

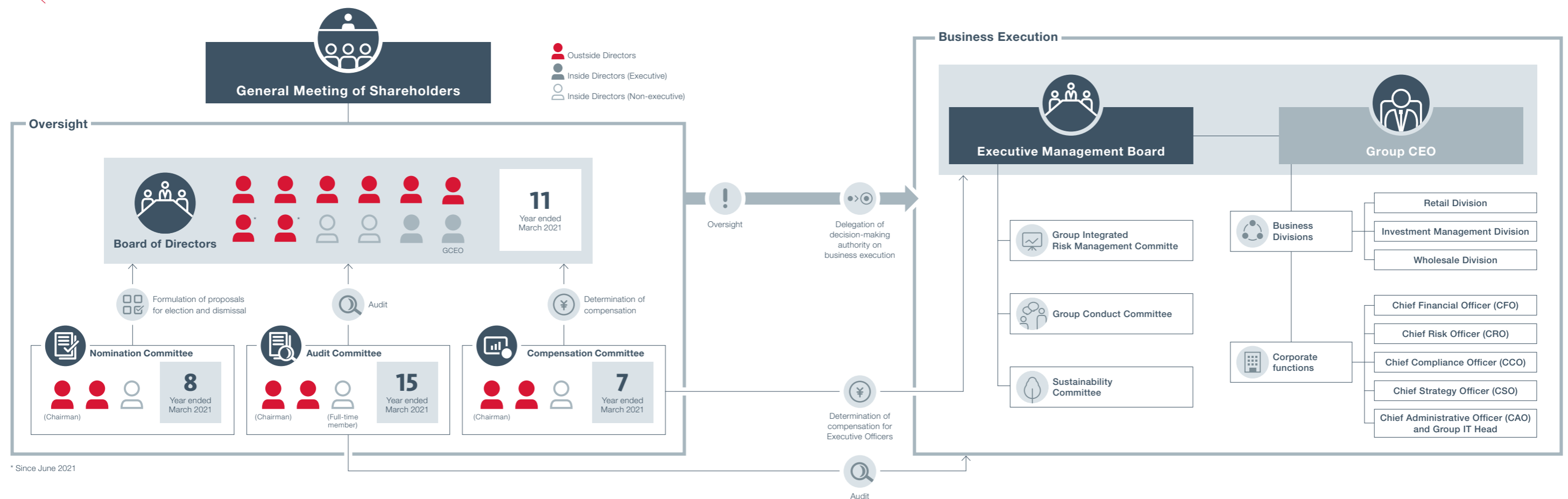
# Corporate Governance

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

In 2010, two additional Outside Directors from abroad joined the Board of Directors, which is now comprised of a majority of Outside Directors. In 2015, we established "Outside Directors Meetings" where they discuss matters related to our business and corporate governance regularly. Since 2019, all three of our committees have an Outside Director as

the Chairman to further enhance our corporate governance structure. In addition, the Succession Plan is discussed in the Nomination Committee, concerning the Group CEO qualifications based on factors such as the business environment and candidate proposal to further develop our governance structure.

## Overview of our Corporate Governance Structure



**Nomination Committee**

In accordance with the Company's Regulations of the Nomination Committee, it determines the details of any proposals concerning the election and dismissal of Directors to be submitted to general meetings of shareholders by the Board of Directors.

**Audit Committee**

In accordance with the Company's Regulations of the Audit Committee, (i) it audits the execution by the Directors and the Executive Officers of their duties and the preparation of audit reports and (ii) determines the details of proposals concerning the election, dismissal or non-reappointment of the accounting auditor to be submitted to general meetings of shareholders by the Board of Directors.

**Compensation Committee**

In accordance with the Company's Regulations of the Compensation Committee, it determines the Company's policy with respect to the determination of the details of each Director and Executive Officer's compensation. It also determines the details of each Director and Executive Officer's actual compensation.

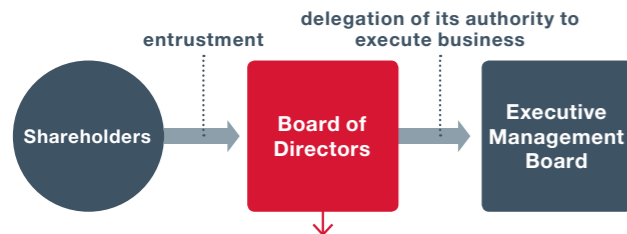
**Executive Management Board**

It deliberates on and determines important management matters of Nomura such as management strategy, business plan and budget as well as the allocation of management resources.

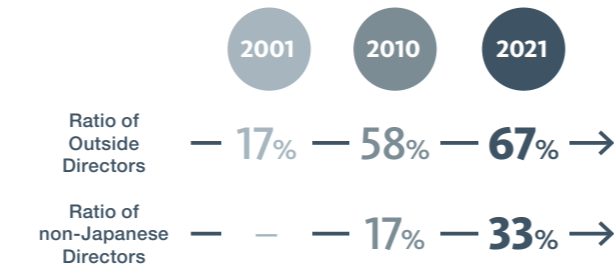
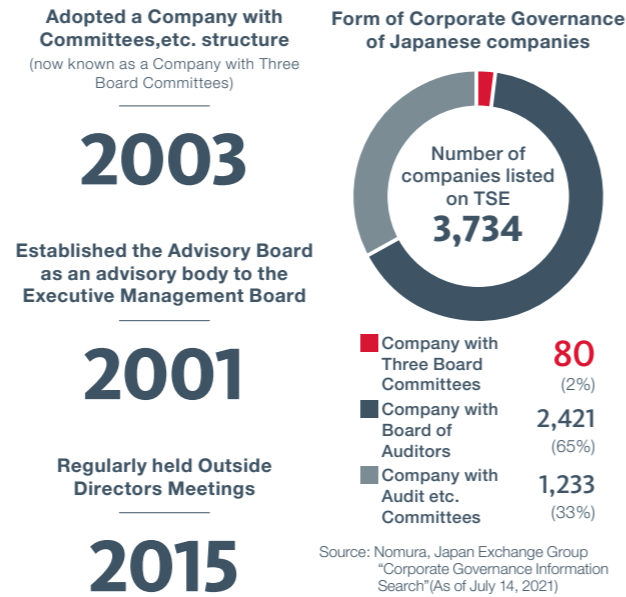
- Group Integrated Risk Management Committee → P66
  - Internal Controls Committee → P70
  - Group Conduct Committee → P61
  - Sustainability Committee → P28
- [Nomura Holdings Corporate Governance Guidelines](https://www.nomuraholdings.com/jp/company/cg/data/cg_guideline.pdf)  
[Corporate Governance Report](https://www.nomuraholdings.com/jp/company/cg/data/cg_report.pdf)

## Roles of the Board of Directors

As a company with Three Board Committees, we aim to accelerate the Group's decision-making process by separation of management oversight from business execution and delegation of authority regarding business execution to the Executive Officers. In addition, we have worked to ensure management transparency by diversifying the attributes of Directors and supervising from a multilateral and medium- to long-term perspective.



- Upon entrustment from the shareholders, determine the "Fundamental Management Policy" to seek sustainable corporate growth and maximization of corporate value over the mid- to long-term, and appoint Executive Officers who will manage the company in accordance with the policy.
- As a general rule, delegate its authority to execute business to the Executive Officers, to the extent permitted by law, and its main role shall be management oversight.
- Ensure fairness and transparency of the management by performing its oversight functions, while making decisions in the best interests of the Company to continue business and to enhance corporate value through the appointment/dismissal of the Group CEO and other Executive Officers based on the company's business results, etc., and determining significant business execution decisions, etc.



## Main items discussed by the Board of Directors

Quarter	Item	Discussion Content
1Q	FY19/20 results, dividend payouts	Company overview, situation by division and region, situation of competitors, etc.
	Business execution report	Report and discussion on current status and future plans in Wholesale
	Policy on dealing with acquisition proposal	Determine policy for initial response and maintain the Board of Directors and decision making body
	Report on Investor Day	Report and discussion on priorities, management vision, and business strategy
	Risk management reports	Report and discussion on introduction of framework for top risks and emerging risks
	Compliance reporting	Report and discussion on initiatives to promote approach to conduct and countermeasures for money laundering and terrorist financing
2Q	FY20/21 1Q results	Company overview, situation by division and region, situation of competitors, etc.
	Business execution report	Report and discussion on responses and future issues and strategies amid Covid-19
	Establishing structure to promote proper conduct	Report and discussion on establishment of conduct program and conduct annual plan
	Risk management reports	Report and discussion on status of risk appetite management
	Compliance reporting	Report and discussion on progress of improvement measures related to incident of improper communication of information
	3Q	FY20/21 2Q results, dividend payouts
Business execution report		Report and discussion on current status and future strategies of each division and introduction of monitoring metrics for achieving ROE target
Information disclosure structure		Report and discussion on internal structure for information disclosure and comparison of disclosure details with competitors
Strategic Shareholding Review Committee reporting		Current status of strategic shareholdings and future measures
Audit activity findings report		Report and discussion on reply from execution side in relation to proposals from Audit Committee to execution side
Compliance reporting		Report and discussion on status of investigation into corporate client information leakage incident and future measures
4Q	FY20/21 3Q results	Company overview, situation by division and region, situation of competitors, etc.
	Business execution report	Report and discussion on current status and future strategies of each division and strengthening of integration of ESG by Nomura Asset Management
	ESG update	Report and discussion on approach and future outlook for ESG
	Risk and responses for operations amid COVID-19	Report and discussion on labor management and information management amid Covid-19
	Revision of Regulations and rules	Report and discuss the revisions regarding management of the Internal Control Committee and the change in the internal audit reporting line

In addition to the above Board of Directors meetings, we also held four "Outside Directors Meetings" each year to discuss medium- to long-term management strategies and the self-evaluation of effectiveness of the Board of Directors.

## Actions by the Board of Directors in response to substantial losses from U.S. Prime Brokerage Event

Timeline of Actions	Event Description	Board Response
March 29 Mon.	Press release on occurrence of the issue and possibility of the loss Progress of position unwinding and internal investigation	Nomura Holdings, Inc.'s Board of Directors, including Outside Directors, received a report immediately following the detection at the end of March regarding the significant loss arising from transactions with a U.S. client. Subsequently, an extraordinary Audit Committee was held and an outside law firm was appointed to conduct a comprehensive review.
April 27 Tue.	Announcement of the full-year and the fourth quarter results for the fiscal year ended March 2021, with updates of the event including the amount of losses	In addition, an extraordinary meeting of the Board of Directors was held, in which a number of questions were asked and discussions were held regarding reports from the Executive Officers on the background and cause of the incident. Based on the understanding that the transaction is highly individualistic, it was also pointed out whether the relevant transaction was in line with our company's corporate philosophy.
May 12 Wed.	Investor Day presentation including progress of the actions for the event	At multiple meetings of the Board of Directors, various discussions were held while the Audit Committee reported on the results of its review and the Executive Officers reported on the status of related positions and measures to strengthen risk management.
May 18 Tue.	Additional announcement that it has completed the unwinding of all its positions related to the event and updated the estimated loss to be booked in the next quarter	In order to prevent a recurrence in the future, we conduct a comprehensive review of the risk management framework of the Wholesale Division not limited to the business that incurred the losses. The Board of Directors agreed on an action plan to strengthen the structure and other measures based on these results, and will continue to monitor the progress of these measures.

\* Further details can be found in our Securities Report or 20-F report for the year ended March 2021.

## Evaluation of the effectiveness of the Board of Directors

**Efforts in 2019**

The Nomination Committee discussed Succession Plan by concerning the Group CEO qualifications based on factors such as the business environment and candidate proposal

The Compensation Committee discussed performance-based compensation

Regarding the incident of improper communication of information, the Board of Directors requested to establish a remediation action plan to the senior managements, and discussed on the efforts to permeate the Nomura Group Code of Conduct which is an essential part of the remediation plan

**Evaluation Results in 2020**

Many opinions confirmed the improvement in the quality of discussions on management objectives and strategies and overall evaluation improved for all items

Third party advisory analyzed that the Board of Directors, which is highly specialized and composed of a diverse range of Outside Directors, is a strength in Nomura's governance, and suggested for further improvement of its monitoring function by taking into account the global business situation

**Efforts since 2020**

Nomination Committee and the Board of Directors discussed multiple times based on investigation and examination on the role of the Board of Directors expected for global financial institution

As a result, total four candidates for new Outside Directors were selected at the General Meeting of Shareholders held in June 2021

**Challenges as in 2019**

At the regular "Outside Directors Meetings", enhancement of discussions regarding management's goals and strategies, and effective management of the Board of Directors will be discussed with Directors and senior management for ideal way of the Company's Board of Directors

**Future Challenges**

Supervision over the results of the investigation on risk management framework and progress of efforts to advance the framework in response to the U.S. Prime Brokerage Event

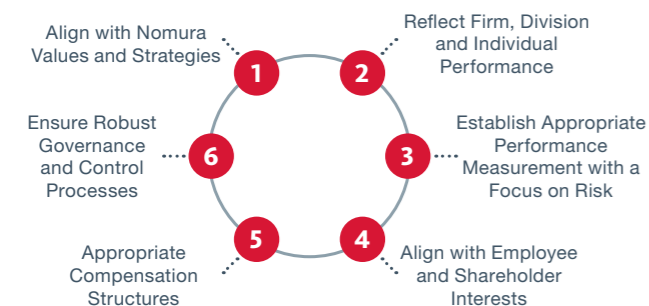
Monitoring of medium- to long-term strategies and management challenges

Our Board of Directors has defined a rule to evaluate its overall effectiveness every year and to disclose its results. The evaluation in fiscal year 2020 included interviews with Directors and Executive Officers and its analysis by third parties. In light of these efforts, the Board of Directors confirmed that its effectiveness is sufficiently secured this year.

## Compensation Policy and Compensation Scheme

We have developed the Compensation Policy of Nomura Group and the Compensation Policy for Directors and Executive Officers, to enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to

### Group Compensation Policy

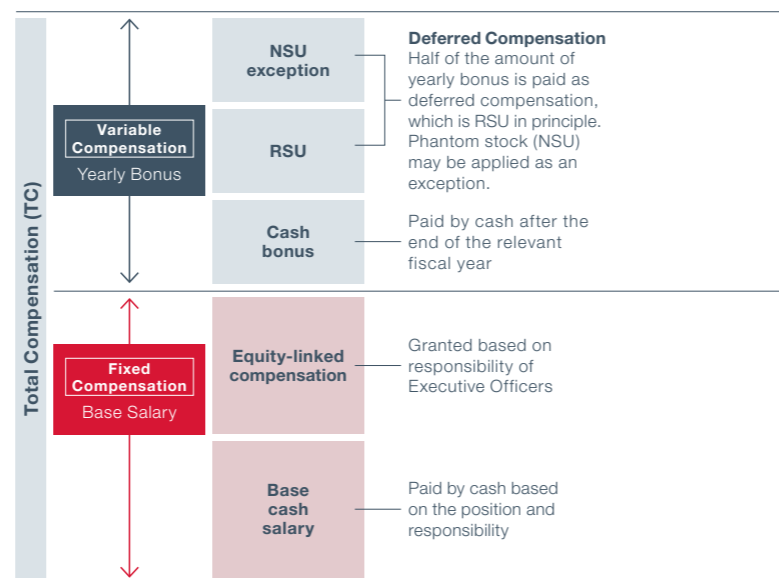


Nomura Group is establishing its status firmly as a globally competitive financial services group. To support this, we recognize that our people are our most valuable asset.

We have therefore developed our compensation policy for both executives and employees of Nomura Group to ensure we attract, retain, motivate and develop talent that enables us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver client excellence, compete in a global market and enhance our reputation.

our clients, compete in the global market and enhance our reputation. Compensation for Directors and Executive Officers is determined by the Compensation Committee each fiscal year based on those policies with discussion for its individual appropriateness.

### Scheme of compensation for Directors and Executive Officers



\* "Directors and Executive Officers" in this figure refer to Full-time Directors (excluding Audit Committee members) and Executive Officers. With respect to the Director of the Audit Committee member is paid in cash only, to exclude equity-linkage of its compensation, so as to keep its independency from business execution. Also, Outside Directors are out of the scope of the Yearly Bonus.

### Medium-term incentives

Compensation of Directors and Executive Officers is composed of base salary, yearly bonus and long-term incentive plans.

By providing deferred compensation as equity-linked compensation, the economic value of the compensation is linked to the stock price of Nomura and a certain vesting period is set. It enables us to expect multiple effects such as alignment of interests with shareholders and medium-term incentives\* and retention by providing an opportunity for the economic value of Deferred Compensation at the time of grant to be increased by a rise in shares during a period of time from grant to vesting. Any voluntary resignation, material modification of the financial statements, material breach of Nomura's internal policies and regulations etc. are subject to forfeiture, reduction or clawback (Conclusion of individual contracts including "clawback clause").

\* In line with the introduction of RSU, among the equity-linked compensation, as the principal vehicle for Deferred Compensation, in principle, Nomura's common stock will be paid instead of cash over the three year deferral period from the fiscal year following the fiscal year in which the deferred compensation was granted. Since the number of shares to be paid is determined based on the Nomura's share price at the time of grant, the increase in Nomura's share price will increase the economic value of Deferred Compensation at the time of vest. Since the increase in share prices reflects the increase in corporate value, alignment of interest with that of shareholders, in addition to medium-term incentive effects for the Directors and Executive Officers, will be achieved.

### Compensation paid to Directors and Executive Officers

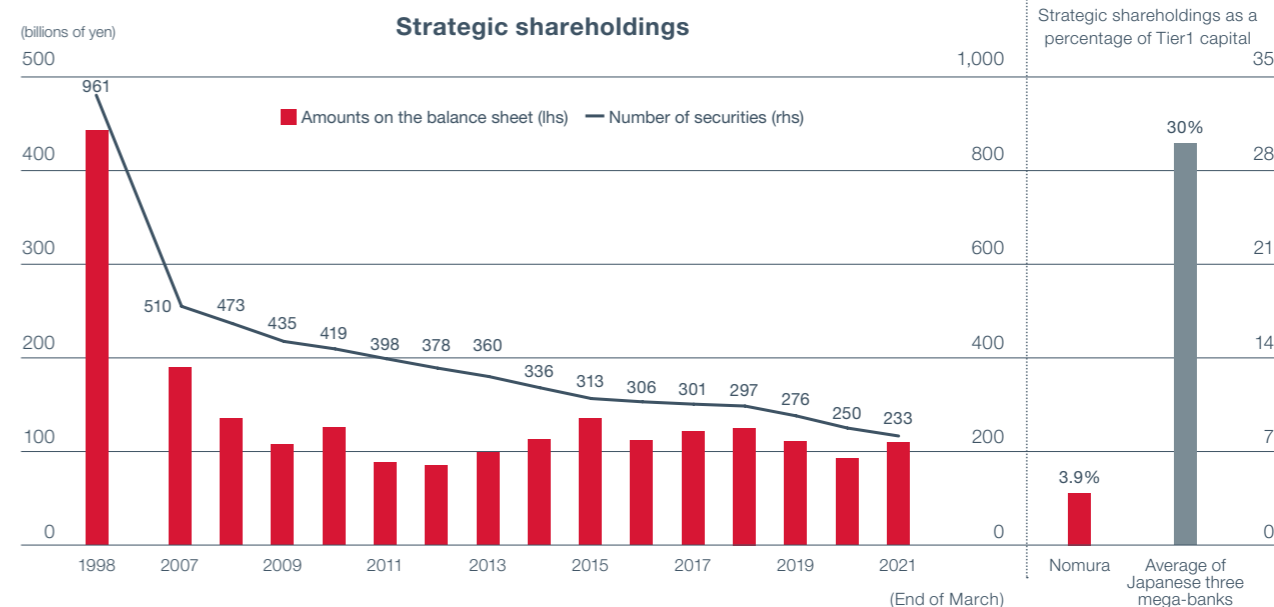
Position	Directors (Outside Directors)	Executive Officers	Total
Number of People <sup>*1</sup>	10 (6)	6	16
Base Salary <sup>*2,3</sup> (millions of yen)	290 (130)	420	710
Performance-linked compensation <sup>*4</sup> (millions of yen)	66 (—)	240	306
Non-monetary compensation (Deferred Compensation) <sup>*5</sup> (millions of yen)	226 (—)	364	590
<b>Total (millions of yen)</b>	<b>582 (130)</b>	<b>1,024</b>	<b>1,606</b>

<sup>\*1</sup> The number of people includes two Directors who retired in June 2020. There were eight Directors and six Executive Officers as of March 31, 2021. Compensation to Directors who were concurrently serving as Executive Officers is included in that of Executive Officers.  
<sup>\*2</sup> Base Salary of ¥710 million includes other compensation (commuter pass allowance) of ¥850 thousand.  
<sup>\*3</sup> In addition to base salary of Executive Officers, ¥16 million of corporate housing costs, such as housing allowance and related tax adjustments, were provided.  
<sup>\*4</sup> Out of the Yearly Bonus, amounts to be paid in cash after the Fiscal Year close are shown.  
<sup>\*5</sup> Deferred compensation (such as RSU and stock options) granted during and prior to the fiscal year ended March 31, 2021 is recognized as expense in the financial statements for the fiscal year ended March 31, 2021.  
<sup>\*6</sup> Subsidiaries of the Company paid ¥65 million to Outside Directors as compensation, etc. for their directorship at those subsidiaries for the fiscal year ended March 31, 2021.  
<sup>\*7</sup> The Company abolished retirement bonuses to Directors in 2001.

## Basic policy for strategic shareholdings

Over the past 20 years, Nomura Group has consistently reduced its investments in strategic shareholdings that are not used for pure investment purposes. As of end of March 2021, our Company

held 233 companies' stocks, total assets recorded on the balance sheet is ¥110.1 billion (total market value of holdings) and represented only 3.9% of our Tier1 capital.



We have ongoing discussions concerning the value of strategic shareholdings (see below chart). Regarding strategic shareholdings, we balance the risks and costs involved in holding such shares with potential benefits into business strategy, such as additional opportunities to increase the revenues of our businesses through expansion of transactions, or business alliances with partners whose shares are held, and Nomura shall hold such shares only if such

shareholdings will contribute to maintaining or enhancing the corporate value of the Nomura Group.

These topics are discussed by the Strategic Shareholders Discussion Committee established by the Board of Directors (held twice during fiscal year ended March 2021). As a result, we will proceed with the sale of such shareholdings, where it has been determined to be reasonable upon consideration of the impact on the market and other circumstances.

### Process for Reviewing the value of strategic shareholdings

