategies to meet diverse investment needs of domestic and overseas investors.
3. The human resources structure, originally established in 1959, has adapted to the changing environment and supported sustainable growth.

**Challenges**

1. Diversification of investment needs due to low interest rates and growing market uncertainties seen globally.
2. Growing interest in Japan towards asset management for individual investors amid an aging population, a declining birthrate and the era of 100-year life expectancy.
3. Changes in business models and services due to advancement of digitalization.

**Actions**

1. In addition to investing in traditional asset classes, expand investments in areas such as ESG and alternatives, while further strengthening our asset allocation capabilities.
2. Develop and provide products and services that align with the life stages of our clients while also enhancing financial literacy in Japan.
3. Improve efficiency of and enhance decision-making processes through leveraging digital technology, and provide services both face-to-face and remotely.

**Review of FY2019/20**

In the fiscal year ended March 2020, the Asset Management Division reported net revenue of ¥192.6 billion, down 5% year-on-year, and income before income taxes of ¥28.8 billion, down 16% year-on-year. This decline was mainly due to an increase in mark-to-market losses for investment in our strategic partner American Century Investments (ACI) following the market downturn in March 2020, as well as a significant decline in assets under management toward the end of the fiscal year, resulting in reduced management fees for the fourth quarter.

On the other hand, the investment trust business continued to book inflows into products that contribute to our clients’ asset building goals aligned with “the era of 100-year life expectancy”, products provided for Defined Contribution Pension Plans, and ETFs (Exchange-Traded Funds). In the investment advisory business, we continued to book inflows from public pension funds, and in the past fiscal year, we reported approximately ¥2 trillion in net inflows. Despite the impact of the market downturn, the underlying business remained solid.

**Business Performance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net revenue</th>
<th>Income before income taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>62</td>
<td>92</td>
</tr>
<tr>
<td>2011</td>
<td>67</td>
<td>95</td>
</tr>
<tr>
<td>2012</td>
<td>66</td>
<td>99</td>
</tr>
<tr>
<td>2013</td>
<td>69</td>
<td>92</td>
</tr>
<tr>
<td>2014</td>
<td>80</td>
<td>30</td>
</tr>
<tr>
<td>2015</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>2016</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>2017</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>2018</td>
<td>27</td>
<td>34</td>
</tr>
<tr>
<td>2019</td>
<td>27</td>
<td>39</td>
</tr>
<tr>
<td>2020</td>
<td>29</td>
<td>50</td>
</tr>
</tbody>
</table>

**Key performance indicators**

- **Assets under Management**
  - FY2019/20: ¥49.3 trillion
  - FY2022/23: ¥65 trillion

- **Income before income taxes**
  - FY2019/20: ¥28.8 billion
  - FY2022/23: ¥50.0 billion

**Vision**

We aim to become Japan’s leading asset management company, chosen by clients around the world.

- Establish our presence as the dominant firm in Japan.
- Create and offer products and services with outstanding features and superior track records.
- Achieve sustainable growth by adapting to a changing environment.

**Initiatives**

1. In addition to our outstanding performance in traditional investment areas such as stocks and bonds, we will leverage our global investment research knowledge in ESG and Alternative investment areas to provide new sources of return. In multi-asset management, in which multiple asset classes are combined, we will utilize our asset allocation capabilities to expand our range of products and services that provide stable performance.
2. In Japan, in the areas of public investment trusts and Defined Contribution Pension Plans, we will establish our position as a leading firm in the industry, focusing on providing investment education, as well as products that support our clients’ long-term and steady asset accumulation. Overseas, we aim to increase assets under management while addressing the needs of overseas pension funds and institutional investors by expanding our investment product offerings while differentiating our product platform from those of our competitors.
3. In order to achieve sustainable growth despite changes in the business environment, we will actively make investments to strengthen our competitiveness in asset management and expand our new client franchise. We will also promote initiatives that lead to higher productivity, such as the automation and streamlining of business functions that support our asset management operations, and effectively allocate management resources to growth areas. Through these initiatives, we aim to achieve sustainable growth, and contribute to growth and development of our society through the asset management business.

**Key goal indicators**

- Assets under Management: ¥49.3 trillion → ¥65 trillion
- Income before income taxes: ¥28.8 billion → ¥50.0 billion
**Initiatives in next three years**

Point 01
Further strengthen areas of investment management that offer additional value

In an uncertain investment environment, investment proposals that contribute to diversification of return sources and risk diversification are needed. In order to meet these requirements, we identified three growth areas: ESG, Alternative and Multi-Asset Management. We are working to further strengthen our product offerings in these areas.

Through ESG, we strive to achieve “coexistence and mutually beneficial interaction between companies and broader society” through active dialogue with our investee companies and issuers. We will also enhance our presence in this area to help realize a sustainable society by integrating important ESG issues into our investment process, including measuring the impact on climate change and SDGs.

In Alternative Investment, we will respond to the needs of our clients as they seek new sources of return by deepening our expertise in asset classes such as Japan and foreign stocks and bonds.

In the area of Multi-Asset management, we will leverage the strength of our global asset management platform by demonstrating our capabilities across a wide range of asset classes as well as our risk management and asset allocation capabilities, to provide personalized investment solutions that meet our clients’ expectations.

Point 02
Establish presence by expanding market share in growth areas

In Japan, we regard public investment trusts and Defined Contribution Pension Plans (DC) as growth areas and aim to establish our position as the leading firm in these areas.

We allocated our resources to develop new investment methods based on research and data and we will further utilize digital marketing to provide timely and easy-to-understand information to clients, both face-to-face and through online and other remote methods.

For overseas clients, in addition to our mainstay investments in Japanese stocks, we aim to further increase assets under management by expanding our portfolio of highly competitive investment products and also marketing funds through financial institutions in Europe and Asia. We will also promote the use of products from our strategic partner American Century Investments.

We will allocate management resources and improve productivity of our operations in order to create opportunities for sustainable growth, even in the changing business environment. Specifically, we will allocate our resources to develop new investment methods based on research and data analysis, and employing cutting-edge asset management technology. We will also focus on strengthening our ESG, Alternative and Multi-Asset investment strategies.

With Defined Contribution Pension Plans (DC), the number of new participants is expected to increase and the amount of contributions per participant will increase in the future due to deregulation following revisions to the law. We aim to further expand our presence in this market as an asset management company that provides support and education for individual investors seeking to build personal pension assets through DC strategies including iDeCo, while providing a wide range of products that contribute to long-term and stable accumulation of investment assets utilizing tax efficient NISAs.

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WHOLESALE DIVISION

Wholesale Division consists of two businesses: Global Markets and Investment Banking. The former provides financial products, solutions and secondary market liquidity, and the latter offers capital raising transactions and advisory services. We provide diverse services to a broad range of clients including corporates, government entities and financial institutions in Japan as well as overseas.

Vision and its initiatives

The key focus of Wholesale business is to be at the forefront of developments in the capital markets and seamlessly serve the needs of our clients globally across primary and secondary markets, while ensuring consistent and sustainable contribution to the profitability of the firm. With a momentum gained from the strategic realignment of the business portfolio in April 2019, Wholesale franchise is well positioned to deliver extensive market access and liquidity, differentiated products and services, and tailored-made financing/solutions across market cycles.

There are number of initiatives to reinforce the Wholesale platform and position for further growth and diversification of the portfolio of businesses. Strategic focus is to generate new revenue streams through digital transformation and build-up of capabilities in digital assets, and realize synergies with Greentech to broaden our presence in the ESG space.

Review of FY2019/20

FY2019/20 was largely affected by concerns over economic slowdown due to heightened geopolitical risks and the rapidly spreading of the new coronavirus in 2020 weighed on the global economy, significantly affected client activity and market volatility. Although business environment remained uncertain for a year, in April 2019, the Wholesale Division embarked on its business platform by downsizing and optimizing its unprofitable businesses and focused on areas of strengths within each region. As a result, the full year net revenue was ¥648.6 billion, up 17% year-on-year, due to substantial recovery of Fixed income mainly in Rates products and FX/EM in Asia. Moreover, the Wholesale Division cost was reduced by 17% year-on-year as the cost reduction plan of $1 billion (approx. ¥110.0 billion) progressed ahead of original schedule and goodwill impairment charge attributable to Wholesale (¥91.0 billion) was no longer present. Income before income taxes totaled ¥92.2 billion, a significant recovery from FY2018/19.

Key performance indicators

<table>
<thead>
<tr>
<th>Key Goal Indicator</th>
<th>FY2019/20</th>
<th>FY2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥92.2 billion</td>
<td>¥114.8 billion</td>
</tr>
</tbody>
</table>

* Uncertainties such as regulatory changes are not considered at present.
Initiatives in next three years

Our immediate focus is to ensure stability and resilience of the business as the global economy and markets emerge out of the impact caused by coronavirus pandemic, and continue to provide uninterrupted service to our clients while maintaining robust risk management to safeguard from uncertainties ahead. In the medium term, Wholesale is focused on achieving the $1.1bn PTI target, mainly through initiatives shown below.

### Business Strategies

Our business strategy is mainly focused on continuing momentum in core areas, while capitalizing new growth opportunities and focus on cost efficiency.

- **Diversification of revenue stream and further expansion of market share in agency execution**
- **Leverage momentum in secondary trading businesses and use of technology for further differentiation and improved productivity in Flow Trading**
- **Further development of structured and solutions offerings**
- **Prudent risk management and improving resource efficiencies through flexible deployment of management resources**
- **Leverage our strengths in the public market to enhance our presence in private markets**
- **Continue to invest in priority areas and strengthen advisory functions to support new customer needs**

### Strategic focus

- **Further gain in market share**
  - Expansion of non-brokerage revenue streams to expand market share through multi-product services
  - Continued focus on cost efficiency

- **Continued growth in core areas**
  - Improved monetization and differentiation in Flow Trading by use of technology
  - Monetize demand for liquidity

- **Support client financing through structured and solutions offerings**
  - Drive resource efficiencies, prudently manage exposure

- **Capitalize on new opportunities**
  - Scale-up of key focus sectors (collaboration with Greentech)

- **Pursue new business opportunities through partnerships with third parties and invest to build new digital businesses**

### Digital transformation

**A key lever of our business strategy are digitization initiatives to improve productivity and nurture new revenue streams.**

Digitalization of existing platform includes advanced analytics, AI tools and execution algorithms for pricing and hedging in eTrading, deployment of AI tools in secondary businesses for pricing, hedging and market making as well as improved efficiency through automation of manual processes and retiring legacy platforms, redundant infrastructure.

Additionally, we intend to explore new business opportunities in the digital space, through recently launched Komachi, a regulated digital asset custody solution for institutional clients, to broaden our digital asset footprint as well as further build on successful underwriting of Japan’s first block chain based digital bond leveraging block-chain platform BOOSTRY.

### ESG initiatives

To accelerate financing and solutions for projects that will support a carbon-free society, we have established the "Wholesale Sustainability Forum" under the ESG Committee, with Head of Wholesale Division as the chair and members from related departments. The Forum will continue to accumulate relevant expertise, monitor trends in markets and laws and regulations, identify opportunities for financial products and services that contribute to a sustainable society, and actively participate in industry activities.

As part of our ongoing commitment to sustainable finance, Nomura acquired Greentech Capital in April 2020, a leading boutique investment banking firm focused on sustainable technology and infrastructure. This acquisition will help Nomura respond better to diverse client needs with stronger environmental, social and governance-related primary and advisory services, and expand industry expertise.
CORPORATE GOVERNANCE

Nomura Holdings recognizes that in order to achieve the management’s goal of enhancing corporate value by deepening society’s trust in the firm and increasing the satisfaction of stakeholders, beginning with shareholders and clients, strengthening corporate governance is one of the most important issues. As a company with Three Board Committees, we have separated management oversight from business execution. This separation of duties strengthens the oversight functions of the Board of Directors and delegation of authority regarding business execution to the Executive Officers with the aim to accelerate the Group’s decision-making process.

Nomura’s corporate governance

+ Enhanced the Board of Directors’ oversight function and achieved a high level of impartiality and transparency by separating oversight and business execution functions.
+ The Board of Directors has formulated the “Fundamental Management Policy of Nomura Holdings, Inc.” in which the Board of Directors elects the Group CEO and other Executive Officers while also making key decisions on our business execution.
+ Accelerated decision-making process by delegating business execution authority from Board of Directors to Executive Officers.
+ Board of Directors are composed of diverse members in terms of nationality, gender, backgrounds and experts such as corporate management, corporate accounting, finance-related legal systems, and other areas.
+ A majority of the Nomination, Audit, and Compensation Committee are independent Outside Directors.

Corporate Governance System

- Outside Directors
- Inside Directors (Executive)
- Outside Experts
- Inside Directors (Non-executive)

General Meeting of Shareholders

- Meetings held: 11 in FY2019/20
- Attendance rate in FY2019/20: 100%

Board of Directors

- Nomination Committee: 9 in FY2019/20
- Audit Committee: 16 in FY2019/20
- Compensation Committee: 8 in FY2019/20
- Outside Directors Meetings: 5 in FY2019/20

Reinforcing the corporate governance

In 2010, two additional Outside Directors from abroad joined the Board of Directors, which is now comprised of a majority of Outside Directors. In 2015, we established “Outside Directors Meetings” where they discuss matters related to our business and corporate governance regularly. In addition, we invited Asian experts as members of the Advisory Board, which is designed to upgrade our corporate governance, helping us evolve into a “global investment bank.” In 2019, all three of our committees have an Outside Director as the Chairman to further enhance our corporate governance structure. In addition, the Succession Plan was discussed in the Nomination Committee, concerning the Group CEO qualifications based on factors such as the management environment and candidate proposal to further develop our governance structure.

In the same year, we published Nomura Group Code of Conduct, to build upon the Code of Ethics of Nomura Group, established in 2004, into actions and guidelines for Nomura Group officers and employees. We operate all of our business activities based on the Code, and we strive to fulfill our responsibility not just to shareholders but to all other stakeholders.

Our company’s continuous efforts to strengthen corporate governance are reflected in the corporate governance framework, which is shown as the “Nomura Holdings Corporate Governance Guidelines,” established in November 2015. In addition, the current status of compliance with the Corporate Governance Code is disclosed in the Corporate Governance Report.

Adopted a Company with Committees, etc. structure (now known as a Company with Three Board Committees) 2003

Established the Advisory Board as an advisory body to the Executive Management Board 2001

Regularly held Outside Directors Meetings 2015

Form of Corporate Governance of Japanese companies

- Number of companies listed on TSE: 3,672
- Company with Audit etc. Committees: 2,506 (68%)
- Company with Three Board Committees: 76 (2%)

Source: Nomura Japan Exchange Group “Corporate Governance Information Board” (As of July 1, 2020)
Evaluation of the effectiveness of the Board of Directors

We have been conducting evaluations on the effectiveness of the Board of Directors since the fiscal year ended March 2016. Each Director assesses the management of the Board of Directors, including the quantity and quality of information offered and discussions by the Board of Directors. Based on those results, they also share their findings at Board of Directors Meetings as well as Outside Directors Meetings, and further discuss about issues found with other Directors including Executive Officers in order to continue strengthening their oversight function.

Through evaluation of these discussions and findings, the Board of Directors found the effectiveness of Board of Directors is generally at an almost good level this year as well. As a company with Three Board Committees structure, we ensure to accelerate the Group’s decision-making process, and we are enhancing the ability to utilize of all members’ expertise either during or outside of Board of Directors Meetings, to further enrich the function of the Board of Directors.

**Evaluation items**

- Constitution and management of the Board of Directors
- Information provision to the Board of Directors
- The Board of Directors’ involvement in management goals and strategy
- The Board of Directors’ function ability to oversee management
- Constitution and management of the Nomination, Audit and Compensation Committees
- Monitoring of the state of dialogues with stakeholders
- Management of Outside Directors Meetings, etc.

**Response to results**

Response to results from previous year

In fiscal year ended March 2019, Director Kimura who is the lead Outside Director has been assigned to the Chairman of Nomination Committee and Compensation Committee, and aimed for sophistication of Board of Directors.

At the Nomination Committee, Succession Plan discussed by concerning the Group CEO qualifications based on factors such as the management environment and candidate proposal. At the Compensation Committee, performance-based compensation was discussed, and the function of each Committee was enhanced.

Regarding the incident of improper communication of information, the Board of Directors concerning investigation results by the special investigation team under the Audit Committee, required to establish a remediation action plan to the senior managements. As a result, the Nomura Group Code of Conduct which is an essential part of the remediation plan has been established on the discussions at the Board of Directors, and the efforts to permeate the code were also discussed at the Board of Directors.

**Future Challenges**

At the regularly held meetings of Outside Directors, enhancement of discussions regarding management’s goals and strategies, and effective management of Board of Directors will be discussed with Directors and senior management for ideal way of the Company’s Board of Directors.

**Main items discussed by the Board of Directors**

<table>
<thead>
<tr>
<th>Main agenda</th>
<th>Content of the discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018/19 Full year results, dividend policy</td>
<td>Company overview, performance and market environment by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Review of business platform and future strategies</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Operational status of risk appetite and discussion of risks requiring attention</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Current status and next steps on addressing the incident of improper communication of information</td>
</tr>
<tr>
<td>Audit activity/disagreement report</td>
<td>Initiatives to enhance medium to long-term management strategy</td>
</tr>
<tr>
<td>FY2019/20 Q1 results</td>
<td>Corporate overview, performance and market environment by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Partial role of Nomura Research Institute shares and future strategy for Retail Division</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Operational status of risk appetite and discussion of risks requiring attention</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Current status and next steps on addressing the incident of improper communication of information</td>
</tr>
<tr>
<td>Review of Corporate Governance Guidelines</td>
<td>Clarification of selection criteria for Chair of Nomination and Compensation Committee</td>
</tr>
<tr>
<td>Strategic Shareholding/Review Committee reporting</td>
<td>Current status of strategic shareholdings and future measures</td>
</tr>
<tr>
<td>FY2019/20 Q2 results, dividend policy</td>
<td>Company overview, performance and market environment by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Future strategy for each division</td>
</tr>
<tr>
<td>Investments, sales and alliance report</td>
<td>Current status of investments, sales, alliances</td>
</tr>
<tr>
<td>Proxy voting analysis of Annual General Meeting in June 2019</td>
<td>Proxy voting results for institutional and individual investors – Major shareholder proxy voting results analysis and future measures</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Operational status of risk appetite and discussion of risks requiring attention</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Discussions to establish the Nomura Group Code of Conduct</td>
</tr>
<tr>
<td>FY2019/20 Q3 results</td>
<td>Company overview, performance and market environment by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Future strategy for each division</td>
</tr>
<tr>
<td>Shareholder Relations Report</td>
<td>Status of dialogue with key shareholders</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Operational status of risk appetite and discussion of risks requiring attention</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Discussion on risk changes in relation to establishment of the Nomura Group Code of Conduct</td>
</tr>
</tbody>
</table>

**Internal Controls System**

We are strengthening our internal controls to ensure appropriate corporate behaviors throughout the Group are made in an effort to deliver management transparency, ensure efficiency, comply with regulations, manage risks, maintain the reliability of business and financial reports, and encourage appropriate information disclosure.

First, we implemented risk controls in the sales and trading businesses, which are then reviewed and monitored by risk management teams. They also encourage development of management frameworks. Finally, the Internal Audit department, which is independent from business execution, conducts their internal audit (This is commonly referred to as the ‘Three Lines of Defense’ approach. See page 63 for details).

The status of the internal audits is reported to the “Internal Controls Committee” chaired by the Group CEO and attended by members of the Audit Committee. Deliberations of the Internal Controls Committee are reported to the Board of Directors. The Audit Committee collaborates directly with the Internal Audit department and submits reports to the Board of Directors.

To strengthen the independence of the Internal Audit department from business execution functions, and implementation plans, their budget formulation and the election and dismissal of their heads require the consent of the Audit Committee.

**Structure of Nomura Holdings’ internal controls system**

*Internal Controls Committee deliberates and determines matters regarding the establishment and evaluation of internal controls for the Nomura Group’s business management structure as well as matters regarding the improvement of corporate behavior. Upon the consent of the Audit Committee, the Committee approves the internal audit plan, the budget regarding the internal audit, and elects the head of the Internal Audit Division. The Committee also discusses on matters concerning the internal audit plan, the budget, and the head of the Internal Audit Division. The head of the Internal Audit Division and members of the Committee are appointed (person(s) designated by Group CEO or Audit Committee) and the Committee is designated by the Audit Committee or Director(s) designated by Board of Directors.*
Compensation for Directors and Executive Officers

As Nomura has adopted the "Company with Three Board Committees" structure, the Compensation Committee has established the Compensation Policy of Nomura Group and the Compensation Policy for Directors and Executive Officers. We ensure that the Nomura Group’s compensation framework aligns with our business strategy.

Compensation Policy of Nomura Group

We have developed our compensation policy to enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to our clients, compete in the global market and enhance our reputation.

1. Align with Nomura’s values and strategies
2. Reflect group, divisional, and individual performance
3. Establish appropriate performance measurement with a focus on risk
4. Align employee and shareholder interests
5. Appropriate compensation structures
6. Ensure robust governance and control processes

Compensation framework: fixed compensation and variable compensation

Nomura delivers compensation to senior management and employees through fixed and variable components.

(1) Fixed Compensation

Fixed compensation primarily consists of base salary and other allowances. Base salary is determined by examining individual duty, role, responsibility, knowledge, skills, competencies, experience, etc. Other allowances are determined by reflecting the local labor market standards and practices.

(2) Variable Compensation

Variable compensation is consisted of cash bonuses and deferred compensation, which are performance-linked compensations. In determining performance-linked compensation, following indicators are referred. In addition to reflecting these financial indicators, the total compensation is determined by comprehensively considering individual responsibility and performance, as well as trends of global competitors and industry-wide.

Compensation Policy for Directors and Executive Officers

The compensation of Directors and Executive Officers comprises fixed compensation and variable compensation, and is determined by the Compensation Committee based on this policy. A portion of compensation may be deferred or paid in the form of equity-linked awards. Equity-linked awards have vesting periods to ensure that the medium to long-term interests of Directors and Executive Officers are closely aligned with those of shareholders. In addition, the deferred compensation may not be paid or may be forfeited under certain circumstances.

Basic policy for strategic shareholdings

Over the past 20 years, Nomura Group has consistently reduced its investments in strategic shareholdings that are not used for pure investment purposes. As of end of March 2020, our Company held 250 companies’ stocks, total assets recorded on the balance sheet is ¥92.1 trillion (total market value of holdings) and represented only 3.6% of our Tier1 capital.

We have ongoing discussions concerning the value of strategic shareholdings (see below chart). Regarding strategic shareholdings, we balance the risks and costs involved in holding such shares with potential benefits into business strategy, such as additional opportunities to increase the revenues of our businesses through expansion of transactions, or business alliances with partners whose shares are held, and Nomura shall hold such shares only if such shareholdings will contribute to maintaining or enhancing the corporate value of the Nomura Group.

These topics are discussed by the Strategic Shareholders Discussion Committee established by Board of Directors (held twice during fiscal year ended March 2020). As a result, we will proceed with the sale of such shareholdings, where it has been determined to be reasonable upon consideration of the impact on the market and other circumstances.

Process for Reviewing the value of strategic shareholdings

Quantitative analysis regularly held for all strategic shareholdings

Quantitative analysis considers whether to continue to hold or sell based on medium to long-term revenue projections, holding objectives and periods, relationships with issuers and regional economies, and other strategic factors.

Notes:
1. Compensation: Compensation is determined by the Compensation Committee, in the context of the Remuneration Policy.
2. Fixed compensation comprises base compensation, local labor market standard allowance and related tax adjustments, were provided.
3. Bonus: Bonus comprises company bonuses, such as housing allowances, and related tax adjustments, were provided.
4. Deferred Compensation: Deferred compensation comprises RSUs, stock options, etc., granted during and prior to the fiscal year ended March 31, 2020.
5. Dividends: Dividends per share, or equivalent, are paid in accordance with the payment date specified by the issuer.

Compensation for Directors and Executive Officers

https://www.nomuraholdings.com/company/cg/compensation.html
The mission of the Nomination Committee is to decide each year’s nominees to the Board of Directors with sufficient reasoning and to define the independence criteria for outside directors. Over the past couple years, we have spent the most time on our key task; planning for a successor to the Group CEO. The committee rules stipulate that the Nomination Committee must meet at least once a year. Normally, the Committee meets about three times a year, but the number increased to six in fiscal year ended March 2019 and nine in fiscal March 2020.

Could you explain activities of the Nomination Committee, and what is discussed in the Committee?

Nomura’s Corporate Governance Guidelines state the requirements for directors, the first is to ensure a diverse board, and the second is to have a majority of outside directors. Diversity includes nationality, gender, and specialty of directors. As for internal directors, the Group CEO and Group COO (currently unassigned) are also appointed as directors. As a result, of the 10 currently on the Board, six are from the outside, including two non-Japanese and two female directors. Outside directors are required to meet independence criteria in addition to their expertise.

Nomura Holdings has taken an advanced approach. In other words, the Board of Directors is essentially responsible for the supervision of management, and is very clearly separated from the execution. Furthermore, although there are no explicit standards to exert, it is the role of the Board of Directors to dismiss the Group CEO if he or she is judged unfit to fulfill the duties sufficiently.

In December 2019, Nomura announced its key managerial position effective April 2020. When did you begin discussing and eventually decide upon appointing Mr. Okuda as the new Group CEO?

It effectively started from 2018. Mr. Nagai, the Group CEO at that time, attended the Nomination Committee as an advisory explainer to the Committee and we gradually narrowed down the list of candidates from more than 10 people. First, we identified and defined the requirements for the next leader since the business environment has changed considerably from Mr. Nagai’s time. Looking ahead to the future, we discussed at length which qualifications, experiences and leadership styles are necessary to lead in this changing environment. I felt the discussions became really focused and intensive at the three Nomination Committees in August, October and November 2019. During the Committee meeting in December, the Committee decided on Mr. Okuda and submitted its recommendation to the Board of Directors.

What perspectives are important to the Nomination Committee when selecting nominees for Nomura Holdings’ board of directors?

In fact, the Nomination Committee members do not have many opportunities to speak directly with incumbent executives. On the other hand, the Audit Committee conducts monthly interviews and each member has opportunities to meet not only the heads of each business division, but also the executive officers under them. As a result of the opinion raised by the Board of Directors and the evaluation of the effectiveness process three years ago, outside directors other than the Audit Committee members can now attend meetings. If timing allows, I attend the Committee meetings and ask questions. Outside directors can also attend meetings where executives from Japan and overseas gather to discuss the business conditions and strategies for the Group and its divisions. By attending these meetings, the members of the Nomination Committee have a chance to meet the executives and know who each candidate is, and this indeed helped smooth our screening process.
**Q** Why did the Committee conclude that Mr. Okuda would be the best to fill the Group CEO position?

Nomura is a company filled with extremely talented personnel. In fact, if you look around, there are so many people from Nomura who play important parts in various fields. I think Nomura encourages nurturing people. The reason we recommended Mr. Okuda from such a large pool of talented people is that we felt he will be a great leader during times when Nomura continues to transform itself five or ten years from now. Furthermore, Mr. Okuda has worked mainly in the Wholesale Division and also has overseas experience. Taking into consideration the macroeconomic environment, including the declining birthrate, aging population and the decline in commission rates in Japan, we believe that there are limitations to significant growth in earnings even if we increase our share in Japan. Under these circumstances, it is the Wholesale business and capital markets business, as well as new business areas such as China and the Merchant Banking business, that have greater future growth potential. Mr. Okuda was the best person to lead the firm’s focus of the client franchise in addition to established brokerage capabilities in the Wholesale business.

Although the Wholesale Division reported valuation losses in response to the sudden market downturn in March of this year, we feel that our fundamental competitiveness in this business has steadily improved both last year and this year. However, there are questions about the volatility of earnings. One year, the Wholesale business may deliver significant profits and in the next year, it could swing to a loss. I cannot guarantee this will not occur. Stabilizing overseas earnings and raising profitability are important financial objectives for Nomura. This does not mean that we need to expand aggressively, instead, we need to manage the growth while controlling costs properly.

Chairman of the Committee, we started to meet the subsequent meetings. Now that I have become the Chairman, I believe that we have to continue taking discussions, and the Chairman may lead, but the Chairman’s responsibility is to facilitate discussion. In the past, the Chairman rarely had influence on the conclusion, and I have never had any concerns. Mr. Koga, who served as the Chairman until March this year, was the best person to lead the firm in accelerating these efforts while also tackling the challenges we face, and maintaining overall balance. He instinctively excels with both conceptual thinking and planning ability, and is also effective at communicating externally and internally. He also possesses the ability to convey information in an easy-to-understand manner, instead of relying on financial terminology.

**Q** Next, could you explain the frequency of the Compensation Committee meetings and the topics of discussion?

Under the committee rules, these meetings are held at least once a year, but in fiscal year ended March 2020, we convened eight times. During these meetings, we discussed voluntary return of executive compensation following the TSE incident, and discussed compensation levels at the subsequent meetings. Now that I have become the Chairman of the Committee, we started to discuss ways to increase transparency of our remuneration methodology for executives. When our company is doing well, executives should be proud to be compensated well, and we should set up rules to ensure that compensation is consistent. Executives will have greater incentive to perform well if they understand the criteria on which they are being evaluated.

We reached a general agreement to an overall framework in March this year, and taking into consideration best practices from other companies in Japan and overseas. We are now at the stage of deciding details such as which KPIs to use. Since Mr. Okuda has delivered his new management vision, the KPIs will also incorporate the vision’s objectives.

**Q** Lastly, if there are any challenges regarding Nomura Holdings’ governance, how will you address changes?

As I mentioned at the outset, I believe that Nomura’s approach and structure for governance is quite advanced. Executives are responsible for ensuring proper corporate governance. In response to last year’s inappropriate communication of information, and in order to ensure that such incidents never recur, the firm had created the Nomura Group Code of Conduct through discussions at all levels of the company. It’s very rigorous and based on foundational principles. In order to eliminate some of the misconceptions that employees can engage in activities that are not explicitly forbidden in the rules, they must ask themselves whether their actions align with the principles and meet the standard of ethics required of them. I ask myself five set questions and if all can be answered “Yes,” I can proceed with the action in question. This is very important. However, development of governance has no end point. The environment will change and evolve, and I believe that we have to continue taking necessary actions to improve governance and address new matters.
Directors of Nomura Holdings

Koji Nagai
Chairman of the Board of Directors
Member of the Nomination Committee / Member of the Compensation Committee
Non-Executive Director

Hisato Miyashita
Member of the Audit Committee (Full-Time)
Chairman of the Nomination Committee / Chairman of the Compensation Committee / Honorary Consul Fellow of Japan Tobacco Inc.

Hiroshi Kimura
Outside Director
Member of the Nomination Committee / Member of the Compensation Committee / Director Honorary Consul Fellow of Japan Tobacco Inc.

Kazuhiko Ishimura
Outside Director
Member of the Nomination Committee / Member of the Compensation Committee / Director Honorary Consul Fellow of Sumitomo Corporation

Mari Sono
Outside Director
Member of the Audit Committee / Certified Public Accountant / Former Commissioner of the Securities and Exchange Surveillance Commission of Japan / Former Member of the Auditing Oversight Committee of the Financial Instruments and Services Agency / Trustee of the IASC Foundation / Director of the Financial Accounting Standards Foundation, such achievements and related insights have been evaluated highly both within and outside of the Company. She was appointed as an outside director of the Company in June 2016, and is now serving as a member of the Nomination Committee and a member of the Compensation Committee.

Kazuhiko Ishimura
Outside Director
Member of the Nomination Committee / Member of the Compensation Committee / Director Honorary Consul Fellow of Sumitomo Corporation

Noriaki Shimazaki
Outside Director
Chairman of the Audit Committee / Advisor of the IFRS Foundation Asia-Oceania Office / Former Representative Director and Executive Vice President of Sumitomo Corporation

Mari Sono
Outside Director
Member of the Audit Committee / Certified Public Accountant / Former Commissioner of the Securities and Exchange Surveillance Commission of Japan / Former Member of the Auditing Oversight Committee of the Financial Instruments and Services Agency / Trustee of the IASC Foundation / Director of the Financial Accounting Standards Foundation, such achievements and related insights have been evaluated highly both within and outside of the Company. She was appointed as an outside director of the Company in June 2016, and is now serving as a member of the Nomination Committee and a member of the Compensation Committee.

Michael Lim Choo San
Outside Director
Former Executive Chairman of PricewaterhouseCoopers, Singapore

Laura Simone Unger
Outside Director
Former Commissioner and Acting Chairperson of the U.S. Securities and Exchange Commission (SEC)

Kentaro Okuda
Director and Representative Executive Officer

Toshio Morita
Director and Representative Executive Officer

Distribution of skill-set for each Director

<table>
<thead>
<tr>
<th>Name</th>
<th>Chairman of the Committee</th>
<th>Member of the Committee</th>
<th>Involved Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koji Nagai</td>
<td></td>
<td></td>
<td>Nomination</td>
</tr>
<tr>
<td>Hisato Miyashita</td>
<td></td>
<td></td>
<td>Corporation</td>
</tr>
<tr>
<td>Hiroshi Kimura</td>
<td></td>
<td></td>
<td>Audit</td>
</tr>
<tr>
<td>Kazuhiko Ishimura</td>
<td></td>
<td></td>
<td>Corporate management</td>
</tr>
<tr>
<td>Noriaki Shimazaki</td>
<td></td>
<td></td>
<td>Financial Legal</td>
</tr>
<tr>
<td>Mari Sono</td>
<td></td>
<td></td>
<td>Leadership</td>
</tr>
<tr>
<td>Michael Lim Choo San</td>
<td></td>
<td></td>
<td>Leadership</td>
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<tr>
<td>Laura Simone Unger</td>
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<td></td>
<td>Leadership</td>
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<tr>
<td>Kentaro Okuda</td>
<td></td>
<td></td>
<td>Leadership</td>
</tr>
<tr>
<td>Toshio Morita</td>
<td></td>
<td></td>
<td>Leadership</td>
</tr>
</tbody>
</table>

Company: Nomura Holdings
Report: Nomura Report 2020
Page: 052

About Nomura
Strategies for Value Creation
Strengths Supporting Value Creation
Corporate Information / Data
Executive Officers and Senior Managing Directors of Nomura Holdings (As of July 1, 2020)

Executive Officers

Representative Executive Officer, President and Group CEO
Kentaro Okuda

Representative Executive Officer, Chief Health Officer (CHO)
Toshio Morita

Executive Managing Director, Head of Asset Management
Junko Nakagawa

Executive Managing Director, Chief Staff and Chief Compliance Officer (CCO)
Tomoyuki Teraguchi

Executive Managing Director, Chief Financial Officer (CFO)
Takumi Kitamura

Executive Managing Director, Chief Risk Officer (CRO)
Sotaro Kato (based in New York)

Senior Managing Directors

Retail
Head of Retail
Satoshi Arai

Wholesale
Head of Wholesale (based in London)
Steven Ashley

Head of Global Markets
Yutaka Nakajima

Global Head of Investment Banking
Masahiro Goto

Deputy Head of Global Markets (based in Singapore)
Rig Karkhanis

Deputy Head of Global Markets (based in New York)
Jonathan Raiiff

Asia Wealth Management (based in Singapore)
Yuji Hibino

Investment Banking (based in Hong Kong)
Kenji Toshima

Merchant Banking
Head of Merchant Banking
Masahiko Maekawa

Merchant Banking
Yutaka Mogi

Senior Managing Directors

Content Company
Head of Content Company
Chie Toriumi

Future Innovation Company
Head of Future Innovation Company and Brand Strategy (Joint)
Majime Ikeda

Deputy Head of Future Innovation Company and Innovations
Chuzaburo Yagi

Corporate
Chief Strategy Officer (CSO)
Toru Otsuka

Chief Administrative Officer (CAO) and CEO of Nomura Europe Holdings plc
Jonathan Lewis

Group Finance
Michio Okazaki

Group Legal Head and Compliance
Yoshifumi Kishida

Group Legal
Takako Mori

Global Human Resources
Etsuro Miwa

Global Human Resources
Yukiko Ozaki

Global Head of Group Corporate Communications and Brand Strategy (Joint)
Go Sugiyama

Group Head of Corporate Services
Rikiya Nonomura

Group IT Head
Jun Yoshimura

Banking
Banking
Kenji Kimura

Americas
Executive Chairman of Nomura Holding America, Inc. (based in New York)
Kunio Watanabe

CEO of Nomura Holding America, Inc. (based in New York)
Yo Akatsuka

EMEA
Vice Chairman of Nomura Europe Holdings plc (based in London)
Takeo Aoki

Asia ex-Japan
Head of China Committee
Toshiyasu Iiyama

Asia (based in Singapore)
Vikas Sharma

Internal Audit
Group Internal Audit
Shoji Ogawa

Outside Directors of major subsidiaries in Japan (As of July 1, 2020)
(Nomura Securities Co., Ltd. / Nomura Asset Management Co., Ltd.)

Outside Director
Advisor Attorney of TMI Associates, Former Superintending Prosecutor
Toshiaki Hiwatari

Outside Director
Former Chairman of the Board of Directors of Kao Corporation
Motoki Ozaki

Nomura Asset Management Co., Ltd.

Outside Director
Board Chairperson of NPO Triton Arts Network
Rikio Nagahama

Outside Director
Of-Counsel, Attorney-at-Law, Anderson Mori & Tomoharu
Akiko Kimura
CODE of CONDUCT

Nomura Holdings published the Nomura Group Code of Conduct in December 2019. The Code of Conduct is a guide for all in Nomura to translate into actions the core values of entrepreneurial leadership, teamwork and integrity included in Nomura Group’s Corporate Philosophy. The Code represents the commitment by everyone at Nomura to adhere to the highest standards of ethics and integrity in their business conduct with all clients and stakeholders.

Nomura Group Code of Conduct

Nomura Group’s Corporate Philosophy defines the Group’s mission as “Contribute to enrich society through our expertise in capital markets” and the Group’s vision as being “a Financial Services Group selected by clients as the most trusted partner.” The firm has embraced entrepreneurial leadership, teamwork and integrity as the three values to cherish in order to realize our mission and vision.

The Nomura Group Code of Conduct provides guidelines of concrete actions (behavior) we should take in line with the three values in the various business situations we encounter every day. These business situations include planning and execution of management strategies, managing risk, and building business frameworks. The Code of Conduct’s scope extends well beyond just legal compliance. The Code is the foundation that supports the Group, linking our vision with the three important values. The Code includes the “Nomura 5 YES,” a set of five questions which prompt our people to stop and ask themselves about the propriety of their own actions when they are in doubt. The Nomura Group Code of Conduct sets out 18 specific guidelines for our actions according to our three major stakeholders: our clients, our people, and society, from the perspective of how we view them in light of the three values of entrepreneurial leadership, teamwork and integrity. In addition to legal compliance as well as general professional and social ethics, these guidelines cover all aspects of our activities, including the fundamental view on client services, personnel development, diversity and inclusion, respect for human rights, and our stance on addressing social challenges.

Ensuring Commitment to the Code of Conduct

To ensure that our people clearly understand and abide by the Code of Conduct, and to foster the correct culture in the firm, we have incorporated the Code of Conduct into trainings for new employees and by title and theme, along with posting the “Nomura 5 YES” on our websites, PC screen savers, and smartphones.

To further motivate our employees to abide by the Code of Conduct, we have revised our personnel review system and also recognize employees who conduct good business in accordance with the Code. A special website that features actual examples of desirable conduct and poses questions to viewers is now available, utilizing pictures and diagrams to help them make use of the “Nomura 5 YES” when they are faced with difficult decisions. An e-mail magazine that introduces topics related to the Code of Conduct and compliance is also being distributed by employees voluntarily. Each August 3, the firm observes Nomura Founding Principles and Corporate Ethics Day. On this day, all Group executives and employees pledge to comply with the Nomura Group Code of Conduct.

Against the backdrop of this Group-wide initiative, each division holds its own activities, such as seminars and group discussions.

Promoting Proper Conduct: Conduct Program

The firm engages in business operations based on the “Conduct Program,” a Group-wide framework that aims for everyone to understand and abide by the Code of Conduct and to reduce risks arising from inappropriate conduct. We have created committees at the executive level, subcommittees at the department and branch management levels, and working groups at lower levels. Under the Group-wide framework, these bodies work to disseminate ideas and encourage desirable conduct, as well as manage risk by limiting inappropriate conduct through regulations and monitoring.

In each division, under the supervision of the division head, a Senior Conduct Officer and his/her support team play a central role in drafting an annual plan and implementing specific activities laid out in the plan. A management PDCG cycle is then utilized to ensure effectiveness. This includes identifying conduct that could adversely impact clients and/or the market, formulating preventive measures, monitoring, identifying problems, and planning subsequent actions. Employees’ contributions to these efforts are reflected in their performance reviews, thereby providing additional motivation for them to be proactively involved.

Structure to Implement Conduct

Executive Management Board

Nomura Conduct Committee

Conduct Subcommittee

Diversity & Inclusion Subcommittee

Nomura Group Subcommittee

CCO

CSO

Global HR Head

Board of Directors

Audit Committee

Internal Controls Committee

Manage/Implement Initiatives

Review

Monitoring

Firm-wide framework to support Divisional approach

Firm-wide Conduct Risk Management and Risk Evaluation

In each division, under the supervision of the division head, a Senior Conduct Officer and his/her support team play a central role in drafting an annual plan and implementing specific activities laid out in the plan. A management PDCG cycle is then utilized to ensure effectiveness. This includes identifying conduct that could adversely impact clients and/or the market, formulating preventive measures, monitoring, identifying problems, and planning subsequent actions. Employees’ contributions to these efforts are reflected in their performance reviews, thereby providing additional motivation for them to be proactively involved.

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Compliance and conduct risk management system

All Group companies and departments establish thorough compliance, and establish adequate control frameworks to ensure that their members do not engage in activities suspected of being in violation of laws or regulations. In the event that such issues arise, they are reported to members of senior management and handled appropriately.

Based on the Conduct Program, Nomura Group has a Group Conduct Committee comprising executive officers which deliberates on organizational aspects and important matters related to compliance and conduct risk management. The committee also verifies the effectiveness of the Conduct Program through monitoring and other measures.

Matters that have been discussed by the Group Conduct Committee are reported to the Executive Management Board. In addition, the Board of Directors periodically asks members of senior management to provide reports and provide opinions as needed, and otherwise manages the committee from both executive and supervisory angles, to ensure that initiatives are implemented appropriately in accordance with the Conduct Program.

A Chief Compliance Officer has been appointed to oversee compliance for Nomura Group as a whole. In addition, all Group companies and overseas regions have a Compliance Officer. The Chief Compliance Officer, through instructions to the Group Compliance Department, works with the Compliance Officers of each Group company and overseas region to strengthen internal controls in response to global business development, and to develop and maintain the respective compliance structures of each Group company, including overseas offices.

Approach to conduct risk management

Compliance risk refers to the risk of incurring financial losses, including fines, or damage to reputation, as a result of violations of laws or regulations, actions that undermine the fairness and equality of financial markets, or improper conduct that adversely impacts client protection.

Compliance risk includes conduct risk, which is the risk that the conduct of any member of Nomura Group deviates from the social norms and ethics required of a financial institution, and, as a result, adversely affects client protection and the soundness of the market.

Based on the non-financial risk management framework, Nomura Group has stipulated the approach and policies for conduct risk management in the Risk Appetite Statement and the Conduct Program.

Based on the three lines of defense approach, as the first line of defense, divisional heads are responsible for managing conduct risk in their respective divisions. Each division has a Senior Conduct Officer, whose job is to assist the division head in managing conduct risk and keep the division head in check. Compliance and conduct-related departments are responsible for the second line functions. They provide advice and guidance with respect to the conduct risk management implemented by the first line of defense, keep the first line of defense in check, as well as monitor and verify the effectiveness of the first line’s measures. As the third line of defense, from an independent position, the Internal Audit Department studies and verifies the conduct risk management frameworks put in place by the first and second lines of defense, and gives advice for making improvements. Conduct risk management is conducted in accordance with the PDCA cycle approach. Under this approach, risks are identified, then assessed using the Risk and Control Self-Assessment (RCSA), controlled to prevent risks from materializing, and monitored using various indicators such as Key Risk Indicators (KRI).
**Compliance Hotline**

The firm has established the Nomura Group Compliance Hotline in order to maintain and ensure an effective compliance framework at each Nomura Group company. This Compliance Hotline is a means for all persons working at a Group company (including contract employees, temporary staff, etc.) who become aware of a potential legal or regulatory violation, an action that interferes with the Nomura Group Code of Conduct, or a suspicious action related to accounting or accounting audits, to directly report such information to specified persons, including outside attorneys, designated by Nomura Group. Informants may also report through dedicated personnel provided by outside entities and have the option of remaining anonymous.

The Compliance Hotline is accessible 24 hours a day, seven days a week, and is available in English and Japanese. Matters reported through the Compliance Hotline are investigated under the direction of the person who received the report, while maintaining strict confidentiality for the reporting individual. If a problem is found, appropriate corrective measures are taken, and strict measures are in place to ensure that there is no retaliation against informants. Internal documents and the procedure are used to ensure that employees are familiar with the Compliance Hotline and to encourage them to use this system as necessary. By promoting the use of the Compliance Hotline, we are working to foster an environment in which anyone who senses something strange can speak up about it.

In FY2019/20, there were 101 calls received via the Compliance Hotline, and in all cases a thorough review was conducted and appropriate measures were taken. In November 2019, Nomura registered its whistleblowing system under the Japan Consumer Affairs Agency’s “Whistleblowing Compliance Management System (WCMPS).”

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**Segregation of customer assets and information security**

In accordance with applicable laws and regulations, including the Financial Instruments and Exchange Act and the Personal Information Protection Act, Nomura Group works to properly protect customers’ assets and information.

**Proper segregation of customer assets**

Nomura Securities properly segregates the assets of its customers from the assets of Nomura Securities itself. Nomura Securities has requested that EY Shin Nihon LLC provide “Assurance related to legal compliance with segregated management of customer assets” in accordance with Financial Instruments and Exchange Act and the Personal Information Protection Act. We are working to enhance the management of information provided to customers in accordance with the changes to the operating environment.

**Effective protection of clients’ personal information and other information assets of the Group**

The Nomura Group Information Security Policy provides the basic principles for appropriately protecting information assets. Each Group company has its own information security-related regulations in accordance with this basic policy. We are also working to enhance the management of information provided to customers in accordance with the changes to the operating environment.

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**Compliance and conduct training**

Nomura Group provides comprehensive compliance and conduct training for all executive officers and employees on topics such as combating money laundering and the financing of terrorism, managing conflicts of interest, preventing insider trading, complying with firewall regulations, and managing client information. We are working to raise the level of legal and regulatory knowledge among executives and employees, raise compliance awareness, and foster a corporate culture of pursuing appropriate business practices.

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Ensuring fair financial business practices

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

The Nomura Group Code of Conduct sets forth the basic policy of preventing money laundering and combating the financing of terrorism (AML/CFT) with a high level of control to prevent proceeds from criminal activity from flowing into the financial and capital markets or to be used to finance terrorism. Nomura has also established the "Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism Policy," a global policy on AML/CFT that stipulates the common rules to be established in each region and at each subsidiary. We have also established specific standards that apply across the entire Group in areas of particular importance, such as client due diligence and responding to economic sanctions. Nomura Group is working to strengthen its AML/CFT management system throughout the Group by complying with the laws and regulations of each country and by closely monitoring international regulatory developments, including recommendations by the Financial Action Task Force (FATF).

The Group AML/CFT Head is responsible for establishing and maintaining the effectiveness of Nomura Group’s AML/CFT management system.

The Financial Crime Department was established to assist the Group AML/CFT Head in maintaining an effective AML/CFT management framework. Each Nomura Group company designates an Anti-Money Laundering Compliance Officer who is responsible for that company’s AML/CFT management framework. Nomura Securities appoints AML/CFT Officers in each department and branch to oversee the planning and implementation of the AML/CFT management framework.

Concrete measures to prevent money laundering

Using a risk-based approach, Nomura Group has established a range of measures aimed at preventing money laundering and other illegal activities. Examples of Nomura Securities’ measures

Customer due diligence

Due diligence when clients open accounts and continuous updates of client information, etc.

Transaction monitoring

Introduction of a system to monitor abnormal transactions

Formulating, implementing, verifying, and reviewing policies, procedures, plans, etc.

Verification and check of the status of AML/CFT, and reconsideration and improvement of the management framework

Three lines of defense

Implementation of risk mitigation measures through the first line (sales departments), checks and balances through the second line (compliance-related departments), and independent verification through the third line (Audit Division)

Group-wide management framework

Established the “Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism Policy” to strengthen the internal control system throughout the Group. In addition, regular training and education on AML/CFT are conducted to foster awareness within the firm. Training is provided to all employees and Group companies, as well as to employees by position and department.

Elimination of transactions with anti-social forces

In order to eliminate transactions with anti-social forces, the Nomura Group Code of Conduct, the guideline that all Nomura people must abide by, stipulates that Nomura must reject all transactions with anti-social forces or groups, with a basic policy of eradicating all ties with anti-social forces.

Prevention of bribery and corruption

The Nomura Group Code of Conduct stipulates that all executives and employees must understand and comply with all applicable laws and regulations, including laws regulating bribery and tax evasion. Suspected violations of laws and regulations, including bribery, and acts in violation of The Nomura Group Code of Conduct are subject to reporting under the Nomura Group Compliance Hotline. Nomura Securities has established the “Guidelines for Gifts and Entertainment” applicable to entertaining public officials as well as officers and employees of private sector organizations, and strives to prevent bribery and ensure fair transactions by carrying out continuous training to make sure all people in the company are aware of and understand these guidelines. We also monitor the use of entertainment expense accounts to ensure that they are used appropriately.

Prevention of insider trading

In accordance with laws and regulations, Nomura Securities prohibits accepting orders knowing that they violate or are likely to violate insider trading laws and regulations. Also, in order to prevent insider trading, we have prepared an insider registration card. When accepting an order from a related party of a listed company (an insider), we first confirm that the order will not be an inside trade or the party in question does not possess undisclosed material information. Furthermore, Nomura Securities has established the “Regulations on Material Nonpublic Information obtained from Public Officials.” These regulations stipulate the systems for managing and reporting undisclosed corporate information and undisclosed material information, as well as the prohibited acts such as soliciting securities if in possession of such information.

Measures to prevent conflicts of interest

Nomura Group provides global financial services through numerous Group companies. We have established a conflict of interest management system based on the “Nomura Group Conflicts of Interest Management Policy” to ensure that conflicts of interest with customers do not materialize. Specifically, each Group company develops its own system to appropriately manage conflicts of interest. Nomura Holdings’ Group Compliance Department, which is in charge of managing conflicts of interest, determines whether a risk of conflicts of interest exists within Nomura Group. If there is concern about a conflict of interest, the Nomura Holdings Group Compliance Department appropriately manages the situation to prevent any conflicts of interest from materializing.

Examining market manipulation and other unfair transactions

Nomura Securities examines transactions on a daily basis to determine whether there is a risk that our own transactions, or those we execute on behalf of clients, could constitute unfair trading, such as market manipulation, intentional market formation, or insider trading. Based on the review, we interview and give warnings to those persons who have engaged in transactions that are suspected of being unfair. We continuously monitor transactions in accounts for which we deem there to be a risk of recurrence of suspicious trades. If no improvements are seen, we stop executing received orders, and take other appropriate measures. In addition, we periodically analyze the results of examinations, verify the effectiveness of the examinations and the soundness of the examination system as part of our effort to build and maintain an appropriate trading management framework.
Risk Management

Nomura Group promotes integrated risk management as part of the firm’s management strategy to control various risks inherent in daily operations, secure capital soundness in any economic environment, achieve business plans, protect customers and comply with laws and regulations.

Risk culture
Fostering a sound risk culture is essential for Nomura Group to maintain its social credibility and sustain its business activities. At Nomura Group, all employees, irrespective of their function or geographic location, must understand their specific responsibilities related to risk management, and actively work to manage risks.

Risk management policy
All executives and employees of Nomura Group, irrespective of their function, actively engage in risk management. Nomura Group aims to identify the risks that could lead to significant losses by categorizing the types of risks associated with its business activities, as well as the impacts of risks and their likelihood of occurrence. In principle, Nomura Group avoids risks that are difficult to identify and manage.

Nomura Group recognizes that there are risks that cannot be identified at present. As financial professionals, all executives and employees of Nomura Group must expand their knowledge of risks, and foster a corporate culture that appropriately recognizes, evaluates and manages risks.

Three lines of defense
All executives and employees of Nomura Group actively engage in the risk management through the three lines of defense framework.

1. First line of defense
   Departments engaged in trading and sales
   As a risk owner, the first line identifies, assesses, and manages risks arising in the course of daily operations in accordance with the Risk Appetite Statement, company policies, and procedures.

2. Second line of defense
   Departments engaged in risk management
   The second line is responsible for establishing the risk management framework and supporting the first line. The second line independently monitors risks and reports to senior management. As necessary, the second line controls the first line’s risk-taking activities.

3. Third line of defense
   Internal Audit Department
   The third line examines the operations and governance of the first and second lines and advises on improvement.

Risk appetite
Our business activities are exposed to various risks including market risk, credit risk, operational risk and liquidity risk. Properly managing these risks is one of management’s top priorities. It is important for us to maintain capital adequacy and achieve business plans under any type of economic environment, to protect our clients, and to comply with laws and regulations.
Nomura Group has defined the types and levels of risk (risk appetite) that the firm is to take, as documented in the Risk Appetite Statement. Our Risk Appetite Statement is approved by the Executive Management Board, and risks are monitored daily against the risk appetite. If by any chance risk levels exceed the risk appetite, senior management consults with those directly involved and takes actions to eliminate excessive risk as necessary.

Categories for which risk appetite is established

<table>
<thead>
<tr>
<th>Capital adequacy and liquidity</th>
<th>Nomura Group defines the level of capital adequacy and sound liquidity as risk appetite, taking into account the regulatory requirements, funding capacity, and business environment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial risk</td>
<td>Nomura Group allocates financial resources to each business in order to achieve corporate strategies and business plans, while remaining within the bounds of the risk appetite for capital adequacy and liquidity. Nomura Group defines the types and levels of financial risks that each business takes within its allocated resources as financial risk appetite. In setting the financial risk appetite, Nomura Group classifies market and credit risks into segments according to the nature of business, and uses quantitative metrics or qualitative indicators as well as processes to capture these characteristics.</td>
</tr>
<tr>
<td>Non-financial risk</td>
<td>Non-financial risks exist in daily activities and processes, and can result in a financial loss or significant adverse impact on Nomura Group, our clients and financial markets. It is therefore everyone’s responsibility to manage non-financial risks in line with Nomura Group’s risk appetite.</td>
</tr>
</tbody>
</table>

Nomura Group’s major financial risk

<table>
<thead>
<tr>
<th>Mark to market risk</th>
<th>Risk of incurring losses due to a change in the value of assets or liabilities resulting from movements in interest rates, currencies, and prices of stocks and other securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market liquidity risk</td>
<td>Risk that trading costs will increase due to the time taken to close positions, or that trading will become unfeasible due to rapid changes in the market.</td>
</tr>
<tr>
<td>Default risk</td>
<td>Risk of incurring losses when a counterparty or issuer fails to meet its obligations.</td>
</tr>
<tr>
<td>Event risk</td>
<td>Risks inherent in specific financial transactions, such as losses from events caused by discontinuous changes in the market. Events may or may not result from fluctuations in financial markets.</td>
</tr>
<tr>
<td>Model risk</td>
<td>Nomura Group uses models for valuation of financial instruments, for measurement of key risks including Value at Risk and counterparty exposure, for estimating liquidity, and for asset price verification. Model uncertainty due to simplification, incorrect use of a model, or reduced model suitability in the current market environment can lead to financial losses and failure to satisfy regulatory requirements. This is called model risk.</td>
</tr>
</tbody>
</table>

Nomura Report 2020
Risk Category | Definition
---|---
Non-Financial Risk | Non-financial risk includes Operational Risk and Reputational Risk.
Operational Risk | Risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people and systems, or from external events. Nomura Group’s approach to operational risk management includes four core processes: operational risk event reporting, risk and control self-assessment (RCSA), monitoring using key risk indicators (KRI), and scenario analysis. Managed operational risks are divided into the 10 categories below.

Risk of financial loss or reputational damage due to violations of financial services laws, rules or regulations, and improper conduct which disrupts the integrity of the financial markets and causes unfair client treatment.

Risk of financial loss or reputational damage due to (i) ambiguity and/or insufficiency in contractual terms to secure Nomura’s legal rights and/or enforceability of the contractual terms; (ii) failure to comply with applicable laws and regulations; and/or (iii) failure to adopt changes in laws and regulations.

Risk of financial loss or reputational damage due to (i) poor performance or unavailability of IT systems; (ii) data corruption and/or; (iii) unauthorised or improper access to IT systems and data from within or outside the institution.

Risk of financial loss or reputational damage due to inability to resume normal business operations during a business disruption event and damage or to unavailability of physical assets from natural disasters and other events.

Risk of financial loss or reputational damage due to failure of third-party to perform in line with expectations.

Risk of financial loss or reputational damage due to material misstatement or omission in the firm’s (i) external financial reporting, regulatory reporting or internal financial management reporting; and/or (ii) external tax reporting or payments.

Risk of financial loss, staff impact or reputational damage due to acts inconsistent with employment or health and safety laws or employment norms and agreements.

Risk of financial loss or reputational damage due to failures in transaction processing and/or process management.

Risk of financial loss or reputational damage due to inadequate prudential risk management frameworks.

Risk of financial loss or reputational damage due to intent to defraud, misappropriate property or conduct unauthorized activity by an internal or third party.

Reputational Risk | The possible damage to Nomura’s reputation and associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with Nomura Group’s values and corporate philosophy. All personnel must consider the impact of their actions or inactions on Nomura’s reputation and apply high standards to their behavior as set out in the Nomura Group Code of Conduct.

Risk management governance and oversight

Risk management oversight is carried out by the committees comprising members of senior management. The Group Integrated Risk Management Committee, for example, deliberates and decides on risk management issues material to the firm.

Risk management activities

Based on the concept of PDCA cycle (Plan, Do, Check and Action), all executives and employees of Nomura Group conduct risk management activities as three defensive lines or committees to ensure that the various risks inherent in daily operations do not exceed the level of risk appetite.

Plan

In order to realize Nomura Group’s corporate philosophy, the Executive Management Board formulates business plans and establishes risk appetite taking into account the business environment and the state of management resources. These are reviewed annually or as needed.

Do

Each business division carries out its business plans in accordance with the risk appetite and the Code of Conduct.

Check

The first line of defense identifies, assesses and manages risks that may exceed the risk appetite, and the second line of defense advises, supports and checks the first line of defense through monitoring, analysis, stress testing and predictive management. The third line of defense examines and advises on these from an independent position.

Action

Each business division works to improve risks that may exceed the risk appetite, as well as carries out activities based on the advice, support and checks received from the second line of defense.
BUSINESS CONTINUITY MANAGEMENT

Nomura Group regards natural disasters such as earthquakes and typhoons, man-made disasters such as fires and terrorism, infectious diseases like coronavirus, system failures, and information asset leaks as the key types of crises that must be prepared for. In the event for such crisis, we have established a global business continuity framework and work on a wide range of measures, including educating our people about our disaster response measures.

Business continuity framework

The Group Crisis Management Committee is tasked with preparing for crises, and under the committee’s leadership the Group has been continually strengthening the crisis management program and the business continuity framework both in Japan and overseas. The Group Crisis Management Committee is chaired by a senior officer appointed by the Group CEO, and comprises senior officers from Group companies. Resolutions passed by the committee are reported to the Executive Management Board. In the event of a major disaster, the committee functions as the Command Center to lead the Group’s response.

As a specific example of this business continuity framework, a system has been enforced so that operations can be continued at backup offices in the event that key offices are rendered unusable due to an earthquake or other disaster. We also have a remote backup data center that protects critical data and applications in the event of a data center failure. Furthermore, we have bolstered our infrastructure, which includes power generators, so that in the event of a power down affecting a wide area, such as a powerful earthquake directly beneath the Tokyo metropolitan area, we can continue our critical functions to avoid systemic risk and to protect our clients from being impacted. Similar infrastructure have also been put in place at our key overseas offices.

In response to the coronavirus pandemic, and in accordance with Group guidelines, we worked to prevent the spread of the virus before significant outbreaks occurred in Japan and overseas by restricting travel and other activities that could accelerate its spread. When the Japanese government declared a state of emergency we temporarily suspended business operations at domestic branches. We have also enhanced the remote work capability and established a work system that has allowed us to both continue our business operations and prevent the spread of coronavirus. At our key overseas offices, we have ensured business continuity through remote work.

In Japan, the Crisis Management Committee Office regularly conducts employee safety confirmation drills, disaster prevention drills, and business continuity drills to ensure that we are able to respond quickly should a crisis occur. At overseas offices, these exercises are carried out by the Business Continuity Management Team in each location. Through these and other efforts, we aim to become more proficient at handling crises and strengthen our systems for managing them.

Nomura Group regards natural disasters such as earthquakes and typhoons, man-made disasters such as fires and terrorism, infectious diseases like coronavirus, system failures, and information asset leaks as the key types of crises that must be prepared for. In the event for such crisis, we have established a global business continuity framework and work on a wide range of measures, including educating our people about our disaster response measures.

CYBER SECURITY

Nomura Group has for some time been undertaking security measures to protect systems against cyber-attacks. However, in light of the increasingly serious cyber security threats throughout the world, we recognize that our current countermeasures may not be sufficient in the future. In addition, in the financial sector, digitalization is proceeding at an accelerating pace. The connection of all financial systems to networks may create the risk of cyber security.

In order to ensure that clients’ information and assets are securely protected from these increasingly challenging cyber security threats, and to enable clients to conduct transactions with peace of mind, Nomura Group is working to strengthen its cyber security platform, using the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. of the Financial Services Agency, and the Cybersecurity Management Guidelines of the Ministry of Economy, Trade and Industry based on ISO27001 and ISO27002, as references.

Cyber security system

Nomura Group, as a whole, has established a global organizational structure to deal with incidents stemming from cyber-attacks and to minimize potential damage. The Nomura Group Computer Security Incident Response Team (CSIRT), formed within Nomura Holdings, has spearheaded the formation of a CSIRT in Nomura Securities and other Group companies, and governs the CSIRT in each Group company. Each CSIRT works to protect its company’s operational and information assets, as well as systems, promoting cyber security measures from four vantagepoints: organizational management, system security measures, human-level response, and coordination with outside organizations.

Organizational structure

• The Manager of the Group IT Head Office, Nomura Holdings, is in charge of coordination with outside organizations.

• The organization comprises the CSIRT representatives of each Group company, and its secretariat is in Nomura Holdings’ Group IT Head Office (Crisis Management Division).

• The organization comprises the CSIRT representatives of each Group company. The secretariat is in Nomura Holdings’ Group IT Head Office (Crisis Management Division).

Business continuity initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strengthen the business continuity framework</td>
</tr>
<tr>
<td>2</td>
<td>Periodic drills and training</td>
</tr>
<tr>
<td>3</td>
<td>Strengthen collaboration between Group companies in Japan and overseas</td>
</tr>
<tr>
<td>4</td>
<td>Business Continuity Plan</td>
</tr>
</tbody>
</table>

System security measures

- We adopt a multi-layered defense system, which includes multiple detection and defense mechanisms against unauthorized access and malicious programs such as computer viruses.

- We review these countermeasures as appropriate to deal with new threats.

- Nomura is cooperating with Information sharing organizations such as Financial ISAC Japan and FS-ISAC and cyber security vendors to gather and share information on the cyber attackers and their approaches.

At normal times, we take part in cyber security drills, conduct Threat Level Penetration Test, assess cyber risks and monitor actions taken by outside authorities and outside contractors in a constant effort to heighten our readiness.

In the case of an incident such as obtaining dangerous vulnerability information or detecting a cyber-attack, the CSIRT leads the efforts to analyze the cause, minimize damage, and quickly restore systems.

In accordance with the Nomura Group Information Security Policy, relevant seminars and training programs are regularly provided to all executives and employees and they are kept alert in order to raise their awareness and knowledge about cyber security.
To fulfill our social responsibilities as a corporate citizen, Nomura Group actively engages in ESG activities to contribute to the development of financial markets through our business activities as well as works to achieve sustainable growth and resolve social challenges. Working with all of our stakeholders, including clients, business partners, and employees, the entire Nomura Group promotes activities to realize a sustainable society.

**ESG execution process**

Our ESG Committee is a management-level decision-making body that plays an integral role in Nomura Group’s sustainable growth and our aim to contribute to resolving social issues. Nomura Group executives in charge of businesses and corporate affairs comprise the ESG Committee. The Committee is responsible for developing business policies on ESG-related risks and opportunities for Nomura Group as a whole and for approving and deciding on related activities. The ESG Committee’s activities are reported to the Board of Directors and the Executive Management Board as the occasion demands. The Committee also considers specific business operations that will contribute to the Sustainable Development Goals (SDGs) established by the United Nations.

As a subordinate body of the ESG Committee, we have established separate subordinate organizations consisting of members from related groups which examine business opportunities and risks related to ESG, including climate change and Nomura Group’s efforts to reduce environmental impact.

**Summary of ESG Committee meetings**

In FY2019/20, two ESG Committee meetings were held to realign important ESG issues (materiality) and discuss TCFD disclosure.

- **Number of meetings**: 2 (from April 1, 2019 to March 31, 2020)

- **Agenda**
  
  - Important ESG Issues (Materiality)
  - Matters related to TCFD
  - Reports related to climate change
  - Realignment of key ESG issues (materiality)
  
- **Overview of discussions**
  
  - Establishment of the TCFD Working Group
  - Risks and opportunities related to climate change
  - Trends in Sustainable Finance in Japan and overseas
  - Matters related to UNEP FI PRI PRB signing

**Environmental Activities Working Group**

The Environmental Activities Working Group, a Group-wide organization, is the secretariat for the environmental management system. In order to reduce CO2 emissions, we are purchasing green power certificates in Japan, and most of the electricity used in our offices in Europe is supplied by renewable energy such as hydroelectric power.

**TCFD Working Group**

We established the TCFD Working Group as a Group-wide organization in order to provide enhanced disclosure in line with TCFD recommendations. Based on the four core elements of the TCFD recommendations (Governance, Strategy, Risk Management, Metrics and Targets), the TCFD Working Group analyses the impact of climate change-related risks and opportunities on Nomura Group’s businesses and works to enhance the content of disclosure. For details, see "TCFD" on page 71.

**Wholesale Sustainability Forum**

- **Business opportunities and strategies for Sustainable Finance**

  - To accelerate our efforts to provide financing and other solutions for low-carbon projects, our Wholesale Division created the Forum which is led by the Head of Wholesale and comprises employees from relevant departments across the firm. The Forum will monitor market and regulatory trends, identify opportunities for financial products and services that will contribute to sustainability, and take an active role in industry initiatives, while accumulating expertise at the same time.

- **Transaction frameworks, appetite and policies**

  - We have launched the Climate Risk Working Group comprising members from risk management and related departments, in order to build a global framework to identify, understand and manage ESG-related risks based on our strategies. This working group will formulate methods/processes for new transactions, credit evaluation, scenario analyses, risk management techniques, etc., to manage ESG- and climate change-related risks.

- **ESG Governance Structure and Activities of Subordinate Groups**

  - **Governance System**
    
    - Board of Directors
    - Executive Management Board
    - ESG Committee

  - **ESG Committee**

    - **Matters related to UNEP FI PRB signing**
    - **Establishment of the TCFD Working Group**
    - **Physia and transition risks Stress testing Analyses of climate change and change risk in the portfolio**
    - **Scenario analyses on physical and transition risks Stress testing Analyses of climate change risk in the portfolio**

  - **Environmental Activities Working Group**

    - **Taking the lead in the Forum**
    - **Supporting the Realignment of key ESG issues (materiality)**

  - **Climate Risk Working Group**

    - **Establishment of the Working Group**
    - **Working Group task**
    - **TCFD Working Group**

  - **Efforts to achieve CO2 emissions reduction targets**

    - **Reduction of environmental impact**

  - **TCFD Working Group**

    - **Disclosure policy and content**
    - **Analysis of impact on our businesses**
    - **Study of climate change risks and opportunities**
As a good corporate citizen, Nomura Group recognizes the importance of disclosing climate-related financial information. Nomura supports the Task Force on Climate-related Financial Disclosures (TCFD) and we are committed to consistent and effective disclosures aligned with the TCFD recommendations.

**Strategy and Risk Management**

We will work to expand our business opportunities in response to growing interest in the transition to a low-carbon society, as well as identify and appropriately manage risks associated with climate change.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory/Financing</td>
<td>Support the transition of social infrastructure (energy, transportation, food, water, waste, etc.) to more sustainable systems.</td>
</tr>
<tr>
<td>Research</td>
<td>Nomura Group TCFD Report</td>
</tr>
<tr>
<td>Financial products</td>
<td>Provision of products seeking both investment gains and the resolution of social problems.</td>
</tr>
</tbody>
</table>

**Risks**

<table>
<thead>
<tr>
<th>Physical risk</th>
<th>Risk of extreme weather events, natural fires, flooding and other climate change-driven events damaging the business infrastructure of Nomura Group, our clients and business partners.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition risk</td>
<td>Impact of more stringent laws and regulations and other changes in external environment associated with the transition to a low-carbon society on Nomura Group’s operating environment.</td>
</tr>
</tbody>
</table>

**Metrics and Targets**

**Sustainable finance targets**

Greentech Capital Advisors, which was acquired in April 2020, has completed more Clean Energy and Energy Smart M&A transactions than any other advisor, and has raised $4 billion of growth capital for private innovation companies over the past 10 years. Now as part of Nomura, Greentech seeks to help clients raise capital equal to or greater than this amount over the next five years.

**Reducing CO₂ emissions in business activities**

In December 2018, Nomura established group-wide CO₂ emission reduction targets for the medium and long term. As of March 2020, we had already achieved a 41.7% reduction in CO₂ emissions, which exceeds our medium-term target level. We will continue to work toward achieving our long-term target.

**TCFD Initiatives in the Asset Management Division**

Nomura Asset Management supports the TCFD and, through its engagement activities Nomura Asset Management actively encourages portfolio companies to support the TCFD, disclose climate-related financial information, and integrate climate-related risks and opportunities into management strategies. For more information, please refer to Nomura Asset Management’s "Responsible Investment Report: 2019" (https://global.nomura-am.co.jp/responsibility-investment/pdf/ri_report_2019.pdf).
Financial Literacy

Increasing financial literacy leads not only to enhanced asset formation and improved living standards, but also contributes to the healthy development of capital markets and the proper circulation of capital. Nomura Group has been providing financial and economics education to different generations of people, so as to raise individuals’ knowledge and understanding of finance and economics.

Financial literacy for a wide range of people

Nomura Group was among the first companies in Japan to provide financial and economics education to young people who will be the leaders of the future. In 2001, we began offering courses for university students, and today more than 400 employees from our branches throughout Japan provide lectures. We also provide classes at elementary schools, junior high schools and high schools nationwide. Requests to provide classes have been increasing against the backdrop of the Japanese government’s curriculum guidelines which will be gradually implemented from FY2020/21 which aim to enhance career education, entrepreneurship, and financial education, and the lowering of the age that people are recognized as adults in Japanese society. In addition to the “Money and Your Future” class which teaches the basics of asset-building, we provide classes designed for different age groups and purposes.

The courses they want to take from among all of the offered classes, which are designed for different age groups and purposes. Nomura Group will continue to proactively endeavor to improve financial literacy and contribute to the “from savings to asset formation through investment” trend in Japan. The smooth circulation of money, which is said to be the lifeblood of society, is essential for the achievement of all of the SDGs, and a correct understanding of finance and the economy is also the foundation for achieving all of the SDGs.

To achieve the SDGs, Nomura Group will continue to educate people about the role and value of money in society, and offer financial and economics education to help people lead independent lives.

Nikkei Stock League

Nomura Holdings has supported “Nikkei Stock League” (a contest for learning about stocks hosted by Nikko Keizai Shim bun) as a special partner since its inaugural year in FY2000/01. In FY2019/20, the 20th year of the Nikkei Stock League, more than 7,000 students from junior high schools, high schools, and universities participated, creating virtual stock portfolios based on their own investment themes and submitting reports. Every year, more than 100 Nomura Group employees volunteer to read and judge reports, evaluating the originality of investment themes and the participants’ level of understanding of economic and social mechanisms. Employees look forward to reading students’ reports, as students evaluate Japanese companies from a fresh perspective based on their sensibilities as young people.

Participating in the Nikkei Stock League prompts students to consider what type of future and society they find to be ideal. They learn the significance of investing in companies that will help make that kind of future a reality, and come to the realization that through investment they can solve social problems, form sound capital markets, and support a prosperous society.

In the 21st edition of the Nikkei Stock League, new initiatives such as webinars are being launched. We look forward to continuing to support the ever-evolving Nikkei Stock League.

Nikkei Stock League Participants

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Cumulative</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020/2021</td>
<td>150,000</td>
<td>2021/2022</td>
</tr>
<tr>
<td>2021/2022</td>
<td>120,000</td>
<td>2022/2023</td>
</tr>
<tr>
<td>2022/2023</td>
<td>90,000</td>
<td>2023/2024</td>
</tr>
<tr>
<td>2023/2024</td>
<td>60,000</td>
<td>2024/2025</td>
</tr>
<tr>
<td>2024/2025</td>
<td>30,000</td>
<td>2025/2026</td>
</tr>
</tbody>
</table>

(Fiscal years ended March 31)

Special Seminar for Women

On “Securities Investment Day” in October 2019, Nomura Holdings held a special seminar for women entitled “Get the Power to Shine!” At this seminar, organized by the Nikko Keizai Shim bun and co-hosted by Nomura Holdings, a Nomura Securities employee gave a lecture about basic investment knowledge, while a special lecture on aromatherapy was given by an aroma fragrance designer. Approximately 200 people attended the event where, in addition to gaining an understanding about the need for diversified investing and hearing about investment techniques and shareholder benefits, they learned about how to use fragrances in business situations and what kind of effect doing so can have. We will continue to provide opportunities for people of all ages to casually and enjoyably learn about investing.
Human Resources Strategy

About Nomura

Strategies for Value Creation

Strengths Supporting Value Creation

Corporate Information / Data

Nomura Report 2020

“Nomura Passport” recruitment program for doctoral students in science and engineering. In addition, we are making efforts to provide job seekers with a variety of ways to interact with our firm, such as hiring throughout the year and holding some recruitment events and interviews online. By making sure to place these diverse people in positions they are best suited for, we take a personnel management approach that allows each employee to display their capabilities to the fullest.

Recruiting and hiring talented people

Recognizing that people are our greatest asset, since our founding we have placed particular emphasis on recruitment. In our constant efforts to secure the most talented people, we continue to follow a policy of recruiting people regardless of nationality, gender, or other attributes. We strive to recruit outstanding and diverse people by increasing contact with students in a variety of ways, including the use of our “Career Support System” for new graduate recruitment, enhancing our internship programs, and participating in international student recruitment events. In addition, we are also focusing on mid-career hires who can contribute immediately. We are also seeking to acquire human resources in a variety of ways, such as through the reemployment of retired employees and the

Personnel development

To ensure that people with diverse career backgrounds and values can demonstrate their talents, the Group believes that, in addition to human resources development, developing and enhancing a structure for organizational development aimed at fostering a vibrant and unified corporate culture is important. Accordingly, we provide diverse education and training programs to help employees at all levels proactively develop their careers. In Nomura Securities, each division appoints instructors to serve for one year to guide and train new hires and help them develop into independent-minded employees. In the Retail Division, a trainer (managerial-level employee) is appointed to work with instructors to train sales staff (partners). The Nomura Training Curriculum was introduced in April 2019 to enable partners to acquire the skills and knowledge required to provide services to customers in a given period of time.

To make each employee’s development more visible, Nomura has established a framework that brings together the necessary actions and skills for improving performance and achieving targets, and this framework is utilized in dialogue between employees and their evaluators to clarify the skills that employees should develop.

In addition to introductory training for new hires, our core training programs in Japan include annual online and in-person group training by years of service, job position or according to title, and human resource development through on-the-job training. We have also created a self-study support system comprising a large number of e-learning and correspondence education to support employees in their efforts to develop skills on their own.

At the same time, we have established various overseas training programs to develop human resources who can play an active role on the global stage.

HUMAN RESOURCES STRATEGY

Individuals of more than 90 nationalities are currently employed in Nomura Group. This diverse group of people represents our greatest asset. Nomura Group provides equal opportunities, builds a healthy work environment and, under the Nomura Group Code of Conduct, forbids discrimination based on nationality, ethnic origin, gender, gender identity, gender preference, beliefs, social standing, disability or any other attribute, so that each and every employee can be active and successful in utilizing her or his capabilities and personal strengths.

Global human resources system

Nomura Group takes an integrated approach to talent management by employing professionals around the world who are capable of providing financial services that meet the diverse needs of clients. Having a pool of employees with a wide variety of career paths and values within the Group, we seek to manage our talent in a flexible and appropriate manner so that each and every one of our employees can thrive as they collaborate with each other and contribute their abilities to the workplace.

Proper evaluation and compensation

To properly evaluate performance and further the development of personnel, the Group adopts an integrated personnel evaluation system. From this fiscal year, we have further incorporated compliance and conduct into evaluations. Depending on the division, the Group also undertakes a 360-degree evaluation for certain personnel in managerial-level positions. Every employee is provided, in principle once a year, with the opportunity to be interviewed by the Human Resources Department and directly communicate their thoughts about their career.

The Group has established its Compensation Policy for Group executive officers and employees in order to secure, retain, motivate and nurture outstanding personnel.

Introduction of new personnel system

Nomura Securities introduced a new personnel system in April 2020. In an operating environment marked by great change, such as diverse work styles and digital innovation, we aim to be a company that

Compensation Policy of Nomura Group


-Subtotals may not add up to totals due to rounding.

<table>
<thead>
<tr>
<th>Education and training expenses</th>
<th>In-house training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan 1,597 employees</td>
<td>Japan 2,035</td>
</tr>
<tr>
<td>Europe Americas Asia-Pacific</td>
<td>Europe Americas Asia-Pacific</td>
</tr>
<tr>
<td>108</td>
<td>639</td>
</tr>
<tr>
<td>169</td>
<td>196</td>
</tr>
</tbody>
</table>

Cumulative total of participants: 187,639 employees (FY2019/20)

Cumulative total of hours: 565,949 hours (FY2019/20)

Type A employees | Type B employees | Type C employees
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>538 employees</td>
<td>196 employees</td>
<td>54 employees</td>
</tr>
<tr>
<td>29.5%</td>
<td>10.8%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Mid-career hires 26.8%

Number of new hires 38.3%

General Career Type A employees 29.5%
Human Resources Strategy

Nomura organizes various forums for direct dialogue between management and employees around the world. Town hall meetings and employee gatherings are held regularly in each organization to provide opportunities for senior management to share the firm’s vision, strategy, and philosophy, and for employees to engage in active dialogue with senior management with the aim of deepening mutual understanding.

Communication with employees

As part of our continued efforts to understand how our employees feel about Nomura, we periodically conduct surveys of all Group employees to monitor the status of communication within the organization and the level of employee satisfaction. From FY2020/21, Nomura Group will further enhance its dialogue with employees by measuring their awareness of the Nomura Group Code of Conduct, including their views on ESG and diversity.

Work Style Innovation and Health & Productivity Management

In July 2016, Nomura Group adopted the NOMURA Health & Productivity Declaration Statement as part of the Group’s efforts led by the Group Chief Health Officer (CHO) to maintain and improve the health of employees. In addition, since 2017, Nomura has launched the "Nomura Work Style Innovation" initiative, which comprises "Work Style Reform" and "Health & Productivity Management," and has been developing an environment that enables diverse employees to demonstrate their talents and play active roles. In this regard, we have developed and internally announced guidelines with quantitative targets. Nomura has further promoted these initiatives by posting messages from top management and positive examples on the internal website and by appointing people in charge of promoting these initiatives by posting messages from top management and positive examples on the internal website and by appointing people in charge of promoting these initiatives.

Diversity and Inclusion strategy

Nomura Group is promoting Diversity and Inclusion (D&I) based on the belief in creating new value through respect for diversity and collaboration transcending organization and position. In 2016, we established a Group-wide organization*1 to deliberate the promotion of D&I at the management level, and adopted a declaration to create a work environment that makes use of diverse employees. Under the slogan "NEXT D&I," we are working to further promote diversity management.

Supporting women’s careers

Nomura Securities revised the Action Plan for the Promotion of Women’s Participation and Advancement established in 2015, to a new Action Plan based on the new management vision and new personnel system with the aim of advancing the firm to a higher stage. To achieve this, the firm is taking further steps to create an environment in which women can play active roles. In addition, in order to create a comfortable work environment for employees who have time constraints due to childcare and/or family nursing care, the firm provides information on support for work-life balance and encourages men to take childcare leave, among other initiatives.

Various types of diversity

In April 2019, Nomura Holdings became the first company in the Japanese financial services industry to sign the “UN Standards of Conduct for Business Tackling Discrimination against LGBTI*2 People.” Nomura Securities is working to increase the number of LGBTI supporters (allies) and to support employees with disabilities and those undergoing cancer treatment to balance their work and treatment.

Employee networks

Nomura Group has voluntary employee networks*3 operating at its offices globally. These employee networks provide information, hold events, and offer opportunities for internal and external exchange regarding diversity.

Employment of people with disabilities

In recent years, the desire to work for persons with disabilities has increased rapidly, and it has become a corporate responsibility to provide them with opportunities to develop their careers. Nomura Kagayaki Co., Ltd., a subsidiary of Nomura Group, was established on October 1, 2019 to provide a more flexible work environment for people with disabilities so that they can work with peace of mind. This includes ensuring work that takes into account the special characteristics of people with disabilities, improving the work environment, and assigning appropriate specialist staff.

Nomura Kagayaki provides opportunities for career development in Nomura Group to people with disabilities while creating a work environment where they can work with a sense of security. The name of the company embodies Nomura’s strong desire to be a company that shines and thrives forever, along with the strong wish for each and every one of our employees with disabilities to continue to thrive and shine.

Nomura was named as one of the Corporate Recognition Program (White List)(White List Recognition Program (White List)) for 2019 under the 2019 Certified Health & Productivity Management Recognition Program (White List)(Certified Health & Productivity Management Recognition Program (White List)) for 2019.

In Japan, there are three types of diversity and collaboration transcending organization and position. Nomura organizes various forums for direct dialogue between management and employees around the world. Nomura organizes various forums for direct dialogue between management and employees around the world. Nomura organizes various forums for direct dialogue between management and employees around the world.
Financial analysis and review of the fiscal year ended March 31, 2020

Business environment

The global economy slowed down in 2019 towards the summer. Concerns around U.S.-China trade friction have destabilized financial markets and forced major central banks to resume monetary easing. In the U.S., the Federal Reserve Board (FRB) introduced a precautionary interest rate cut in July, and in the euro area, the European Central Bank (ECB) decided on an easing program in September, including a deeper rate cut into negative interest rates and the resumption of quantitative easing. In the fall, the expectation of a global economic recovery increased as the U.S. and China moved toward a trade agreement. However, in 2020, the global spread of the coronavirus pandemic weighed on the global economy, and economic growth in the first quarter declined sharply.

In the U.S., the growth rate of real GDP in 2019 was +2.3%, indicating a moderate economic recovery. In the first half of 2019, concerns about an economic slowdown heightened due to an increase in tariffs on Chinese products and the expansion of the tariff eligible items, but in the latter half of 2019, the U.S. and China moved toward a trade agreement and concerns about trade friction eased. However, starting in early 2020, the coronavirus pandemic has caused a major economic downturn, and in March, the FRB launched a significant monetary easing program. The Dow Jones Industrial Average declined 15% from $29,301 at the end of March 2019 to 21,917 at the end of March 2020. The yield on 10-year U.S. Treasuries also fell by 174bps, from 2.41% at the end of March 2019 to 1.30% at the end of March 2020.

Although the Euro area economy also maintained positive growth, the stronger environmental regulations on newly produced vehicles in the autumn of 2019 negatively affected demand for new vehicles, and manufacturing production in the automobile industry. Responding to the economic downturn, the ECB announced in September 2019, a policy rate cut and resumed quantitative easing. Even after leaving the EU in January 2020, the U.K. decided to maintain their existing economic relationship through the end of 2020. This helped mitigate downside risks in the Eurozone economy. However, due to the coronavirus pandemic, in Europe, 2020 first quarter real GDP in the euro area experienced its worst downturn since 1999, and the ECB announced the expansion of its quantitative easing policy in March.

In Asia, the 2019 real GDP growth rate of China was 6.1%, greater than the previous year, although the pace of growth was slower in recent years. Although monetary policy easing has remained in place since the end of 2018, private companies’ fund-raising activities in the capital markets remained sluggish. On the other hand, the Chinese government had undertaken aggressive economic recovery measures in response to the spread of coronavirus. The rest of Asia had achieved solid economic growth in 2019, but the economy slowed in March 2020 due to the impact of the coronavirus pandemic.

In Japan, domestic demand remained solid in the first half of 2019 on the back of capital investment and last-minute consumption before the consumption tax increase. Following that rate increase in October, domestic consumption and demand declined significantly, only to be made worse by the slow of economic activities caused by the 2020 coronavirus pandemic. The Nikkei Stock Average fell 16.8%, from 21,205.81 at the end of March 2019 to 18,917.01 at the end of March 2020. In the bond market, the Bank of Japan increased its quantum easing program, reducing yields on Japanese government bonds over the past 5 years, increasing the Nikkei Stock Average.

Real GDP of the United States, Europe, Emerging and Developing Asia, and Japan over the past five years*1

<table>
<thead>
<tr>
<th>Year</th>
<th>Emerging and Developing Asia</th>
<th>U.S.</th>
<th>Europe</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>6.8</td>
<td>6.6</td>
<td>6.3</td>
<td>6.1</td>
</tr>
<tr>
<td>2017</td>
<td>6.8</td>
<td>6.6</td>
<td>6.3</td>
<td>6.1</td>
</tr>
<tr>
<td>2018</td>
<td>6.7</td>
<td>6.6</td>
<td>6.3</td>
<td>6.0</td>
</tr>
<tr>
<td>2019</td>
<td>6.3</td>
<td>6.5</td>
<td>6.2</td>
<td>6.0</td>
</tr>
<tr>
<td>2020</td>
<td>6.1</td>
<td>6.5</td>
<td>6.2</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Yields on Japanese government bonds over the past 5 years:

- **10 years, dollar/yen exchange rate, and Nikkei average**
  - **Nikkei Stock Average**
  - **yen/dollar exchange rate**
  - **10-year government bond yield (Japan)**

- **Mar. 2015**
  - 19,177
  - 0.396%
  - -0.12%

- **Mar. 2016**
  - 19,207
  - 0.396%
  - -0.12%

- **Mar. 2017**
  - 19,177
  - 0.396%
  - -0.12%

- **Mar. 2018**
  - 19,177
  - 0.396%
  - -0.12%

- **Mar. 2019**
  - 19,177
  - 0.396%
  - -0.12%

- **Mar. 2020**
  - 19,177
  - 0.396%
  - -0.12%

*1 Source: U.S. Department of Commerce, Europe, eurostat, Emerging and Developing Asia, Japan, Cabinet Office; Fiscal year in Japan and calendar year in the other countries.

*2 Source: Bloomberg

Summary of consolidated results

- Net revenue for the fiscal year ended March 31, 2020 was ¥2,187.8 billion, up 15.3% from the previous fiscal year, and expenses other than financial expenses decreased 10.0% to ¥1,039.6 billion. Income before income taxes was ¥248.3 billion, net income attributable to Nomura Holdings shareholders was ¥217 billion, RDS was 8.2%, and EPS (diluted earnings attributable to Nomura Holdings shareholders per share) was ¥66.20, of which represented a significant recovery from the previous year.

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY2018/19</th>
<th>FY2019/20</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>293.1</td>
<td>308.8</td>
<td>5.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees from investment banking</td>
<td>101.5</td>
<td>103.2</td>
<td>1.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset management and portfolio service fees</td>
<td>245.5</td>
<td>238.2</td>
<td>-3.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain (loss) on trading</td>
<td>343.0</td>
<td>356.6</td>
<td>4.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on private equity and debt investments</td>
<td>1.0</td>
<td>-0.1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>777.0</td>
<td>794.5</td>
<td>2.3%</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on investments in equity securities</td>
<td>-7.0</td>
<td>-14.7</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities Other</td>
<td>81.1</td>
<td>166.0</td>
<td>104.7%</td>
</tr>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Total revenue</td>
<td>1,835.1</td>
<td>1,952.5</td>
<td>6.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expenses</td>
<td>718.3</td>
<td>664.7</td>
<td>-7.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue</td>
<td>1,116.8</td>
<td>1,287.8</td>
<td>15.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest expenses</td>
<td>1,154.5</td>
<td>1,039.6</td>
<td>-10.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>-37.7</td>
<td>248.3</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss) attributable to Nomura Holdings shareholders</td>
<td>-100.4</td>
<td>217.0</td>
<td>-</td>
</tr>
</tbody>
</table>

* Source: U.S. Department of Commerce, Europe, eurostat, Emerging and Developing Asia, Japan, Cabinet Office; Fiscal year in Japan and calendar year in the other countries.

* Source: Bloomberg
Performance by Business Segment

Income (loss) before income taxes by segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2018/19</th>
<th>FY2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>-100</td>
<td>-111.4</td>
</tr>
<tr>
<td>Asset Management</td>
<td>53.2</td>
<td>49.5</td>
</tr>
<tr>
<td>Retail</td>
<td>170.4</td>
<td>80.2</td>
</tr>
</tbody>
</table>

Asset Management

Net revenue for the fiscal year ended March 2020 was ¥488.6 billion, a year-on-year increase of 16.8% driven by a significant recovery in Fixed Income revenue. This growth across Rates, FX/EM products was supported by increased client activity and higher volatility. Non-interest expenses decreased 16.6% to ¥556.4 billion primarily due to a ¥1 billion (Approx. ¥110 billion) cost reduction initiative that has progressed faster than originally planned, the absence of previous year’s goodwill impairment losses attributable to Wholesale, and restructuring charges associated with a business portfolio review. As a result, income before income taxes recovered to ¥50.2 billion, a turnaround from the loss in the previous year.

Overseas Business

International income before income taxes for the year ended March 2020 was ¥121.1 billion, a significant improvement from the previous year. The improvements largely were attributable to a recovery in Fixed Income earnings, mainly from Rates, FX/EM in AEJ, the successful implementation of cost reduction measures such as the concentration of management resources in areas with competitive advantage through the review of the business portfolio, and the absence of one-time charges (impairment loss of goodwill attributable to Wholesale, restructuring costs associated with business portfolio review, legal costs related to past transactions, etc.) recorded in the previous year. By geographic segment, the Americas and Asia/Oceania reported profits, while Europe posted a loss of ¥14.1 billion, due to valuation losses on loan related positions caused by significant market movements in March 2020.

Consolidated Capital Adequacy Ratio

The consolidated Common Equity Tier 1 ratio as of March 31, 2020 was 15.34%, down from 17.11% as of March 31, 2019. The main factor was an increase in risk-weighted assets, which lowered the ratio, as primarily market risk increased in response to the rise in volatility and widening of credit spreads in March 2020. Nomura has set a medium-term target of a consolidated Common Equity Tier 1 ratio of at least 11% and has maintained a sufficient capital level. The consolidated leverage ratio declined slightly to 4.83% from 5.03% at the end of March 2019.

Return to shareholders

Our fundamental policy is to return profits to shareholders by continuously increasing shareholder value and paying dividends. Regarding dividends, the consolidated dividend payout ratio of 30%, based on semiannual consolidated results, is one of the important indicators. The dividend amount for each fiscal year will be determined by comprehensively taking into account the trends in the regulatory environment, including the strengthening of the Basel requirements, in Japan and overseas, as well as consolidated business results. Dividends are, in principle, paid twice a year (base dates: September 30, March 31). Total shareholder return policy, including share buybacks, is at least 50%.

Based on the above policy regarding dividends from surplus, we paid a dividend of ¥15 per share with a record date of September 30, 2019 and a dividend of ¥15 per share with a record date of March 31, 2020. As a result, the annual dividend is ¥20 per share. We also decided to repurchase our own shares on June 18, 2019 and repurchased approximately ¥150 billion of our own shares by February 21, 2020.
### Key Financial Data

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>P/L</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net revenue</strong></td>
<td>1,604.2</td>
<td>1,395.7</td>
<td>1,403.2</td>
<td>1,497.0</td>
<td>1,116.8</td>
<td>1,287.8</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
<td>(37.7)</td>
<td>248.3</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>224.8</td>
<td>131.6</td>
<td>239.6</td>
<td>219.3</td>
<td>(100.4)</td>
<td>217.0</td>
</tr>
<tr>
<td><strong>Segment information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net revenue</strong></td>
<td>476.5</td>
<td>435.6</td>
<td>374.4</td>
<td>412.9</td>
<td>339.5</td>
<td>334.0</td>
</tr>
<tr>
<td><strong>Asset Management</strong></td>
<td>92.4</td>
<td>96.4</td>
<td>99.4</td>
<td>127.3</td>
<td>97.8</td>
<td>92.5</td>
</tr>
<tr>
<td><strong>Wholesale</strong></td>
<td>789.9</td>
<td>720.3</td>
<td>739.3</td>
<td>715.3</td>
<td>555.4</td>
<td>648.6</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,358.7</td>
<td>1,251.3</td>
<td>1,213.1</td>
<td>1,256.5</td>
<td>992.7</td>
<td>1,077.4</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>220.8</td>
<td>161.5</td>
<td>183.5</td>
<td>239.5</td>
<td>131.3</td>
<td>231.6</td>
</tr>
<tr>
<td><strong>Unrealized gain (loss)</strong></td>
<td>24.7</td>
<td>(20.7)</td>
<td>6.6</td>
<td>1.9</td>
<td>(7.2)</td>
<td>(21.3)</td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes</strong></td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
<td>(37.7)</td>
<td>248.3</td>
</tr>
<tr>
<td><strong>Geographic information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) before income taxes by region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asian</strong></td>
<td>363.3</td>
<td>244.8</td>
<td>234.7</td>
<td>328.9</td>
<td>128.2</td>
<td>235.2</td>
</tr>
<tr>
<td><strong>Americas</strong></td>
<td>(27.6)</td>
<td>(32.0)</td>
<td>50.2</td>
<td>(9.8)</td>
<td>(14.1)</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>(23.5)</td>
<td>(67.4)</td>
<td>14.4</td>
<td>(14.7)</td>
<td>(56.8)</td>
<td>(14.1)</td>
</tr>
<tr>
<td><strong>Asia and Oceania</strong></td>
<td>34.6</td>
<td>19.8</td>
<td>23.7</td>
<td>22.8</td>
<td>5.0</td>
<td>19.8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(16.4)</td>
<td>(79.6)</td>
<td>88.1</td>
<td>(67.3)</td>
<td>159.3</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
<td>(37.7)</td>
<td>248.3</td>
</tr>
</tbody>
</table>

**Key Financial Data**

- **Leverage** refers to the ratio of debt to equity.
- **Return on Equity (ROE)** is calculated as net income divided by average shareholders' equity.
- **Basic-net income per share** is calculated as net income divided by the number of outstanding shares.
- **Diluted-net income per share** is calculated as net income adjusted for potential dilutive securities divided by the number of shares outstanding.

### Funding and liquidity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquidity portfolio</strong></td>
<td>6,064.0</td>
<td>5,947.1</td>
<td>4,970.3</td>
<td>4,628.4</td>
<td>4,870.5</td>
<td>5,364.4</td>
</tr>
<tr>
<td><strong>Short-term unsecured debt</strong></td>
<td>2,597.0</td>
<td>1,641.4</td>
<td>1,883.0</td>
<td>2,170.7</td>
<td>2,518.8</td>
<td>2,668.0</td>
</tr>
<tr>
<td><strong>Long-term unsecured debt</strong></td>
<td>2,604.5</td>
<td>2,485.5</td>
<td>5,198.9</td>
<td>5,218.9</td>
<td>6,483.5</td>
<td>6,344.0</td>
</tr>
</tbody>
</table>

- **Net income (loss) attributable to Nomura Holdings shareholders** includes net income before income taxes, extraordinary items, and discontinued operations.

### Nomura Report 2020
### Eleven-Year Consolidated Financial Summary (US GAAP)

#### Operating results:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Fees from investment banking</th>
<th>Net gain (loss) on trading</th>
<th>Gain (loss) on private equity and debt investments</th>
<th>Interest and dividends</th>
<th>Gain (loss) on investments in equity securities</th>
<th>Total revenue</th>
<th>Interest expense</th>
<th>Net revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>395,083</td>
<td>121,294</td>
<td>417,424</td>
<td>11,906</td>
<td>235,310</td>
<td>6,042</td>
<td>1,355,751</td>
<td>205,929</td>
<td>1,150,822</td>
</tr>
<tr>
<td>2011/12</td>
<td>405,645</td>
<td>132,359</td>
<td>326,503</td>
<td>19,292</td>
<td>346,103</td>
<td>4,677</td>
<td>1,395,628</td>
<td>253,064</td>
<td>1,142,564</td>
</tr>
<tr>
<td>2012/13</td>
<td>347,135</td>
<td>147,938</td>
<td>272,557</td>
<td>25,098</td>
<td>438,950</td>
<td>4,005</td>
<td>1,451,760</td>
<td>261,312</td>
<td>1,190,448</td>
</tr>
</tbody>
</table>

#### Non-interest expenses:

<table>
<thead>
<tr>
<th>Year</th>
<th>Compensation and benefits</th>
<th>Commissions and management fees</th>
<th>Information processing and communications</th>
<th>Occupancy and related depreciation</th>
<th>Business development expenses</th>
<th>Other</th>
<th>Total non-interest expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>526,238</td>
<td>86,129</td>
<td>175,075</td>
<td>87,806</td>
<td>27,333</td>
<td>142,494</td>
<td>1,245,443</td>
</tr>
<tr>
<td>2011/12</td>
<td>518,903</td>
<td>92,088</td>
<td>182,918</td>
<td>87,843</td>
<td>30,153</td>
<td>125,448</td>
<td>1,037,443</td>
</tr>
<tr>
<td>2012/13</td>
<td>534,649</td>
<td>99,500</td>
<td>177,148</td>
<td>100,891</td>
<td>48,488</td>
<td>401</td>
<td>1,450,902</td>
</tr>
</tbody>
</table>

#### Income (loss) before income taxes:

<table>
<thead>
<tr>
<th>Year</th>
<th>Income tax expenses (benefit)</th>
<th>Net income (loss)</th>
<th>Net income (loss) attributable to noncontrolling interests</th>
<th>Net income (loss) attributable to NH shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>37,166</td>
<td>141,766</td>
<td>216,449</td>
<td>213,591</td>
</tr>
<tr>
<td>2011/12</td>
<td>61,300</td>
<td>120,190</td>
<td>224,462</td>
<td>224,252</td>
</tr>
<tr>
<td>2012/13</td>
<td>114,002</td>
<td>222,800</td>
<td>222,800</td>
<td>222,800</td>
</tr>
</tbody>
</table>

#### Balance sheets (Period end):

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash and cash deposits</th>
<th>Loans and receivables</th>
<th>Collateralized agreements</th>
<th>Trading assets and private equity and debt investments</th>
<th>Other assets</th>
<th>Total assets</th>
<th>Short-term borrowings</th>
<th>Payables and deposits</th>
<th>Collateralized financing</th>
<th>Trading liabilities</th>
<th>Other liabilities</th>
<th>Long-term borrowings</th>
<th>Total liabilities</th>
<th>Total NH shareholders’ equity</th>
<th>Noncontrolling interests</th>
<th>Total equity</th>
<th>Total liabilities and equity</th>
<th>Cash flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,352,244</td>
<td>2,071,714</td>
<td>12,467,213</td>
<td>14,700,282</td>
<td>1,638,975</td>
<td>32,230,428</td>
<td>1,301,664</td>
<td>1,528,419</td>
<td>11,216,488</td>
<td>8,365,396</td>
<td>494,983</td>
<td>7,190,061</td>
<td>30,974,144</td>
<td>2,126,929</td>
<td>8,086,490</td>
<td>12,230,428</td>
<td>1,230,428</td>
<td>086085</td>
</tr>
<tr>
<td>2011/12</td>
<td>2,150,453</td>
<td>2,222,827</td>
<td>15,358,148</td>
<td>13,542,873</td>
<td>1,916,466</td>
<td>33,692,900</td>
<td>1,617,677</td>
<td>2,103,608</td>
<td>13,686,488</td>
<td>9,288,596</td>
<td>531,336</td>
<td>8,402,917</td>
<td>36,604,314</td>
<td>2,082,754</td>
<td>9,508,840</td>
<td>13,692,900</td>
<td>1,292,754</td>
<td>011339</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,453,439</td>
<td>2,211,421</td>
<td>14,294,214</td>
<td>14,050,383</td>
<td>2,107,241</td>
<td>35,692,900</td>
<td>1,685,613</td>
<td>2,837,370</td>
<td>14,388,368</td>
<td>10,094,335</td>
<td>664,653</td>
<td>8,402,917</td>
<td>37,312,343</td>
<td>2,107,429</td>
<td>10,094,368</td>
<td>14,388,368</td>
<td>1,292,749</td>
<td>078870</td>
</tr>
</tbody>
</table>

#### Cash flows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net cash provided by (used in) operating activities</th>
<th>Net cash provided by (used in) investing activities</th>
<th>Net cash provided by (used in) financing activities</th>
<th>Net increase (decrease) in cash and cash equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,503,705</td>
<td>235,500</td>
<td>(269,643)</td>
<td>307,081</td>
</tr>
<tr>
<td>2011/12</td>
<td>235,000</td>
<td>(239,214)</td>
<td>(103,195)</td>
<td>(161,406)</td>
</tr>
<tr>
<td>2012/13</td>
<td>235,000</td>
<td>(103,195)</td>
<td>(161,406)</td>
<td>(161,406)</td>
</tr>
</tbody>
</table>

For the fiscal years beginning April 1 and ending March 31 of the following year. This summary is prepared solely for convenience. Readers are recommended to refer to Form 20-F.
Environment, social and governance (ESG) Data

Corporate governance

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>No. of people</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Ratio (%)</td>
<td>58</td>
<td>55</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>No. of people</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Ratio (%)</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Non-Japanese Directors</td>
<td>No. of people</td>
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<td>3</td>
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<tr>
<td></td>
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<td>1</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Female Directors</td>
<td>No. of people</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
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Board of Directors meetings

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<td>No. of times held</td>
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<td>Average attendance rate</td>
<td>% 99</td>
<td>100</td>
<td>99</td>
<td>100</td>
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<td>Year 3.8</td>
<td>3.2</td>
<td>3.3</td>
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Contributing to Sound and Sustainable Capital Markets

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<tbody>
<tr>
<td>Total No. of cases</td>
<td>5,640</td>
<td>5,767</td>
<td>6,003</td>
<td>7,054</td>
<td>7,843</td>
<td>6,961</td>
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<td>2,537</td>
<td>2,771</td>
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<td>2,479</td>
<td>2,542</td>
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<td>4,147</td>
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<td>Opinions and requests No. of cases</td>
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<td>128</td>
<td>98</td>
<td>270</td>
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<td>323</td>
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<td>Other No. of cases</td>
<td>156</td>
<td>119</td>
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Sustainable Finance

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<td>Bonds issued No. of cases</td>
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<td>33</td>
<td>47</td>
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<td>Proceeds Millions of yen</td>
<td>180,967</td>
<td>94,961</td>
<td>394,866</td>
<td>552,464</td>
<td>1,916,593</td>
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Socially Responsible Investment

*SDG Bonds (Green, Social, Sustainability bonds) in which Nomura Securities is involved

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<th>Unit</th>
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<th>March 31, 2020</th>
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<td>Sustainable investment ratio</td>
<td>%</td>
<td>74</td>
<td>73</td>
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Strategic objectives for management

*1 The increase in the number of inquiries in FY2017/18 is due to system changes.

*2 Of this total, 25 complaints were related to personal information

*3 The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings.

Developing human resources who respect diversity

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Millions of yen</td>
<td>2,972</td>
<td>2,880</td>
<td>2,767</td>
<td>2,987</td>
<td>3,225</td>
<td>3,100</td>
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<td>2,076</td>
<td>2,020</td>
<td>2,094</td>
<td>2,093</td>
<td>2,004</td>
<td>2,035</td>
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<td>Europe Millions of yen</td>
<td>115</td>
<td>225</td>
<td>161</td>
<td>228</td>
<td>280</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td>Americas Millions of yen</td>
<td>573</td>
<td>426</td>
<td>299</td>
<td>435</td>
<td>694</td>
<td>639</td>
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<tr>
<td>Asia-Pacific Millions of yen</td>
<td>258</td>
<td>209</td>
<td>213</td>
<td>232</td>
<td>247</td>
<td>196</td>
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Strategic objectives for management

*2 Subtotals may not add up to totals due to rounding.

Participation in education and training

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<tbody>
<tr>
<td>Total Aggregate no. of participants</td>
<td>132,672</td>
<td>211,014</td>
<td>195,819</td>
<td>277,824</td>
<td>302,460</td>
<td>187,639</td>
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<tr>
<td>Japan Aggregate no. of participants</td>
<td>56,824</td>
<td>209,819</td>
<td>277,824</td>
<td>302,460</td>
<td>187,639</td>
<td>170,765</td>
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<tr>
<td>Europe Aggregate no. of participants</td>
<td>33,305</td>
<td>307,295</td>
<td>303,854</td>
<td>298,571</td>
<td>332,570</td>
<td>440,867</td>
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<tr>
<td>Americas Aggregate no. of participants</td>
<td>14,398</td>
<td>16,234</td>
<td>15,581</td>
<td>14,856</td>
<td>18,879</td>
<td>24,451</td>
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<tr>
<td>Asia-Pacific Aggregate no. of participants</td>
<td>110,461</td>
<td>126,193</td>
<td>148,037</td>
<td>159,871</td>
<td>144,983</td>
<td>86,548</td>
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</table>

Strategic objectives for management

* Certain subsidiaries and affiliates were not included in the number of participants in internal education and training in Europe, the Americas and Asia-Pacific as the data was compiled based on persons registered through the Wholesale Division’s internal training system.

Contributing to Sustainable Communities

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<tr>
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<tbody>
<tr>
<td>Total Millions of yen</td>
<td>1,457</td>
<td>1,325</td>
<td>1,704</td>
<td>1,224</td>
<td>1,717</td>
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<tr>
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<td>562</td>
<td>491</td>
<td>407</td>
<td>410</td>
<td>308</td>
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<tr>
<td>Arts, culture, and sports Millions of yen</td>
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<td>102</td>
<td>567</td>
<td>157</td>
<td>476</td>
<td>932</td>
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<tr>
<td>Science and academic achievement Millions of yen</td>
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<td>120</td>
<td>116</td>
<td>109</td>
<td>230</td>
<td>241</td>
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<tr>
<td>Community contribution Millions of yen</td>
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<td>169</td>
<td>261</td>
<td>277</td>
<td>237</td>
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<tr>
<td>Welfare and health Millions of yen</td>
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<tr>
<td>Environment Millions of yen</td>
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<td>71</td>
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<td>69</td>
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<tr>
<td>Human rights and labor Millions of yen</td>
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<td>Disaster relief Millions of yen</td>
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<td>9</td>
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<tr>
<td>Other Millions of yen</td>
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Strategic objectives for management

* Certain subsidiaries and affiliates may not be reflected in the financial statements and key management information shown above due to differences in business scope and organizational structure.
### Developing human resources who respect diversity

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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
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<td>28,865</td>
<td>28,186</td>
<td>28,048</td>
<td>27,864</td>
<td>26,629</td>
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<td>No. of employees</td>
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<td>16,083</td>
<td>16,227</td>
<td>15,819</td>
<td>15,852</td>
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<td>Ratio of male employees (%)</td>
<td></td>
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<td>66</td>
<td>64</td>
<td>64</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
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<td>34</td>
<td>34</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
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<td>3,057</td>
<td>2,909</td>
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<td>70</td>
<td>69</td>
<td>68</td>
<td>68</td>
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<tr>
<td>Ratio of male employees (%)</td>
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<td>74</td>
<td>74</td>
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<td>73</td>
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<tr>
<td>Ratio of female employees (%)</td>
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<td>26</td>
<td>26</td>
<td>27</td>
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<tr>
<td>Americas</td>
<td>No. of employees</td>
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<td>73</td>
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<tr>
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<td>72</td>
<td>72</td>
<td>70</td>
<td>72</td>
<td>73</td>
<td>73</td>
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<td>Composition of managers</td>
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### Number of new hires

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<tbody>
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<td>Total</td>
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<td>2,968</td>
<td>2,763</td>
<td>2,901</td>
<td>2,779</td>
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<td>Japan</td>
<td>No. of employees</td>
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<td>892</td>
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<td>67</td>
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<tr>
<td>Ratio of male employees (%)</td>
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<td>66</td>
<td>64</td>
<td>64</td>
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<td>64</td>
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<td>Ratio of female employees (%)</td>
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<td>36</td>
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<td>Europe</td>
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<td>67</td>
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<td>Ratio of male employees (%)</td>
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<td>73</td>
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### Composition of managers

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<tbody>
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<td>8,535</td>
<td>9,110</td>
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<td>15</td>
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<tr>
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<td>15</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>15</td>
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<tr>
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<td>60</td>
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<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
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<tr>
<td>Americas</td>
<td>No. of employees</td>
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<td>1,366</td>
<td>1,395</td>
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<td>Ratio of male employees (%)</td>
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<td>20</td>
<td>20</td>
<td>19</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td></td>
<td>82</td>
<td>80</td>
<td>80</td>
<td>79</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>No. of employees</td>
<td>1,523</td>
<td>1,683</td>
<td>1,600</td>
<td>1,691</td>
<td>1,771</td>
<td>1,667</td>
</tr>
<tr>
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<td>70</td>
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<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Ratio of male managers (%)</td>
<td></td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Ratio of female managers (%)</td>
<td></td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

### Management composition

The Nomura Group is the scope of the calculation (on a consolidated basis). Data for FY2015/16 and prior fiscal years for Japan do not cover certain subsidiaries in Japan. Refer to standards for calculation (https://www.nomuraholdings.com/csr/data/).
Corporate Data

Company name: Nomura Holdings, Inc.
Date of incorporation: December 25, 1925
Head office: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8645, Japan
Paid-in-capital: ¥594,493 million
Group employees: 28,619
Common stock issued: 3,493,582,671 shares
Number of shareholders: 349,668 (Unit shareholders: 326,975)

Listing:
The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Nagoya, and Singapore stock exchanges. The shares are also listed on the NYSE in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs). Each ADS represents one share of common stock.

Securities code:
8604 (Tokyo Stock Exchange), NMR (New York Stock Exchange)

Transfer agent and registrar:
Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department
Depositary for American Depositary Receipts (ADRs):
The Bank of New York Mellon
Date of record for dividend payments:
September 30, March 31

Share Information (As of March 31, 2020)

Major shareholders (Top 10)*1

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Number of shares owned (thousands)*</th>
<th>Ownership (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>228,152</td>
<td>7.5%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>163,096</td>
<td>5.4%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>70,680</td>
<td>2.3%</td>
</tr>
<tr>
<td>JP Morgan Chase Bank 385151</td>
<td>53,546</td>
<td>1.8%</td>
</tr>
<tr>
<td>Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust</td>
<td>51,872</td>
<td>1.7%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>50,758</td>
<td>1.7%</td>
</tr>
<tr>
<td>State Street Bank West Client-Treaty 555234</td>
<td>49,110</td>
<td>1.6%</td>
</tr>
<tr>
<td>Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds</td>
<td>39,176</td>
<td>1.3%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 1)</td>
<td>36,260</td>
<td>1.2%</td>
</tr>
<tr>
<td>SSBTC Client Omnibus Account</td>
<td>34,172</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

*1 The company has 454,625 thousand shares of treasury stock as of March 31, 2020 which is not included in the major shareholders list above.
*2 Figures for Number of Shares Owned are rounded down to the nearest thousand and figures for Percentage of Shares Owned are calculated excluding treasury stock.

Total Shareholder Return (TSR)

<table>
<thead>
<tr>
<th>Holding Period*2</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Holdings</td>
<td>73.1%</td>
<td>102.6%</td>
<td>94.6%</td>
<td>65.0%</td>
<td>76.0%</td>
</tr>
<tr>
<td>TOPIX</td>
<td>89.2%</td>
<td>102.3%</td>
<td>118.5%</td>
<td>112.5%</td>
<td>101.8%</td>
</tr>
</tbody>
</table>

*1 Ratio obtained by dividing investment amount (stock price) by return (dividend and capital gains).
*2 Figures based on the last price of March 31, 2015

Credit Ratings (As of June 30, 2020)

<table>
<thead>
<tr>
<th>Nomura Securities</th>
<th>Nomura Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term</td>
<td>Short-term</td>
</tr>
<tr>
<td>R&amp;I</td>
<td>A+</td>
</tr>
<tr>
<td>JCR</td>
<td>AA-</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A3</td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
<td>A-</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>F1</td>
</tr>
</tbody>
</table>

Basic Information in the Report

Period covered: April 1, 2019 to March 31, 2020 (Some content may be outside this time frame.)
Reporting cycle: Once a year
Previous: August 2019
Current: August 2020
Entities covered: Nomura Holdings, Inc. and its major subsidiaries and affiliates
Numerical data are presented alongside information on the scope of companies covered.

Reference guidelines:
- GRI Sustainability Reporting Standards (GRI Standards)
- Please access the following URL on our corporate website for our GRI Guidelines Index.
- International Integrated Reporting Frameworks recommended by the International Integrated Reporting Council and the World Intellectual Capital Initiative
- Guidance for Collaborative Value Creation of Japan’s Ministry of Economy, Trade, and Industry
- Environmental Reporting Guidelines (2018 Version) of Japan’s Ministry of the Environment
Translation
The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.

Independent Assurance Report
July 15, 2020

TO:
Mr. Kentaro Okuda
President & Group CEO
Nomura Holdings, Inc.

Kenji Sawami
Engagement Partner
Ernst & Young ShinNihon LLC
Tokyo, Japan

We, Ernst & Young ShinNihon LLC, have been commissioned by Nomura Holdings, Inc. (hereafter the “Company”) and have carried out a limited assurance engagement on the Key Sustainability Performance Indicators (hereafter the “Indicators”) of the Company and its major subsidiaries for the year ended March 31, 2020 as included in “ESG Data” (hereafter the “Report”). The scope of our assurance procedures was limited to the Indicators marked with the symbol “*” in the Report.

1. The Company’s Responsibilities
The Company is responsible for preparing the Indicators in accordance with the Company’s own criteria, that it determined with consideration of Japanese environmental regulations and other regulations as presented in “Citizenship—ESG Data—Standards for Calculation” (http://www.nomuraholdings.com/csr/data);
Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given different instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. Our Independence and Quality Control
We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior.
In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control (Revised), issued by the International Auditing and Assurance Standards Board.

3. Our responsibilities
Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.
We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements: Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”) (Revised), issued by the International Auditing and Assurance Standards Board and, with respect to GHG emissions, Assurance Engagements on Greenhouse Gas Statements (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board.
The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, and the following:
• Making inquiries regarding the Company’s own criteria that it determined with consideration of Japanese environmental regulations and other regulations, and evaluating the appropriateness thereof;
• Inspecting relevant documents with regard to the design of the Company’s internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company and major subsidiary’s 2 sites;
• Performing analytical procedures concerning the Indicators at the Company and major subsidiary’s 2 sites;
• Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company and major subsidiary’s 2 sites.
The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement.
As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company’s own criteria that it determined with consideration of Japanese environmental regulations and other regulations.