

# Materiality

In consideration of the environment surrounding Nomura, we have identified specific issues that should be addressed (“materiality”) focusing on not only enhancing Nomura’s corporate value but also creating social value in relation to fulfilling a better world for all stakeholders. Nomura plays a significant role in realizing a better world for all stakeholders, and we are committed to addressing these key issues.

Since Nomura first identified CSR Materiality in 2008, we have regularly reviewed our materiality based on trends in the international community and the expectations of stakeholders. As establishing business models that take environmental and social issues into consideration becomes increasingly important, Nomura has been conscious of the relationship between sustainability and business strategy. Starting from FY2019/20, we renamed this “Nomura Group’s Materiality” and have identified key issues to focus on by considering the external environment. We have identified materiality based on the following understanding of the external environment.

## » Changing global dynamics

The global situation continues to change rapidly and is difficult to predict due to trends in monetary policies and markets in various countries and heightened geopolitical risks.

## » Threats regarding natural capital, including the environment

While responding to natural capital remains a global trend, the importance of balancing it with industrial policy is increasing.

## » Advancements in digital, AI technology, and threats

The utilization of digital and AI technologies, predicated on providing safety through ensuring security levels, is leading to changes in the economic structure.

## » Changes in the domestic environment in Japan, including declining birthrate and aging population

It is necessary to provide solutions that align with changes in clients’ business activities and needs due to structural changes in society.

## » Increase in awareness of DEI, human rights, and human capital

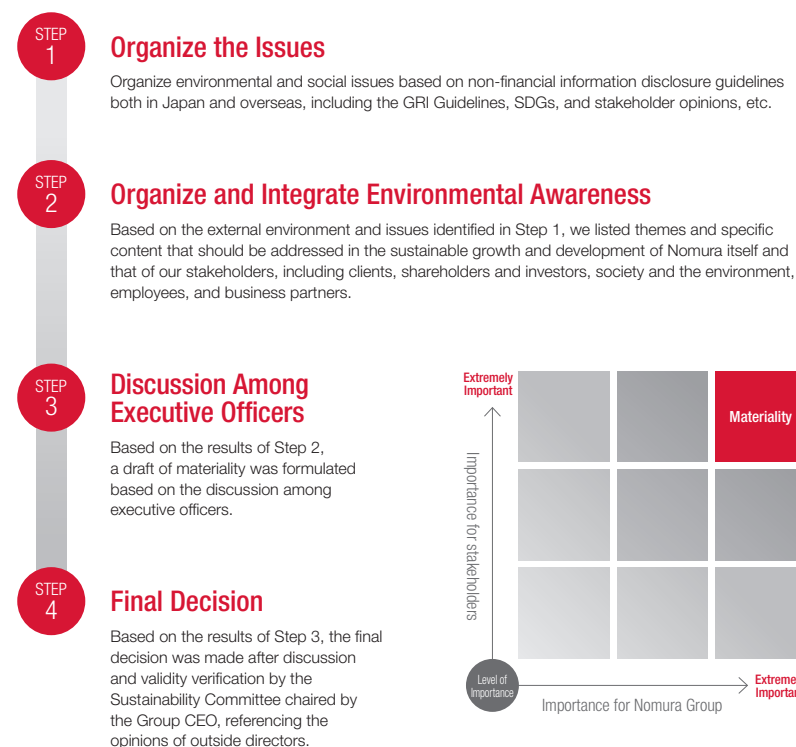
There is growing demand for establishing a healthy workplace environment, promoting diversity, equity, and inclusion, considering human rights in business, and utilizing human capital.

## » Demand for enhancement of governance

Demand for more sophisticated corporate governance and strengthening the function of the board of directors is increasing.

## ● Process of Identifying Materiality

Each year, we identify and determine materiality based on the following process:



\*The above process may be reviewed as needed based on changes in the external environment and other factors.

▼ Our Awareness of the Environment Surrounding Us and Risks/Opportunities

Changing global dynamics	Risk	If our risk management is inadequate or if we are unable to meet the needs of our clients, we may incur losses or lose revenue opportunities.
	Opportunity	Appropriately capture changes in financial policies and investors' needs to increase revenue and expand business opportunities
Threats regarding natural capital, including the environment	Risk	Credit risk of business partners, risk of market fluctuations, risk of physical damage due to disasters, reputational risk, etc.
	Opportunity	Supply of risk capital necessary for mitigating and adapting to the crisis involving natural capital, including decarbonization (financial/capital markets, project finance, M&A, etc.)
Advancements in digital, AI technology, and threats	Risk	There are risks of lost trading opportunities and reduced revenue due to the decrease in transaction fee levels from online trades, as well as a decrease in trust resulting from cybersecurity breaches.
	Opportunity	Promotion of businesses related to digital assets through the utilization of digital technology and AI for streamlining operations, optimizing services, and improving efficiency
Changes in the domestic environment in Japan, including declining birthrate and aging population	Risk	Failure to fully capture the changes in society such as the aging population, insufficient consideration for diversity, and inadequate provision of appropriate services leads to customer outflow and missed opportunities
	Opportunity	Creating new revenue opportunities by providing solutions that align with customers' business activities and needs
Increase in awareness of DEI, human rights, and human capital	Risk	Incurring administrative penalties or paying compensation for damages due to overwork, reputational risk, decline in employee morale, stagnation in strategic execution due to talent outflow and inability to secure talent, and lack of adaptability to changes in the environment due to lack of diversity
	Opportunity	Enhancing competitiveness and increasing differentiation from other companies through diverse talent, promoting innovation, and realizing advanced risk management
Demand for enhancement of governance	Risk	Governance dysfunction, reputation risk, etc., due to failure to demonstrate governance capabilities
	Opportunity	Improvement in corporate value due to further enhancement of risk management, cost reductions through structural reforms, and other initiatives

▼ Issues and Details to Work On

Facilitating the circulation of sound risk money	> P.60, P.61
We will facilitate the circulation of sound risk money through proposing and providing financial products and services that address changes in the global situation, market environment, and customers' situations and needs.	
» Provision of various financial services and products	» Enhancement of product governance
» Providing opportunities to improve financial literacy	
Efforts to conserve natural capital	> P.60, P.61
We will actively contribute to the conservation of natural capital through our own environmental activities our support for business structure and structural transformation initiatives.	
» Promotion of our own environmental activities	» Involvement in renewable energy projects
» Analysis of risks and opportunities related to natural capital, including climate change	
» Providing solutions such as sustainable finance	
Strategic and innovative service development with robust cybersecurity measures	> P.57, P.93
We will work to enhance client convenience and expand our service domain by strengthening our digital strategy.	
» Utilization of digital platforms	
» Increased operational efficiency through the use of digital and AI technologies	
» Enhancement of cybersecurity system	» Pursuit of business in the digital asset domain
Providing solutions to social issues arising from environmental changes	> P.41, P.64, P.65
We will identify changes in the domestic environment in Japan and provide solutions for problem-solving by leveraging Nomura Group's expertise.	
» Services supporting smooth asset/business succession	» Providing various solutions to emerging wealth clients
» Development and provision of diverse asset management methods	
» Providing opportunities to improve financial literacy for people of all ages	» Social contribution activities
Creating an organization that supports challenges, rewards contributions, and provides a comfortable work environment	> P.53, P.66
We are committed to realizing a society where human rights are respected, and diverse personnel can demonstrate their abilities.	
» Providing educational and training opportunities	» Realizing diverse working styles
» Enhancing employee benefits	» Promoting health management
	» Providing equal opportunities
	» Addressing human rights issues
Further demonstration of corporate governance functions	> P.68, P.85, P.89
We will work to improve our governance in order to be trusted by society.	
» Diversity of board of directors	» Enhancement of risk management
» Bolstering the effectiveness of the board of directors.	» Thorough compliance with laws and regulations
» Improvement and enhancement of information disclosure	

▼ Main Related Matters/ Relevant Metrics

Various Business Initiatives including following items:	
» Wealth Management Division > P.41	
» Investment Management Division > P.45	
» Wholesale Division > P.49	
» GHG emissions	
» Sustainable finance capital raised	
» Status of progress on efforts to eliminate paper use	
» Developing Digital Talent	
» Approach to Digital Assets	
» Cybersecurity Program	
» Initiatives for customer-oriented business	
» Status of financial education offerings	
» Track record for social contribution activities	
» Employee survey	
» Training track record	
» Usage of childcare and nursing care support system	
» Women managers ratio	
» Board Effectiveness Review	
» Status of dissemination of the Code of Conduct	
» Fostering a culture of Speak-up	

Aspire to create a better world

