

# For Future Generations

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Citizenship Report 2011



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### CSR information disclosure by the Nomura group

The Nomura group discloses information through the following reports, websites and other media to convey our CSR efforts to different stakeholders.

#### Citizenship Report (this report)

This annual publication presents the CSR efforts of the Nomura group based on GRI (G3) and other applicable guidelines.

#### Corporate Citizenship website


Current information on the CSR efforts of the Nomura group is posted to this website.

 <http://www.nomuraholdings.com/csr/>



#### Annual Report

Financial information about the Nomura group is published in its Annual Report, available at:

 <http://www.nomuraholdings.com/investor/>



Citizenship Report 2011 is a qualitative and quantitative report on the business activity-related CSR initiatives undertaken by Nomura from these three perspectives:

- 1 Responsible Business
- 2 Business for Sustainability
- 3 Citizenship

In Responsible Business we explain how our initiatives create added value in terms of risk management and compliance as well as in businesses that respond to client needs. In Business for Sustainability we present innovative initiatives for market-based solutions that meet public expectations, while Citizenship lays out our initiatives for future generations in the context of establishing and maintaining mutual

trust as a corporate citizen with stakeholders, local communities and society as a whole.

The Report serves two purposes: it is a comprehensive report for investors and experts, who are its primary readers, and a review of our CSR efforts for a broader, diverse group of stakeholders. It also incorporates a summary of Stakeholder Dialogues with external experts, clients and NGOs, discussions centered on our initiatives for regional revitalization, sustainable investing and our approach to community affairs.

The Response to the East Japan Earthquake section is a special report on the actions and assistance we provided following the disaster that occurred on March 11.

Going forward, we will continue to pursue active, ongoing dialogue with our stakeholders in order to inform the development of actions for achieving a sustainable society and for the continued growth of the Nomura group.

#### Head Office

Nomura Holdings, Inc.  
1-9-1 Nihonbashi, Chuo-ku, Tokyo  
103-8645, Japan  
Tel: 03-5255-1000

#### Date of Incorporation

December 25, 1925

#### Paid-in Capital

¥594,493 million  
(as of March 31, 2011)

#### Business

Investment and financial services

#### Report Period

April 1, 2010 to March 31, 2011  
(although some content may be outside this timeframe)

#### Issue Dates

This report: September 2011

#### Previous Report

September 2010

#### Next Report

August 2012

#### Entities Covered

Nomura Holdings, Inc. and its major subsidiaries and affiliates. Numerical data are presented alongside information on the scope of companies covered. For details, please refer to the Annual Report 2011.

#### Reference Guidelines

- Sustainability Reporting Guidelines (2006) of Global Reporting Initiative and Environment
- Reporting Guidelines (2007 Version) of Japan's Ministry of the Environment
- Charter of Corporate Behavior of Nippon Keidanren

#### For More Information

Corporate Citizenship Department  
Nomura Holdings, Inc.  
Otemachi Nomura Building  
2-1-1, Otemachi, Chiyoda-ku, Tokyo  
Tel: 03-5255-1000 Fax: 03-3278-0687  
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#### Memberships

The Nomura group belongs to and is an active member of numerous business and trade associations, including:

- Nippon Keidanren
- Japan Securities Dealers Association
- The Investment Trusts Association, Japan
- Japan Securities Investment Advisers Association
- The Financial Futures Association of Japan
- KEIZAI DOYUKAI (Japan Association of Corporate Executives)
- PRI (Principles for Responsible Investment)
- Association of Financial Markets Europe
- British Bankers Association
- Confederation of British Industry
- Institute of International Finance
- World Economic Forum
- Opportunity Now
- Employer's Forum on Disability
- The Japan Society

# Message from the Group CEO



**We will maintain our client-focused approach and carefully listen to the changing needs of society to create shared value for our stakeholders and Nomura.**

Nomura must remain responsive to the changing needs of society in order to promote our sustainable growth on a global level. Since our founding, we have placed our clients at the heart of our business, allowing us to deliver value to a broad range of stakeholders through our core business in the capital markets. Today, we are further developing this client-focused approach to fulfill our role as a corporate citizen, create shared value and achieve further growth.

## **Our response to the earthquake in Japan**

I extend my heartfelt sympathy to all those affected by the recent earthquake in Japan. Nomura is fully committed to the reconstruction effort and I pray for a quick recovery in the stricken regions.

In the wake of the earthquake and tsunami, our first priority was to confirm the safety of our people. We also responded to our clients' needs, moving swiftly to limit volatility and maintain market functions such as liquidity provision and price setting. As the tragic events unfolded, we provided ongoing updates and future outlooks to communicate the true facts of the situation to a global audience.

We are now working to meet regional funding needs for reconstruction and making policy recommendations. We launched the East Japan Revival Support Bond Fund to assist the reconstruction efforts and are donating a portion of the commissions we receive. The fund attracted a wider range of clients than would normally invest in investment trusts, suggesting a philanthropic culture within our client base and reflecting a growing trend toward social investment in Japan.

## **Developing the capital markets**

Given our core business as a financial services firm, our fundamental contribution to society is to facilitate the sound development of the capital markets.

We do this by leveraging our extensive global franchise to promote the smooth flow of funds around the world. At the same time, we work with local and regional governments as well as international institutions to formulate appropriate policies and regulations. We are committed to demonstrating leadership at every level to ensure the sound development of the capital

markets and to promote economic growth.

In a recent trend following the global financial crisis, financial regulations are being tightened, most notably in the United States and Europe. While it is important that financial institutions are subjected to appropriate capital requirements and more stringent corporate governance standards, it is equally important that capital continues to flow to developing regions. This is particularly true in Asia, where mechanisms for providing long-term capital for infrastructure projects such as roads and ports are still lacking. Indeed, imposing the same capital requirements globally could discourage funding in growth areas that require risk capital, damping overall economic growth. It is critical to consider the development and specific circumstances of each market when discussing enhanced regulations so that capital continues to flow to areas where it is needed.

#### **Creating a sustainable society**

Nomura has built up a deep connection of networks with local communities across Japan. To create renewed value, we are tapping these networks to implement new initiatives that bring together local governments, universities and businesses in areas such as agriculture, the environment and healthcare.

Internationally, we are working with supranationals, NGOs, and other organizations to help address the growing problems faced by the global community related to the environment, water, food, poverty, and other pressing issues.

#### **Responsible business**

As we expand our global franchise, we will continue to act responsibly and

follow international codes of conduct. To ensure rigorous management oversight, we have been strengthening our corporate governance. Comprised of a majority of outside directors and including a female director and non-Japanese directors, our board of directors has become more independent and increasingly diverse.

In risk management, we are building a comprehensive framework to effectively respond to non-financial risks such as environmental and social risks. To mitigate future risks, we are redoubling our efforts to prepare for crises, while also increasing transparency and encouraging our people to constantly strive for higher ethical standards.

#### **Addressing the needs of society**

As we reflect the needs of society into the management of the firm, we may find that this leads to a shift in our core businesses and the way we contribute to society. Our business must continue to evolve, building on our core expertise in financial services and further extending our network of relationships in order to stay ahead of the constantly changing environment. The initiatives we have undertaken in agriculture, the environment, and healthcare are examples of how we are entering new areas of business in response to social changes. On the product side, the Green Bonds issued by IFC and distributed to investors through our retail network are an example of how we are helping promote products that link investment needs with social contribution.

To gain a true understanding of the current state of the firm, we believe it is important to listen closely to our clients and the communities in which we operate. By doing so, we are able to gain an insight into social trends and respond accordingly.

Looking ahead, we aim to create shared value with all our stakeholders by continuing to grow our global franchise and giving back to our communities. In doing so, we will work toward our corporate citizenship goal of making the world a better place for future generations.



Kenichi Watanabe  
Group CEO

# Nomura Group Response to the East Japan Earthquake

## Maintaining Financial and Capital Markets Operations

### For Clients in Disaster Stricken Areas

In the aftermath of the earthquake, all Nomura group departments cooperated closely under the leadership of the Nomura Group Crisis Management Committee, which comprises crisis management officers from each domestic and overseas group company. We quickly prepared to respond to requests from clients in the affected areas and continued operations at all offices and branches.

We did whatever we could to help customers who had lost their Nomura cards or registered personal seals and to accommodate requests for transferring proceeds from sales and redemptions of securities ahead of the scheduled payment date.

## Maintaining Financial and Capital Markets Operations

In response to concerns over settlement execution, we secured the liquidity of funds and set up a global backup system. As a key pillar of the capital markets, we provided market liquidity and worked to maintain confidence in the Japanese market.

Our Wholesale Division attended to the needs of customers for advice and services and continued providing trading opportunities for investors. In the Asset Management Division, fund managers continued to ensure that investment decisions were based on accurate analysis amid the volatile market and proactively provided information to customers.

## Support through our Core Business Launch of the East Japan Revival Support Bond Fund 1105

Nomura Asset Management Co., Ltd. launched the East Japan Revival Support Bond Fund 1105 investment trust. The

trust will invest in domestic bonds issued by government agencies, regional public organizations and private companies that are expected to contribute to the reconstruction effort, as well as in Japanese government bonds.

The fund was created in response to requests from the many clients who wished to make an investment as a way to contribute to the reconstruction effort. We believe it will also help meet the anticipated need for additional funds by government agencies, regional public organizations and private-sector companies for the planned reconstruction activities in eastern Japan.

Nomura Asset Management will donate a portion of the trust fees received (calculated at approximately 0.2% of daily total net assets) to disaster relief and recovery efforts going forward. The fund was launched on May 17, with ¥51,821.77 million in managed assets.

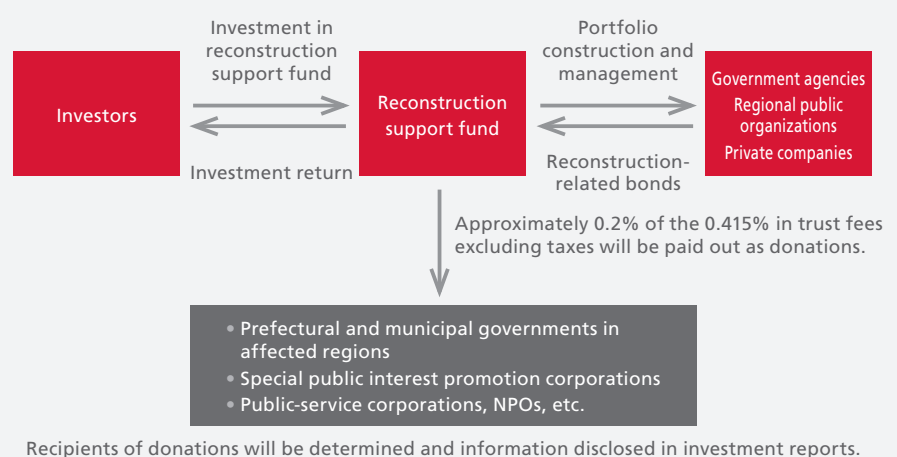
## Policy Proposals for Reviving Affected Areas

The "Urgent Proposal Concerning Agricultural Revival of the East Japan

Earthquake Stricken Area," published by Nomura Agri Planning & Advisory Co., Ltd. included a number of recommendations urging government and private sector cooperation in the restoration of affected areas as quickly as possible. In May 2011, the company published another proposal entitled, "Report on the Inspection Tour of Greenhouse Horticulture Sites in Miyagi Prefecture and Proposals for Revival." This proposal focused on greenhouse horticulture in Miyagi Prefecture, which is viewed as a promising model for agricultural reconstruction.

Nomura Healthcare Co., Ltd. analyzed the fundamental healthcare and treatment issues in the affected areas, such as the aging population and rural exodus, and released its proposals in a report, "Healthcare of Tomorrow." The report also explored the conditions required for creating close-knit networks and summarized the nature of relief efforts for healthcare and treatment.

### Reconstruction support fund scheme



### Donations through “Nomura Joy” and the Paper Reduction Project

Nomura Securities Co., Ltd. actively promoted the option for customers to receive communications via e-mail from April 12 to June 30, 2011, to help ease the paper shortage caused by the earthquake. The company donated ¥100 to earthquake relief efforts for every new customer who chose this paperless option.

Nomura Securities also accepted donations through the “Net Mile” point program, managed by its “Nomura Joy” Internet service, from March 14 to June 30, 2011.

### Provision of Investment Information

Nomura Securities published the following reports: “The Economic Impact of the Massive Earthquake in Northeastern Japan,” “The Effect on JPY of Tohoku Pacific (Sendai) Earthquake” and the “Facility status update by sector (18 March 2011): Impact of Tohoku Pacific Earthquake.”

### Social Contribution Activities

The Nomura group has contributed in a number of ways to the provision of relief to disaster victims and the reconstruction of the affected areas, including the collection of donations. Every level of

the organization has participated, from group companies, including overseas offices, to individual employees in their various capacities.

### Examples of Our Activities

#### Donations

- Donations to five prefectural governments in regions affected by the disaster

#### In-house fundraising activities

- Collected funds donated to the NPO Japan Platform and other organizations assisting in relief and recovery efforts

#### Major volunteer activities by employees

- Delivery of food and removal of debris
- Support for elementary school sports festival
- Transportation of relief supplies
- Charity run and other events nationwide
- Cooperation in sales events for agricultural products to counter harmful

rumors in stricken areas

- Charity dinner in Hong Kong
- Participation in the “Run for Japan” charity event in New York City
- Participation in the “Ganbare Japan” charity event in Washington, D.C.
- Donations through local Red Cross societies from employees at overseas business sites

#### Support through our foundations

- Over the next five years, the Nomura Foundation will provide scholarships for students at Iwate University, Tohoku University and Fukushima University.
- The Nomura America Foundation co-sponsored the “GANBARE! JAPAN!” campaign.

### Nomura group response to the East Japan Earthquake

#### Maintaining financial and capital market operations

- Continuity of business operations
- Consistent systems operations
- Provision of liquidity
- Response to customers in disaster-stricken areas

#### In-house response

- Electricity conservation
- Internal dissemination of information by the Crisis Management Committee

#### Support through our core business

- Launch and sale of the reconstruction support fund
- Emergency proposal for reviving agriculture in affected areas
- Proposal for reviving affected areas: Medical Care of Tomorrow
- Contribution through the Paper Reduction Project
- Donations through point programs
- Provision of investment information
- Collaborative projects with industry and academia

#### Support through social contribution activities

- Donations
- In-house collection of donations
- Employee activities
- Activities by overseas business sites
- Nomura Foundation scholarship to support regional revival



# Our Approach

Nomura's corporate citizenship goal is "For Future Generations," which represents a value shared across the entire group to implement our corporate social responsibility program. We believe that as a global financial institution we must contribute to the real economy through our core business. We do this by facilitating efficient fund flow in the financial and capital markets, while generating long-term value for a diverse range of stakeholders. We are striving to achieve our goal of enhancing social sustainability for future generations.

To this end, we engage in a variety of activities focused on the following

commitments as a global corporate citizen:

- 1 Responsible Business**  
Create value through our businesses that responds to client needs with a client-focused approach
- 2 Business for Sustainability**  
Make innovations and deliver solutions by utilizing the market mechanism with a focus on changing needs and expectations
- 3 Citizenship**  
Build relationships of trust with local communities, society and stakeholders to enhance social sustainability for future generations

## Strategy

We recognize CSR as a key element of both risk and opportunity. We have been taking steps to strategically analyze the group's impact on the environment and society as part of our management decision-making and business processes. As shown below, we manage key issues that are of material importance to the group's business activities and disclose information on quantitative and qualitative progress through this report.

### For Future Generations

To ensure our business goals are aligned with providing positive contribution to our stakeholders and the communities where we operate.

We create opportunities for a sustainable future, making sure that the decisions we make today support the success of future generations.

## Strategy

Key issues	Goals	Progress in fiscal 2010
<b>1 Responsible Business</b>	Client Focused	Maintain client trust to create added value p. 19
	Compliance	Identify and appropriately address compliance risks that are highly relevant to our business p. 17
	Risk Management	In addition to market and credit risk management, identify and appropriately address the indirect impact of our business on the environment and society p. 15
<b>2 Business for Sustainability</b>	—	Actively engage in businesses that contribute to addressing social and environmental challenges p. 22
<b>3 Citizenship</b>	Community Investment	Promote community affairs activities that meet the needs of sustainable development in each community p. 26
	Diversity & Inclusion	Promote global initiatives on human resource development as well as diversity and inclusion p. 29
	Environmental Footprint	Identify the environmental impact of our operations and pursue initiatives for reducing such impact p. 35



## Management

The CSR Committee is the management-level decision-making entity for CSR. Chaired by the Group COO, the committee comprises seven executive officers. The Corporate Citizenship Department serves as its secretariat and spearheads inclusive and effective corporate citizenship activities.

The department promotes group CSR management in close cooperation with each of our regional offices and group companies in Japan, AEJ (Asia

Ex-Japan), EMEA (Europe, Middle East and Africa) and the Americas to enable them to deploy independent programs reflecting the needs of society where they operate.

## Communication

We believe internal and external communications are key mechanisms for promoting corporate citizenship activities among our employees and also among external stakeholders. The self-motivated actions of group companies

and departments are also essential, because they are directly and indirectly related to the various stakeholders. We strive to instill a deep awareness across the group by communicating messages from the management team through the company's intranet and providing up to date information about our programs. We are also working to respond to the expectations and requests of our stakeholders and to reflect the voice of society in our business activities, by disseminating information primarily through this Citizenship Report and by engaging in communication with stakeholders.

### Organizational structure



### The Nomura Group and its Stakeholders

Clients	Our clients include individual investors, institutional investors, and private and public-sector organizations which participate in the capital markets and with whom we do business. We generate value for clients by delivering world-class products in response to their needs.
Shareholders and Investors	Individual shareholders, institutional investors, and creditors provide the group with operating capital. We generate value for shareholders and investors by ensuring the proper and timely disclosure of corporate information and generating returns by pursuing sustainable business growth.
Employees	Our employees work in offices around the world and add value to the Nomura group. We create working environments that optimize the potential of this diverse workforce, and opportunities for personal development, while providing appropriate remuneration for their services.
Communities and Society	We conduct business as a member of the community and of society as a whole. We understand social needs through dialogue with NGOs, NPOs, government agencies and the local communities where we operate. In addition, we contribute to sustainable development through such activities that address social challenges and public-interest policies.
Environment	Our operations directly and indirectly impact the global environment. In addition to reducing the direct environmental impact caused by our consumption of resources and energy, we help protect the global environment by considering the indirect impacts of our finance business and participating in projects that address environmental issues.

# Stakeholder Dialogue

## Driving Regional Revitalization

With the aim of revitalizing local communities across Japan, Nomura has embarked on a number of new initiatives in agriculture, the environment, healthcare, and other areas that underpin social needs. We sat down with Professor Yoko Ishikura, a corporate strategy expert at Keio University, to discuss the reforms that are required to connect stakeholders and create shared value\*<sup>1</sup> with society. To read the full dialogue, please see the Nomura Holdings Corporate Citizenship website.

### Driving Change

#### Our involvement in revitalizing local communities (Nishizawa)

When we were exploring areas where financial services could make a difference in light of the anemic demand for capital in Japan, agriculture emerged as a key theme. In our business, you can only make profits when funds are flowing smoothly through the economy. And you can't sit back and wait for that to happen. You have to get out there and forge close partnerships with industry in order to open the door to new opportunities. That thinking prompted us to focus on four areas: agriculture, healthcare, water, and energy.

Japan's agricultural sector faces an interesting dichotomy: It has been slow to industrialize due to the demise of regional economies, yet it is poised to benefit from the shifting attitudes of society toward food and the trend to local production. We established Nomura Agri Planning & Advisory Co., Ltd. (→ p. 24) to support the development of agribusinesses, which are highly dependent on regional economies. Nomura has built up extensive networks across Japan through our 176 branch offices. We aim to leverage these networks by strategically combining information gained from our branch offices to help revitalize local communities. We believe this will ultimately benefit our own business.

#### Nomura's growth is closely linked to the development of regional economies. (Oomori)

The first thing we do when drawing up a proposal is to ask the local residents what they want to achieve. The answer we hear most is that they want to attract more companies to their

area. But we advise them to build on what they already have. Agriculture and other primary industries account for a significant proportion of local economies. One example of this approach is the project we worked on with Tochigi prefecture, Ashikaga Bank and Utsunomiya University (→ p. 23). We help facilitate communication among the various stakeholders, providing guidance and encouragement based on a sound understanding of their respective strengths and positions within the project framework. Nomura lives and works in local communities, so our own growth is closely linked to the development of regional economies. We must remain committed to supporting the development of these economies.

### Making Connections

#### Agriculture is perfect for leveraging regional strengths, creating jobs and promoting local communities globally. (Ishikura)

I have been studying industrial clusters\*<sup>2</sup> that aim to revitalize local communities through collaboration between the corporate sector and community-based organizations. Nomura's initiative is an effort to put into practice the basic concept of a cluster. When we talk about industrial clusters, people tend to think of IT and biotechnology. But successful regional revitalization requires clusters that draw upon the region's unique world-class strengths, which in turn enable it to conduct business globally and create jobs. That is why Nomura's focus on agriculture is so important.

It is also essential to develop sales channels. In many of Japan's cluster projects to date, academic research and subsidies for small and medium-sized enterprises have centered on



**Yoko Ishikura**  
Professor, Graduate School of Media Design, Keio University

Graduated with a Doctorate in Business Administration from Harvard Business School and served as a professor at the Graduate School of International Corporate Strategy at Hitotsubashi University before assuming her current post. Areas of research include global business strategy, competitiveness and innovation. Major published works include *Strategic Shift* (Toyo Keizai, 2009) and *Global Career: How to find your uniqueness?* (Toyo Keizai, 2011).



**Takashi Nishizawa**  
President, Nomura Agri Planning & Advisory Co., Ltd.

Worked as an economist for nearly 20 years at the Nomura Research Institute and Nomura Securities before establishing Nomura Agri Planning & Advisory in 2010.



**Masaru Oomori**  
Managing Director, Institutional Clients Consulting Department, Nomura Securities Co., Ltd.

Has worked in the domestic retail business since joining Nomura Securities with a focus on developing networks involving industry, government, academia and other sectors to revitalize regional economies.



**Nami Matsuko**  
Managing Director, Corporate Citizenship Department, Nomura Holdings, Inc.

Worked in investment banking at Nomura Securities before assuming her current position. Aims to bring a global perspective to connecting Nomura with the local communities in which it operates.

technological development. This meant that the resulting products and services lacked a sufficient customer base, leading to disappointing sales. The key to creating successful local communities is to ensure that the right mechanisms and people are in place to connect markets and customers with technologies and products.

### **Fresh vegetables attract higher prices. (Nishizawa)**

Proximity is a definite advantage in agriculture. After all, freshly picked vegetables sell for a better price. So farmers can create sales channels that take advantage of their proximity to consumers, while also distributing their products as processed foods through other channels. The most important thing is to ensure producers can earn a stable income. The financial services industry's expertise lies in generating value from information, so I believe Nomura is well placed to help develop agribusinesses by connecting local communities with markets for their products.

### **It only takes one passionate leader to get things rolling. (Oomori)**

Nomura established a think tank in collaboration with Mie University and Hyakugo Bank to incubate local venture companies and provide consulting services to municipal governments (→ p. 23). We approached universities nationwide in preparation for the project, and Mie University was the first to pledge its full support. All it takes is one passionate leader to get things rolling. To promote the initiative, we began sharing our vision and resources, such as our information and networks, to create a concrete plan for helping people understand new ways of doing things. Nomura contributes the intellectual capital needed to create connections.

### **Shaping the Future**

#### **Developing promising industries is more important than just creating jobs for young people. (Nishizawa)**

Japan faces enormous challenges. The extent of the damage inflicted on the country's industrial infrastructure is evident when you travel to the areas affected by the earthquake. But Japan also has the power to adapt and change.

Local-based sustainable industries such as agriculture create jobs and offer an avenue for people to return to their hometown to live and work. Instead of just trying to create jobs for young people, I believe it is more important to identify places for people to work and develop exciting industries. Even minor progress can have a major impact on society when people recognize the value created. Job opportunities will grow as more people move into these regions and they become better places to live. Revitalizing the local economy should also increase demand for funding. We are shaping a new business model for agriculture to energize local communities.

### **Making profits and solving social problems should go hand in hand. (Oomori)**

Perhaps the recent disaster will provide opportunities to overcome the many barriers in Japan. I believe we need to step up to the challenge and break away from the past. In these uncertain times, Nomura is well placed to provide objective advice and support by leveraging our extensive networks across regional communities and industries. Since our founding, Nomura's culture has been underpinned by a powerful driving force that remains unchanged as we constantly adapt to the changing business environment. Looking ahead, Nomura will need to provide solutions to social problems through our core business and turn this ability into a competitive advantage. I think this is the concept of creating shared value\*<sup>1</sup> that Professor Michael E. Porter, Professor Ishikura's mentor, describes. Indeed, making profits and helping solve social problems should go hand in hand.

### **Companies should take the lead in creating new value. Nomura's initiatives should be more widely communicated. (Ishikura)**

The world faces a growing list of challenges such as education, poverty, and unemployment. We can't leave it to governments and public institutions to try and solve these problems alone. It is essential that we overhaul the social system. We need

to envision a comprehensive structure that encompasses infrastructure and regulatory issues and brings together individual technologies and companies. Crafting such an overriding vision has been one of Japan's weaknesses. But with the earthquake we now have to redesign everything from the ground up. The question for Japan, and for Nomura, is how to break away from the past and design a new society.

It's unfortunate that Nomura's initiatives and ideas have not been more widely communicated to the general public. I think you should effectively promote your efforts, both in Japan and around the world. That's a significant issue Nomura needs to address.

### **Leveraging our strengths to share social challenges globally and create solutions locally. (Matsuko)**

I think that we need to establish a track record of success stories that our clients and other stakeholders can relate to, rather than relying on one-way communication.

Although our level of involvement in local communities varies around the world, our core strength as a financial services firm is the same in all markets in which we operate. We use information to make connections and create added value. In the near future, the world will face the same challenges that Japan is already dealing with. We will continue to listen to various stakeholders, make connections and share information within the firm across divisions and regions. That way, the local solutions we come up with will be widely recognized. In doing so, we aim to be a global company that is looked on to address new challenges and is responsive to the changing needs of society.

\*<sup>1</sup> Creating shared value: A new management concept proposed by Professor Michael E. Porter of Harvard University whereby companies increase their own competitiveness by addressing social challenges in the communities in which they operate. "Creating Shared Value" (*Harvard Business Review*, January–February 2011)

\*<sup>2</sup> Yoko Ishikura, et al.; *Japan's Industrial Cluster Strategy—Establishing a Competitive Advantage for the Regions* (Yuhikaku Publishing Co., Ltd., December 2003)

# Stakeholder Dialogue

## Sustainable Investing

Nomura advised IFC to issue Green Bonds (→ p. 22) in 2011, following the release of our Environmental Support Bonds in 2010. We discussed how we developed this product as well as the roles of financial institutions.

### Please tell us about IFC's approach to social challenges and its strategy in providing such products.

**Cross:** IFC's world-class environmental and social development expertise helps private-sector clients succeed in this changing global environment by realizing their financial potential with a strong eye to environmental and social issues. Climate change is one of the great development challenges facing mankind today, and it cannot be tackled without the strong engagement of the private sector. There is a strong business case for climate investment, and green bonds help finance IFC's activities in renewable energy, energy efficiency and other climate-related areas.

### What was Nomura's rationale behind the creation and sale of these products?

**Hibino:** Client needs have become increasingly diversified as we enter a stage of social and economic maturity. We wanted to respond to this trend by providing a new form of investment. In addition to clients who purchase standard foreign bonds, we sought to serve those who wanted to somehow benefit society and to know how the invested funds were being used. We intended to provide these clients with an opportunity for helping address climate change through their investments and to cultivate a new client base for Nomura.

### Please explain how Nomura provides solutions to social challenges based on the market mechanism.

**Kashiwagi:** As a global investment bank, Nomura seeks to provide high value-added services to clients around the world. This sustainable investing product was made possible by our global system of cooperation linking our worldwide locations and close collaboration between our Retail and Wholesale Divisions. We believe our role

as a financial institution is to provide solutions to social issues through the financial business. Honing our efforts to address social issues into a competitive edge will enhance Nomura's corporate value. Nomura's core business will contribute to society by offering market-oriented solutions to meet social needs. In addition, delivering socially significant products to our clients has also raised the motivation of employees and their own desire to improve society.

### Why choose Nomura as your partner for such themed issuance?

**Cross:** IFC and Nomura have had a long-standing and successful relationship lasting many years, partnering on a number of transactions including structured notes, uridashi bonds and global USD bonds. IFC was impressed by Nomura's involvement in this product as well as their hard work and efforts to grow the green bond market. Nomura has an extensive distribution network and reaches many key investors, which is an integral part of the IFC diversification strategy.

### What were your motivations surrounding the deal?

**Dove:** Over recent years we have seen increasing demand from investors to participate in sustainable investing. As a key factor in our placement via Nomura's retail network, we look to source the highest quality credits. IFC has been a partner of Nomura for many years, has the highest quality credit and its mandate is explicitly socially responsible, as its core vision centers on sustainably fighting poverty. By selecting a green bond focus for this transaction we have been able to further highlight a specific subset of IFC's program, educate investors on the specific projects they are financing and provide a solution to evolving investment requirements.

### How will Nomura market sustainable investing products?

**Hibino:** First and foremost, they must be worthy of investment. The products must generate sufficient returns to enable clients to contribute to society through ongoing investment. In addition, we must familiarize the general public with these products and deepen customer understanding by consistently and carefully explaining that it is possible to balance investment and social benefit. We intend to regularly develop diverse foreign bond products by carefully selecting issuers, currency and uses of invested funds. We also plan to develop products such as the East Japan Revival Support Bond Fund (→ p. 5) in addition to foreign bonds.



**Andrew Cross**  
Principal Financial Officer  
Treasury Department  
International Finance  
Corporation (IFC)



**Yasuo Kashiwagi**  
Regional COO, EMEA



**Yuji Hibino**  
Managing Director  
Product Development &  
Planning Department  
Nomura Securities Co., Ltd.



**Spencer Dove**  
Managing Director  
Capital Market Department  
Nomura International plc

# Stakeholder Dialogue

## Approach to Community Affairs

Nomura actively engages in local community and charitable activities in each region around the world. Our London team, who won a Dragon Award in 2010, discussed the social issues in London and Nomura's approach to community affairs, with a representative from Heart of the City. For the full report, please see the Nomura Holdings Corporate Citizenship website.

### What are the big social issues in London?

**Housman:** The social and political landscape in London has changed dramatically in the last few years due to the government spending cuts. Youth unemployment is also a growing concern. Consequently, there has been a big push towards supporting entrepreneurialism and small and medium sized enterprises to increase local employment and help kick-start the local economy. There is also an expectation of businesses to help alleviate pressure on social and children services by funding and building the capacity of community groups and schools.

### How is the banking sector helping to address these issues?

**Housman:** Charitable funding is a key issue and the banking sector is in a good position to develop alternative forms of finance for charities and social enterprises. Understandably, charities need new ways of leveraging finance but are also keen to improve their financial management skills. Again, banks are well-positioned to help them better manage their finances in these times of austerity.

Finally, the banking sector continues to supply a much needed supply of volunteers to help community groups in many ways—from taking young people on sports outings to working in homeless shelters to mentoring those not in education, employment or training.

**Phizackerley:** Nomura has developed a highly effective Community Affairs program to manage our contributions

to local community and charitable partners in London. We have a range of activities which focus on improving the educational attainment, employability potential, aspirations and health of disadvantaged youth. With each partnership, we address the critical needs of those in poverty, deprivation or high risk situations. We have developed extensive volunteering, fundraising and grant-making programs so that Nomura is considered an integral and valued partner in our local community.

### How does Heart of the City support these activities?

**Housman:** The main way Heart of the City supports these types of activities is by inspiring firms to increase their community activities. Our Newcomers program every year helps around 150 businesses start and grow community involvement activities; the knock-on effect this has on charities is tremendous. We are only able to have such a huge impact by relying on our expert businesses, such as Nomura, who give advice and mentor businesses new to community activities.

**Phizackerley:** Our involvement has been a two way process; we started as a Newcomer business and were introduced to other businesses who had powerful and imaginative programs, making a real impact, which inspired us to do more. As a Contributor, we've helped other Newcomers get better at developing their community programs and strategies. We now have an established program and can share our knowledge of community engagement and help

mentor other businesses.

### What impact does your work have?

**Harte:** Measuring the impact of Nomura's contributions is vital. In the last financial year, we invested more than £2 million in local community projects and supported 15,000 disadvantaged young people. In addition, 1,463 employees were involved in a range of volunteer projects, representing 40% of London staff.

### Do you have a plan to develop these activities in other regions as well?

**Harte:** Our global team intends to develop local programs in each region in response to local needs, but we will all work closely towards a common goal.



**Carolyn Housman**  
Director, Heart of the City  
Heart of the City provides support to businesses seeking to start or grow their community involvement and CSR program in London. Heart of the City is actively supported in the delivery of its free program by 100 leading Contributors, such as Nomura.



**John Phizackerley**  
Regional CEO, EMEA  
Heart of the City Council Member



**Anthony Harte**  
Head of Community Affairs EMEA  
Nomura International plc



# Responsible Business

## Corporate Governance

The Nomura group recognizes that transparency and integrity in our operations will create greater management efficiency and boost medium- to long-term corporate value. We are also taking steps to further strengthen and improve our corporate governance structure.

### Corporate Governance Structure

Nomura Holdings, Inc. instituted a committee-based corporate governance system in June 2003. The majority of Nomination, Audit and Compensation Committee members are outside

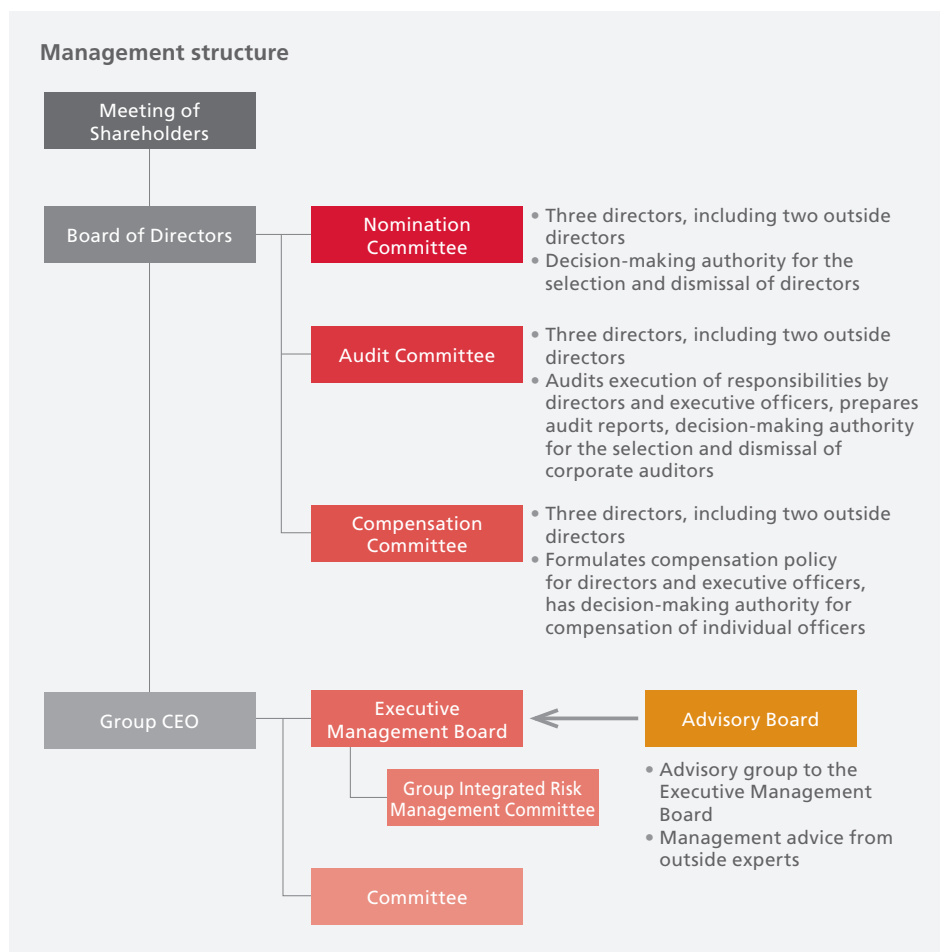
directors in order to achieve optimal oversight and transparency. We have delegated considerable authority to executive officers to accelerate decision-making.

Eight of the 14 directors on the board of directors are outside directors. Five directors, Nobuyuki Koga, David Benson, Takao Kusakari, Toshinori Kanemoto and Michael Lim, joined the board in June 2011. The other three are outside directors, who will draw upon their ample experience in management, areas of specialization, government institutions and international relations

to make decisions on key management issues and provide oversight for the group.

The Executive Management Board, Group Integrated Risk Management Committee and Internal Controls Committee deliberate and decide on the execution of particularly vital matters as delegated by the board of directors to executive officers. In addition, the Executive Management Board receives advice from the Advisory Board, comprising outside experts. For more information, please see the Corporate Governance page of our website.

<http://www.nomuraholdings.com/investor/cg/>



### On the board of directors:

#### Outside directors

57%

#### Non-Japanese directors

29%

#### Female directors

7%

### Internal Controls System

A non-executive director chairs the board of directors to maintain focused oversight. More than half of the members of the Audit Committee, which plays a central role in overseeing executive officers, are outside directors, and the Audit Committee is chaired by an outside auditor to ensure further independence from management.

The Group Internal Audit Department operates independently of all business divisions and directs internal audit departments at key subsidiaries to assess internal controls at Nomura Holdings and its subsidiaries. The Internal Controls Committee guides this department, which reports not only to the Group CEO and other executives,

but also to the Audit Committee and the Audit Mission Directors.

### Code of Ethics

The Nomura Group Code of Ethics promulgated in 2004 stipulates the corporate governance issues and social responsibilities each group executive and employee is expected to observe. To ensure complete understanding of the code, we conduct training sessions and require executives and employees to annually renew their pledge to uphold its tenets. For more information, please see the Code of Ethics page of our website.

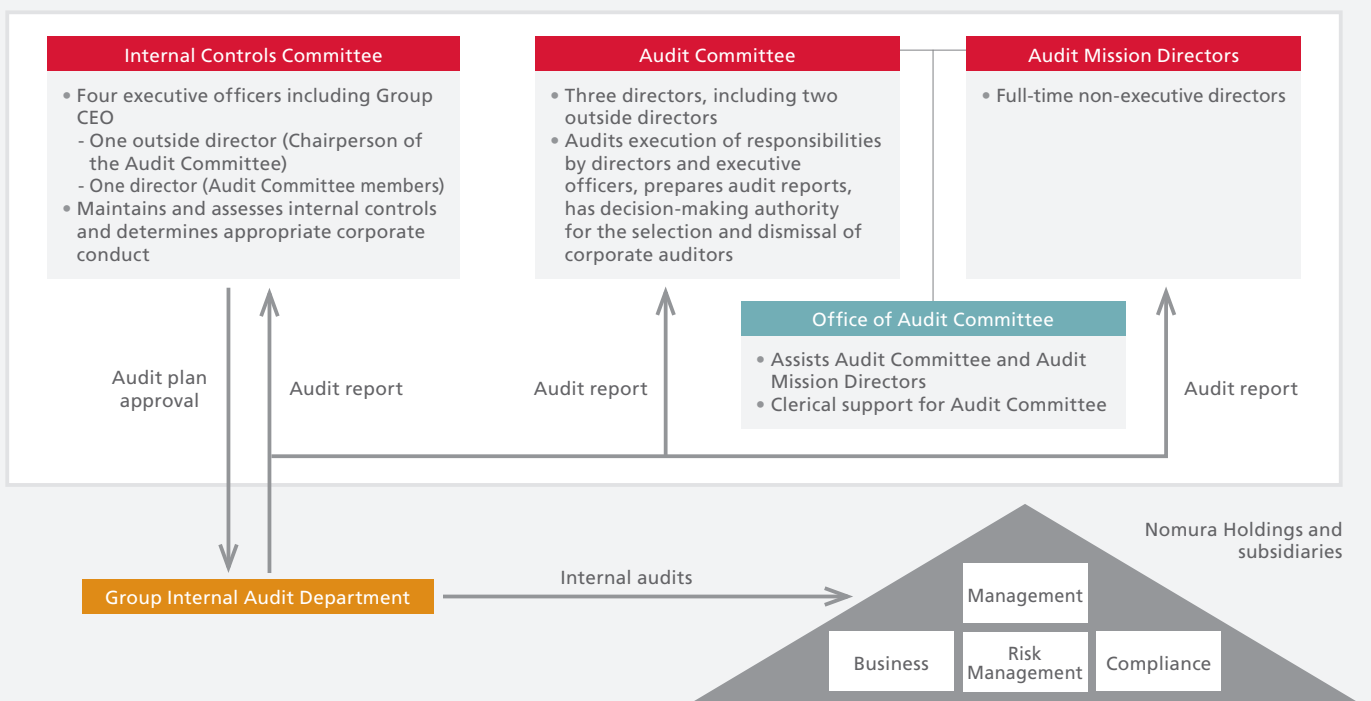
<http://www.nomuraholdings.com/company/basic/ethics.html>

### Remuneration

The Nomura group established the Compensation Policy of Nomura Group to secure, retain, motivate and develop competent personnel who can assist in achieving sustainable growth and long-term value for shareholders, provide added value for customers and reinforce our global competitiveness and recognition. For more information, please see the Annual Reports (20-F) page of our website.

<http://www.nomuraholdings.com/investor/library/>

### Internal controls system





# Responsible Business

## Risk Management

Our business activities are inherently subject to market and credit risks, operational risks, system risks, and risks resulting from other factors. Managing those risks is an integral part of management's responsibilities to secure financial health as well as to help maintain and expand corporate value. Guided by senior management's proactive commitment to risk management, our risk management framework and governance structure are intended to provide comprehensive controls, monitoring and reporting on a global basis.

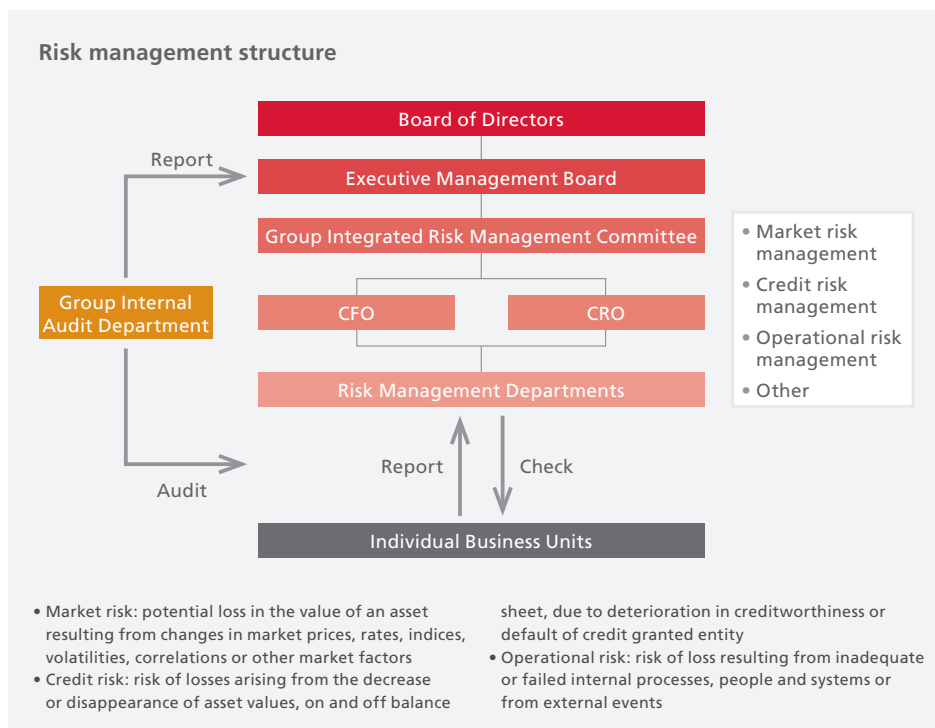
### Risk Management Structure

We are strengthening our risk management structure by conducting stress and scenario analyses led by the Chief Risk Officer (CRO). The Executive

Management Board has delegated the Group Integrated Risk Management Committee the authority to deliberate and make decisions on key issues related to integrated risk management. These include Nomura's risk appetite, risk tolerance criteria based on the management strategies, goals and financial grounding of the entire group. The Group Integrated Risk Management Committee is chaired by the Group CEO and includes the Group COO, business division CEOs, the CRO and other persons designated by the Group CEO. A cross-sectional risk management framework is in place to facilitate the global collaboration of risk management departments in implementing integrated management. Risks are managed at the level of each business department as well. For more information, please see

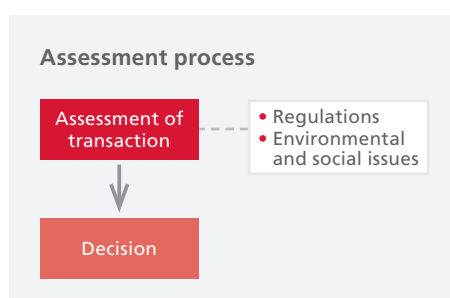
the Annual Reports (20-F) page of our website.

<http://www.nomuraholdings.com/investor/library/>



## Social and Environmental Risk Management

We believe that advancing the management of our reputational risks is possible by broadening our scope beyond legal compliance to effective control of social and environmental risks that may arise from various transactions. For example, when executing underwriting deals, we review and confirm the issuer's awareness of any potentially associated risks to society and the environment and that the issuer has taken appropriate steps to address such risks, including the disclosure of information about those risks. Impact on the environment and society, as well as the financial condition and results of operations, and other aspects, are included in the overall guidelines applied by relevant departments during the assessment process as vital items that must be confirmed when taking on underwriting deals.



Committee, chaired by an executive officer nominated by the Group CEO and comprised of crisis management officers of each group company worldwide. We maintain our ability to confirm the safety of all of our employees and their family members in any emergency situation through ongoing efforts to foster employee awareness of crisis management, including regular drills, business continuity procedures and crisis management training.

## Crisis Management

The Nomura Group Crisis Management Policy governs our crisis management efforts, including the development of strategies to prevent the occurrence of a crisis and, in the event of a crisis, quickly establishing a clear line of command and taking action.

In April 2005, we established the Nomura Group Crisis Management

# Responsible Business

## Compliance

Compliance is a top management priority for the Nomura group, and the Regulations of Nomura Group Management Structure provides foundational guidance for our compliance efforts.

### Compliance Framework

We work to eliminate behavior that could result in legal or regulatory violations, or even the suspicion that such violations have occurred. Should such suspicions arise, corporate structures and systems have been put into place to effectively handle them, including the prompt delivery of all related information without exception to management. We have appointed a Group Compliance Head to oversee compliance for the group as a whole along with a Group Compliance Department that provides support. A Wholesale Compliance Head has also been designated to monitor international business expansion and strengthen our internal controls. Compliance Officers are assigned to each group company, including overseas offices, to develop and maintain their respective compliance structures and report on compliance-related issues under the direction of the Head of Group Compliance.

Nomura Securities has also established a Compliance Program as a detailed action plan and put into place a compliance framework based on this program. A Compliance Committee chaired by the Group CEO oversees groupwide initiatives and is in charge of establishing and deliberating on important issues related to internal controls. In addition, the company has assigned an Internal Administration Supervisor to monitor compliance issues. The Compliance Division strengthens and improves legal and regulatory

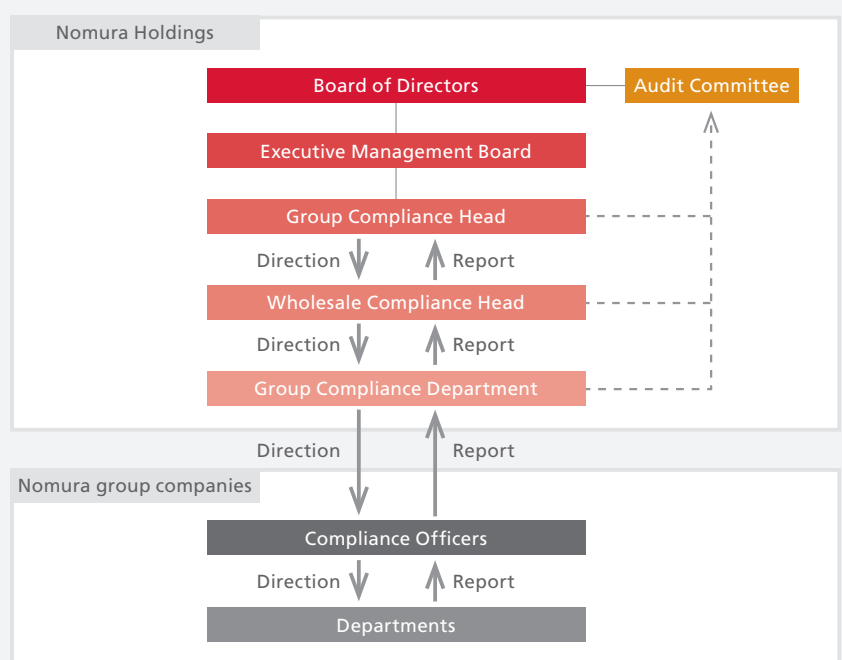
compliance as well as the internal controls system by formulating internal rules and disseminating them throughout the company. It also monitors the status of compliance with respect to these rules at each department and branch office. Should any problems arise, the division takes remedial action such as increasing awareness of the rules or revising them as needed.

The Nomura group has established measures to prevent group companies from being used to move profits derived from criminal activities. These measures include the following:

- Protocols for preventing money laundering, including the identification and reporting of suspicious transactions

- Protocols for eliminating all transactions associated with criminal or unethical organizations or activities in violation of applicable laws, such as not allowing organized crime groups to participate in trading with Nomura Securities
- Managing conflicts of interest and insider information from a global perspective by concentrating information in the Group Compliance Department

### Compliance framework



### Compliance Hotline

Employees in Japan who have become aware of potential legal or regulatory violations are able to directly report their concerns to staff designated by Nomura Holdings through the Compliance Hotline. Information can be provided anonymously, and employees have been informed that systems are in place to ensure that individuals who give their name when reporting violations will not suffer any negative consequences.

### Compliance Training

We conduct comprehensive compliance training for all executive officers and employees on topics such as the prevention of money laundering, internal investment rules, firewall regulations and guidelines governing external relationships.

- Training for operating officers, internal controls officers, and employees of internal controls departments, as well as quality improvement training for securities sales representatives
- Training for branch managers, general administration managers, new employees, newly appointed managers and others, aimed at increasing knowledge and deepening the understanding of compliance
- Supplementary compliance education and drills during various training sessions and meetings
- Training for Compliance Officers
- Monthly Compliance Hour at branch offices and departments

### Fair Business Practices

Nomura Securities seeks to enhance the quality of financial products offered to customers through the following initiatives under the Guidelines for Financial Instruments Business Supervision.

- Appointing officers to oversee

internal controls, compliance, etc., and developing systems to ensure compliance and the appropriateness of operations

- Thoroughly screening account openings and conducting proper examination when underwriting securities
- Carefully reviewing product details and taking action to provide accurate and comprehensive information
- Conducting sales and solicitation activities in compliance with the Financial Instruments and Exchange Act and laws and regulations governing each operation with an overall understanding of the customer's knowledge of financial instruments and financial conditions
- Ensuring thorough compliance with laws, regulations and internal rules through compliance training

### Information Security


The Nomura Group Information Security Policy is the basic document governing the effective protection of clients' personal information and other information assets of the group. Each company in the group maintains its own supplemental rules based on this policy and endeavors to strengthen its management systems by disseminating these supplemental rules and ensuring full compliance by all executive officers and employees.

The Nomura Group Information Security Committee was established to deliberate key information security issues. The Group CEO appoints an executive officer to serve as the chairperson, who in turn selects executive officers and employees as members. The committee has developed a system for reporting as necessary to the Group Management Committee.

All department and branch office heads of Nomura Holdings, Nomura

Securities, Nomura Asset Management and The Nomura Trust & Banking serve as Information Security Managers as well as personal data controllers as defined by the Financial Services Agency. They are responsible for the security and proper management of information assets handled by their work area and for properly providing employees and staff with advice and guidance.

Customer-related personal information is handled under stringent standards set out in the Nomura Group Privacy Policy and other information security-related rules, and in full compliance with personal information-related laws and regulations. For more information, please see the Nomura Group Privacy Policy page of our website.

 <http://www.nomuraholdings.com/policy/privacy.html>

# Responsible Business

## Client Focused

The Nomura group significantly values its client-focused approach. Everything we do starts with our efforts to grasp clients' needs and incorporate these needs into our business activities. To more completely satisfy each client, we collect and analyze client suggestions to drive improvements through a systematic, ongoing PDCA (Plan-Do-Check-Act) cycle.

### Retail Division Initiatives

#### Establishment of the CS Improvement Committee

In fiscal 2010, we established the CS (Customer Satisfaction) Improvement Liaison Meeting, chaired by the Retail Division CEO with Retail Division officers as members. The group reviews issues arising from the complaints, suggestions and requests received from clients through the Customer Help Desk Department, contact centers and corporate website, to further enhance our products and services and to improve our systems and rules. Issues discussed by the CS Improvement Committee and resulting improvements are published on the Nomura Securities Co., Ltd. corporate website.

#### Customer Questionnaires

Since January 2011, we have been distributing customer questionnaires by postcard, at storefronts and via the Internet in order to better understand the level of customer satisfaction. We draw upon our clients' opinions to identify potential improvements in such areas as client-directed behavior and product explanations so that we can offer better services.

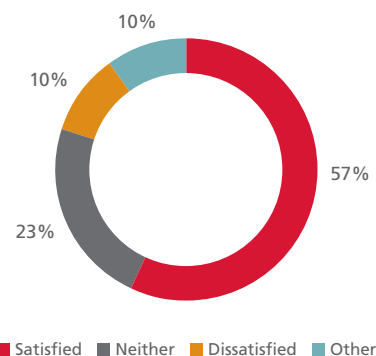
### Wide Range of Tools to Meet Client Needs

The Retail Division provides a variety of services to our clients. In the Asset Design service, we offer investment plans suited to match each client's life plan based on interviews used to gain a solid understanding of their assets. The NOMURA i-port system enables centralized information management for corporate clients, including the balance, profit/loss and risks of their securities portfolio, helping to achieve stronger risk management. We aim to increase customer satisfaction through these and other services and tools that meet client needs.

### Client satisfaction level

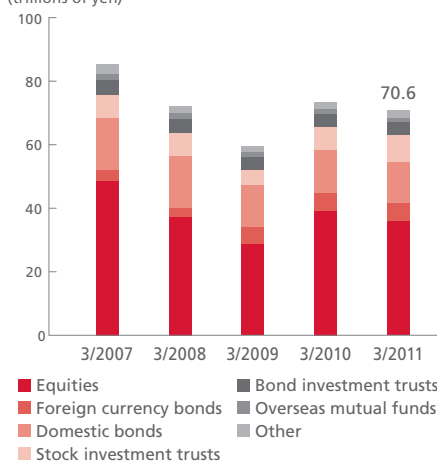
# 57%

Results from postcard questionnaire  
(Conducted January 2011)



### Retail client assets

(trillions of yen)



See Annual Report 2011 for more details.

## Asset Management Division Initiatives

### Collecting Feedback through Support Dial

Nomura Asset Management maintains a dedicated toll-free number for responding to inquiries about investment trusts from individual investors as well as investment trust salespeople working at securities companies, banks and Japan Post Bank. Suggestions and requests are shared with the relevant departments and used to develop new products and improve our services.

### Study Sessions for Investment Trust Marketers and Investor Seminars

We hold approximately 8,000 gatherings each year at our retail branch offices, banks and branch offices of the Japan Post Bank. These gatherings include study sessions for investment trust salespeople as well as seminars and fund performance briefings for individual investors. These events help to deepen investors' understanding of investment trusts and allow us to stay abreast of investment needs.

### Investment Trust Survey

Since 2005 we have been conducting an annual survey on investment trusts. This survey targets people who already own investment trusts as well as people who are considering investing in them. The objective of the survey is to gain an understanding of investment trust ownership, as well as grasp the level of satisfaction with products and services. Survey results are published on the Nomura Asset Management corporate website and are used to broaden the base of investment trust ownership.

### U.N. Principles for Responsible Investment and ESG Investments

We became a signatory to the United Nations-backed Principles for Responsible Investment Initiative (PRI) on March 1, 2011, demonstrating our support for its basic principles. We have established an organizational framework aligned with this decision, including the formation of an ESG Committee chaired by the Chief Investment Officer, and including responsible officers from Investment Management and Research, Client

Services and the Corporate Office. We believe PRI-based initiatives will encourage companies to take a greater interest in ESG (environmental, social and governance) issues and to enhance their long-term corporate value, while at the same time enabling us to fulfill our social responsibility as an institutional investor.

## For Future Generations

### Signing the Principles for Responsible Investment Initiative

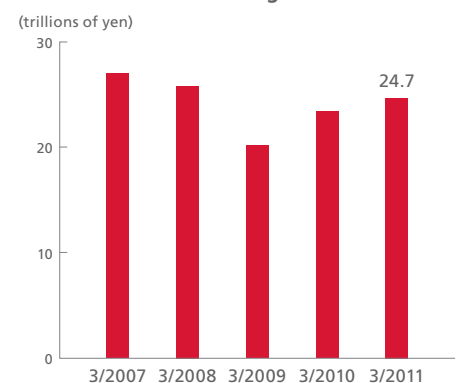


We believe that steadfast action to effectively fulfill social responsibilities in areas such as ESG issues will enhance corporate value over the long term. With this in mind, we have always maintained an open dialogue with the companies in which we invest and encourage their management teams to respect shareholder interests on a firm foundation of sound

governance. As a signatory of the United Nations-backed PRI, we intend to continue fulfilling our fiduciary and social responsibilities as an asset management company.

**Yoshihiro Namura**  
Senior Managing Director  
(Chief Investment Officer)  
Nomura Asset Management

### Total assets under management



See Annual Report 2011 for more details.

## Wholesale Division Initiatives Global Markets

### Meeting the Sophisticated Needs of Clients

Nomura's Global Markets is structured to respond quickly and accurately to the sophisticated, global needs of our clients and is able to consistently provide high-quality products and services.

We gain an understanding of clients' needs through daily communication with them. We also conduct a broker's review with our institutional clients, which gives them the opportunity to regularly evaluate the services we provide, including sales, analyst reports and meetings, and company visits. We continuously strive to improve our services based on these qualitative and quantitative assessments.

### Our Global Research Platform and High Value-Added Information

Our global research platform enables us to quickly and accurately discern trends and changes in the global economy, industries and companies, and to promptly deliver this information along with investment ideas to our clients. In addition to seminars on a wide range of topics, we also deliver high value-added information through Nomura Now, an Internet portal containing research reports on stocks, bonds and foreign exchange insights. The number of individual companies in Japan, Europe, Asia and the United States covered by our research has expanded to 1,991 as of May 2011.

### Advanced Execution System and Initiatives to Enhance Market Liquidity

We offer stock ordering systems that use advanced algorithms and high-speed systems for executing client orders as efficiently and effectively as possible. By providing liquidity for large-lot orders,

we improve the liquidity of the stock market as a whole. Furthermore, we are active participants in sovereign bond auctions, helping countries raise money and also broadly handling investor trades, in order to supply and enhance market liquidity in bond markets worldwide.

### Investment Banking Providing High Value-Added Financial Solutions

We provide a variety of Investment Banking solutions for corporations, financial institutions and other clients that are expanding their international operations. Specifically, we offer a global client coverage and product platform through a network of more than 1,500 bankers who provide professional advice on financing, M&A and other strategies, in close collaboration with the Global Markets and the Retail Division. Investment Banking will continue to be a revenue driver of the Nomura group.

M&A transactions have increased as the global economy recovers from the financial crisis and companies regain their financial footing. In Japan, we have observed growth in cross-border transactions by companies seeking growth opportunities abroad, which has in turn led to a growing need for solutions such as hedging instruments for foreign exchange and interest rate risks. Based on these market conditions, we offer high value-added advice and execute transactions based on our understanding of each client's diverse needs. Our business and industry restructuring recommendations are crafted from a broad perspective and a sharp focus on major business trends.

### Institutional investor ratings on research

1<sup>st</sup> in Japan  
4<sup>th</sup> in Asia\*  
2<sup>nd</sup> in China\*  
7<sup>th</sup> in Europe

Source: Ranking 2011, *Institutional Investor* magazine

\* Evaluation of China and other Asian countries is based on the moving average method.

### Market share and ranking on Tokyo and London stock exchanges

1<sup>st</sup> on Tokyo Stock Exchange  
1<sup>st</sup> on London Stock Exchange

Ranking for April 2010 through March 2011

### League table ranking

Japan-related ECM, DCM, M&A 1<sup>st</sup>  
Global equity & equity-related league table 10<sup>th</sup>  
Global M&A 13<sup>th</sup>  
(Fiscal 2010)

Source: Thomson Reuters for ECM and M&A, Thomson DealWatch for DCM

See Annual Report 2011 for more details.



# Business for Sustainability

## Initiatives through Financial Products

The Nomura group recognizes the importance of addressing a broad range of global challenges including climate change and water and food shortages by facilitating efficient fund flow in the financial and capital markets. We actively pursue cross-departmental collaboration under the leadership of senior management to develop businesses and publish proposals and opinions related to social and environmental issues. We will help create a sustainable society through our work in the financial and capital markets by providing innovative financial products and services.

### Initiatives through Financial Products

We act as the bridge between investors who want to benefit society through their investments, and the financing needs of projects around the world which aim to resolve social issues. We will continue to actively promote financial products that support solutions for such diverse concerns as climate change and water and food shortages.

### Donations through Investment Trust

Our Asset Management Division manages the Nomura High Yield Supranational Bond Fund Monthly Dividend, an investment trust also known as Global Assist, which invests in bonds issued by international institutions

that support economic development and poverty eradication in regions across the globe. In October 2010, we donated a portion of the fund's management fees to the WHO Association of Japan, which defines its mission as improving human health.

### Financial products for sustainability offered by Nomura Securities

(Unit: number of products)

Environment	6
Energy	2
Developing countries, infrastructure	2
Agriculture, fisheries	2
Water	3
Healthcare	1
SRI	2

(as of June 2011)

### For Future Generations

## IFC Green Bonds

Increased concern over climate change has generated attention from individual investors who want to help address environmental issues while still seeking returns on their investments. In February and April 2011, Nomura Securities began selling IFC Green Bonds issued by the International Finance Corporation (IFC) to these investors. IFC, as the private-sector arm of the World Bank



Group, is the world's preeminent institution for socially responsible investment and developed the Equator Principles, an international framework for managing social and environmental risk in project finance. Its mission is to create opportunities for people to break away from poverty and improve their lives by helping to generate jobs and deliver essential services for the underserved, and mobilizing other sources of financing for private enterprise development. The funds raised from the IFC Green Bonds are set aside in a separate account for investing exclusively in renewable energy, energy efficiency and other climate-friendly projects in developing countries.

# Business for Sustainability

## Initiatives through Financial Services

### Initiatives through Financial Services

We are committed to the creation of businesses that revitalize regional economies by addressing social challenges related to water, food, energy and healthcare. We intend to support innovative ventures by fully mobilizing our comprehensive capabilities as a financial services group in new fields that take us beyond the scope of conventional securities companies.

### Industry-Academia Collaborations

Nomura Securities supports collaborative efforts between industries and academic institutions aimed at revitalizing regional economies. For example, we are incubating regional venture enterprises in Mie Prefecture with Hyakugo Bank, Ltd. in a joint project based at Mie University. The project has accelerated the growth of venture enterprises by offering the use of the university's excellent facilities. It has also led to the establishment of a think tank within the university that can respond to the diverse needs of regional industries.

Efforts are underway in Tochigi Prefecture to promote the region's industries as part of its industrial policy of "Food Valley Tochigi—Corridor of Flavors." The project involves the participation of the local government, Ashikaga Bank, Ltd., and the Department of Agriculture at Utsunomiya University, as well as food and agriculture-related businesses.

Nomura Securities helps coordinate industry-university collaborations that leverage regional characteristics and remains committed to supporting businesses that promote regional development.

### The GREEN FLOAT Concept

In May 2010, Nomura Securities signed a three-party agreement with Shimizu Corporation and the Super Collaborative

Graduate School toward realizing the GREEN FLOAT, an artificial island in the Equatorial Pacific for which construction is scheduled to begin in 2025. Soon, we will see the completion of the environmental city of the future, which will utilize cutting-edge technologies to overcome the challenges currently facing the world, such as the prevention of global warming, the preservation of biodiversity, food self-sufficiency, energy conservation, greater use of natural energy sources, and new traffic systems. Turning concept into reality will require a number of technological innovations and significant financing for research and development. Nomura Securities will fully deploy the Nomura group network to gather participating firms with advanced technologies and universities that can provide the intellectual foundations, while assisting in the procurement of the funds needed to practically apply superior technologies.

### Developing Sustainable Water Resources

The United Nations estimates that more than 900 million people in the world have no access to drinking water. Securing water resources has therefore become an urgent priority for nations facing this problem.

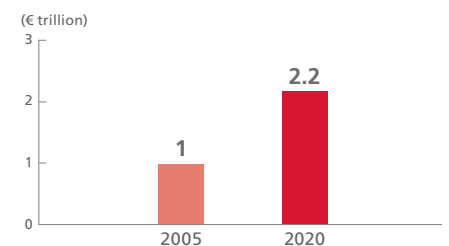
Recently, Japanese companies and local governments have successfully expanded overseas by mobilizing their superior water processing technologies and management expertise, while the government has been supporting the export of water-related infrastructure. The water business often requires considerable, long-term expenditures, and strong financing capabilities and overall means are essential.

The Water Security Council of Japan (Team Water Japan) is a collaborative effort involving participants from the

political, financial, academic and public sectors to find solutions for securing water resources. Nomura Securities has been a longstanding member of the collaboration's Water Finance Team and has advised Japanese companies engaged in the water business on fund procurement. We have also formed a consortium with Japanese companies to develop a venture for transporting water overseas in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism and the Resource and Energy Agency. Moreover, we have engaged in a broad range of water businesses, both in Japan and abroad, focused on the unlimited opportunities presented by water resources.

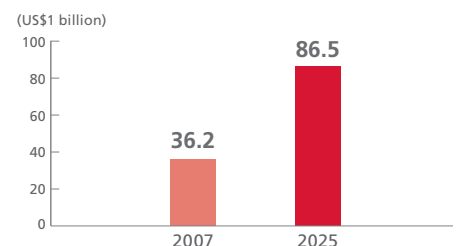
### INFO Changes in sustainability-related markets

#### Environmental business market scale



Source: Roland Berger (2007), "Innovative environmental growth markets from a company perspective" (excerpt from "Research Report on the Stable Supply of Energy, Food and Water Resources" published by the Nomura Research Institute)

#### Water business market scale



Source: Global Water Intelligence (2007), "Global Water Market 2008"

### Revitalizing Local Communities through Agribusiness

Nomura Holdings established Nomura Agri Planning & Advisory Co., Ltd. (NAPA) in October 2010, as a wholly-owned subsidiary for agribusiness solutions. The new company immediately established Nomura Farm Co., Ltd. to produce agricultural products, as a 100% subsidiary. NAPA will offer consulting services to agribusinesses and financing solutions to assist in revitalizing local communities in Japan. These activities

represent our commitment to addressing the diverse social concerns of today, including food resources and the environment.

#### Promoting Small Hydropower

Under contract with the Ministry of Agriculture, Forestry and Fisheries, NAPA has conducted a feasibility study for small hydroelectric power generation using agricultural water. Encouraging the use of agricultural water for small-scale hydroelectric

power generation will open up various opportunities, such as addressing global warming through the use of renewable energy, diversifying energy sources and stimulating industrial development, including energy-related ventures. We will continue to support local economies by promoting small hydroelectric power generation in collaboration with relevant public agencies, local governments, regional financial institutions and our own network of 176 branch offices nationwide.

### For Future Generations

## Committed to the Revitalization of Agriculture as a Key to Resolving Social Issues

As an economist, I often conducted field surveys and realized that regional economies across Japan had been hit hard, and the agricultural sector had clearly been hit the hardest. I also found an opportunity for revitalizing these communities by addressing the sector's many problems.

With 176 branch offices across Japan and expertise in financial services, we are well-positioned to gather area-specific data and leverage our business to deliver solutions to agricultural businesses. That is why we established Nomura Agri Planning & Advisory Co., Ltd. We will work

together with local governments, universities and companies that are interested in agriculture as a business. Meanwhile, Nomura Farm Co., Ltd. will partner with agricultural organizations in Chiba Prefecture to grow tomatoes and gain hands-on expertise.

Agriculture is closely linked to local communities and so supporting its revitalization is a key to stimulate local economies and demand for capital in these areas. By doing so, I believe we can also address such social issues as the aging population, regional economic disparities, the low level of food sufficiency, and environmental concerns.

Our focus is to contribute to revitalizing rural areas in Japan by turning agriculture into a viable industry capable of supporting the local economy.



**Takashi Nishizawa**  
President  
Nomura Agri Planning & Advisory Co., Ltd.

# Business for Sustainability

## Public Proposals

### Support for Healthcare Industry

The Japanese market for healthcare is expected to grow due to the aging population. However, the industry faces challenges such as inadequate hospital management and a shortage of physicians. Consequently, strengthening the management structure and improving the financial state of medical and nursing care businesses have become a pressing issue for reviving the medical services industry. The Nomura group, led by Nomura Healthcare Support & Advisory, has been offering consulting services to healthcare and nursing care businesses toward our goal of realizing a prosperous society. Our track record includes a consulting contract with the Mie Prefecture Hospital Agency encompassing four prefectural hospitals.

### SRI Conference

Nomura International plc organized the Nomura European SRI (Socially Responsible Investment) Conference on March 18, 2011 in Paris. At the conference, one of the largest in Europe, companies operating in the continent present non-financial information on ESG (environmental, social and governance) issues to institutional investors. The European SRI market has been growing in Europe, particularly among pension funds. According to the European Sustainable Investment Forum (Eurosif), the market has expanded to approximately 5 trillion euro (approximately 566 trillion yen). In total, 23 operating companies and 54 institutional investors attended the conference and found it useful.

### Public Proposals

We offer various proposals for the development of the financial and capital markets globally. We also seek to broadly publicize our opinions on issues such as water resources, agribusiness, energy and healthcare.

#### Japan's Proposed Principles for Sustainable Finance

Launched as a voluntary initiative in 2010 by private financial institutions, Japan's Principles for Sustainable Finance are intended to provide guidelines for business activities in Japan. We have been participating in developing the framework of this initiative, which has concepts similar to those of the United Nations Principles for Responsible Investment and the UNEP Finance Initiative established for socially responsible investment and loan activities undertaken by financial institutions and institutional investors.

#### Multi-stakeholder Forum on Social Responsibility for a Sustainable Future

The Multi-stakeholder Forum on Social Responsibility for a Sustainable Future was established in 2009 as a framework for finding solutions to social problems that cannot be addressed by government alone through the collaboration of diverse stakeholders who participate on an equal footing. Forum members represent business associations, consumer organizations, labor unions, NPOs/NGOs, and the Japanese government. Nobuyuki Koga, Chairman of the Board of Directors of Nomura Holdings, has participated in the General Meeting as a representative of the financial sector since 2009.

# Citizenship

## Our Community

Globally the Nomura group values its relationships with the local communities where we operate. We support educational programs and philanthropic activities with the aim of building a sustainable society for future generations.

### Financial and Economics Education Programs (Japan)

Since the 1990s, we have been providing financial and economics education programs in Japan for elementary and junior high school students as well as adults. We believe that knowledge of finance and economics is crucial to the

development of an efficient capital market to support our economy. We have also served as a special sponsor of the Nikkei Stock League Contest, a stock education competition held by the Nihon Keizai Shimbun, Inc., since its inception. The contest marked its 11th year in 2010.

### Financial and economics education programs

	7–12 years old	13–15 years old	16–18 years old	College students	Adults/community
Courses	<div>"Manabou Classroom" lectures presented at schools</div>	<div>Lectures at schools</div>	<div>Lectures at schools</div>	<div>Finance courses</div>	<div>Financial lectures</div>
Educational programs		<div>Nikkei Stock League Contest</div>			
Teaching materials	<div>The Economics Classroom</div>	<div>An introduction to the economy: The t-shirt shop</div>			
	<div>The Secret of Money</div>	<div>Finance for beginners</div>			
Web	<div>Man@bow economic learning website</div>				

For Future Generations

### PMF Concert for Construction of a School in Laos (Japan)

We have supported the Pacific Music Festival (PMF), an international music education festival, for the past 20 years. Along with the PMF, we held a charity concert on August 5, 2010 to support the construction of an elementary school in Laos. The concert was a huge success and attracted more than 1,100 people. A portion of ticket proceeds and all donations collected from the audience were used to construct a school building in Laos through Room to Read, a U.S.-based NGO that promotes literacy and

education for girls. The school, named Phiangdokkha Elementary School, was built in northern Laos and provides education for 170 children.



Teaching materials

Approximately  
**580,000**  
copies

(Fiscal 2006 to 2010, cumulative total)

Seminars and educational programs

Approximately  
**500,000**  
participants

(Fiscal 2006 to 2010, cumulative total)

### Teenage Cancer Trust Partnership 2009–2011 (U.K.)

In 2009, London employees selected Teenage Cancer Trust (TCT) as Nomura's London Charity Partner for two years (2009–2011). This award-winning fundraising partnership provided an opportunity for employees to work together in support of a common cause, a charity dedicated to supporting young people with cancer.

Over the two-year partnership, more than 60% of employees helped to raise over £1,000,000, against the initial target of just £100,000. Employee participation in the partnership included a full calendar of fun and imaginative fundraising events for employees to get involved in. One of the flagship fundraising events was the annual Nomura Challenge, where 56 employees walked 25 miles and climbed the tallest peaks in England, Wales and Scotland, which raised £125,000 for TCT. One-off fundraising events included raffles, skydives, celebrity Halloween, Oscars and World Cup quiz nights, marathons and a variety of other runs.

Through the partnership, London employees donated more than 15,000 hours and took part in hundreds of fundraising events. One of the highlights of our partnership was TCT's concert series at London's Royal Albert Hall. We became the first ever, exclusive title sponsor for this event, helping the charity to raise more than £1.4 million. Over 50 Nomura employees volunteered at the concerts and clients and other stakeholders found the concerts an unforgettable experience.

The funds raised have contributed to the development of the new Day Care Center at University College Hospital in London (Europe's first ever). Thanks to our support, TCT will double the number of young people treated for cancer in London.

### Dragon Award (U.K.)

In October 2010, Nomura's London offices won the prestigious Dragon Award for excellence in Community Affairs. The Dragon Awards celebrate best in class business involvement in the local community.

Nomura was commended for its commitment to the community in London, the significant involvement of its employees (35% of employees were involved in our volunteer programs) and the range of partnerships established. Highlights of the program included:

- Participation by employees in programs to develop the literacy, numeracy, language and business skills of identified underachieving/gifted children at our two partner schools
- The establishment of The Nomura Charitable Trust, a grant-making foundation; the Trust has strategically distributed grants to 13 partner charities suggested by employees
- Our industry-leading fundraising partnership with Teenage Cancer Trust

### Japan NYC Festival (U.S.)

Nomura supports Japanese artists and cultural events through sponsorships. In December 2010, Nomura Holding America Inc. was proud to serve as Lead Sponsor of Carnegie Hall's Japan NYC Festival, a two-part citywide festival, led by Artistic Director Seiji Ozawa, with over 65 events exploring Japan's arts and culture in December 2010 and March to April 2011. Nomura sponsored a concert by the Saito Kinen Orchestra at Carnegie Hall as part of the opening night of the Japan NYC Festival. The many events held over the course of the festival featured Japanese artists who perform around the world and introduced a wide range of Japanese culture and arts including music, noh theater, dance, taiko drumming, film, manga, art exhibitions, and workshops.

### Lead Sponsor for the Hong Kong International Coastal Cleanup Challenge (Hong Kong)

For the second consecutive year, Nomura International Limited (Hong Kong) was the lead sponsor of the Hong Kong International Coastal Cleanup Challenge. This two-month event is part of the International Coastal Cleanup Challenge organized annually by the Ocean Conservancy, the world's largest environmental volunteer effort, which gathers more than half a million people from over 100 countries to remove trash and debris from beaches and waterways.

Our commitment to the program helps facilitate dozens of beach cleanups in the Hong Kong area and supports a major awareness program by distributing educational literature and making presentations in local schools, corporations and government agencies. This is all part of Nomura's corporate citizenship effort to raise awareness of environmental protection and to significantly contribute to local communities.

In November 2010, we hosted our own beach cleanup event for employees along with families and friends. A total of 150 participants traveled to Lamma Island to clean one of Hong Kong's most littered beaches. The Nomura

#### Organizations supported

More than **200**  
(Fiscal 2010)

#### Charity events organized

More than **320**  
(Fiscal 2010)



team collected over 750 kg of debris, equivalent to 119 garbage bags.

In addition to cleaning the beach, participants interacted with colleagues from other departments, strengthening teamwork across the company.

### Partnerships with Other Organizations (India)

Nomura has partnered with several NPOs in India to pursue CSR initiatives in health, education, civic engagement and other activities that benefit local communities. Our donations have supported organizations such as Help Age India, Mumbai Mobile Crèches, DEEDS (Development, Education, Empowerment of the Disadvantaged in Society), Life Trust India and the National Association for the Blind.

In addition, employees participated in the Standard Chartered Mumbai Marathon, Asia's largest charity race, and organized three fundraisers for the Marathon—Art for charity, Books for charity and Jeans for charity. The funds were donated to the Life Trust of India, Sight Savers India and Save the Children.

Employees also raised funds for the UDAAN India Foundation by buying decorative items made by the children who are part of the Dropout Remedial Program (DOR) for girls.

Overall, Nomura India has set up a wide range of opportunities for employees to volunteer in the community, including a partnership with UDAAN, in which employees help underprivileged students in their studies and preparation for exams.

### Foundations

The Nomura group also contributes to communities through the following foundations.

#### Nomura Foundation (Japan)

The Nomura Foundation is a public benefit foundation recently established in April 2010 through the merger of three incorporated foundations established by the Nomura group—the Nomura Foundation for Social Science, The Nomura Cultural Foundation and the Tokyo Club Foundation for Global Studies. The goal of the Nomura Foundation is to contribute to advancing academic research in Japan, the world economy and the arts and culture, fostering international talent and encouraging international understanding. The foundation extends grants for the social sciences, awards scholarships to foreign students studying in Japan, and supports both global economic research as well as the arts and culture. For more information, please refer to the Nomura Foundation website.

<http://www.nomurafoundation.or.jp/en>

#### The Nomura Charitable Trust (U.K.)

The Nomura Charitable Trust was established in 2009 to improve the lives of disadvantaged young people who need assistance in London and the Middle East. The Trust focuses on raising educational attainment, employability potential and raising aspirations of disadvantaged young people. In 2010, 13 grants were awarded, supporting more than 12,000 young people across the region.

#### The Nomura America Foundation (U.S.)

The Nomura America Foundation awards grants to organizations for charitable, scientific, literary and educational purposes. The foundation supports a variety of large and small organizations that promote the arts, cultural awareness, music, science, education, children's welfare, and community

projects, as well as international relief for poverty, disease, and disaster emergencies.

#### Contribution to our communities

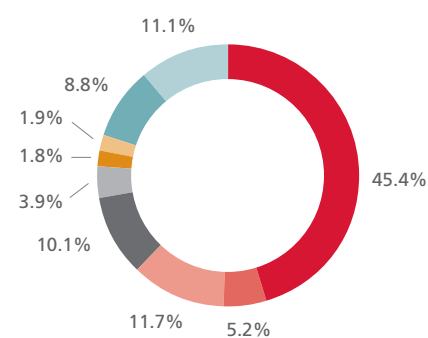
Approximately  
¥1.37 billion

Total expenditure worldwide (Fiscal 2010)

Figure includes:

- Approximately ¥260 million from the Nomura Foundation
- Approximately ¥100 million from the Nomura Charitable Trust
- Approximately ¥10 million from the Nomura America Foundation

#### Breakdown of community contribution expenditure



- Education (including financial and economics education)
- Arts, culture and sports
- Science and academic achievement
- Community contribution
- Welfare and health
- Environment
- Human rights and labor
- Disaster relief
- Other



# Citizenship

## Our People

The Nomura group is a global organization with employees representing more than 70 nationalities. We highly value the diversity of our personnel, and recognizing the individual strengths of our employees has been the driving force behind our global competitiveness. We exercise great care in establishing human resource systems that support employee initiative and career development, and we strive to create working environments in which every employee can demonstrate their full potential.

### Global Human Capital Development

The core strength of the Nomura group is a dynamic workforce that is capable of demonstrating a variety of talents at an international level. Therefore, we are strengthening our global competitiveness by making the necessary investments in competent personnel and ensuring effective talent management that encourages employees to maximize their potential and achieve personal growth.

As a part of this, our Leadership

and Development Team develops and conducts employee training programs that span across countries, regions and departments to foster career development and build human networks within the group.

### Global training curriculum

	Analyst	Associate	VP	ED	MD
Orientation	<ul style="list-style-type: none"> <li>New Lateral Hire Orientation (Japan)</li> <li>"First 100 Days" Orientation: Welcome to Nomura / Nomura Connect</li> </ul>	<ul style="list-style-type: none"> <li>Orientation for New Promotes (Japan)</li> </ul>			
Managerial Effectiveness	<ul style="list-style-type: none"> <li>Orientation for New Graduates (Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Leading Change</li> <li>Interviewing Skills</li> <li>Managing Virtual Teams</li> <li>Management Essentials I<sup>*1</sup></li> <li>Management Essentials II<sup>*2</sup></li> </ul>			
Cultural Effectiveness	<ul style="list-style-type: none"> <li>Global Business Etiquette</li> <li>Working Across Cultures</li> </ul>				
Personal Effectiveness	<ul style="list-style-type: none"> <li>Building Interpersonal Effectiveness</li> <li>Nomura Masters</li> <li>Nomura X-change Café (Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Presenting with Impact</li> <li>The Art of Interpersonal Communication</li> <li>Effective E-mail Writing (Japan)</li> </ul>			
Product and Technical Effectiveness	<ul style="list-style-type: none"> <li>Language Program—English / Japanese / Mandarin</li> <li>Insights Speaker Series (AEJ)</li> <li>Nomura E-Learning Library</li> </ul>				
Lead Series				<ul style="list-style-type: none"> <li>Leading Change</li> <li>Coaching Employees to Excellence</li> <li>Managing Conflict (AEJ)</li> <li>Leveraging Power and Influence (AEJ)</li> <li>Self Awareness and the Effective Leader</li> <li>Giving and Receiving Feedback (Japan)</li> <li>Delegating for Results</li> </ul>	

\*1 Management Essentials I: Influencing for Results; Managing Conflict; Facilitating Meetings Effectively

\*2 Management Essentials II: Being a Successful Manager; Giving and Receiving Feedback; Delegating for Results; Coaching and Developing People; Motivating Others

### Specific Personnel Development Programs

With the increasing globalization of the group, in addition to presentation and communication skills required in a wide range of work, employees must demonstrate cross-cultural understanding and provide leadership for change and innovation.

Along with programs for developing these talents, we also provide opportunities for enhancing business-level language skills. Employees set training needs and goals for skill development through discussions with their supervisors based on an annual training plan laid out at the start of each fiscal year. We believe that setting clear goals and making progress toward achieving them encourages personal growth, which in turn leads to the success of the group as a whole.

To better respond to customer needs, our Retail Division has been encouraging the personal growth of its employees through educational programs that develop capabilities for independently thinking, acting and delivering results. Group training for the first three years of employment and training at given milestones (new hire, appointment or promotion) provide the specific knowledge and skills required while also reinforcing personal qualities and strengthening compliance and professional ethics.

In addition to Web-based tools and e-learning, practical business training is conducted by individual departments as required to efficiently and effectively upgrade employee competencies. To assist employees in gaining the necessary skills to reach their full potential, we cover the costs of certification examination fees and other expenses as well as voluntary training programs, and provide support for commuting and

correspondence courses associated with learning another language. Looking ahead, we plan to systematically upgrade programs with new methods and approaches based on employee feedback.

### Ongoing Improvements in Personnel Development

Because many of our current training programs are developed internally, we are continually improving these programs based on participant feedback in order to better meet their needs. We constantly add new training areas to expand capacity-building opportunities with greater depth.

### Education and training expenses

Japan  
¥1,570<sup>million</sup>

EMEA  
¥490<sup>million</sup>

Americas  
¥260<sup>million</sup>

AEJ  
¥140<sup>million</sup>

(Fiscal 2010 results)

## Diversity and Inclusion at Nomura

As a global investment bank with over 26,000 employees across 34 countries and regions, by nature we are a diverse organization. A key component of our new culture is ensuring that we have a workforce that is truly inclusive. Diversity in our people and diversity in our thinking will help us to build and maintain a competitive advantage.

Diversity and Inclusion at Nomura is about partnership, innovation, strategy and vision. Diversity and Inclusion partner across the firm, driving initiatives that capture commercial opportunities and delivering innovative products and services to our clients.

Diversity and Inclusion goes beyond anti-discrimination or other kinds of policy. Nomura is a meritocracy, and our commitment to Diversity and Inclusion recognizes the importance and the value the firm places on the contributions of all employees.

Our success depends on our ability to attract, develop, motivate and retain the very best people, regardless of background. We must create a work environment where all our people and their contributions are valued and where we find strength in our differences. At Nomura, we aspire to be a true meritocracy where people can, and do, perform at their best in a bias-free environment.

### Framework and Process

Our Diversity and Inclusion strategy has three pillars:

#### 1. Build culture and raise awareness

- Share Diversity and Inclusion's best practice and embed it across our operation and procedures
- Encourage employee ownership of employee networks, including global collaboration

- Women in Nomura (WIN)
- Life & Family Network
- LGBT (lesbian, gay, bisexual, and transgender) Network

#### 2. Establish strong policies to empower our people

- Ensure benefits and policies reflect market best practice
- Promote knowledge and uptake of benefits and policies to strengthen position as employer of choice

#### 3. Attract, retain and develop the best people for the right roles

- Incorporate Diversity and Inclusion messages into recruiting initiatives, from campus to experienced hires
- Launch mentoring programs globally to ensure our people are connected and developed
- Improve metrics to benchmark against competitors

### Measurement and Feedback

To support and assess our progress, we use data from a variety of sources including:

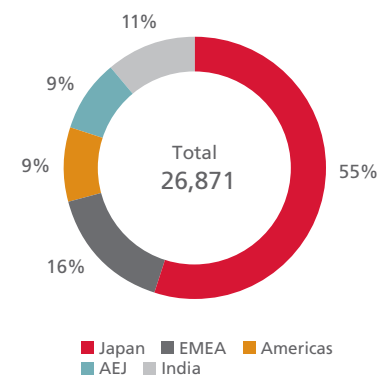
- Employee demographic reports
- Employee activity (joiners, leavers, promotions)
- Employee opinion surveys
- 360 feedback for individuals

We participate in external benchmarking surveys to assess our position relative to our competitors and the broader market.

Additionally we track senior leader engagement and employee participation in the many activities scheduled under the Diversity and Inclusion banner. Such activities include:

- Jasjit Bhattal (President and Chief Executive Officer, Wholesale Division, Nomura Holdings) and Takumi Shibata (Group Chief Operating Officer and Chairman, Wholesale Division, Nomura

### Employees by region



Holdings), each providing key note speeches at the Association for Women in Finance opening events in 2010 and 2011

- Securing Executive Sponsorship of each employee network by senior leaders around the world
- Global commemoration of the centenary of International Women's Day, March 8, 2011, via panel discussions, networking events and participation in external events

Ultimately, we want Diversity and Inclusion to be embedded into everything we do—until it becomes

"simply how we do business at Nomura."  
We want to create a unique culture of openness and inclusiveness where we are all respected and valued for the work we do.

#### For Future Generations

### Women's Mentoring Program

This global mentoring program was piloted in Asia-Pacific. The goal of the program was to connect female talent with executive and senior management. It aimed to maximize performance and engagement and develop the firm's future leaders.

The benefits of this program include enhancing professional development skills, knowledge and experience; the chance to strengthen professional networks; accelerated learning; receiving advice and coaching on major decisions and career opportunities; and understanding political obstacles across business groups throughout the firm.

Through the program, women Vice Presidents formed small groups and participated in group mentoring sessions with a senior female mentor. The scheduling and content of the meetings were devised by each group.

In addition to the mentoring sessions, professional development seminars were provided to mentors and mentees. Topics included awareness of unconscious bias, building your personal brand, and leadership development.

The success of the program is evident in the fact that the majority of participants are continuing their mentoring relationships beyond the conclusion of the program. Feedback via survey has been strongly positive from both mentors and mentees.



## Good Work Environments to Facilitate Productivity

The Nomura group recognizes the importance of maintaining decent, comfortable working environments. We offer employee benefits programs, such as childcare, family nursing care, employee healthcare and human rights education, to ensure employees can complete their work confidently and enthusiastically.

## Occupational Health and Safety

We support working conditions that allow each employee to fully concentrate on their work in a healthy condition, both with good physical and mental health. We have shifted our emphasis from treatment to preventive care for early discovery and intervention. Our industrial physicians periodically visit our worksites for health monitoring and conduct face-to-face interviews with

supervising managers. Improvement measures are being introduced to departments with a history of employees working long hours, and mandatory health examinations are provided for employees who work longer hours than the standard work week.

To safeguard the mental health of our employees, we provide access to psychiatrists and an employee counseling room staffed by a dedicated professional.

Our "One-Point Health" program delivered over our in-house satellite broadcasting network addresses many of these issues. They are also discussed by health committees at each branch office to keep employees mindful of good health practices.

## Nomura Securities Childcare and Family Nursing Care Support Framework

(as of April 1, 2011)

### Childcare Support

#### 1. Pre- and post-natal leave

Female employees can take a leave of six weeks before delivery, 14 weeks for multiple births, and eight weeks after delivery. An employee whose spouse or partner gives birth can take five days of leave in addition to annual paid vacation.

#### 2. Childcare leave

A parent can take up to two years of leave up to a child's second birthday. The leave can be taken in two installments (once for a child younger than one and once for a child older than one and younger than two). We reinstate employees to their original or equivalent positions.

#### 3. Special work hours during child-rearing years

An employee is exempt from overtime and holiday work and can choose to work six hours per day up to his/her child's third birthday.

#### 4. Leave to care for sick or injured children

An employee receives up to five days a year of paid leave to care for a sick or injured child (up to ten days for

multiple children) who has yet to enter elementary school after their leave.

#### 5. Childcare time

Employees can work up to two hours less per day to care for children up to the third year of elementary school.

#### 6. Assistance with daycare expenses

We pay half the cost (up to ¥20,000 per child, per month) of day-care services for employees' preschoolers.

### Family Nursing Care Support

#### 1. Family nursing care leave

An employee can take up to 730 days of leave to care for a parent, spouse or child in need of nursing care. We reinstate employees to their original or equivalent positions after their leave.

#### 2. Family nursing care plan that reduces working hours

Employees can work up to one hour less per day for up to 730 days instead of taking family nursing care leave.

#### 3. Paid leave for family nursing care

An employee can take up to five days of paid leave per year to care for one family member who is in need of nursing care (up to ten days to nurse multiple family members).

## Respecting Human Rights

We strive to eliminate discrimination and harassment through the efforts of our Human Rights Education Committee and ongoing human rights training.

Committee membership includes

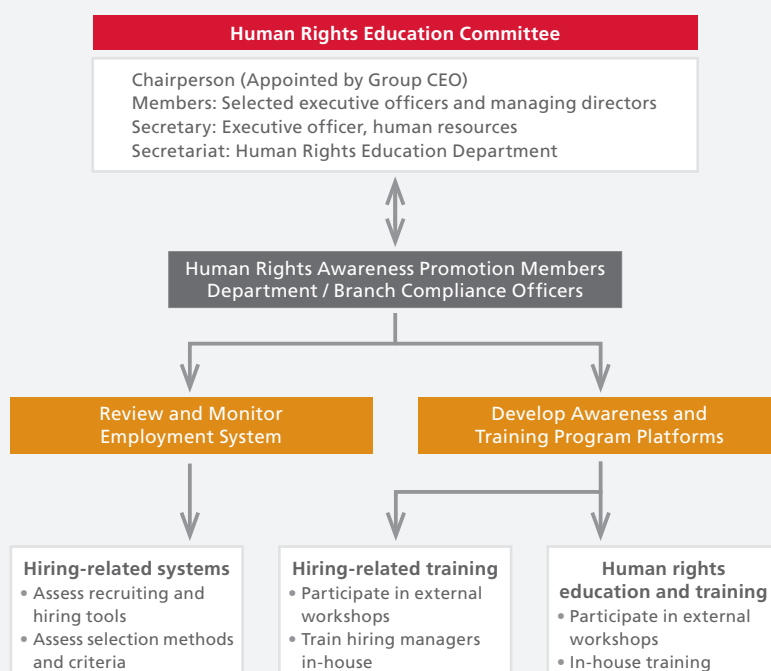
compliance officers at each department and branch, who remind employees of the importance of human rights and conduct training programs to impart accurate knowledge and deepen employees' understanding of human

rights. We have also established basic policies and guidelines to address the various forms of harassment and for protecting the rights of people infected with HIV. Consultation contacts are available both within and outside the company through our Sexual Harassment/Power Harassment Hotline to ensure thorough compliance.

### Basic Policy Concerning HIV-infected Employees in Japan

- 1 The Nomura group shall neither dismiss employees on the grounds of HIV infection nor subject them to any other form of discrimination.
- 2 The Nomura group shall rigorously safeguard the personal data of HIV-infected employees.
- 3 The Nomura group shall not test for HIV in regular employee health checks.
- 4 The Nomura group shall strive to ensure that executive officers and employees have a correct understanding of HIV to prevent infection and eliminate prejudice toward those infected with HIV.
- 5 The Nomura group shall create workplaces where HIV-infected employees can comfortably work.

### Human rights training structure



# Citizenship

## Our Environment

The Nomura group intends to lower its overall environmental impact. We have established an environmental management system to drive comprehensive efforts in Japan, and our business offices across the globe are taking initiatives to manage their environmental footprint. We have expanded our disclosure globally, and

report group environmental targets and achievements.

### Environmental Statement and Environmental Policy

All our employees engage in activities aligned with our Environmental Statement and Environmental Policy, which are based on our commitment to

environmental issues as stated in our Code of Ethics.

For more information, please see our Basic Principles & Code of Conduct and Code of Ethics on our website.

<http://www.nomuraholdings.com/company/basic/ethics.html>

### Environmental Management (Japan / Nomura International plc)

Under the leadership of the environmental activities working group, we systematically and comprehensively conduct environmental preservation activities through an environmental management system (EMS) based on PDCA (Plan-Do-Check-Act) cycles.

In fiscal 2009, the scope of information disclosure included Nomura group companies in Japan and business bases in London. The scope of disclosure was expanded in fiscal 2010 with the addition of business bases in Europe other than London, 17 bases in the Middle East and bases in India.

### Environmental Statement

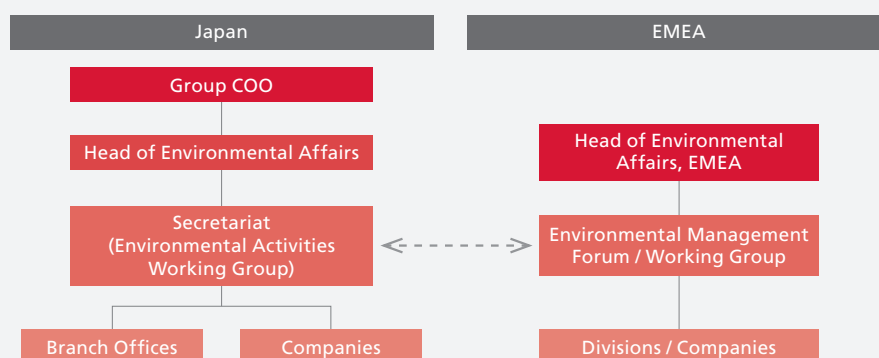
The Nomura group believes a healthy environment is the foundation of stable economic and social conditions for future generations.

We are committed to acting in an environmentally responsible manner and should therefore approach environmental issues positively.

### Environmental Policy

- 1 We encourage investment and constructive engagement in environmentally friendly goods and services.
- 2 We will assess environmental risks and continually strive to minimize pollution and improve the environment.
- 3 We will comply with relevant environmental laws and regulations and engage with external stakeholders on environmental issues.
- 4 We are committed to reducing waste and conserving energy and resources to minimize the impact of our footprint on the environment.
- 5 We will communicate this policy to all employees to raise awareness of environmental issues and encourage environmentally friendly initiatives.
- 6 We make this policy available for public review.

### Environmental management structure





The scope of environmental information disclosed for fiscal 2009 includes Nomura group bases in Japan and London. For fiscal 2010 we have expanded our scope to include bases in Europe and the Middle East (17 bases) as well as India.

### Environmental Targets

We set environmental goals for each year and work with our global team to lower our overall environmental impact. To ensure the effectiveness of the group environmental management

system, we conduct an environmental training program for all Nomura group employees, in which 88% of employees participated in Japan in fiscal 2010, and an environmental efforts status review, which garnered a 79% response rate in Japan in fiscal 2010. Moreover, the Head of Environmental Affairs reviews activities at the end of each fiscal year to assess the relative achievement of environmental goals and overall performance. The director issues necessary instructions for the subsequent

year to ensure continuing improvement.

Nomura International plc, our U.K. subsidiary, has maintained ISO 14001 certification of its environmental management system at its former London headquarters at 1 St. Martin's-le-Grand since August 2007 and has been regularly audited by the British Standards Institution. In August 2010, 1 Angel Lane, the new London headquarters, was also certified to ISO 14001 following an intensive audit.

### Fiscal 2010 environmental objectives and progress, fiscal 2011 targets (Japan)

Fiscal 2010 targets		Assessment	Fiscal 2011 targets
Reduction of greenhouse gas emissions	Lower CO <sub>2</sub> emissions at Nihonbashi head office to 15% below fiscal 2002 level	○ Reduced 31.6%	Lower CO <sub>2</sub> emissions at Nihonbashi head office to 20% below fiscal 2002 level
	Switch to high-efficiency lighting at 13 branch offices	× 2 branch offices*	
	Fuel-efficient, low-pollution vehicles to account for 76% of fleet	○ 80% of vehicles replaced	Fuel-efficient, low-pollution vehicles to account for 80% of fleet
	Raise waste recycling rate at Nihonbashi head office to 90%	○ Recycling rate: 91.3%	Raise waste recycling rate at Nihonbashi head office to 90%
Promotion of green purchasing	Green products to account for 75% of supplies request system items	× Green products accounted for 74.3% of purchase	Green products to account for 75% of supplies request system items
Reduction of paper usage	Reduce use of paper bought through supplies request system to 15% below fiscal 2006 level	○ Reduced 29.4%	Reduce use of paper per person bought through supplies request system to 20% below fiscal 2006 level
	Increase number of accounts that accept prospectuses in electronic form by promoting electronic documentation	○ Number of accounts increased to 1.13 million	Increase number of accounts that accept prospectuses in electronic form by promoting electronic documentation
	Reduce use of paper for internal forms by promoting electronic documentation of confirmation forms	Savings of 156 thousand sheets of paper	Reduce use of paper for internal forms by promoting electronic documentation of confirmation forms

\* Many branch offices postponed implementation until the next fiscal year to improve efficiencies by making the switch in parallel with construction work for other facilities.

### Efforts to Address Climate Change

We are addressing the issue of climate change through such efforts as reducing power consumption at offices, reducing CO<sub>2</sub> emissions from employee travel and purchasing green power certificates. We also assess and collect groupwide environmental performance data to monitor and maintain progress toward targets.

### Expanding the Use of Green Energy

We have been purchasing green power certificates every year since fiscal 2006. Starting with fiscal 2011, we have increased the amount purchased from 5.9 million kWh to 6.4 million kWh, which is equivalent to 100% of annual electricity consumption at our Nihonbashi head office. We are using green power to further reduce our environmental footprint by purchasing green power certificates for electricity consumed by holding seminars and printing brochures and other materials for them, including the 30th Chuo Bank Seminar held by the Nomura group in April 2010, when we purchased 2,000 kWh. Moreover, our offices in Switzerland and Germany have actively switched over to renewable energy sources.

### Going Paperless and Promoting Recycling

We are making efforts to more effectively use limited natural resources and reduce our environmental impact to assist in the creation of a sustainable society.

### Reducing Paper Consumption

Nomura Securities is reducing paper use by distributing electronic prospectuses and reports to clients. During fiscal 2010, clients representing 1.13 million accounts agreed to receive electronic distribution. We also reduced annual

paper consumption by 156,000 sheets by eliminating and digitizing internal forms. We will continue tracking and reducing copy paper usage in the current fiscal year through ongoing efforts to raise employee awareness.

### Promoting Recycling Activities

The Nomura group is deeply committed to recycling. In fiscal 2010, the paper recycling ratio at the Nihonbashi head office of Nomura Securities was 94.6% and the waste recycling ratio was 91.3%. Group companies in Japan also collect and resell plastic bottle caps to recycling companies. The proceeds are donated to the eco-cap campaign run by the nonprofit Japan Committee Vaccines for the World's Children. As of the end of fiscal 2010, we have provided caps equivalent to 5,758 vaccines.

Our business sites in Europe also actively engage in recycling; we encourage them to collect renewable resources and raise recycling rates to achieve a smaller environmental footprint.

### CO<sub>2</sub> emissions

Down **5%**  
from fiscal 2009  
(Nomura Group companies in Japan)

## For Future Generations

## Educational Events and Enlightenment Programs

The Nomura group carries out environmental events and enlightenment programs worldwide to raise awareness of environmental issues.



### Summer Holidays Environmental Event (Japan)

In August 2010, the Corporate Citizenship Department held an event entitled, "Summer homework under an environmental theme—Play in the mud and make moss balls!" A total of 54 participants attended, including 34 children of Nomura employees and 20 parents. Participants played in the mud and made their own moss balls. In the questionnaire survey following the event, 95% of the children reported having greater interest in nature and eco-friendly events as a result of their experience making moss balls. They learned the importance of nature by feeling the earth under their feet and creating a life form on their own.

### Green Nomura Awareness Week (U.K.)

Green Nomura Awareness Week, which started on February 28, 2011, was held in London as an environmental education event for employees. The goal was to raise

awareness of environmental issues and encourage employees to make a deeper commitment to recycling as well as reducing energy use and CO<sub>2</sub> emissions.

### Green Initiatives (India)

In June 2010, a two-day event was held in Powai in collaboration with an environmental NGO. The event was intended to encourage employees to think more about environmental issues and included an environmental slogan competition, an environmental quiz, a recycled waste contest, and tree planting.

### Participating in Earth Hour 2011 (Global)

About 30 Nomura group offices in Europe and the Asia-Pacific participated in the World Wildlife Fund's Earth Hour 2011 on March 26. Lights were turned off for one hour starting at 8:30 p.m., local time, allowing the entire group to share a renewed awareness of the importance of saving energy.

# Key Facts

## Corporate Governance

### Members of the board

	No. of people	Ratio, %
Board of directors	14	–
Outside directors	8	57
Non-Japanese directors	4	29
Female directors	1	7
Non-executive officers	12	86

## Client Focused

### Results of customer satisfaction survey (Retail Division)

	Ratio, %
Satisfied	57
Neither	23
Dissatisfied	10
Other	10

### Caseload at Customer Help Desk Department (Retail Division)

	No. of cases
Total	5,189
Complaints	2,359
Inquiries	2,408
Opinions and requests	256
Other	166

### Universally accessible branch offices

	No. of branch offices
Certified universally accessible	30
With toilets for the physically challenged	78
With elevators for the physically challenged	53
With steps removed from entrances and exits (with ramps, elevators or no steps)	136
With installations to mitigate entrance and exit steps (railings or step heights reduced)	15

## Our Community

### Community contribution expenditures

	Millions of yen	Ratio, %
Total	1,369	–
Education	622	45.4
Arts, culture and sports	70	5.2
Science and academic achievement	161	11.7
Community contribution	138	10.1
Welfare and health	54	3.9
Environment	25	1.8
Human rights and labor	27	1.9
Disaster relief	120	8.8
Other	152	11.1

## Our Community

### Participants and materials in financial and economics education

	Unit	2010	Cumulative total
Teaching material for elementary schools (The Economics Classroom)	No. of schools / copies	200 / 30,000	2,200 / 200,000
Teaching material for junior high schools (The t-shirt shop)	No. of schools / copies	400 / 50,000	3,700 / 380,000
Visiting classes for elementary schools (Manabou Classroom)	No. of schools / participants	23 / 1,641	53 / 3,220
Student educational program (Nikkei Stock League)	No. of teams / members	1,565 / 6,331	17,519 / 69,752
Finance courses for universities	No. of schools / participants	108 / 10,000	1,099 / 161,000
Financial courses for the general public	No. of courses / participants	630 / 28,659	5,057 / 267,622

## Our People

### Education and training expenses

	Millions of yen
Total	2,455
Japan	1,573
EMEA	489
Americas	257
AEJ	136

### Participation in education and training (in-house training)

	Aggregate no. of hours	Aggregate no. of participants
Total	563,652	13,146
Japan	207,458	8,255
EMEA	3,790	407
AEJ	27,634	1,094
India	324,770	3,390

### Number of employees by region

	No. of employees	Employees, %	Ratio of male employees, %	Ratio of female employees, %
Total	26,871	–	62	38
Japan	14,918	55	56	44
EMEA	4,353	16	70	30
Americas	2,348	9	74	26
AEJ	2,288	9	61	39
India	2,964	11	73	27

### Number of new hires

	No. of employees
Total	3,634
Japan	990
EMEA	754
Americas	683
AEJ	456
India	796

## Our People

### Composition of managers

	MD			ED / VP		
	Men	Women	Ratio of women, %	Men	Women	Ratio of women, %
Total	953	58	6	5,690	840	13
Japan (Nomura Securities Co., Ltd., Nomura Holdings, Inc.)	322	7	2	3,152	166	5
EMEA	338	19	5	1,215	298	20
Americas	157	11	7	629	148	19
AEJ	129	20	13	565	209	27
India	7	1	13	129	19	13

### Composition by employment contract

	No. of employees
Full-time regular employment	22,325
Part-time regular employment	162

### Use of childcare and family nursing care support plans (Nomura Securities Co., Ltd.)

	No. of employees
Pre- and post-natal leave	233
Childcare leave	338
Leave to care for sick or injured children	435
Childcare time	104
Assistance with daycare expenses	332
Family nursing care leave	13
Reduced working hour plan	0
Paid leave for family nursing care	30

### Post-childcare leave reinstatement and retention rates (Nomura Securities Co., Ltd.)

	Men, %	Women, %
Reinstatement rate	100	96
Retention rate	100	95

### Human rights training (Nomura Securities Co., Ltd.)

	No. of sessions	No. of participants
Human rights training	32	13,827

### Status of other personnel and labor-related issues

Employee turnover rate (Japan), %	5
Number of seniors rehired (Japan)	713
Percentage of employees with disabilities (Nomura Securities Co., Ltd.)	1.86
Average number of annual paid leave days used (Nomura Securities Co., Ltd.)	9.7
Percentage of employees with labor union memberships (Nomura Securities Co., Ltd.)	53.8

All employee information is subject to local laws, definitions and customs. These vary greatly from jurisdiction to jurisdiction. Under the laws of each jurisdiction, this data would be different. Consequently, this information is for general purposes only.

## Our Environment

### Environmental performance

			Unit	2010	2009
CO <sub>2</sub> emissions* <sup>1</sup>	Emissions	Nomura group companies in Japan	t-CO <sub>2</sub>	45,745	48,402
		Major offices in London	t-CO <sub>2</sub>	23,985	13,620
		Europe (excluding London) and Middle East	t-CO <sub>2</sub>	1,865	–
		India	t-CO <sub>2</sub>	16,917	–
	Emissions per employee	Nomura group companies in Japan	t-CO <sub>2</sub> /FTE	3.1	3.2
		Major offices in London	t-CO <sub>2</sub> /FTE	7.2	4.1
		Europe (excluding London) and Middle East	t-CO <sub>2</sub> /FTE	1.8	–
		India	t-CO <sub>2</sub> /FTE	5.7	–
Power consumption	Consumption	Nomura group companies in Japan	thousand kWh	90,991	89,966
		Major offices in London	thousand kWh	44,800	26,261
		Europe (excluding London) and Middle East	thousand kWh	6,396	–
		India	thousand kWh	17,813	–
	Emissions per employee	Nomura group companies in Japan	thousand kWh/FTE	6.10	5.98
		Major offices in London	thousand kWh/FTE	13.42	7.91
		Europe (excluding London) and Middle East	thousand kWh/FTE	6.30	–
		India	thousand kWh/FTE	6.01	–
Purchased amount of Green Power			thousand kWh	5,900	5,900
Gas consumption	Emissions	Nomura group companies in Japan	thousand kWh	13,406	14,019
		Major offices in London	thousand kWh	6,783	1,801
		India	thousand kWh	176	–
	Consumption per employee	Nomura group companies in Japan	thousand kWh/FTE	0.90	0.93
		Major offices in London	thousand kWh/FTE	2.03	0.54
		India	thousand kWh/FTE	0.06	–
CO <sub>2</sub> emissions from employee travel* <sup>2</sup>		Nomura group companies in Japan	t-CO <sub>2</sub>	12,407	10,952
		India	t-CO <sub>2</sub>	2,595	–
Water consumption		Nomura group companies in Japan	thousand m <sup>3</sup>	204	197
		Major offices in London	thousand m <sup>3</sup>	101	47
		India	thousand m <sup>3</sup>	36	–
Copy paper consumption* <sup>3</sup>			ton	726	730
Paper recycling ratio* <sup>4</sup>			%	94.6	94.8
Waste recycling ratio* <sup>5</sup>			%	91.3	91.6
Green purchasing ratio* <sup>6</sup>			%	74.3	74.9

\*1 Calculated using the emission factor applied under the law enforcement ordinance on promotion of countermeasures against global warming for Nomura group companies in Japan and the emission factor applied under the Greenhouse Gas Protocol (the World Resources Institute and the World Business Council for Sustainable Development) for overseas bases. For more information, please see the Nomura Holdings Corporate Citizenship website.

\*2 Data compiled on domestic and international flights and domestic long-distance railway transportation tickets purchased through designated firms for directors and employees of Nomura group companies in Japan, vehicles regularly used by Nomura Holdings, Inc. and Nomura Securities Co., Ltd., domestic and international flights and vehicles regularly used by employees at the base in India. For the emissions calculation method, please see the Nomura Holdings Corporate Citizenship website.

\*3 Data compiled on paper purchased through designated suppliers by Nomura Securities Co., Ltd.

\*4 Data compiled on the Nomura Securities Co., Ltd. Nihonbashi head office.

\*5 Data compiled on the Nomura Securities Co., Ltd. Nihonbashi head office.



\*6 Data compiled on items purchased through the supplies request system at Nomura Securities Co., Ltd.






Increases in CO<sub>2</sub> emissions and power, gas and water consumption for major offices in London are due to an increase in the number of bases included in the data. The fiscal 2009 data for Nomura group companies in Japan was partially revised to reflect changes at the bases included in the data.



## External Assessment

The Nomura group's CSR initiatives have won strong commendations. We have been included in the Dow Jones Sustainability Indexes, the FTSE4Good Index and other SRI (Socially Responsible Investment) indices. Nomura is the only Japanese company to be selected as a Super Sector Leader in the FTSE4Good ESG Ratings, which are produced by FTSE based on ESG (environmental, social and governance) factors.

<div><div><div>Dow Jones</div><div>Sustainability Indexes</div><div>Member 2010/11</div></div></div>	<div><div>FTSE4Good</div></div>
<div><div>Dow Jones Sustainability Indexes</div><div>The world’s first sustainability equity indices, Dow Jones &amp; Company (U.S.) and Sustainable Asset Management (Switzerland), jointly choose the companies to be included in these benchmarks.</div></div>	<div><div>FTSE4Good Index</div><div>Jointly owned by the Financial Times (U.K.) and the London Stock Exchange, FTSE established a socially responsible investment index comprised of prime enterprises across the world.</div></div>

<div><div>Dragon Award</div><div>Awarded the City of London’s Heart of the City Award in 2010 for our long-term commitment to the local community.</div></div>	<div><div>Business in the Community, Education Award for Excellence</div><div>Recognized for our commitment to supporting education in London and for effectively establishing school partnerships.</div></div>	<div><div>Business Charity Awards</div><div>Highly commended for two Business Charity Awards in 2011, the Long-term Charity Partnership and Business of the Year, for our extensive activities in London.</div></div>
<div><div>Carbon Trust Standard</div><div>Awarded to Nomura International plc (U.K.) in recognition of measuring, managing and reducing its carbon emissions.</div></div>	<div><div>Clean City Award</div><div>Received a gold City Of London Clean City Award.</div></div>	<div><div>Tokyo Metropolitan Government Global Warming Countermeasures Plan Award for Excellence</div><div>Nomura’s initiatives for the Nihonbashi head office received the Tokyo Governor’s Award for Excellence with an AAA rating.</div></div> <div><div>The Times Top 50 Employers for Women</div><div>Recognized as one of the Times Top 50 Employers for Women 2011.</div></div>

# Independent Assurance Report



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

5 August 2011

Mr. Kenichi Watanabe

Group CEO  
Nomura Holdings, Inc.

### 1. Purpose and scope of our assurance engagement

We have performed certain assurance procedures, based on the engagement with Nomura Holdings, Inc. (the "Company"), on the Company's key environmental performance indicators. These comprise the material environmental information<sup>1</sup> of the Company and its major subsidiaries for the year ended 31 March 2011 that was reported in the Nomura Group Citizenship Report 2011 (the "CSR Report"). The assurance procedures are with respect to whether the key environmental performance indicators have been measured and calculated accurately and whether material information has been fully disclosed in accordance with the reporting standards for the CSR Report<sup>2</sup>.

The preparation of the CSR Report is the responsibility of the Company's management. Our responsibility is to express an independent opinion on the Key Environmental Performance Indicators.

### 2. Outline of the assurance procedures performed

We have performed limited assurance procedures<sup>3</sup> in accordance with the 2003 International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information of the International Federation of Accountants (IFAC) and the 2009 Practical Guidelines for the Assurance of Sustainability Information of the J-SUS. Therefore, our assurance engagement provides relatively limited assurance compared to a reasonable assurance engagement.

### 3. Conclusion

Based on the assurance procedures performed, nothing has come to our attention that causes us to believe that the Key Environmental Performance Indicators have not been measured and calculated accurately in accordance with the reporting standards of the CSR Report or that material information has not been disclosed, in all material respects.

### 4. Independence

Our assurance is compliant with the Ethics Regulations of J-SUS and there is no financial interest between the Company and us.

Akihiro Nakagome  
Representative Director  
Ernst & Young ShinNihon Sustainability Institute Co., Ltd.

<sup>1</sup> The scope of material environmental information is stipulated in the 2011 Environmental Reporting Assurance and Registration Criteria of the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS). In terms of the data on "Environmental burdens associated with business activities", the assurance scope is the Company and the organizations of major subsidiaries in Japan and London.

<sup>2</sup> The reporting standards refer to the 2007 Environmental Reporting Guidelines of Japan's Ministry of the Environment, the 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative (the GRI), and the 2011 Environmental Reporting Assurance and Registration Criteria of J-SUS in the context of specifying the material subject to disclosure.

<sup>3</sup> We have mainly reviewed and assessed the Company's procedures for the collection and aggregation of data, performed analytical procedures, as well as recalculated and reconciled them with the corroborating evidence on the quantitative sustainability information on a test basis. In addition, we have mainly made inquiries and reviewed related records to verify the qualitative information.

## Closing Remarks

This year's report marks our eighth since we published our first CSR Report in 2004.

During that time, we have maintained our focus on our clients and demonstrated our desire to contribute to the creation of a prosperous and sustainable society through our core business. As noted in the message from our group CEO, we have now moved to the next phase of our corporate citizenship program by responding to the needs of society through our business activities to create shared value. To better reflect our position as an active corporate citizen in

the communities in which we operate, we have renamed the report "Citizenship Report."

We will continue to update you on our latest corporate citizenship activities and listen closely to all our stakeholders to incorporate your views into our business operations and further enhance our corporate value.

Shinji Iwai

Senior Managing Director  
Group Corporate Communications  
Nomura Holdings, Inc.

# GRI Guidelines Index

Citizenship Report 2011 was prepared in accordance with the GRI Sustainability Reporting Guidelines (G3). We self-declare this report to GRI Application Level B.

“—” stands for N/A. “AR” are the items described in the Annual Reports and documents submitted to the Securities and Exchange Commission (SEC).

## 1. Strategy and Analysis

Item	Indicator	Report Page
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	pp. 3–4
1.2	Description of key impacts, risks, and opportunities.	pp. 7–8

## 2. Organizational Profile

Item	Indicator	Report Page
2.1	Name of the organization.	p. 2
2.2	Primary brands, products, and/or services.	p. 2 AR
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	p. 2 AR
2.4	Location of organization's headquarters.	p. 2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	AR
2.6	Nature of ownership and legal form.	p. 2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR
2.8	Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	AR
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	—
2.10	Awards received in the reporting period.	p. 43

## 3. Report Parameters

Item	Indicator	Report Page
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### Report Profile

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	p. 2
3.2	Date of most recent previous report (if any).	p. 2
3.3	Reporting cycle (annual, biennial, etc.)	p. 2
3.4	Contact point for questions regarding the report or its contents.	p. 2

### Report Scope and Boundary

3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report	pp. 7–8
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	p. 2
3.7	State any specific limitations on the scope or boundary of the report.	p. 2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	—
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	pp. 39–42, 45–48
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	pp. 39–42
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	pp. 39–42

### GRI Content Index

3.12	Table identifying the location of the Standard Disclosures in the report.	pp. 45–48
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### Assurance

3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	p. 44
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## 4. Governance, Commitments, and Engagement

Item	Indicator	Report Page
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### Governance

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	pp. 13–14
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	pp. 13–14
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	pp. 13, 39
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Investor Relations (website)

4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	AR
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	pp. 13–14
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	pp. 7–8, 13–14
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	pp. 7–8
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	pp. 7–8, 13–14
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	pp. 7–8, 13–14

#### Commitments to External Initiatives

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	pp. 15–16
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	pp. 2, 20
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	pp. 2, 25

#### Stakeholder Engagement

4.14	List of stakeholder groups engaged by the organization.	p. 8
4.15	Basis for identification and selection of stakeholders with whom to engage.	p. 8
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pp. 9–12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	pp. 9–12

### 5. Management Approach and Performance Indicators

Item	Indicator	Report Page
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#### Financial Services Sector Specific Disclosure on Management Approach

FS1.	Policies with specific environmental and social components applied to business lines.	pp. 7–8
FS2.	Procedures for assessing and screening environmental and social risks in business lines.	p. 16
FS3.	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	p. 16

FS4.	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	pp. 7–8
FS5.	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	pp. 22–25

#### Product and Service Impact

##### Aspect: Product Portfolio

FS6.	Percentage of the portfolio for business lines by specific region, size (e.g., micro/SME/large) and by sector.	20–F
FS7.	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	pp. 5–6, 22–25
FS8.	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	pp. 22–25

##### Aspect: Audits

FS9.	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	pp. 7–8, 15–16, 44
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##### Aspect: Active Ownership

FS10.	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	
FS11.	Percentage of assets subject to positive and negative environmental or social screening.	
FS12.	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	

#### Economic

	Management approach	p. 7–8
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##### Aspect: Economic performance

EC1.	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	p. 28 AR
EC2.	Financial implications and other risks and opportunities for the organization's activities due to climate change.	pp. 22–25, 35–38
EC3.	Coverage of the organization's defined benefit plan obligations.	20–F
EC4.	Significant financial assistance received from government.	—

##### Aspect: Market Presence

EC5.	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	
EC6.	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	
EC7.	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	p. 41

##### Aspect: Indirect Economic Impacts

EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	pp. 5–6, 22–25, 26–28
EC9.	Understanding and describing significant indirect economic impacts, including the extent of impacts.	

## Environment

	Management approach	pp. 7–8, 35–36
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## Aspect: Materials

EN1.	Materials used by weight or volume.	p. 42
EN2.	Percentage of materials used that are recycled input materials.	p. 42

## Aspect: Energy

EN3.	Direct energy consumption by primary energy source.	p. 42
EN4.	Indirect energy consumption by primary source.	p. 42
EN5.	Energy saved due to conservation and efficiency improvements.	p. 42
EN6.	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	—
EN7.	Initiatives to reduce indirect energy consumption and reductions achieved.	pp. 35–38, 42

## Aspect: Water

EN8.	Total water withdrawal by source.	p. 42
EN9.	Water sources significantly affected by withdrawal of water.	—
EN10.	Percentage and total volume of water recycled and reused.	—

## Aspect: Biodiversity

EN11.	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	—
EN12.	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	—
EN13.	Habitats protected or restored.	—
EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity.	—
EN15.	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	—

## Aspect: Emissions, Effluents, and Waste

EN16.	Total direct and indirect greenhouse gas emissions by weight.	p. 42
EN17.	Other relevant indirect greenhouse gas emissions by weight.	p. 42
EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pp. 35–38, 42
EN19.	Emissions of ozone-depleting substances by weight.	—
EN20.	NOx, SOx, and other significant air emissions by type and weight.	—
EN21.	Total water discharge by quality and destination.	—
EN22.	Total weight of waste by type and disposal method.	p. 42
EN23.	Total number and volume of significant spills.	—
EN24.	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—
EN25.	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	—

## Aspect: Products and Services

EN26.	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	pp. 35–38, 42
EN27.	Percentage of products sold and their packaging materials that are reclaimed by category.	—

## Aspect: Compliance

EN28.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	—
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## Aspect: Transport

EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	p. 42
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## Aspect: Overall

EN30.	Total environmental protection expenditures and investments by type.	
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## Society

## ■ Labor Practices and Decent Work

	Management approach	pp. 7–8, 29–33
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## Aspect: Employment

LA1.	Total workforce by employment type, employment contract, and region.	pp. 40–41
LA2.	Total number and rate of employee turnover by age group, gender, and region.	p. 41
LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	p. 33

## Aspect: Labor/Management Relations

LA4.	Percentage of employees covered by collective bargaining agreements.	p. 41
LA5.	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	

## Aspect: Occupational Health and Safety

LA6.	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.	
LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	
LA8.	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	p. 33
LA9.	Health and safety topics covered in formal agreements with trade unions.	

## Aspect: Training and Education

LA10.	Average hours of training per year per employee by employee category.	p. 40
LA11.	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	pp. 29–30
LA12.	Percentage of employees receiving regular performance and career development reviews.	pp. 29–30

## Aspect: Diversity and Equal Opportunity

LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	pp. 40–41
LA14.	Ratio of basic salary of men to women by employee category.	

## ■ Human Rights

	Management approach	pp. 7–8, 34
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## Aspect: Investment and Procurement Practices

HR1.	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	
HR2.	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	
HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	p. 41

## Aspect: Non-discrimination

HR4.	Total number of incidents of discrimination and actions taken.	
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## Aspect: Freedom of Association and Collective Bargaining

HR5.	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	—
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## Aspect: Child Labor

HR6.	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	—
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## Aspect: Forced and Compulsory Labor

HR7.	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	—
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## Aspect: Security Practices

HR8.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	—
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## Aspect: Indigenous Rights

HR9.	Total number of incidents of violations involving rights of indigenous people and actions taken.	—
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## ■ Society

	Management approach	pp. 7–8, 26–28
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## Aspect: Community

SO1.	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	pp. 23, 24
FS13.	Access points in low-populated or economically disadvantaged areas by type.	
FS14.	Initiatives to improve access to financial services for disadvantaged people.	p. 39

## Aspect: Corruption

SO2.	Percentage and total number of business units analyzed for risks related to corruption.	
SO3.	Percentage of employees trained in organization's anti-corruption policies and procedures.	pp. 17–18
SO4.	Actions taken in response to incidents of corruption.	

## Aspect: Public Policy

SO5.	Public policy positions and participation in public policy development and lobbying.	pp. 5–6, 22–25
SO6.	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	

## Aspect: Anti-Competitive Behavior

SO7.	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	—
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## Aspect: Compliance

SO8.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
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## ■ Product Responsibility

	Management approach	pp. 7–8, 19–21
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## Aspect: Customer Health and Safety

PR1.	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	pp. 19–21
PR2.	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	—

## Aspect: Product and Service Labeling

FS15.	Policies for the fair design and sale of financial products and services.	p. 18
PR3.	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	p. 18
PR4.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	—
PR5.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	pp. 19–21
FS16.	Initiatives to enhance financial literacy by type of beneficiary.	p. 26

## Aspect: Marketing Communications

PR6.	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	p. 18
PR7.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	

## Aspect: Customer Privacy

PR8.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
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## Aspect: Compliance

PR9.	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	
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