

Compliance

Promoting compliance is one of the bedrocks supporting Nomura Group's businesses.

Nomura Group believes that compliance extends beyond mere adherence to laws and regulations. Compliance also encompasses conduct based on integrity that aligns with social norms and ethics expected of financial services industry professionals. Nomura Group is committed to further strengthening our robust internal control systems in order to achieve a higher level of Compliance Risk management.

* Compliance Risk: The risk of financial losses such as fines, or reputational damage, due to violations of financial services laws, rules or regulations, or improper conduct which undermines the integrity or fairness of the financial markets and/or damages client protection. This includes conduct risk arising from conduct or behaviors and activities of Nomura Group executives or employees that deviate from the Nomura Code of Conduct or violate financial services laws, rules, regulations, or applicable company policies and procedures.



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<https://www.nomuraholdings.com/company/compliance/index.html>

Compliance Framework

We strive to establish a compliance framework that enables compliance officers to provide appropriate instructions, guidance, and monitoring, focusing on adherence to laws and regulations on a global basis and ensuring that no suspicious activities occur. We also take measures to prevent, early detect, and remedy fraudulent activities. In the event that such issues arise, they are reported promptly and timely to senior management, and a system is in place to handle them appropriately.

Nomura Group appoints a Chief Compliance Officer (CCO) to oversee the Group's compliance framework. Each Group company and overseas region has a Compliance Officer. The CCO works with the Compliance Officers to ensure that the internal controls system is adequately established and maintained in line with global business

development. Additionally, Nomura Group has established the Nomura Group Conduct Committee, chaired by Executive Officer and Deputy President Toshiyasu Iiyama, and the Committee is responsible for examining and discussing the Compliance Risk and Conduct Risk management framework, promoting related measures, and verifying the effectiveness of the Nomura Group Conduct Program which stipulates the basic matters related to embedding the Nomura Group Code of Conduct within the Group. Each Group company is responsible for enhancing its own compliance structure. In 2024, Nomura Securities has made significant changes to its compliance framework, working to provide higher added-value solutions and increasing speed through the advancement and streamlining of compliance-related tasks.

Compliance Risk Management

Nomura Group has established the Group Compliance Risk Management Policy and the Nomura Group Conduct Risk Management Policy that outline the framework and the structure for putting Compliance Risk management into practice. Additionally, Nomura Group practices appropriate risk management based on the Three Lines of Defense approach, which defines roles and responsibilities, and establishes the fundamental requirements of actions for Compliance Risk management.

As part of these efforts, Nomura Group regularly provides comprehensive compliance and conduct training programs for all executives and employees on topics such as combating money laundering and financing of terrorism, and preventing insider trading. We are working to raise the level of legal and regulatory knowledge among executives and employees, enhance

compliance awareness, and foster a corporate culture of pursuing appropriate business conduct.

To further enhance our Compliance Risk management, it is important not only to establish frameworks and provide various training programs, but also to foster a culture where employees feel comfortable to speak up when they notice something unusual and where their voices are heard. This type of culture, known as psychological safety, is crucial in the workplace. To enhance psychological safety, efforts are being made to identify issues on organizational culture through the Nomura Group Employee Survey, to facilitate management discussions and dialogue among executives and employees based on the findings, and promote the use of our whistleblowing system.

Initiatives to Ensure Fair Financial Transactions

The cornerstone for creating a better world is healthy and highly-liquid financial markets that are trusted by a diverse range of investors. Unacceptable actions that lead to dysfunction are market manipulation and insider trading, which undermine the fairness and integrity of the market. The compliance departments being the second line of defense diligently strive to prevent unfair transactions that may cause market dysfunctions while all Nomura Group employees engage in their daily business activities cognizant of their roles as participants in financial markets. Compliance departments share information and concerns with securities exchange and self-regulatory organization. This is to ensure such entities have the correct understanding of regulatory trends, market environment and challenges identified from cases involving other companies. In addition, Compliance departments collaborate with first line and IT departments to grasp business changes and trends. They utilize IT solutions, such as cloud services, to establish robust trading management systems that allows for effective, efficient and expert surveillance.

Combating Money Laundering and Terrorist Financing

In order to maintain and protect financial markets in which all clients can securely invest, efforts to combat money laundering and terrorist financing are crucial. Nomura has established the Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy, which applies to the entire Group and sets uniform management standards across all Group companies. Based on this policy, an officer responsible for AML/CFT management, the Group AML/CFT Head, has been appointed to report monthly to the Executive Management Board on the status of the AML/CFT management framework in Japan, the Americas, Europe, and Asia. Furthermore, the Group Compliance Department, which supports the Group AML/CFT Head, closely coordinates with the AML/CFT heads in each region to discuss measures to strengthen the Group's governance framework and promote and implement necessary measures. Additionally, a Global Head of Financial Crime Compliance has been appointed to establish a unified AML/CFT system across the Group.

As economic sanctions and regulations have been rapidly strengthened in response to recent global developments,

such as the conflict in Ukraine, Nomura requires each Group company to check the sanctions lists of Japan (the Ministry of Finance), the United States (OFAC), the United Kingdom (HMT), the European Union (EU), and the United Nations (UN). We place a strong emphasis on front line employees, as the first line of defense, performing client due diligence and identifying any unnatural transactions. Nomura Group companies develop and provide training programs to enhance AML/CFT awareness and understanding among employees.

In September 2022, Nomura launched Laser Digital Holdings AG in Switzerland to provide services related to digital assets. While there is strong demand for transactions involving digital assets, there are likelihood that these assets could be used for money laundering due to the anonymity of the asset holders and the transactions. We believe it is important to meet clients' needs while controlling risks, rather than avoiding business due to potential risks. Therefore, we have established a robust risk control framework to prevent the fraudulent use of digital assets, including conducting thorough client due diligence and monitoring transaction records on blockchain.

Customer-Oriented Business Operations

In order to create a better world, Nomura Group advances initiatives to pursue the best interests of our clients. We strive to provide suitable products and services tailored to meet client needs, thereby supporting what is in their best interest and helping them find optimal financial solutions for building and managing assets. To realize this, we develop and introduce products and services, establish rules and guidelines, and conduct employee training to ensure that we provide appropriate information and product customization for each client. We continually monitor compliance with these rules and guidelines and provide guidance based on individual employee performance. We then report findings to senior management, while also working to improve the rules and guidelines. Our personnel evaluations incorporate elements such as compliance, conduct, business ethics, and risk management. Additionally, we take measures to suppress incentives that prioritize the firm's earnings over clients' needs, thereby ensuring a customer-oriented approach in our operations.