



Fundamental approach

Nomura Holdings recognizes that the enhancement of corporate governance is one of the most important issues in terms of achieving management's goal of enhancing corporate value by deepening society's trust in the firm and increasing the satisfaction of stakeholders beginning with clients. As a company with Three Board Committees structure, we have separated management oversight from business execution. This separation of duties strengthens the oversight functions and transfers authority regarding business execution from the Board of Directors to the Executive Officers in a bid to accelerate the Group's decision-making process.

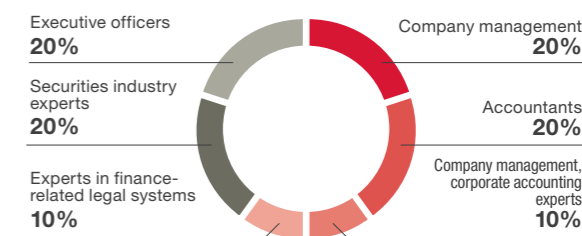
Board of Directors

- A majority of the Board of Directors are independent Outside Directors
- Emphasis on diversity within the Board of Directors to conduct oversight from diverse perspectives

Nomura Holdings has defined management oversight as the primary task of the Board of Directors, and maximizing corporate value in the medium and long-term as their objective. To achieve a high level of impartiality and transparency in management, the Board of Directors has formulated the "Basic Management Policy," in which the Board of Directors elects the Group CEO and other Executive Officers in charge of corporate management, while also making key decisions on our business execution. For the purpose of properly performing its oversight functions, our Board of Directors consists of 10 Directors,

six of whom are independent Outside Directors. It is chaired by a Director who does not also serve as an Executive Officer. To ensure active deliberations from various points of view, it is composed of diverse members in terms of nationality, gender, backgrounds and other factors who have expertise in financial affairs, corporate management and other areas.

Composition of the Board of Directors (as of July 1, 2018)



Nomination Committee

Our Nomination Committee aims to establish an appropriate management system throughout Nomura Group. It evaluates proposals for the election and dismissal of Directors to be submitted to the General Meeting of Shareholders in consideration of their personality, insight, values and knowledge and experience in their specialty areas. We have established the "Independent Criteria" for maintaining the independence of our Outside Directors from the Group and ensure that none of the Outside

Directors have concurrent posts that would prevent them from having enough time to fulfill their duties. However, we acknowledge that they may have a maximum of three additional posts at other companies. Nomination Committee consists of three Directors who do not also serve as Executive Officers, two of whom are independent Outside Directors.

Details about the "Independent Criteria" for our Outside Directors
<https://www.nomuraholdings.com/company/cg/data/criteria.pdf>

Audit Committee

The purpose of our Audit Committee is to serve the Nomura Group's lawful, appropriate and efficient business management. It exercises its statutory authority and deploys the Independent Auditor and internal organizations to audit the Directors' and Executive Officers' performance of duties in terms of legality, appropriateness and efficiency, and prepares audit reports. In accordance with the evaluation criteria on independence and expertise, it determines proposals regarding the election, dismissal and non-re-election of the Independent Auditor and exercises its right

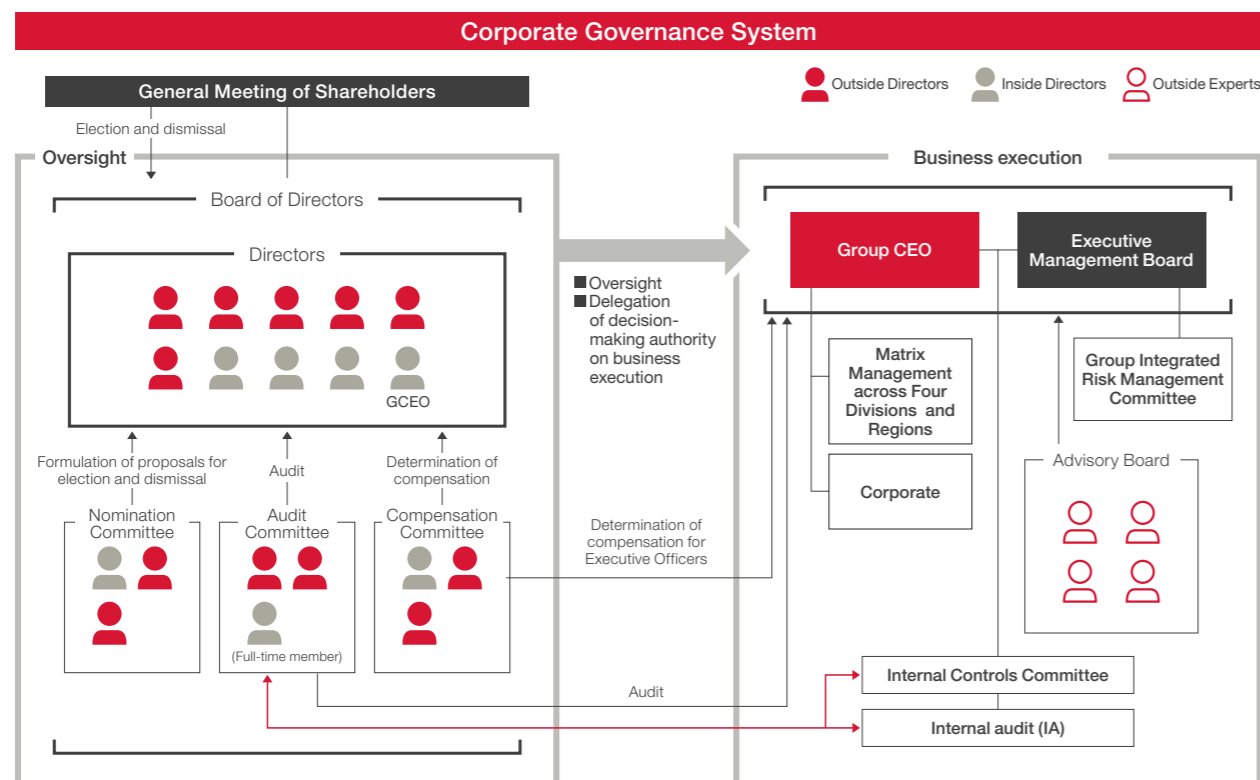
to grant approval for decisions on compensation and other matters for the Independent Auditor. It works with the Independent Auditor and the internal audit sections to ensure proper auditing operations. Our Audit Committee consists of three Directors who do not also serve as Executive Officers. Two of them are independent Outside Directors. All its members meet the independence standards prescribed in the Sarbanes-Oxley Act in the U.S. One of them is a financial expert under this legislation.

Compensation Committee

Our Compensation Committee's objective is to secure, retain and motivate our personnel, which are the greatest assets of Nomura Group. In order to establish our solid position as a financial services group with a global competitive advantage, the committee formulates the "Compensation Policy of Nomura Group," the "Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.," and determines the compensation for individual Directors and Executive Officers in accordance with these policies. On the basis of the "Pay for performance"

principle, the committee combines internal analyses with findings from those conducted by an outside evaluating institution to heighten the degree of objectivity and transparency. By using share-related and other deferred compensation with predetermined periods of restrictions to exercise rights, it seeks alignment with shareholders' interests and the improvement of long-term incentives. Our Compensation Committee consists of three Directors who do not also serve as Executive Officers and two of them are Independent Outside Directors.

Corporate Governance



Reinforcing the corporate governance system

- Adopted Company with Three Board Committee structure
- Continued efforts to establish a system for transparent, fair and strong-minded decision-making

While adopting a holding company structure and listing on the New York Stock Exchange (NYSE) in 2001, we introduced Outside Directors and established three discretionary organizations, namely the Compensation Committee, the Internal Controls Committee and the “Advisory Board,” in which outside experts discuss our Group’s management from various points of view. In 2003, we became a “Company with Committees, etc.,” which is now referred to as a Company with Three Board Committees. Specifically, the Nomination, Compensation and Audit Committees were established with a view to clarify the separation between oversight and business execution and improve transparency. In 2004, the Code of Ethics of Nomura Group was established to be observed by every single officer and employee of the Nomura Group. We strive to fulfill our responsibility to shareholders and all other stakeholders. In 2010, two outside directors (one of them is female) from abroad joined our Board of Directors, as we

continue to diversify our Board, and accounted with a majority of outside directors. In 2015, we established “Nomura Holdings Corporate Governance Guidelines” to provide a mechanism for toughening our corporate governance. Apart from the Board of Directors, “Outside Directors Meetings” were established in which they discuss matters related to our business and corporate governance. In addition, we invited Asian experts as members of the Advisory Board, which is designed to upgrade our corporate governance, helping us evolve into an “Asia’s global investment bank.” To achieve our continued growth and maximization of corporate value in the medium-to long-term, we are stepping up to further reinforce our governance system.

- **Nomura Holdings Corporate Governance Guidelines**
https://www.nomuraholdings.com/company/cg/data/cg_guideline.pdf
- **Corporate Governance Report**
https://www.nomuraholdings.com/company/cg/data/cg_report.pdf

Support system for Outside Directors and use of knowledge

- Establishment of system to support Directors in their duties

We have an Office of Non-Executive Directors and Audit Committee within the organization to assist the Audit Committee and Directors in performing their respective duties. The office explains agendas in advance of Board of Directors meetings for the Outside Directors, and continuously presents our business details, business plan, financial position, internal audit status and other matters of significance to the governance system. The Outside Directors are entitled to request explanations, reports or materials from the Executive Officers and employees whenever they are deemed necessary, and to hire outside legal, accounting and other experts at the expense of Nomura Holdings. In addition, we are taking a variety of measures to enable the Outside Directors to undertake in-depth deliberations on matters related to our business and corporate governance at the regularly held Outside Directors meetings.

Examples of actions

- The Outside Directors and other Directors participated in a two-day meeting of the Executive Officers and Senior Managing Directors to discuss how Nomura should function in 2020 and beyond.
- The members of the Audit Committee visited major overseas locations in London, New York, Hong Kong, and the Japan branches of Kyoto and Osaka. They verified the business conditions, management vision, and the understandings of our strategy.
- The chairman of Outside Directors explained our management of Board of Directors and Audit Committee through the investor briefing session called “Investor Day.” We held a session for an Outside Director to speak to investors.

Basic policy for strategic shareholdings

Nomura Group has ongoing discussions concerning the purpose of strategic shareholdings. Regarding strategic shareholdings, we consider the risks and costs involved in holding such shares and perspectives of business strategy, such as opportunities to increase the revenues of our businesses through the expansion of transactions or business alliances with us whose shares are held, and shall hold such shares only if such shareholdings will contribute to maintaining/enhancing the corporate value of the Nomura Group. As a result of the discussion, concerning stocks whose sale has been determined to be reasonable, we proceed with the sale of such stocks while taking into consideration the impact on the market and other circumstances. Above basic policy for strategic shareholdings and other are written in Article 25 and Article 26 of the Nomura Holdings Corporate Governance Guidelines.

Nomura’s corporate governance initiatives

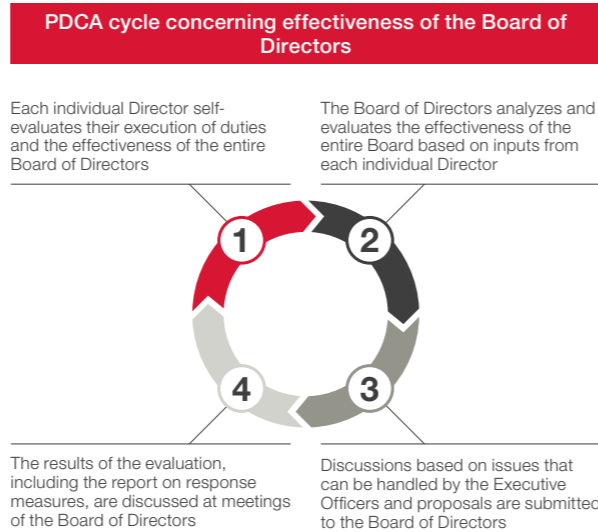
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Organizational structure	Company with Board of Auditors		1 Company with Committees, etc.			Company with Committees				(renamed after the enforcement of the Companies Act)				Company with Three Board Committees (renamed after the revision of the Companies Act)					
Number of Directors	12 (4 auditors)	11 (4 auditors)	11	11	11	11	11	11	12	12	14	11	11	11	12	11	10	10	
Number of Outside Directors	2 (2 outside auditors)	2 (2 outside auditors)	4	4	4	4	4	5	6	7	8	7	6	6	7	6	6	6	
Ratio of Outside Directors	17%	18%	36%	36%	36%	36%	36%	45%	50%	58%	57%	64%	55%	55%	58%	55%	60%	60%	
Ratio of non-Japanese Directors	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%	29%	27%	27%	27%	25%	27%	10%	20%	
Ratio of female Directors	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	7%	9%	9%	9%	8%	9%	10%	20%	
Committees under control of the Board of Directors	2001 Compensation Committee (voluntary)		2003 Nomination Committee 2003 Audit Committee 2003 Compensation Committee																
Measures in enhancing efficiencies of Board of Directors	Office of Auditors		2003 Office of Audit Committee*1			2006 Group Office of Audit Committee				2015 Evaluation of the Board of Directors (once a year) 2015 Regular Outside Directors Meetings 2016 Office of Non-Executive Directors and Audit Committee*2									
Other advisory bodies and committees	2001 Established the Advisory Board as an advisory body to the Executive Management Board								2015 Invited Asian experts to be Advisory Board members										
	2001 Established the Management Controls Committee (the Internal Controls Committee)								2008 Internal Controls Committee										
Rules and guidelines	1998 The whistle-blowing system “Compliance Hotline”		2004 Established the Code of Ethics of Nomura Group																
											2013 announced the Independent Criteria for Outside Directors								
											4 Established the Nomura Holdings Corporate Governance Guidelines				2015				
											Established August 3 as “Nomura Founding Principles and Corporate Ethics Day”				2015				
Toughening of governance over subsidiaries											2012 Appointed Outside Directors for Nomura Securities with no concurrent posts at Nomura Holdings								
											Appointed Outside Directors for Nomura Asset Management from outside the Group				2015				

- 1 2003 Adopted a Company with Committees, etc. structure (now known as a Company with Three Board Committees)
- 2 2004 Established the Code of Ethics of Nomura Group to be observed by every officer and employee of Nomura Group
- 3 2010 Independent Outside Directors accounted for a majority of the Board of Directors
- 4 2015 Established the Nomura Holdings Corporate Governance Guidelines
- 5 Established “Outside Directors Meetings” (a meeting separated from Board of Directors, where matters such as the strategy of Nomura Group and corporate governance are discussed)
- 6 Inviting Asian experts as member of “Advisory Board” -structure of receiving advices to become “Asia’s global investment bank”-

*1 Organization supporting Audit Committee, and their members for audit execution
 *2 Organization supporting duties of Directors including members of Audit Committee and Outside Directors

Evaluation of the effectiveness of the Board of Directors

We have been conducting evaluations on the effectiveness of the Board of Directors since the fiscal year ended March 2016. Each individual Director assesses the management of the Board of Directors, including the quantity and quality of information offered and discussions by the Board of Directors. They also share their findings at Board of Directors meetings and learn from the results in order to continue strengthening their oversight function. Giving these situations, the effectiveness of the Board of Directors can be generally evaluated as a well-functioning system. As a Company with Three Board Committees, we make sure to secure the mobility of the execution, and either during or outside of Board of Directors meetings, we are enhancing the chances of utilization of all members' expertise to further sophisticate our deliberating function of Board of Directors.

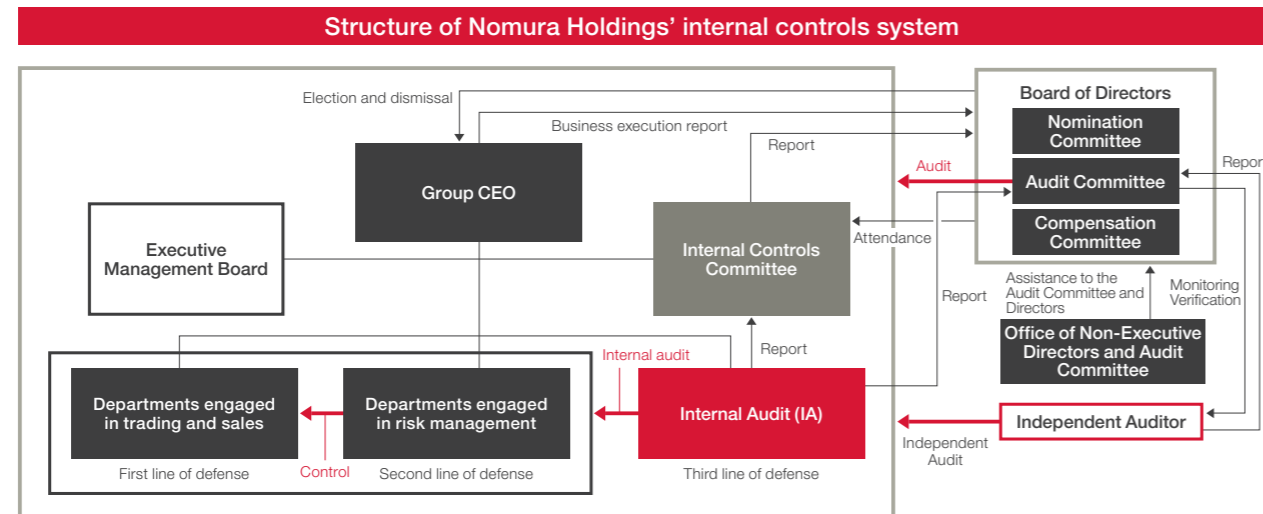


Evaluation items	Response to results
<ul style="list-style-type: none"> Constitution and management of the Board of Directors Information provision to the Board of Directors The Board of Directors' involvement in management goals and strategy The Board of Directors' function of overseeing management 	<ul style="list-style-type: none"> Reporting on the state of dialogues with investors, analysts and other stakeholders to the Board of Directors as appropriate. Deliberation on matters relating to our business and corporate governance through Outside Directors' Meetings
<ul style="list-style-type: none"> Constitution and management of the Nomination, Audit and Compensation Committees Monitoring of the state of dialogues with stakeholders Management of Outside Directors Meetings, etc. 	

Internal controls system

We are enhancing our internal controls to ensure appropriate corporate behaviors throughout the Group are made in efforts to attain management transparency, ensure efficiency, observe laws and rules, manage risks, maintain the reliability of business and financial reports, and encourage appropriate information disclosure. First, we implemented risk controls in sales and trading businesses, which are then reviewed and monitored by risk management teams. They also encourage development of management frameworks. Finally, the Internal Audit department, which is independent from business execution, conducts their internal audit. (This is commonly referred to as the Three Lines of Defense

approach. See page 67-68 for details.) The status of the implementation of internal audits is reported to the "Internal Controls Committee" chaired by the Group CEO and attended by members of the Audit Committee. Deliberations of the Internal Controls Committee are reported to the Board of Directors. The Audit Committee collaborates directly with the Internal Audit department and submits reports to the Board of Directors. To strengthen the independence of the Internal Audit department from business execution functions, implementation plans, their budget formulation and the election and dismissal of their heads require the consent of the Audit Committee.



Note: Internal Controls Committee The Committee deliberates and determines matters regarding the establishment and evaluation of internal controls for the Nomura Group's business management structure as well as matters regarding the improvement of corporate behavior. Upon the consent of the Audit Committee, the Committee approves the internal audit plan, the budget regarding the internal audit, and elects and dismisses the Head of the Internal Audit Division. The Committee is comprised of Group CEO, person(s) assigned by Group CEO, member(s) of Audit Committee designated by the Audit Committee and Director(s) designated by Board of Directors.

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. We ensure that the Nomura Group's compensation framework aligns with our business strategy.

Compensation Policy for Directors and Executive Officers

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 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 with Nomura's values and strategies
- 2 Reflect group, divisional, and individual performance
- 3 Establish appropriate performance measurement with a focus on risk
- 4 Align employee and shareholder interests
- 5 Appropriate compensation structures
- 6 Ensure robust governance and control processes

Adoption of Restricted Stock Unit program

From FY2017/18, we have adopted the Restricted Stock Unit (RSU) as a deferred compensation program for Directors, Executive Officers and employees of the firm and its subsidiaries, in lieu of existing compensation programs such as the issuance of stock acquisition rights. Subject to certain conditions such as voluntary retirement etc., Nomura will deliver shares of common stock to RSU guarantees one to three years (up to seven years where required by local regulations) after the RSUs are granted mainly through disposal of treasury shares. Introduction of RSU awards is intended to integrate the principles of the Group's deferred compensation program and to further align the compensation program and the business strategy with the medium-to long-term interests of shareholders.

Compensation paid to Directors and Executive Officers (FY2017/18)			
Position	Directors (Outside directors)	Executive Officers	Total
Number of People*1	9 (6)	7	16
Basic Compensation*2,3 (millions of yen)	264 (124)	522	786
Bonus (millions of yen)	89 (-)	415	504
Deferred Compensation*4 (millions of yen)	84 (-)	511	595
Total Amount Paid (millions of yen)	437 (124)	1,448	1,885

*1 The above number includes one Director who retired in June 2017. There were 8 Directors and 7 Executive Officers as of March 31, 2018. Compensation to Directors who were concurrently serving as Executive Officers is included in that of Executive Officers.
 *2 Basic compensation of ¥786 million includes other compensation (commuter pass allowance) of ¥1.07 million.
 *3 In addition to basic compensation, ¥24 million of corporate housing costs, such as housing allowance and related tax adjustments, were provided.
 *4 Deferred compensation (such as stock options) granted during and prior to the fiscal year ended March 31, 2018, is recognized as expense in the financial statements for the fiscal year ended March 31, 2018.
 *5 Subsidiaries of the Company paid ¥49 million to Outside Directors as compensation etc. for their directorship at those subsidiaries for the fiscal year ended March 31, 2018.
 *6 The Company abolished retirement bonuses to Directors in 2001.

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