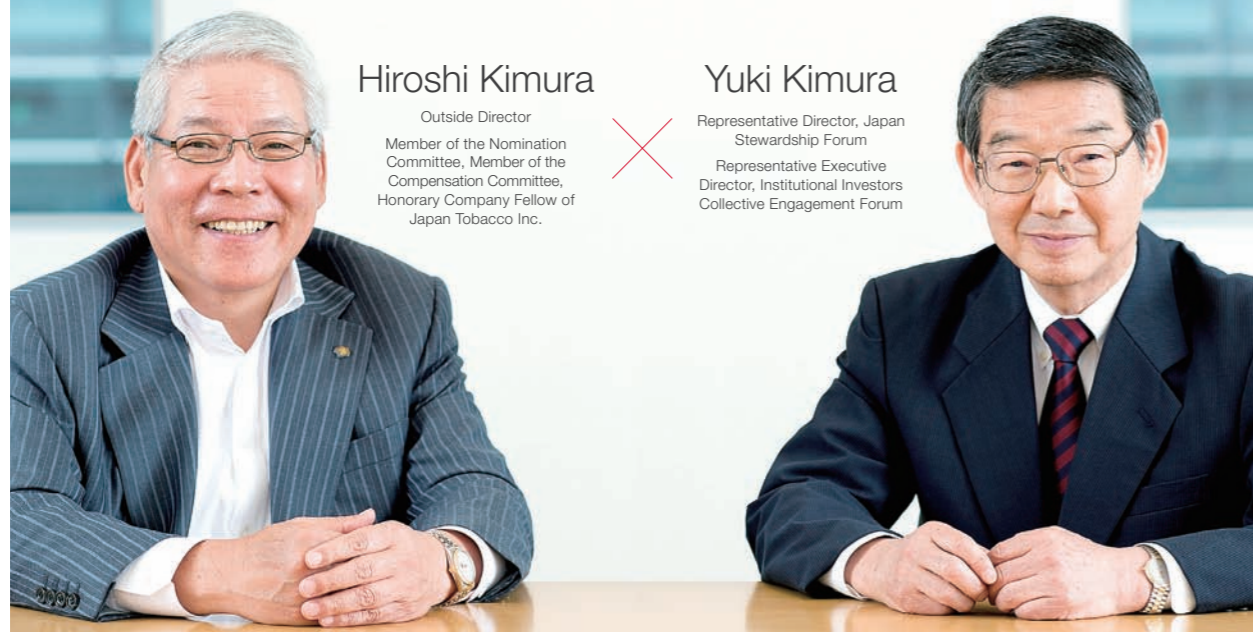


I will help the Nomura Group enhance its competitiveness with my suggestions



Hiroshi Kimura

Outside Director
Member of the Nomination Committee, Member of the Compensation Committee, Honorary Company Fellow of Japan Tobacco Inc.

Yuki Kimura

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Representative Executive Director, Institutional Investors Collective Engagement Forum

Yuki Kimura (hereinafter "YK") | Mr. Kimura, could you begin by explaining specifically the kinds of activities you are actually involved in as an Outside Director of Nomura Holdings, Inc. (hereinafter "Nomura HD")?

Hiroshi Kimura (hereinafter "HK") | Attending the Board of Directors meetings held once every month is my basic duty as an Outside Director. I feel the Board of Directors meeting of Nomura HD is managed extremely well. I was assigned as an Outside Director at Nomura HD in June 2015. In my first year, I attended Audit Committee meetings held once every month as a member of the committee. Since 2016, I have been acting as a member of the Nomination and Compensation Committees. However, I am still able to attend the Audit Committee meetings as an observer. The Audit Committee interviews different members each month, rotating between the Group CEO, the Group COO and the heads of each division. Audit Committee meetings are very good opportunities to get to know the senior management, so I try to attend them whenever possible. The Nomination and Compensation Committees meetings are held before the Board of Directors meetings whenever necessary. At Nomura HD, members are the same for Nomination and Compensation Committees. I think it is rational to have the same members because assessment and compensation of senior management are inseparable.

YK | Please share your specific assessments of the structure and administration of the current Board of Directors. In addition, please tell us how the Board of Directors' self-assessment is done each year about its effectiveness reflected in the administration of the Board of Directors and management of Nomura HD.

HK | I think the current composition of the Board of Directors is excellent because it assures diversity. The Board consists of 10 members. This is the right size for active discussions. Six Outside Directors are a majority of the Board of Directors, including one female and one non-Japanese citizen. Another female non-Japanese Outside Director joined the Board at the General Shareholders' Meeting held this June. Non-Japanese Board members provide valuable perspectives, such as how Nomura HD is viewed worldwide and how regulatory authorities are acting overseas. Their perspectives are helping Nomura's management decisions a great deal. Speaking of information provision, the secretariat explains agenda to Outside Directors before Board of Directors meetings, in addition to reporting business conditions every month. The CFO also explains quarterly results to Outside Directors individually before Board of Directors meetings. Outside Directors also receive abundant externally-published references about Nomura HD, including reports by sell-side analysts. I think how external parties view Nomura HD is useful for Outside Directors to assess its business administration appropriately. Besides Board of Directors meetings, all Outside Directors of Nomura HD, including foreign citizens, meet several times each year where their consolidated opinions are given to top management.

In certain instances, such as a violation of our professional code of conduct or investments needed on a long-term basis, Outside Directors need to provide advice if they may affect revenues negatively in the short-run. They cannot fully grasp management's vision if their tenure is too short. However, I don't think it is good for their tenure to become

too long, making them too close to the management. I think a term of six years is appropriate with a system where a small number of Outside Directors are replaced each year. The Board of Directors began self-assessments in 2016. The Board finished the third self-assessment a short time ago. I believe the PDCA cycle is repeated well, where each individual director self assesses their respective roles and effectiveness of the Board of Directors, followed by a Directors' meeting which discusses areas of improvements the Board of Directors should address.

YK | Let me ask you about Nomura HD's management strategies and business challenges. How do you assess Nomura HD's current management policies and strategies as an Outside Director? What kind of advice are you providing to Nomura HD?

HK | To put it briefly, I rate Nomura HD's business strategies highly. Japan's population is aging while the birthrate is falling. A declining population has become a reality. Under this condition, the Retail Division initiated a major paradigm shift in 2012 to change the nature of its businesses. Those changes are still in progress, but I think the direction is correct. Unlike manufacturing, Nomura HD's businesses do not require huge capital investments in areas outside IT, but relies instead



on its human resources and talent. The question we should ask is whether the mindsets of employees agree with business strategies. Whilst changes take place each year, continuous initiatives are necessary for establishing such a mindset. For that reason, Nomura HD has designated August 3rd to observe "Nomura Founding Principles and Corporate Ethics Day" to reflect on its corporate culture and to prevent memories of past scandals from fading away. All Nomura HD directors and employees, including myself, watch a video and sign an attestation on this day. It's a recurring process. I think repeating the same thing is essential. In the meantime, Nomura HD cannot allocate resources to all regions of the world. Nomura HD, based in Asia, is strategically solidifying its foothold by pursuing synergies from an alliance with American Century Investments in the U.S., the largest market in the world. Nomura HD also reviewed overseas businesses' cost-intensive tendencies. Ensuring responsible and sustainable profits overseas will be the key to achieving the EPS target. Geopolitical risks were observed in the most recent quarter, but I would like Nomura HD to promptly link those initiatives to growth. Nomura HD must keep defining markets where it should compete and allocate resources to them. I think Nomura HD is taking the necessary risks, such as making inroads

into China and launching the Merchant Banking Division. In taking those risks, it is extremely important to consider capital costs as hurdle rates for such investments. I also think Nomura HD is taking credible initiatives in ESG (environment, social and governance), which have been attracting interest in recent years. Nonetheless, I feel there is still room for improvement from the viewpoints of disclosure and explanations to investors and stakeholders. Those of us acting as Outside Directors are currently thinking about deepening discussions on ESG initiatives.

YK | Mr. Kimura, you have deep experience in M&A abroad as well as in running overseas businesses as the former top executive at Japan Tobacco Inc. (JT). Please share your assessments and advice on Nomura HD's global strategies based on your own experiences.

HK | My experiences at JT will not apply unconditionally to the way Nomura HD manages its overseas businesses because there are characteristics peculiar to individual business categories. But JT focused on markets where they could gain the largest or the second largest share, and did not move into markets that would not allow it to achieve that result. I believe for financial institutions, securing revenues

will be impossible, unless a fair share of the market is captured. I believe it is essential for Nomura HD to determine the markets where it can compete successfully. Regulations are another point the tobacco and financial industry have in common. The viewpoint of shaping the future together with the authorities by valuing dialogue with them, ascertaining global trends in regulations and making the first move is important in such industries. I think Nomura HD understands this point well and is working with the authorities appropriately.

YK | Japan's Corporate Governance Code attaches importance to dialogues with shareholders. Outside Directors are expected to have dialogues with shareholders, too. Please share your opinions about the current state of Nomura HD's dialogues and direction going forward.

HK | The Board of Directors is receiving feedback from investors following the announcements of financial results and IR briefings. The feedback explains areas of investor concerns and clearly sets out their critical opinions which enable Nomura HD's management to deal with them properly. There is no reason for Outside Directors to recoil from dialogues with investors if investors ask for them. Indeed, these discussions have added value.