

Corporate Governance

Fundamental Approach

Nomura Holdings recognizes that the enhancement of corporate governance is one of the most important issues in terms of achieving management's goals of bolstering corporate value by deepening society's trust in the firm and increasing the satisfaction of clients and other stakeholders. We are working to make the Group's decision-making process speedy and efficient, while also striving to ensure effective oversight of management and management transparency through the enhancement of corporate governance.

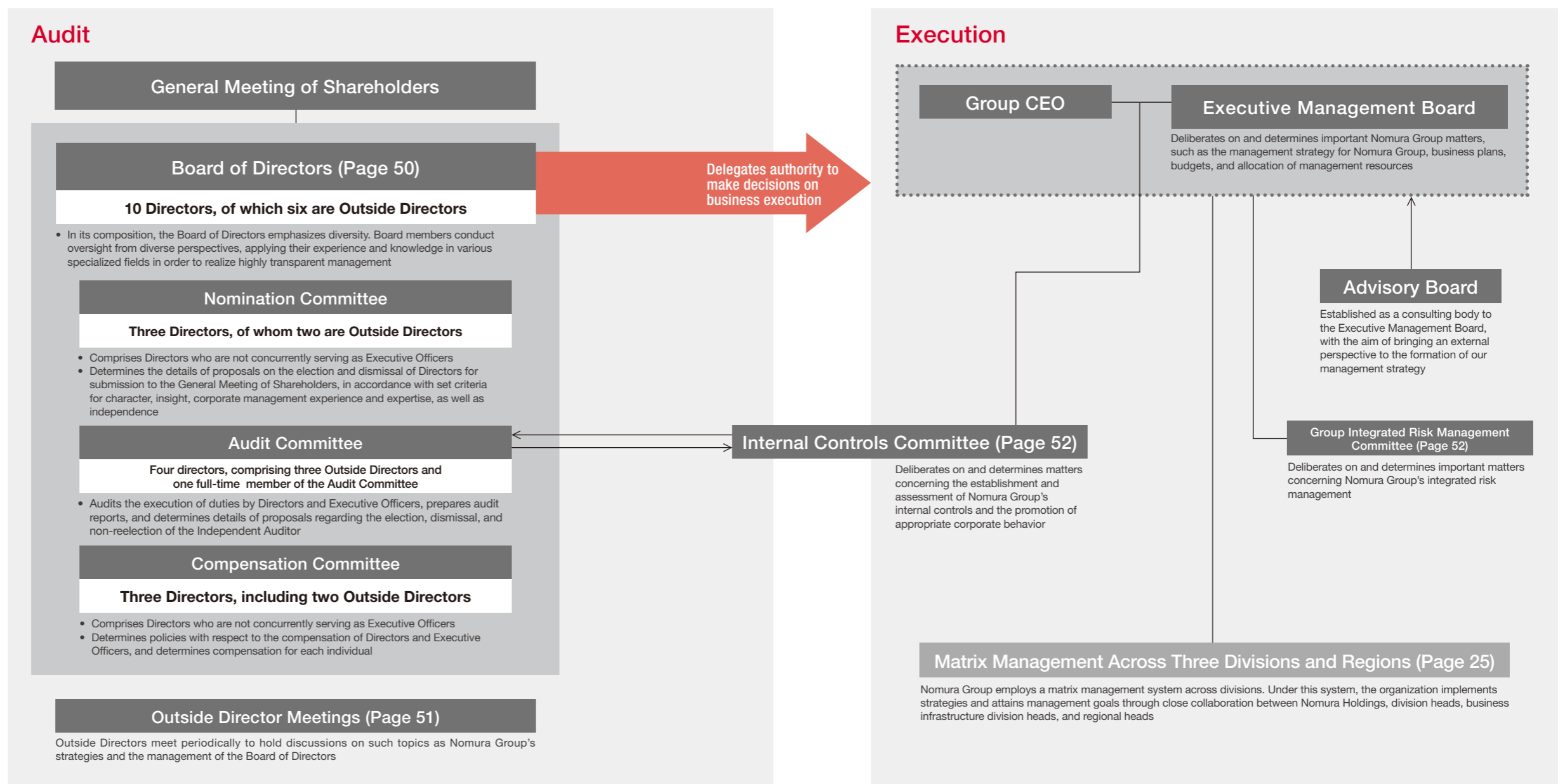
Corporate governance system and features

- Strengthening oversight through the separation of management oversight and business execution
- Rapid decision-making through the delegation of business execution authority

Nomura Holdings has adopted a "Company with Three Board Committees" structure. Though this structure, we aim to strengthen the oversight function by separating management oversight and business execution. We also aim to ensure prompt decision-making by having the Board of Directors delegate authority for business

execution to a large extent to Executive Officers.

In addition, we have put in place three board committees (the Nomination Committee, the Audit Committee, and the Compensation Committee), all comprising a majority of Outside Directors, in order to further improve transparency.



Measures to reinforce governance

- Adoption of the “Company with Three Board Committees” structure
- Establishment of the Advisory Board

In 2001, when we adopted a holding company structure and listed on the New York Stock Exchange (NYSE), we introduced Outside Directors and established an Internal Controls Committee, a Compensation Committee (the majority of the members of which are Outside Directors), and an Advisory Board of distinguished persons from outside the Company.

We have also diversified the Board of Directors in terms of the backgrounds of members and made efforts to improve management transparency by such means as further improving our information disclosure system.

In 2003, we further strengthened and increased the

transparency of our oversight function and expedited Nomura Group’s management process by adopting the “Company with Committees, etc.” structure (now the “Company with Three Board Committees” structure), a governance structure under which management oversight and business execution functions are clearly separated.

The Company’s corporate governance system is very similar to the corporate governance standard stipulated in the NYSE’s Corporate Governance Guide for listed companies and we judge that it is the optimal institutional design for us at this point in time.

Addressing Japan’s Corporate Governance Code

- Implementation of all principles of Japan’s Corporate Governance Code

With the application of Japan’s Corporate Governance Code to publicly listed companies beginning in June 2015, Nomura Holdings has been undertaking various

initiatives to reinforce corporate governance. As a result, we have at this point adopted all of the principles of the Code.

Establishing Corporate Governance Guidelines

- Structure for transparent/fair and timely/decisive decision-making

In November 2015, the Board of Directors of Nomura Holdings, recognizing the perspectives of various stakeholders beginning with shareholders and clients, established Nomura Holdings Corporate Governance Guidelines, with the aim of defining and contributing to the realization of a framework of effective corporate governance as a structure for transparent/fair and timely/decisive decision-making. The Corporate Governance Guidelines stipulates the frameworks for strengthening corporate governance, including the composition of the Board of Directors, the outline for the

“Company with Three Board Committees” structure, with a Nomination Committee, a Compensation Committee, and an Audit Committee, promoting dialogue with shareholders, and fulfilling our social responsibility.

Please visit our website to view the full text of the Corporate Governance Guidelines and the Corporate Governance Report, which discloses the status of our measures to address Japan’s Corporate Governance Code.

 Nomura Holdings Corporate Governance Guidelines
http://www.nomuraholdings.com/company/cg/data/cg_guideline.pdf

Nomura’s initiatives to bolster corporate governance

1994	Company with Board of Auditors	Appointed one Outside Statutory Auditor
1998		Established the whistle-blowing system “Compliance Hotline”
2001	Established the Compensation Committee (voluntary)	Appointed two Outside Directors Adopted a holding company structure and changed the Company’s name to Nomura Holdings, Inc. (1) Strengthen corporate governance and ensure transparency (2) Election of two Outside Directors and two Outside Statutory Auditors (3) Established the Internal Controls Committee (4) Established the Executive Compensation Committee (one Representative Director and two Outside Directors) Listed on the New York Stock Exchange (NYSE)
2003	Company with Committees, etc Established the Nomination, Audit and Compensation Committees	Adopted a “Company with Committees, etc.” structure Passed resolution on the Internal Controls System
2004		Formulated the Code of Ethics of Nomura Group
2006	Company with Committees	Passed resolution on amending the Internal Controls System Began making pledges to abide by the Code of Ethics of Nomura Group
2010		Diversification of the composition of Directors (appointed two non-Japanese Directors and one female Director) Outside Directors became the majority of Directors
2012		Appointed an Outside Director who does not serve concurrently at Nomura Holdings to Nomura Securities Co., Ltd.
2013		Passed a resolution on amending the Internal Controls System Published the Independence Criteria for Outside Directors of Nomura Holdings, Inc.
2015	Company with Three Board Committees	Passed a resolution on amending the Internal Controls System Appointed an Outside Director from outside the Nomura Group to Nomura Asset Management Co., Ltd. Established the Nomura Holdings Corporate Governance Guidelines Established August 3 as Nomura Founding Principles and Corporate Ethics Day Started evaluation of the Board of Directors meetings
2016		Established “office of Non-Executive Directors and Audit Committee” as an organization to support Directors’ execution of duties by ensuring full provision of information to Outside Directors and so forth. Passed a resolution on amending the Internal Controls System


Board of Directors

- Outside Directors comprise a majority of the Board of Directors including independent Outside Directors
- Emphasis on diversity within the Board of Directors to conduct oversight from diverse perspectives

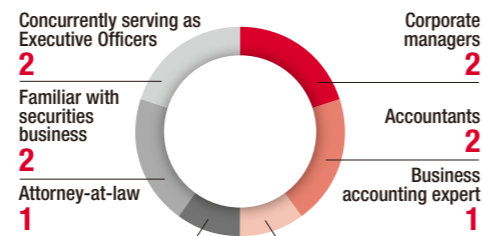
Nomura Holdings has made management oversight the main role of the Board of Directors. Based on oversight with an emphasis on an external perspectives, we aspire to have highly transparent management, through such means as structuring the Board of Directors with a majority of Outside Directors. Currently, six of the 10 members of the Board are Outside Directors. Our Board of Directors consists of members with diverse backgrounds in terms of nationality, gender, professional experience, and other attributes. By utilizing their extensive experience in their respective fields, such as finance, corporate management, and law, the Directors assist with the determination of important management matters and oversee business execution.

We have established Independence Criteria for Outside Directors within the Nomination Committee to

ensure the independence of Outside Directors from Nomura Group. As none of the six Outside Directors of Nomura Holdings fall under the categories for which independence is considered suspect, we have reported that each of the Outside Directors is an independent Director in our submission to the Tokyo Stock Exchange.

 Independence Criteria for Outside Directors
<http://www.nomuraholdings.com/company/cg/data/criteria.pdf>

Composition of the Board of Directors (as of July 1, 2017)



Support system for Directors

- Establishment of system to support directors in their duties

The Company has established an Office of Non-Executive Directors and Audit Committee to support the work of the Audit Committee and the Board of Directors. The office acts as the secretariat of the Audit Committee and supports Directors in the performance of their duties by such means as regularly providing information on management to Outside Directors.

In connection with meetings of the Board of Directors, the Company, by using occasions such as briefings prior

to Meetings of the Board of Directors, continuously provides updates to Outside Directors regarding important matters of the Company, including business content, business plans, financial status, and governance structures such as the internal controls system.

In addition, an Outside Director may request an explanation or report and/or request materials from Executive Officers and employees as necessary. An Outside Director may consult legal, accounting, or other outside experts at the Company's expense, as necessary.

Management status of the Board of Directors

Separate from Board of Directors meetings, meetings comprising only Outside Directors are held, where matters such as the strategy of Nomura Group and

the management of the Board of Directors are discussed to help strengthen the oversight function.

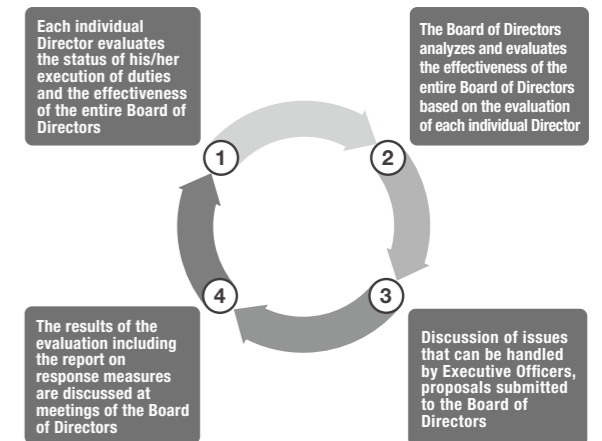
Number of meetings of Board of Directors	11 (from April 1, 2016 to March 31, 2017)	
Outline of discussions	<ul style="list-style-type: none"> • Items relating to quarterly earnings results • Decisions on interim and full-year dividends • Statutory matters such as the appointment of Executive Officers 	<ul style="list-style-type: none"> • Reports on business conditions in each division and region and on business execution • Analysis and discussion related to management strategy based on the PDCA cycle • Reports related to such matters as risks and compliance Officers



Regularly held meetings attended only by Outside Directors

Evaluation of the effectiveness of Board of Directors meetings

Since FY2015/16, the Company has conducted evaluations of the effectiveness of the Board of Directors. We assess the effectiveness of the Board of Directors in terms of such matters as its management, the quality and quantity of information provided, and the content of discussions. We are working to further strengthen the oversight function, including through discussions at the Board of Directors meetings based on the results of assessments.



Evaluation method	Questionnaires are submitted to the Directors, and discussions are held by the Board of Directors based on questionnaire results	
Matters evaluated	<ul style="list-style-type: none"> • Composition and management of the Board of Directors • Provision of information to the Board of Directors • The involvement of the Board of Directors in management targets and management strategy • The Board of Directors' management oversight function 	<ul style="list-style-type: none"> • The three Board committees (Nomination, Audit, and Compensation) • Monitoring of the status of dialogue with stakeholders • Meetings of Outside Directors, etc.
Addressing the results	We have established the Office of Non-Executive Directors and Audit Committee to support the duties of the Audit Committee and Directors, and have otherwise enhanced the organizational platform for providing information to Directors, along with further improving the management of the Board of Directors.	

Business execution by Executive Officers

- Agile business execution through the broad delegation of decision-making authority to Executive Officers

The Board of Directors has broadly delegated decision-making authority for business execution to Executive Officers to ensure that they can execute business with speed and efficiency. Furthermore, among the matters of business delegated to the Executive Officers by resolutions adopted by the Board of Directors, certain important matters must be deliberated and decided by specific management bodies within the Company, including the Executive Management Board, the Group Integrated Risk Management Committee, and the

Internal Controls Committee. These management bodies report to the Board of Directors on the status of their deliberations at least once every three months.

In order to further bolster our business execution framework for financial business that is becoming increasingly sophisticated and specialized, we utilize a system whereby the Executive Officers delegate a part of their authority for business execution decisions to Senior Managing Directors, whose role is to focus on individual businesses and operations.

Internal Controls

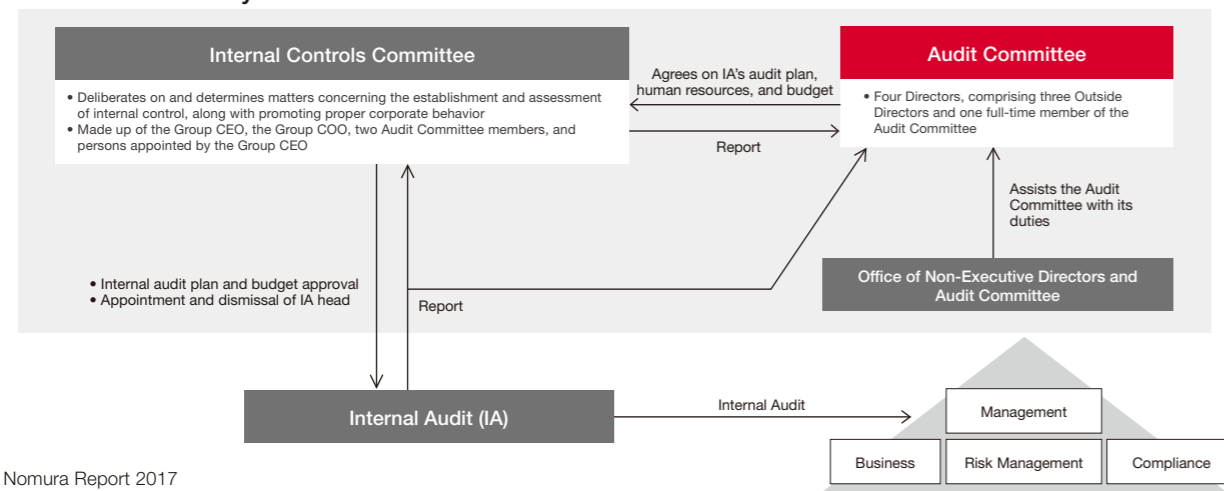
- Established internal audit departments, independent from business execution, in the Company and in key subsidiaries

We are committed to strengthening and improving our internal controls system to promote proper corporate behavior throughout Nomura Group, with the aim of ensuring management transparency and efficiency, complying with laws and regulations, controlling risks, ensuring the reliability of business and financial reports, and promoting the timely and appropriate disclosure of information. Furthermore, in order to manage business risk, to implement risk management through the risk management and compliance functions, and to ensure effective and adequate internal controls, the Group Internal Audit Department, which is independent from the business execution function, and other similar audit sections established in key subsidiaries, conduct internal

audits of the Company and its subsidiaries, in addition to the audits carried out by the Audit Committee. (⇒Please see page 65 regarding risk management through the so-called “Three Lines of Defense” approach.) The implementation status of internal audits is also reported to the Board of Directors and the Audit Committee.

In addition, to strengthen the independence of the internal audit sections from the business execution function, implementation plans and the formulation of the budget of the Internal Audit Division, as well as the election and dismissal of the Head of the Internal Audit Division require the consent of the Audit Committee. Audit Committee members may recommend changes to the implementation plan and other matters to Executive Officers.

Internal Controls System



Compensation for Directors and Executive Officers

As Nomura has adopted the “Company with Three Board Committees” structure, the Compensation Committee has established the Compensation Policy of Nomura Group and the Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.

Compensation Policy of Nomura Group

To enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to our clients, compete in the global market, and enhance our reputation, our compensation policy is based on the following aims.

1. Align compensation with Nomura’s values and strategies
2. Reflect company, division, and individual performance
3. Establish appropriate performance measurement with a focus on risk
4. Align compensation with company earnings and shareholder interests
5. Establish appropriate compensation systems
6. Ensure robust governance and control processes

Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.

The compensation of Directors and Executive Officers comprises base salary, yearly cash bonuses and long-term incentive plans, and is determined by the Compensation Committee based on this policy. A portion of compensation may be deferred or paid in the form of equity-linked awards. Equity-linked awards have vesting periods to ensure that the medium- to long-term interests of Directors and Executive Officers are closely aligned with those of shareholders.

Compensation paid to Directors and Executive Officers

Position	Number of People*1	Basic Compensation*2,3 (millions of yen)	Bonus (millions of yen)	Deferred Compensation*4 (millions of yen)	Total Amount Paid (millions of yen)
Directors (Outside directors)	9 (6)	315 (146)	94 (-)	88 (-)	497 (146)
Executive Officers	6	430	379	288	1,098
Total	15	745	473	376	1,595

*1 There were 9 Directors and 6 Executive Officers as of March 31, 2017. The number of people and compensation to Directors who were concurrently serving as Executive Officers is included in the section for Executive Officers.
 *2 Basic compensation of 745 million yen includes other compensation (commuter pass allowance) of 690 thousand yen.
 *3 In addition to basic compensation, 24 million yen of corporate housing costs, such as corporate housing tax and related tax adjustments, were provided.
 *4 For deferred compensation (such as stock options) granted during and prior to the fiscal year ended March 31, 2017, the amount recognized as expense in the fiscal year ended March 31, 2017, are shown here.
 *5 Subsidiaries of the Company paid 47 million yen to Outside Directors as compensation etc. for their directorship at those subsidiaries for the year ended March 31, 2017.
 *6 The Company abolished retirement bonuses to Directors in 2001.

Compensation for Directors and Executive Officers
<http://www.nomuraholdings.com/company/cg/compensation.html>