

# Corporate Governance

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, 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.



### 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.



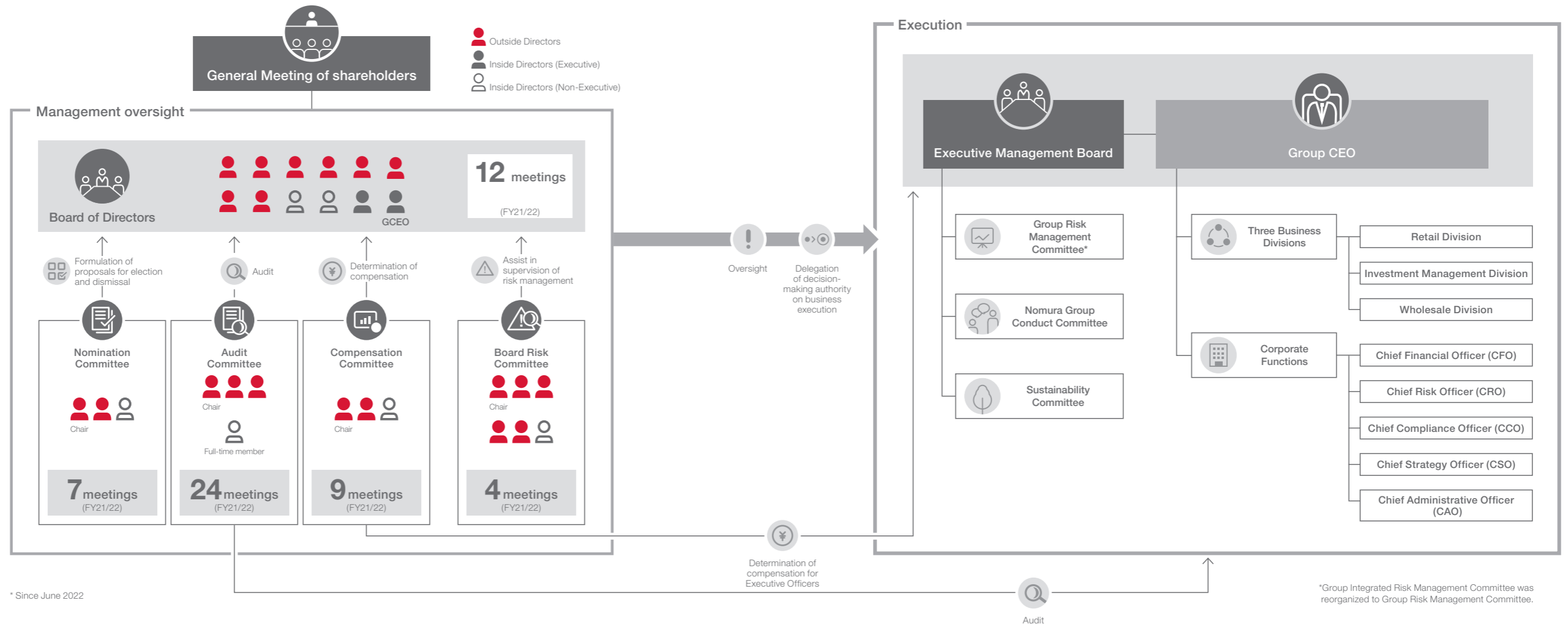
### Executive Management Board

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.

<b>Group Risk Management Committee</b> <b>P74</b>	<b>Nomura Group Conduct Committee</b> <b>P69</b>
<b>Sustainability Committee</b> <b>P52</b>	<b>Internal Controls Committee</b> <b>P76</b>

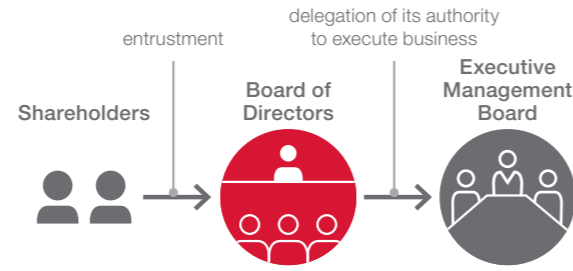
- Nomura Holdings Corporate Governance Guidelines  
[https://www.nomuraholdings.com/company/cg/data/cg\\_guideline.pdf](https://www.nomuraholdings.com/company/cg/data/cg_guideline.pdf)
- Corporate Governance Report  
[https://www.nomuraholdings.com/company/cg/data/cg\\_report.pdf](https://www.nomuraholdings.com/company/cg/data/cg_report.pdf)

### Overview of our Corporate Governance Structure\*



**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.

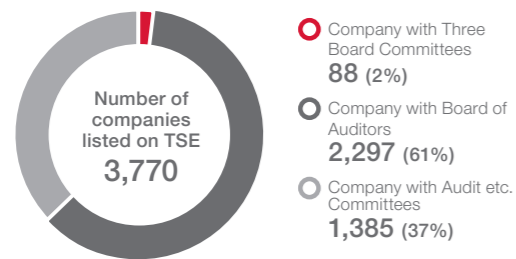


Upon entrustment from the shareholders, determine the "Fundamental Management Policy" to seek sustainable corporate growth and maximization of corporate value over the mid- to long-term, and appoint Executive Officers who will manage the company in accordance with the policy.

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.

**Form of Corporate Governance of Japanese companies**



Source: Nomura, Japan Exchange Group\* Corporate Governance Information Search\*(As of July 8, 2022)

Adopted a Company with Committees, etc. structure (now known as a Company with Three Board Committees)	2003		
Regularly held Outside Directors Meetings	2015		
	2001	2010	2022
Ratio of Outside Directors	17%	58%	67%
Ratio of non-Japanese Directors	—	17%	33%
Ratio of Female Directors	—	8%	25%

**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 its 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 with the aim to strengthen oversight and develop more sophisticated, in-depth risk management as part of

efforts to carry out rigorous controls and business oversight. To ensure a high degree of independence, the BRC is chaired by an outside director and comprises six members, including five outside directors and an internal non-executive director.

\*An interview with Director Ms. Unger, Chairperson of the BRC, can be found on P35-36  
\*An overview of the risk management organization is also included on P74

Role of the BRC	Composition of the BRC																		
<ul style="list-style-type: none"> <li>Consent to the Risk Appetite Statement</li> <li>Consent to the main design of the risk management framework</li> <li>Analysis of risk environment/verification results and future projections</li> <li>Supervision of overall execution of risk management and medium- to long-term risk strategies</li> </ul>	<table border="1"> <tr> <td>Laura Simone Unger</td> <td>Outside Director</td> <td>Chairperson</td> </tr> <tr> <td>Noriaki Shimazaki</td> <td>Outside Director</td> <td></td> </tr> <tr> <td>Victor Chu</td> <td>Outside Director</td> <td></td> </tr> <tr> <td>J.Christopher Giancarlo</td> <td>Outside Director</td> <td></td> </tr> <tr> <td>Patricia Mosser</td> <td>Outside Director</td> <td></td> </tr> <tr> <td>Shoji Ogawa</td> <td>Outside Director</td> <td>Non-Executive Director</td> </tr> </table>	Laura Simone Unger	Outside Director	Chairperson	Noriaki Shimazaki	Outside Director		Victor Chu	Outside Director		J.Christopher Giancarlo	Outside Director		Patricia Mosser	Outside Director		Shoji Ogawa	Outside Director	Non-Executive Director
Laura Simone Unger	Outside Director	Chairperson																	
Noriaki Shimazaki	Outside Director																		
Victor Chu	Outside Director																		
J.Christopher Giancarlo	Outside Director																		
Patricia Mosser	Outside Director																		
Shoji Ogawa	Outside Director	Non-Executive Director																	

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

Dialogue with Shareholders	Report and discussion on points of appeal and responses of institutional investors in Shareholder Relation
Business execution report	Report on future challenges and strategies of the three divisions: Retail, WS, IM (newly established)
Update on US incident	Report on the background and the cause of the case in regard to a loss arising from transactions with a US client.
<b>1Q</b> Investor day and medium- to long-term business strategy	Report and discussion on our priorities, management vision, and business strategy
Risk management report	Report and discussion on the progress of action plans to strengthen risk management in light of U.S. Prime Brokerage Event
Enhancement of Disclosure	Report and discussion on considerations for enhancing statutory disclosure documents based on revisions of laws and regulations in Japan and overseas
Initiatives of Digital	Report and discussions on our concept of digital utilization, overview of digital assets, and specific examples of initiatives, including Komainu which is engaged in asset management services for digital assets
Business execution report	Report and discussions on the status of three divisions, current earnings and KPIs etc.
<b>2Q</b> Sustainability report	Report and discussions on the Nomura Group's sustainability initiatives and promotion structure
Investment Securities Committee report	Current status of strategic shareholdings and future measures
Enhancement of Risk Management	Report and discussion on the progress of remediation plans in light of U.S. Prime Brokerage Event
Voting results of major institutional shareholders	Report and discussion on the status of the exercise of voting rights at AGM and the reasons for voting against or abstaining
Business execution report	Report and discussion on future issues/strategies based on the midterm review of three divisions, and on WS optimization in Europe
Cyber security	Explanation and discussion of the results of the external vendor's assessment of our cyber security system, and cyber security initiatives
<b>3Q</b> Commitment to the Corporate Governance Code	Revision of CG Guidelines based on the revised CG Code. Report and discussion on Sustainability Statement, which set forth specific policies for sustainability
Audit activity findings report	Report and discussion on reply from executive side in relation to proposals from Audit Committee to executive side
Enhancement of Risk Management	Report and discussion on the progress of remediation plans and the update of the new Committees: Board Risk Committee, the Steering Committee for Enhancement of Risk Management
Important litigation	Report and discussion on the status of important litigation and negotiations
Business execution report	Report and discussions on three divisions, current initiatives for medium- to long-term strategies, and the situation in Ukraine
<b>4Q</b> Initiatives for 100th Anniversary	Report and discussion on the 100th anniversary project structure and initiatives for this fiscal year
Revision of Code of Conduct	Revision of the Code of Conduct, including the addition of a new section "Managing risks appropriately" with the aim of enhancing risk culture
Enhancement of Risk Management	Report and discussion on the progress of various measures, key factors, structure to enhance risk management

**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 in FY2021/22	Evaluation Results in FY2021/22	Efforts since FY2022/23
<ul style="list-style-type: none"> <li>Discussed not only regular agendas but also strategic agendas including medium- to long-term management strategies, enhancement of risk management, sustainability, and cybersecurity</li> <li>As part of the enhancement of risk management, the Board Risk Committee was established as a specialized supervisory body to supervise the Group's risks. Five of the six members are outside directors, and a foreign outside director is also selected as the chair, so that the committee is highly independent. Reported and discussed on progress in enhancing risk management, revision of Risk Appetite Statement, the situation in Ukraine, etc</li> </ul>	<ul style="list-style-type: none"> <li>In general, the evaluation was high. In particular, the report on deepening discussions on management strategy and dialogue with stakeholders was highly evaluated.</li> <li>In addition, the composition of the Board of Directors, including the appointment of new outside directors, was highly evaluated as being balanced with further improvement in diversity, including the ratio of foreign outside directors.</li> <li>On the other hand, there were many comments calling for more time for discussion agendas related to medium- to long-term management strategies and management goals.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Continue to supervise our efforts to enhance risk management</li> <li>Focus on more strategic agendas, including medium- to long-term management strategies, management goals, sustainability, digital and IT governance, and conduct appropriate monitoring</li> </ul>

**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 NHI and directors of subsidiaries of NHI but excluding directors and executive officers and clarified compensation for officers and employees and specific management guidelines.

**Compensation Policy**

**Compensation Governance**

- As a company with three Board Committees structure, pursuant to Japanese corporate law, an independent statutory Compensation Committee has been established.
- The Committee considers and determines the details of individual compensation for Directors and Executive Officers.
- With respect to the relevant policies and total compensation funding for Nomura Group officers and employees other than NHI's Directors and Executive Officers, certain decisions regarding employment and remuneration matters are delegated to the "Human Resources Committee ("HRC")" by Executive Management Board of NHI.

**Compensation Policies and Practices**

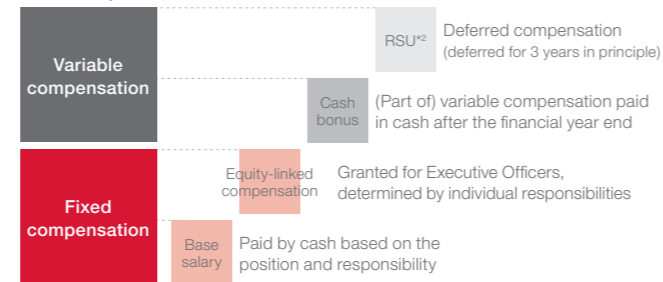
- Nomura Group recognizes that its employees are key in contributing to society in line with our mission of "We help to enrich society through our expertise in capital markets."
- Compensation for Nomura Group employees is designed to support achieving below 1) - 3) key elements. In addition, in order to ensure that Nomura attracts, retains, motivates and develops talent, the level and structure of remuneration takes into account the roles and responsibilities of individuals as well as the market pay levels, relevant laws and regulations in Japan and overseas. In Addition, ESG is mentioned in "1) Sustainable corporate growth and increasing enterprise value over the medium- to long-term."

- 1 Sustainable corporate growth and increasing enterprise value over the medium- to long-term
- 2 Sound and effective risk management
- 3 Alignment of interests with shareholders

**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 link economic value of compensation to share price and have 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 regulations etc. are subject to forfeiture, reduction or clawback (Conclusion of individual contracts including "clawback clause")

**Total compensation\*1**



\*1. This figure does not indicate the percentage of each remuneration, but shows the breakdown of remuneration.  
 \*2. Restricted Stock Unit, Right to choose either RSU and phantom stock is given to certain individuals.

**Medium-term incentives**

Compensation of Directors and Executive Officers is composed of base salary, annual 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 (Mar.2022)**

Position	Directors (Outside Directors)	Executive Officers	Total
Number of People*1	13 (10)	7	20
Base Salary**2,3 (millions of yen)	323 (166)	430	753
Performance-linked compensation*4 (millions of yen)	70 (-)	301	371
Non-monetary compensation (Deferred Compensation)*5 (millions of yen)	63 (-)	258	321
Total (millions of yen)	456 (166)	989	1,445

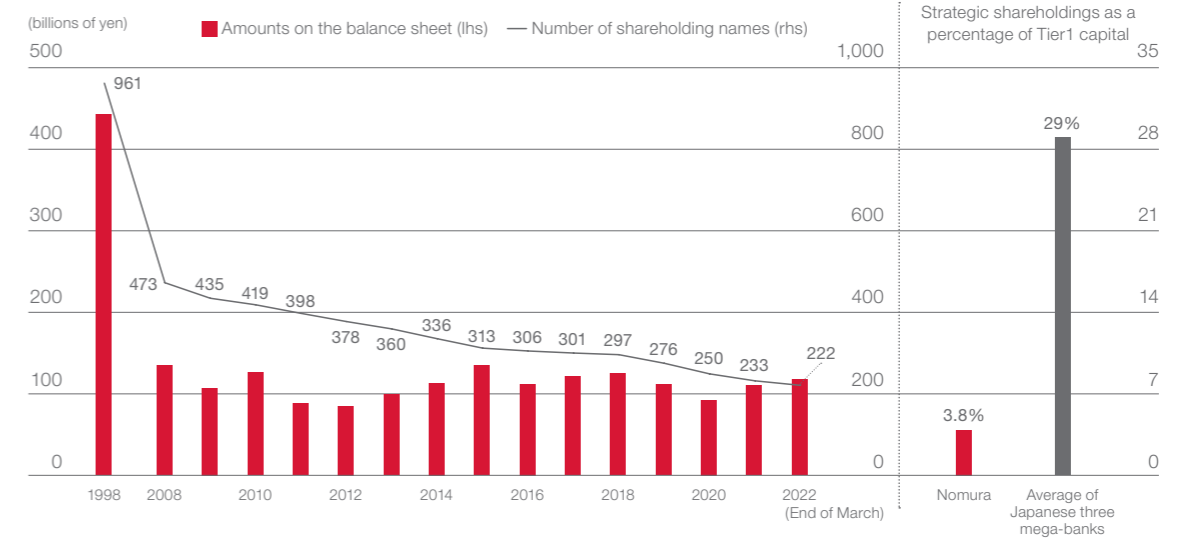
\*1 The number of people includes 3 Directors and 1 Executive Officer who retired in June 2021. There were 10 Directors and 6 Executive Officers as of March 31, 2022. Compensation to Directors who were concurrently serving as Executive Officers is included in that of Executive Officers.  
 \*2 Base Salary of ¥753 million includes other compensation (commuter pass allowance) of ¥60 thousand.  
 \*3 In addition to base salary of Executive Officers, ¥16 million of corporate housing costs, such as housing allowance and related tax adjustments, were provided.  
 \*4 Out of the annual bonus, amounts to be paid in cash after the Fiscal Year close are shown.  
 \*5 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.  
 \*6 Subsidiaries of the Company paid ¥56 million to Outside Directors as compensation, etc. for their directorship at those subsidiaries for the fiscal year ended March 31, 2021.

**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 2022,

our Company held 222 companies' stocks, total assets recorded on the balance sheet is ¥117.5 billion (total market value of holdings) and represented only 3.8% of our Tier1 capital.

**Strategic shareholdings**



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 Investment Securities Committee established by

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 1, 2022 to March 31, 2027.

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

