

Statement and Responses to Indictment of Former Employee

Tokyo, December 3, 2024—On November 20, 2024, a former employee of Nomura Securities, who was arrested on October 30, 2024¹, was charged by the Hiroshima District Public Prosecutors Office.

We would like to express our heartfelt sympathy and apologize to our clients who suffered because of this incident. We also apologize to all those affected by the trouble it is causing.

We take this matter very seriously. An incident like this must never happen at a financial institution entrusted with looking after its clients' assets.

To ensure that our clients feel confident using our services, we have established more rigorous and effective measures as outlined below that we have already started to implement.

In preparing these measures, we consulted with external legal counsel and other experts to incorporate objective third-party feedback to ensure a more in-depth examination of the proposed measures.

By fully implementing the measures, we will work to regain trust to ensure our clients can truly feel at ease when using our services.

¹ See [Statement on Arrest of Former Employee](#) issued on November 6, 2024.

1. Our understanding of the incident and response

The former employee joined Nomura Securities as a new graduate in April 2018. From April 2022, he provided asset management advice to individual and corporate clients at the Hiroshima Branch Office.

On Friday, August 2, 2024, the former employee reported to the Hiroshima Branch Office manager that he was suspected by the police of arson in relation to a fire that occurred at a client's home, and that he had stolen money from the clients when he visited their home on Sunday, July 28, 2024.

We learned about the incident from this report and we fully cooperated with the police investigation. On Wednesday, October 30, 2024, the former employee was arrested and subsequently charged on Wednesday, November 20.

After we learned about the incident, we immediately began contacting the former employee's clients and launched an investigation into other possible incidents.

From Thursday, November 14, we put up a notice on our website in Japanese (www.nomura.co.jp) and sent email communications, app notifications and letters to clients advising them to contact us in the event of any suspicious transactions.

We also set up a dedicated team that included representatives from our Customer Help Desk and Compliance departments to respond to client reports in collaboration.

In accordance with internal regulations, the former employee was subject to disciplinary dismissal on Sunday, August 4, 2024.

2. Response Measures

We have a wide range of measures in place to deter individual employee misconduct. In light of this incident, we will implement the following response measures to strengthen current measures to enable early detection of misconduct and manage employees' actions.

We have evaluated the adequacy of these response measures with the advice of external experts.

To protect our clients' assets and foster a strong sense of professional ethics among our employees, we will implement these measures in the Wealth Management Division to prevent wrongdoing.

(1) Establish Operational Reform Promotion Committee

To enhance the organization's ability to detect and deter individual employee misconduct, and reinforce our core commitment to client-centric business operations, we have established a committee chaired by the Representative Director and Deputy President of Nomura Securities and comprising executive officers in charge of business divisions, compliance and human resources. The committee will evaluate the adequacy and effectiveness of measures, consider new measures as necessary, and set policies regarding the internal rules and organizational structure required to implement measures.

(2) Strengthen supervision of visits to clients' homes

For the foreseeable future, a manager will accompany employees when they visit clients' homes or speak to clients over the phone around the time of each visit. In addition to requiring prior approval for each visit, by having managers speak to clients directly, we want to ensure that our clients feel at ease when employees visit their homes. As outlined below, we will also implement measures to strengthen monitoring of employees' business activities.

(3) *Extend team approach to client coverage*

Depending on the client's situation, in addition to the main employee in charge of the client, executive officers, branch managers, department heads and section managers will contact the client as appropriate. To ensure clients feel at ease when doing transactions with us, we will enhance the framework for client management by teams, with senior members of staff supporting the main employee in charge.

(4) *Heighten monitoring of employee business activities*

Primarily for employees who have direct contact with clients, we will strictly manage activity schedules during work hours, as well as use data from company mobile phones, dashboard cameras, etc. This will enable us to stringently manage client visits and meetings and increase our ability to detect suspicious conduct.

(5) *Introduce block leave to detect wrongdoing*

Primarily for employees who have direct contact with clients, we will introduce a mandatory period of continuous leave that must be taken each year. To allow us to detect any potential wrongdoing, during this time all contact between employees and clients will be suspended. In addition, managers will contact clients as necessary to carry out checks on transactions with a view to detecting any wrongdoing.

(6) *Hold one-on-one meetings with all employees*

To ensure that each employee understands the gravity of the incident, and to ensure that the policies for handling clients that we have included in the response measures are properly enforced on the ground, branch managers will hold one-on-one meetings with all employees in the Wealth Management Division. At the same time, we will conduct interviews with employees about any concerns, suspicions or doubts they may have.

(7) *Revise employee evaluations*

As part of our employee evaluation process, we assess professional ethics, risk management, compliance and conduct. This is separate from performance evaluations based on individual or team performance. With regard to professional ethics, risk management, compliance and conduct, we will expand the range of data referenced to get a clearer assessment of each individual's characteristics and personality to improve the quality of evaluations.

(8) *Enhance guidance from diverse perspectives*

In addition to providing guidance that includes perspectives other than that of immediate supervisors, we conduct 360-degree feedback where employees, including colleagues and subordinates, provide anonymous feedback on another employee's individual strengths and areas for improvement. This information is then used by the immediate supervisor to provide guidance to the employee.

In Wealth Management, we introduced 360-degree feedback starting with managers with the aim to roll out to all employees. In light of this incident, we will promptly implement it for non-managers to allow us to gather information about employees from diverse perspectives and use the information to provide guidance, including on professional ethics and compliance.

(9) *Further enhance recruitment process*

To select candidates based on more stringent ethics and compliance criteria in Wealth Management, we will incorporate a broader range of perspectives into the selection process than we did previously. We will work to further improve and enhance the recruitment selection process by examining the correlation between diverse selection data and post-hire performance and compliance.

(10) *Training*

We will carry out training for all employees on the importance of compliance and professional ethics. The objective of the training is for each individual to reflect on compliance and professional ethics and act with sincerity. In addition, we will regularly conduct training for all managers on how to manage employees' actions.

(11) *Closer communication among employees*

We will work to enhance communication among employees based on our Group Purpose of "We aspire to create a better world by harnessing the power of financial markets". By providing regular opportunities for communication, we will work to ensure that each employee actively puts our Purpose into action.

3. Accountability

In regard to this incident, a portion of executive compensation will be voluntarily returned as outlined below.

Representative Director, President	Voluntary return of salary 30% x 3 months
5 other Representative Directors	Voluntary return of salary 20% x 3 months
Director, Executive Vice President Head of Wealth Management	Voluntary return of salary 30% x 3 months
Senior Corporate Managing Director Business Management and Head of Head Office	Voluntary return of salary 30% x 3 months
Senior Corporate Managing Director Wealth Management and Branch Management	Voluntary return of salary 30% x 3 months
Senior Managing Director Private Wealth Management	Voluntary return of salary 30% x 3 months

Strict disciplinary action has been taken against the former employee and relevant managers in accordance with internal rules and regulations.

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Nomura

Nomura is a global financial services group with an integrated network spanning approximately 30 countries and regions. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Wealth Management, Investment Management, and Wholesale (Global Markets and Investment Banking). Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.