

Financial Conduct Committee of Nomura Europe Holdings plc
Terms of Reference

1. Constitution

1.1 The principles of good governance apply to all Boards and Committees. An effective Board also relies on effective Committees, in their work, to provide challenge, oversight and scrutiny. This in turn will assist the Board to make informed decisions in line with its legal, regulatory and statutory obligations and provide effective oversight of risks and all other relevant matters. The Board of Directors (the “**Board**”) of Nomura Europe Holdings plc (“**NEHS**”) has established a Non-Executive Committee of the Board known as the NEHS Financial Conduct Committee (the “**Committee**”) to provide challenge, oversight and scrutiny to ensure that an effective internal control and risk management environment is maintained in respect of the Financial Conduct Risks (as defined in paragraph 9.2 below) impacting the Group (as defined in paragraph 1.2 below) and to ensure that the duties set out in paragraph 9 of these Terms of Reference are properly discharged.

1.2 For these purposes:

1.2.1 the “**Relevant Entities**” shall mean NEHS, Nomura International plc (“**NIP**”), Nomura Bank International plc (“**NBI**”), Nomura Capital Markets Limited, Nomura European Investment Limited and Nomura Properties plc and any other entities that appear on the Nomura EMEA Structure Chart, as amended from time to time and that meet the requirements of the Capital Requirements Directive IV (“**CRD IV**”);

1.2.2 the “**Group**” shall mean NEHS, its subsidiaries and those entities which appear on the Nomura EMEA Structure Chart as amended from time to time, (excluding Nomura Asia Holding N.V., Nomura Europe Finance N.V. and NIH 1 (Guernsey) Limited and its subsidiaries, which are outside of the scope of the Committee); and

1.2.3 the “**Code**” shall mean the UK Corporate Governance Code as published by the Financial Reporting Council.

2. Membership

2.1 The Committee shall consist of at least three of the UK based Non-Executive Directors of NEHS, the majority of whom should be independent. Members of the Committee will be appointed by the Board, on the recommendation of the NEHS Governance and Nomination Committee and in consultation with the Chair of the Committee (the “**Chair**”).

- 2.2 The Chair of the NEHS Audit Committee and the Chair of the NEHS Prudential Risk Committee shall both be members of the Committee. The Directors of NEHS shall have the right to attend all Committee meetings.
- 2.3 The following individuals are expected to attend all meetings as standing attendees:
 - 2.3.1 the Chief Executive Officer (the “**CEO**”);
 - 2.3.2 the Executive Chair, EMEA;
 - 2.3.3 the Chief Risk Officer, EMEA (the “**CRO**”);
 - 2.3.4 the Chief Financial Officer, EMEA (the “**CFO**”);
 - 2.3.5 the Head of Global Markets, EMEA;
 - 2.3.6 the Head of Investment Banking, EMEA;
 - 2.3.7 the General Counsel, EMEA;
 - 2.3.8 the Head of Compliance, EMEA;
 - 2.3.9 the Head of Human Resources, EMEA;
 - 2.3.10 the Head of Operations and Chief Administration Officer, EMEA; and
 - 2.3.11 an Internal Audit representative.
- 2.4 At the invitation of the Chair, other non-members may attend all or part of any meeting as and when appropriate and necessary. The Internal Audit representative may participate in and facilitate discussion but shall not participate in any business decision making.
- 2.5 Appointments to the Committee shall be for a period of no more than three years, extendable by no more than two additional three-year periods, so long as members continue to be a Non-Executive Director.
- 2.6 The Board, in consultation with the NEHS Governance and Nomination Committee, shall appoint the Chair. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. Voting

- 3.1 Only members of the Committee are entitled to attend and vote at Committee meetings.
- 3.2 Where recommendations from the Committee are not unanimous, the Chair shall reflect in recommendation to the Board any conflicting views.

4. Secretary

- 4.1 The Company Secretary of NEHS, or his or her nominee, shall act as the Committee Secretary.
- 4.2 The Committee Secretary will ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to agenda items. In addition, the Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee and will be formally approved by the Committee at the following meeting. A summary from each Committee meeting will be presented by the Chair at the next Board meeting.

5. Quorum

- 5.1 The quorum necessary for the transaction of business shall be two members, one of whom should be an independent Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. Frequency of meetings

- 6.1 The Committee shall meet once every two months and otherwise as required.
- 6.2 Meetings may be conducted by telephone or video-conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

7. Notice of meetings

- 7.1 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Chair, the CRO, the Head of Compliance, the Head of HR or of any of its members if they consider it necessary.
- 7.2 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend with reasonable notice in advance of the meeting. Supporting papers shall be sent to

Committee members and to other attendees as appropriate in advance of each meeting.

8. Annual General Meeting

8.1 The Chair may attend the Annual General Meeting and will be available at any other time to answer shareholder questions on the Committee's activities.

9. Duties

9.1 The Committee shall carry out the duties below for the Relevant Entities and the Group as a whole as appropriate.

9.2 For the purposes of the Committee's duties the categories of risk within its remit are set out below in so far as relates to non-prudential risk:

9.2.1 conduct risk;

9.2.2 financial crime (including bribery, fraud risk, fraud protection and Anti Money Laundering) and economic sanctions;

9.2.3 non-prudential compliance risk;

9.2.4 non-prudential compliance escalations;

9.2.5 reputational risk;

9.2.6 culture;

9.2.7 transaction reporting;

9.2.8 client assets; and

9.2.9 any other category of principal risk to which the Group may be exposed and which the Committee considers appropriate,

(together, the "**Financial Conduct Risks**").

9.3 It is recognised that the Committee additionally will consider legal and regulatory risk where relevant to the business or the Financial Conduct Risks.

9.4 In relation to risk appetite, tolerance, profile and strategy the Committee shall as required or necessary:

9.4.1 provide advice to the Board, and as required to the boards of other companies within the Group, in relation to the Group's overall risk appetite, tolerance and strategy for the Financial Conduct Risks to which the Group may be exposed, taking into account the current and prospective macroeconomic and financial and regulatory

environment, as well as drawing on financial stability assessments such as those published by relevant industry and regulatory authorities, including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the Group's risk policies;

- 9.4.2 oversee and advise the Board on the Group's current exposure to the Financial Conduct Risks and the impact of those exposures, taking into account market and regulatory events, as well as considering the Group's future risk strategy, future events and the Group's risk appetite going forward;
 - 9.4.3 oversee the adequacy and suitability of the risk framework in relation to those Financial Conduct Risks to which the Group may be exposed;
 - 9.4.4 in conjunction with the NEHS Audit Committee, review the Group's overall risk assessment processes in relation to the Financial Conduct Risks, ensuring both quantitative and qualitative metrics are used. Regularly review and approve the parameters used in the measures and methodology adopted as well as setting the standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
 - 9.4.5 provide advice to the Board as to whether the Group's overall risk framework is sufficient to provide assurance that the Financial Conduct Risks are being appropriately assessed; and to recommend any necessary changes in Group risk policies to the Board; and
 - 9.4.6 consider and provide advice to the Board on the Financial Conduct Risks associated with any proposed strategic acquisitions or disposals. In doing so, ensure that a due diligence appraisal of the proposition is undertaken focussing on the aspects and implications of the Financial Conduct Risks in the context of the overall risk appetite and tolerance of the Group.
- 9.5 In relation to risk management framework and internal controls the Committee shall:
- 9.5.1 review the adequacy of the Group's risk management systems and its capability to identify and manage new types of Financial Conduct Risks;
 - 9.5.2 receive and review reports on key risk matters and exposures relating to the Financial Conduct Risks as well as on any material breaches in limits relating to the Financial Conduct Risks and the adequacy of the proposed actions;
 - 9.5.3 satisfy itself that the corporate functions are adequately resourced to manage all material Financial Conduct Risks and has appropriate access to information to enable it to perform its function effectively in

- accordance with the relevant professional standards, independently and free from constraint by management or other restrictions; and
- 9.5.4 review and challenge the day-to-day risk management and oversight arrangements that senior management have put in place.

9.6 In relation to remuneration the Committee shall:

- 9.6.1 assist in the establishment of sound remuneration policies and practices by, without prejudice to the tasks of the NEHS Remuneration Committee, providing advice specifically examining whether incentives provided by the compensation systems to senior management take into consideration the Financial Conduct Risks against the performance objectives incorporated in executive remuneration.

9.7 Other responsibilities of the Committee include:

- 9.7.1 monitoring and encouraging the embedding and maintenance throughout the Group of a supportive culture in relation to the management of the Financial Conduct Risks, although it is recognised that the Chair may request consideration directly at Board when required or necessary; and
- 9.7.2 considering other topics, as referred to it from time to time by the Board.

10. Reporting responsibilities

- 10.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The strategic report in the Annual Report and Accounts should set out risk management objectives and policies including in relation to financial instruments.

11. Other Matters

11.1 The Committee shall:

- 11.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 11.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members. The Chair is responsible for assessing the training needs of the Committee members;
- 11.1.3 give due consideration to laws and regulations, the provisions of the Code and any other applicable rules, as appropriate;
- 11.1.4 have regard to any relevant advice from the NEHS Audit Committee, the NEHS Prudential Risk Committee or Internal Audit function concerning the effectiveness of internal controls and risk management systems;
- 11.1.5 oversee any investigation of activities which are within its Terms of Reference;
- 11.1.6 work and liaise as necessary with all other Board Committees, in particular the NEHS Prudential Risk Committee and the NEHS Audit Committee to ensure that overlap of duties is avoided; and
- 11.1.7 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board. The Committee is subject to an annual effectiveness review by the Board and will be required to report that it has fulfilled its duties under the mandate delegated to it by the NEHS Board under the Terms of Reference in the NEHS Annual Report and Accounts.

12. Authority

12.1 The Committee is authorised to:

- 12.1.1 seek any information it requires from any employee of the Group in order to perform its duties;
- 12.1.2 obtain, at the expense of NEHS, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 12.1.3 call any employee to be questioned at a meeting of the Committee as and when required; and

12.1.4 have the right to raise and discuss, with the appropriate NHI group functions, the details of any issues that cannot be resolved between the Committee and the Board.

12.2 The Committee may establish Sub-Committees and/or forums which will report to the Committee as necessary. The Committee shall on a timely basis consider and make decisions on all matters raised for its attention by any of its Sub-Committees and/or forums, including reports from the internal risk function and shall be entitled to seek any information it requires, including commissioning specific reports from the risk or audit functions as it deems necessary to fulfil its role.

13. Changes to the Terms of Reference

13.1 Substantive changes to the Committee's Terms of Reference must be approved by the Board.

13.2 Administrative amendments to the Committee's Terms of Reference may be made by the Chair of the Board and the NEHS Company Secretary as necessary.