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, 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. Furthermore, in 2021, as part of the enhancement of risk management, Nomura established the Board Risk Committee as a specialized oversight body to strengthen oversight from an independent perspective.

Overview of our Corporate Governance Structure*

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
- This Committee (i) audits the execution by the Directors and Executive Officers of their duties (ii) prepares the audit reports and (iii) determines the details of proposals concerning the election, dismissal, and non-reappointment of the independent auditors to be submitted to general meetings of shareholders.

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.

Board Risk Committee
- It provides specialized oversight to deepen the oversight functions of the Board of Directors.

*Group Integrated Risk Management Committee was reorganized to Group Risk Management Committee.
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.

[Diagram: Roles of the Board of Directors]

Upon entrustment from the shareholders, 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.

Role of the Board Risk Committee in the enhancement of Risk Management

Following an incident in the US in March 2021 that resulted in a significant loss, we considered a broad range of measures to further strengthen the company’s risk management. We established a Board Risk Committee (“BRC”) to provide specialized oversight to deepen the oversight functions of the Board of Directors. It will provide an independent perspective to deepen the oversight functions of the Board of Directors (“BRC”) to provide specialized oversight to further strengthen the company’s risk management, transparency by diversifying the attributes of Directors and supervising from a multilateral and medium- to long-term perspective.

Main items discussed by the Board of Directors (FY2021/22)

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<td>Report and discussion on future issues/strategies based on the medium review of three divisions, and on WS optimization in Europe</td>
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<td>2Q</td>
<td>Report and discussion on the status of future plans in light of U.S. Prime Brokerage Event</td>
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<tr>
<td>3Q</td>
<td>Report and discussion on the progress of remediation plans in light of U.S. Prime Brokerage Event</td>
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<td>2015</td>
<td>Report and discussion on the status of three divisions, current earnings and KPIs etc.</td>
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Role of the BRC

<table>
<thead>
<tr>
<th>Director</th>
<th>Composition of the BRC</th>
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</thead>
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<tr>
<td>Laura Simone Unger</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Noritsuki Shimakazi</td>
<td>Outside Director</td>
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<tr>
<td>Victor Chu</td>
<td>Outside Director</td>
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<tr>
<td>JChristopher Giancarlo</td>
<td>Outside Director</td>
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<tr>
<td>Patricia Mossier</td>
<td>Outside Director</td>
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<tr>
<td>Shoji Ogawa</td>
<td>Outside Director</td>
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<tr>
<td>Non-Executive Director</td>
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</tbody>
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Evaluation of the effectiveness of the Board of Directors

Our Board of Directors has defined a rule to evaluate its overall effectiveness every year and to disclose its results. The Board of Directors confirmed that its effectiveness is sufficiently secured this year.

Efforts since FY2022/23

- In response to the increasing proportion of our international business portfolio, we decided to appoint a foreign outside director as a new member of the Audit Committee.
- Continue to supervise our efforts to enhance risk management.
- Focus on more strategic agendas, including medium- to long-term management strategies, management goals, sustainability, digital and IT governance, and conduct appropriate monitoring.

Nomura Report 2022

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 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. In addition, we have established compensation policy for Nomura Group officers and employees, including senior managing directors of NH and directors of subsidiaries of NH but excluding directors and executive officers and clarified compensation for officers and employees and specific management guidelines.

**Scheme of compensation for Directors and Executive Officers**
- A portion of variable remuneration is paid as deferred remuneration to directors who receive a certain level of remuneration and bonuses. The higher the compensation and bonus, the lower the ratio of cash bonuses.
- Main way to provide RSU as deferred compensation is to limit the economic value of compensation to share price and ensure executive officers share the common target of raising corporate value over the medium- to long-term.
- Any voluntary resignation, material modification of the financial statements, material breach of Nomura’s internal policies and -disciplinary, etc. are subject to forfeiture, reduction or clawback (Conclusion of individual contracts including “clawback clause”).

**Total compensation**

- **Fixed compensation**
  - Gratuity for Executive Officers, determined by individual responsibilities.
  - Partly cash based on the position and responsibility

- **Variable compensation**
  - Deferred compensation (deferred for 3 years is principal)
  - Paid off variable compensation paid in cash after the financial year end

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.

**Process for reviewing the value of strategic shareholdings**

- **Quantitative analysis regularly held for all strategic shareholdings**
  - Verification of whether the return on equity (Tier 1 capital) of the companies and subsidiaries (including unlisted companies) held as strategic shareholdings will exceed the required return on equity (Tier 1 capital) of the Board of Directors. 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.
  - To date, we have sold approximately 40% of the strategic shareholding names in the 10 years since 2012. Going forward, we will continue to sell such shares by setting a new target of reducing the names of shareholdings held (including unlisted names) by 25% in the 5 years from April 2022 to March 2027.

- **Qualitative analysis**
  - Based on medium-to long-term business strategy including objectives and periods, relationship with issuers and regional economies, etc.

**Strategic holdings**

- **Balance sheet**
  - Number of shareholding names (thousands)
  - Number of shareholding names (thousands)
  - Percentage of Tier 1 capital

- **Expected return**
  - Expected return of strategic shareholdings
  - Expected return of share below criteria

- **Objectives, durations of other qualitative factors for holding**
  - Objectives
  - Objectives

- **Sale of strategic holding**
  - Sale of strategic shareholding