ESG (Environment, Social and Governance) initiatives

Nomura Holdings, Inc.

December 2019
Introduction

Nomura’s ESG (Environment, Society and Governance)

Strengthening the Corporate Governance System

Activities of the Board of Directors
Nomura’s mission

Social contribution through risk capital cycle

Nomura connects both investors and companies to the capital markets, thereby supporting the productive use of risk capital, paving the way to a better future.

Challenges in Japan

- More than 50% of individual financial assets sit in cash and bank deposits
- Shift from saving to asset building still halfway

<table>
<thead>
<tr>
<th>country</th>
<th>Cash and deposits</th>
<th>Bonds</th>
<th>Investment trusts</th>
<th>Equities, etc.</th>
<th>Insurance &amp; annuities</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan1</td>
<td>53.3%</td>
<td>10.0%</td>
<td>3.9%</td>
<td>10.0%</td>
<td>28.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>US1</td>
<td>31.7%</td>
<td>12.9%</td>
<td>6.5%</td>
<td>34.3%</td>
<td>31.7%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

1. As of March 31, 2019. Source: Bank of Japan
Nomura Group Corporate Philosophy

**Mission**

**Contributing to Society**
We help to enrich society through our expertise in capital markets

**Vision**

**Trusted Partner**
As a leading financial institution, we aim to be the most trusted partner for our clients

**Values**

**Entrepreneurial Leadership** With passion and courage, we continually innovate to meet the needs of our stakeholders

**Teamwork** To build our values and 'Deliver Together', we promote diversity and collaboration across divisions and regions

**Integrity** Personal integrity is paramount to us. We act honestly, fairly and openly
Agenda

1. Introduction
2. Nomura’s ESG (Environment, Society and Governance)
3. Strengthening the Corporate Governance System
4. Activities of the Board of Directors
ESG initiatives

The Nomura Group reorganized the CSR Committee chaired by an executive officer into the ESG Committee chaired by the Group CEO in FY2018/19, in an attempt to deal with issues related to ESG in ways that are more strategic than before.

Framework

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Executive Management Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report</td>
<td></td>
</tr>
<tr>
<td>Approvals</td>
<td></td>
</tr>
<tr>
<td>ESG Committee</td>
<td>Report</td>
</tr>
<tr>
<td>Secretariat</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td></td>
</tr>
<tr>
<td>AEJ</td>
<td></td>
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</tbody>
</table>

ESG Committee members, and discussions in FY2018/19

- Chairman: Group CEO
- Members: Nomura Group executives in charge of businesses and corporates
- # of meetings: 2 (from April 1, 2018 to March 31, 2019)
- Agenda:
  - Matters concerning ESG initiatives and information disclosure
  - Matters concerning fundamental ESG policy
  - ESG risks and opportunities
  - Reports related to climate change
- Outline of discussions:
  - Formulation of the Nomura Group ESG Statement
  - Review of material ESG issues (materiality)
  - Response to TCFD
  - Matters concerning Medium/Long-term CO₂ Emission Reduction Target
  - Matters concerning sustainable development goals (SDGs), etc.

Initiatives in FY2018/19 and onwards

- Jul 2018: Nomura Holdings pledged support for TCFD
- Sep 2018: Conducted group work on the subject of the SDGs in Nomura Group Executive Meeting (incl. Outside Directors)
  - Relationship between long-term management vision (Vision C&C) and SDGs
  - Changes in the relationship between Nomura and stakeholders
  - Deepening Nomura’s sustainable growth model
- Dec 2018: Established mid- and long-term CO₂ emission reduction targets
  - Area: Global
  - Target type: Absolute
  - Base year: FY2012/13
  - Target years:
    - Mid-term: FY2030/31
    - Long-term: FY2050/51
  - Level:
    - 32% reduction
    - 65% reduction
- Jan 2019: Established Nomura Group ESG Statement
  - To further promote the realization of a sustainable environment and society by informing stakeholders of our approach to ESG-related activities and our envisaged response to environmental and social risks.
- Mar 2019: Nomura Asset Management pledged support for TCFD
- Jul 2019: Identified “Nomura Group Materiality” by comprehensively reviewing management issues and key traditional ESG issues.
Identified “Nomura Group Materiality” by comprehensively reviewing management issues and key traditional ESG issues

<table>
<thead>
<tr>
<th>Categories</th>
<th>Material issues</th>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>• Strengthen corporate governance</td>
<td>• Diversity of the Board of Directors</td>
</tr>
<tr>
<td></td>
<td>• Instilling the Code of Conduct and ensuring an operational framework</td>
<td>• Number of calls to compliance hotline</td>
</tr>
<tr>
<td></td>
<td>• Legal compliance and reporting of violations</td>
<td>• Compliance training</td>
</tr>
<tr>
<td></td>
<td>• Fair financial business practices</td>
<td>• Status of compliance with Code of Ethics</td>
</tr>
<tr>
<td></td>
<td>• Prevent bribery</td>
<td>• Understanding of policies for providing gifts and entertainment</td>
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<tr>
<td></td>
<td>• Prevent financial crime</td>
<td>• Progress in building the operational framework</td>
</tr>
<tr>
<td>Compliance</td>
<td>• Establish and strengthen risk management systems</td>
<td>Risk Appetite Monitoring</td>
</tr>
<tr>
<td></td>
<td>• Ensure financial soundness and transparency</td>
<td>• Employee satisfaction survey</td>
</tr>
<tr>
<td></td>
<td>• Business resilience</td>
<td>• Education/training expenses</td>
</tr>
<tr>
<td></td>
<td>• Address social and environmental risks</td>
<td>• Number of female managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Use of childcare and family nursing care support plans</td>
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<tr>
<td>Risk management</td>
<td>• Nurture human resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Diversity and inclusion</td>
<td></td>
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<tr>
<td></td>
<td>• Create employee-friendly work environment</td>
<td></td>
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<tr>
<td>Human resources valuing diversity</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribute to sound and sustainable</td>
<td>• Offer high-quality financial services to diverse clients</td>
<td>• Customer satisfaction level</td>
</tr>
<tr>
<td>capital markets</td>
<td>• Products and services that address environmental and social issues</td>
<td>• Number of complaints</td>
</tr>
<tr>
<td></td>
<td>• Customer protection and information security</td>
<td>• Sustainable finance issuance amount</td>
</tr>
<tr>
<td></td>
<td>• Improve financial literacy</td>
<td>• Financial and economic education activities</td>
</tr>
<tr>
<td>Business selection and focus</td>
<td>• Flexible review of business portfolio</td>
<td>• Sustainable investment ratio</td>
</tr>
<tr>
<td>Contribute to a sustainable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>• Promote environmental conservation initiatives</td>
<td>• Optimal allocation of resources</td>
</tr>
<tr>
<td></td>
<td>• Combat climate change and protect natural capital through our business</td>
<td>• Enhancing profitability</td>
</tr>
<tr>
<td></td>
<td>activities</td>
<td>• EPS</td>
</tr>
<tr>
<td>Contribute to a sustainable society</td>
<td></td>
<td>CO₂ emissions</td>
</tr>
<tr>
<td></td>
<td>• Global initiatives</td>
<td></td>
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<tr>
<td></td>
<td>• Dialogue with stakeholders</td>
<td>Community contribution expenditures</td>
</tr>
<tr>
<td></td>
<td>• Respect human rights</td>
<td>Dialogue with stakeholders</td>
</tr>
</tbody>
</table>

Realization of corporate philosophy

SDGs
With the UN’s sustainable development goals gaining recognition, we are seeing growing demand for SDG bonds (green bonds, social bonds, sustainability bonds, etc.).

Volume and number of sustainable finance issuances Nomura involved in

### Examples and success of initiatives aimed at developing sustainable finance

- **International Capital Market Association**
  - Only Japanese firm to join The Green Bond Principles and The Social Bond Principles advisory council*
  - New advisory body set up to support the executive committee that sets the rules for the Green Bond Principles, The Social Bond Principles, sustainability bond guidelines, etc. and develop systems better aligned to market circumstances

- **Published first index for Japan SDG bonds, NOMURA-BPI SDGs (November 2019)**
  - Result of joint research with Nomura Research Institute
  - Investment performance calculated using SDG bonds chosen from NOMURA-BPI component universe based on certain criteria

- **Research group on sustainable development of ESG bond market**
  - Set up by Nomura Institute of Capital Markets Research consisting mainly of external experts
  - Issued research report in June 2019: The Era of Sustainable Finance – ESG/SDGs and the bond market

- **Global Capital Green / SRI Awards 2019**
  - Ranked second in Most Impressive Investment Bank for Asia Pacific Green/SRI Capital Markets
Agenda

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### Outline of Nomura Holdings Corporate Governance Guidelines

**Corporate Governance Code established in 2015**
- Aim to define and contribute to the realization of a framework of effective corporate governance as a structure for transparent/fair and timely/decisive decision-making

#### Board of Directors
- Delegate its authority to execute business to Executive Officers and focus on management oversight
- Diversity that enables active discussions from diverse perspectives
- Majority of members is Outside Directors
- Three board committees established
- Analyze and evaluate the effectiveness of the Board and disclose the results

#### Internal Controls System
- Oversee status of maintenance and operation of internal controls through audits by Audit Committee and activities by Internal Audit
- Internal Controls Committee chaired by CEO and attended by Audit Committee members established for the purpose of strengthening and enhancing the Internal Controls System.
- Involvement of Audit Committee in implementation plans of the Internal Audit as well as in election and dismissal of Head of the Internal Audit

#### Dialogue with Shareholders
- Treat shareholders equally and disclose information appropriately and timely to avoid information disparity
- Take necessary measures to ensure that shareholders are not unfairly precluded from exercising their rights
- Endeavor to enhance dialogue and provide explanations on general policies for allocation of management resources
- Share outcomes of such dialogue with the Board of Directors

#### Risk Management
- Ensure financial soundness and to maintain and improve corporate value, management shall establish a risk management framework and the Board of Directors shall oversee the effectiveness of the framework

#### Policy for Strategic Shareholdings
- Ongoing discussions concerning the purpose of strategic shareholdings
- Hold shares only if such shareholdings contribute to maintaining/enhancing the corporate value of Nomura Group
- As a result of the discussion, concerning stocks whose sale has been determined to be reasonable, we proceed with sale of such stocks while taking into consideration impact on the market and other circumstances

#### Fulfill Corporate Responsibilities
- Established "Nomura Group Code of Conduct" as guidelines for each director, officer, and employee of Nomura Group to comply with
- Enhance corporate value in long-term by respecting diversity and establishing a sound workplace to enable all directors, officers, and employees to perform at their full potential
- Actively engage in ESG-related activities for sustainable growth and solving social issues, in addition to contributing to expanding securities markets through daily business
In 2001, Nomura formed a holding company structure; Nomura Holdings listed its shares to NYSE, introduced an outside director system for the first time among other Japanese companies.

In 2003, transition to Company with Committees (currently referred as a Company with Three Bard Committees)

Separation of management oversight from execution to reinforce supervision. Delegation of decision-making on business execution to executive directors for swift decisions.
# Independence Criteria for Outside Directors, Measures to avoid Conflict of Interests

- The nomination committee, comprised its majority of outside directors based on the independence criteria, shall determine proposals concerning election of directors to be submitted to the Board
- Respective regulations of the Board and committees articulate measures to avoid conflict of interests in resolutions

### Independence Criteria for Outside Directors (excerpt)

<table>
<thead>
<tr>
<th>Person Related to the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>A person satisfying any of the following requirements shall be considered a Person Related to the Company:</td>
</tr>
<tr>
<td>• Executive of another company where any Executive of the Company serves as a director or officer of that company;</td>
</tr>
<tr>
<td>• Major shareholder of the Company (directly or indirectly holding more than 10% of the voting rights) or Executive of such major shareholder; or</td>
</tr>
<tr>
<td>• Partner of the Company’s accounting auditor or employee of such firm who works on the Company’s audit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive of a Major Lender (*2) of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Executive of a Major Business Partner (*3) of the Company (including Partners, etc.).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Person receiving compensation from the Nomura Group of more than 10 million yen per year, excluding director/officer compensation.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Person executing the business of an institution receiving more than a Certain Amount of Donation (*4) from the Company.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>NYSE criteria for outside director independence about so-called cooling-off; 3 years¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The person’s spouse, relatives within the second degree of kinship or anyone who lives with the person shall not correspond to a person listed right (excl. persons in unimportant positions)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive of the Nomura Group; or</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) A person identified in any of subsections (1) ~ (5) above</td>
</tr>
</tbody>
</table>

### Countermeasures to conflict of interests in resolutions

<table>
<thead>
<tr>
<th>Article 9. (Resolutions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The resolution of a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the Directors present which Directors present shall constitute a majority of all Directors then in office who are entitled to participate in the voting.</td>
</tr>
<tr>
<td>2. No director who has a special interest in any matter requiring a resolution shall be entitled to participate in the voting on such matter.</td>
</tr>
</tbody>
</table>

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1. New York Stock Exchange Listed Company Manual 303A.02 Independence Tests
Highly-independent Board of Directors

- Independent outside directors: 6 (Non-Japanese director: 2, female director: 2)
- # of outside directors
  6 out of 10 people

Leveraging diversity of expertise and experience

- Executive Officers
  20%
- Company Management
  20%
- Accountants
  20%
- Securities industry experts
  20%
- Experts in finance-related legal systems
  10%
- Company management, corporate accounting experts
  10%

Diverse backgrounds

Board Training Program

- Training for new outside directors
  - In order to deepen the understanding of Nomura Group and its internal controls, approximately three days of training were provided on Nomura Group overview, business model, general shareholders meetings and committees, finance, risk management, compliance, litigation and notification, internal audit, and internal investment rules.
- Others
  - Ethics training is conducted once a year for executives (Including outside directors) in order to further raise their awareness of professional ethics.

1. # of directors is as of December 2019
## Each director's profile and role (1)

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of appointment</th>
<th>Involved Committee¹</th>
<th>Experience</th>
<th>Background</th>
<th>No. of significant concurrent positions other than Nomura Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nobuyuki Koga</td>
<td>Jun. 1995</td>
<td>Nominating</td>
<td>corporate management, Audit,</td>
<td>Mr. Koga has been a non-executive director of the company since June 2008. He also has not been involved in an execution of the company’s subsidiary, Nomura Securities Co., Ltd. since June 2011</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation</td>
<td>Interregional business</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Accounting/Financial</td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>Legal/Regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hisato Miyashita</td>
<td>Jun. 2016</td>
<td>ᵃ</td>
<td>☐</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Hiroshi Kimura</td>
<td>Jun. 2015</td>
<td>ᵃ, ᵃ</td>
<td>☐</td>
<td>Mr. Kimura has extensive experience with respect to corporate management and has held positions such as President, CEO and Representative Director of the Board of JT and Chairman of the Board of JT</td>
<td>2</td>
</tr>
<tr>
<td>Kazuhiko Ishimura</td>
<td>Jun. 2018</td>
<td>☐</td>
<td>☐</td>
<td>Mr. Ishimura has extensive experience with respect to corporate management and has held positions such as Representative Director and President and CEO, and Chairman of the Board of AGC</td>
<td>3</td>
</tr>
<tr>
<td>Noriaki Shimazaki</td>
<td>Jun. 2016</td>
<td>☐</td>
<td>☐</td>
<td>Mr. Shimazaki has extensive experience with respect to corporate management and a high degree of expertise with regard to international accounting systems corresponding to a Sarbanes-Oxley Act of 2002 financial expert. He has held positions such as Representative Director and Executive Vice President of Sumitomo Corporation, Member of the Business Accounting Council of the Financial Services Agency, Trustee of IASC Foundation, Special Advisor of Sumitomo Corporation and Director of the Financial Accounting Standards Foundation</td>
<td>1</td>
</tr>
</tbody>
</table>

¹: Chairman of the Committee, O: Member of the Committee
<table>
<thead>
<tr>
<th>Name</th>
<th>Year of appointment</th>
<th>Involved Committee</th>
<th>Experience</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mari Sono</td>
<td>Jun. 2017</td>
<td>Nominating, Remuneration, Audit</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>Ms. Sono has a high degree of expertise with respect to corporate accounting based on many years of experience as a Certified Public Accountant and has held positions such as External Comprehensive Auditor, Tokyo, and Member of “Business Accounting Council,” Ministry of Finance. Further, after retiring from the Audit Firm, she served as Commissioner of the Securities and Exchange Surveillance Commission</td>
</tr>
<tr>
<td>Michael Lim Choo San</td>
<td>Jun. 2011</td>
<td></td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>Mr. Lim is well-versed in international accounting systems and has held positions, including Executive Chairman of PricewaterhouseCoopers (Singapore) and public service roles in Singapore</td>
</tr>
<tr>
<td>Laura Simone Unger</td>
<td>Jun. 2018</td>
<td></td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td>Ms. Unger, by serving as a Commissioner and as Acting Chairman of the SEC, etc., is well-versed in finance-related legal systems</td>
</tr>
<tr>
<td>Koji Nagai</td>
<td>Jun. 2013</td>
<td></td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
<tr>
<td>Shoichi Nagamatsu</td>
<td>Jun. 2018</td>
<td></td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
<td></td>
</tr>
</tbody>
</table>

1. ◯: Chairman of the Committee, ○: Member of the Committee
Evaluation of effectiveness of Board

- Conducting evaluations on the effectiveness of the Board of Directors since FY2015/16
- Each Director assesses management of Board, including quantity and quality of information offered and discussions by Board, sharing findings at Board and learn from the results in order to continue strengthening their oversight function.

PDCA cycle to ensure effectiveness of Board

1. Each Director evaluates own execution of duties and effectiveness of the entire Board
2. Board analyzes and evaluates effectiveness of the entire Board based on evaluations of each Director
3. Discuss issues that can be addressed on executive side and propose to Board
4. Discuss results of evaluation including proposal to address issues

Evaluation Items

- 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 ability to oversee management
- Constitution and management of the Nomination, Audit and Compensation Committees
- Monitoring of the state of dialogues with stakeholders
- Management of Outside Directors Meetings, etc.

Response to results

- In response to the growing global interest in preventing money laundering, Nomura Group substantially increased its compliance reporting, including these initiatives at the Board of Directors.
- At the Executive Officers’ and Executive Officers’ Meeting, where outside directors also attend, the SDGs were taken up as a theme, and discussions were held on the relationship with Vision C&C, the sustainable growth model that Nomura should aim for, priority issues, and measures to solve them.

Next schedule

- Evaluation for the current fiscal year will start around December 2019, and will be disclosed in the Corporate Governance Report in early April 2020
## Remedial action plan on improper communication of information, and its progress

### Progress of 11 action plans (as of November 2019)

<table>
<thead>
<tr>
<th>Actions to be taken</th>
<th>Efforts for the completion of remedial action plans, Clarification of responsibilities</th>
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</thead>
<tbody>
<tr>
<td>2. Review of performance evaluation system</td>
<td>✓ Implemented incentives to facilitate good conduct adhered to “Code of Conduct” into performance evaluation systems</td>
</tr>
<tr>
<td>3. Enhance recognition / credibility of Compliance Hotline</td>
<td>✓ Registered Obtained its whistleblowing system under Japan’s Consumer Affairs Agency’s “Whistleblowing Compliance Management System”&lt;br&gt;✓ Disseminate and disseminate information on the operation of the whistle-blowing system to the entire company</td>
</tr>
<tr>
<td>4. Review of organization structure and establishment of new evaluation regime</td>
<td>✓ Reorganized Wholesale Equities business and Research</td>
</tr>
<tr>
<td>5. Establishment of systems for information protection and proper management</td>
<td>✓ Established basic rules around exchange of information between GM and Research&lt;br&gt;✓ Checking broad disseminations of emails and determining necessity</td>
</tr>
<tr>
<td>6. Stricter management of important non-public information obtained from public organizations, etc., and re-enforcement of existing rules</td>
<td>✓ Introduction and implementation of new rules and implementation of training</td>
</tr>
<tr>
<td>7. Handling of information dissemination by other internal and external experts</td>
<td>✓ Establishment of the “Guidelines on the Handling of Information Related to Members of Public External Organizations”</td>
</tr>
<tr>
<td>8. Review of outsourcing agreements</td>
<td>✓ Review of contracts with third party, including confidentiality clauses</td>
</tr>
<tr>
<td>9. Verification by third-parties</td>
<td>✓ Develop plans to conduct governance and framework audits for conduct risk management and conduct follow-up reviews of other key remedial actions</td>
</tr>
<tr>
<td>10. Management efforts to complete improvement measures</td>
<td>✓ Continue efforts to instill “Code of Conduct”&lt;br&gt;✓ Top management visits departments and branches to continue dialogue with employees</td>
</tr>
<tr>
<td>11. Clarity of responsibilities</td>
<td>✓ Announced punitive actions to individuals on 24 May press release</td>
</tr>
</tbody>
</table>
Corporate Culture and Ethics

- Shared values to realize our social mission and long-term strategic goals
- Creating optimal value for customers and society by making the most of individual capabilities and their diversity, while all officers and employees are conscious of their thoughts and actions based on common sense and Code of Conduct

Missions

Long-term Goals

Value

Entrepreneurial Leadership
With passion and courage, we continually innovate to meet the needs of our stakeholders

Teamwork
To build our values and 'Deliver Together', we promote diversity and collaboration across divisions and regions

Integrity
Personal integrity is paramount to us. We act honestly, fairly and openly

Corporate Culture

Capable individual

- Since its foundation, Nomura believes the most valuable assets are our "people"
- We are striving to hire capable individuals globally

Co-existence of “capable individuals” and “diversity”

To our customers and society, deliver optimal value

Diversity

- People from approx. 90 courtiers working at Nomura
- Diversity is source of Nomura's long-term competitiveness as it accurately responds to clients’ needs and changes in society and contributes to improving quality of decision-making and productivity of services
- Implementing flexible human resource management that emphasizes diversity so that various human resources can fully demonstrate their abilities and individuality and play active roles

Ethics, principles

Announce “Code of Conduct”, standards for all employees to make appropriate decisions and actions based on ethics
Announcement of “Code of Conduct”

Aim

- As we work to realize our mission and vision, everyone at Nomura is expected to uphold the values of entrepreneurial leadership, teamwork and integrity that underpin us as a firm. This Code of Conduct sets out guidelines to help us translate our values into actions.

- Declaration of Nomura’s commitment to customers, society and ourselves

Outline

What does the Code mean?
Explanation of the positioning of the Code of Conduct

How do we implement the Code?
Responsibility of managers

Five questions to ask when in doubt
Basic questions to ask oneself

Our conducts
Each items in detail

Guidelines for translating the values of “entrepreneurial leadership”, “teamwork” and “integrity” into concrete actions
## Compliance training

Nomura Securities provides officers and employees with training on compliance in a planned manner on such themes as anti-money laundering and terrorist financing, conflict of interest management, prevention of insider trading, compliance with firewall regulations, and thorough management of customer information. The purpose of this training is to raise the level of knowledge of relevant laws and regulations of officers and employees, to raise their awareness of compliance, and to foster a corporate culture that pursues appropriate business practices.

| Training required by the regulations of the Japan Securities Dealers Association | Training for sales managers, internal control managers, and employees engaged in internal control activities  
Training to improve the quality of sales representatives |
| --- | --- |
| Training mandated by the compliance program | Training for branch managers, general affairs managers, new employees, new managers, etc.  
Business Manager" Training  
Compliance Hours at Sales Departments and Offices " |
| Training to create a corporate culture that pursues appropriate conduits | Professional ethics training  
- Conduct ethics training to help employees better understand social responsibilities in order to further raise awareness of professional ethics  
- Implementation in FY 2019, conducted training in conjunction with "Nomura 'Founding Philosophy and Corporate Ethics' Day"  
"Nomura 'Founding Philosophy and Corporate Ethics' Day" Initiatives  
- Based on a deep remorse for the misconduct caused in the past, August 3 has been designated "Nomura ‘Founding Philosophy and Corporate Ethics' Day" since 2015.  
- Since then, in August every year, we have reconfirmed our corporate culture and corporate ethics based on spirit of our founding, and reaffirm the lessons learned from past scandals  
- Implement the following measures to reaffirm our resolutions to prevent the recurrence of misconduct and to earn and maintain trust of society  
(1) Viewing of video materials  
(2) Holding of opinion exchange meetings  
(3) Submission of a statement of intent on preventing the weathering of scandals |
| Other Training | Compliance training for all employees  
Compliance training for Investment Banking, Global Markets, Global Research, and Fiduciary Services Research Center  
Regular training for head office managers and business managers  
Knowledge Improvement Training for General Affairs Division of Branches  
Lectures on compliance at various training and meetings |

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1. The system was established after the second scandal involving an extortionist that was found to have provided profits and compensated for losses. This is a system unique to Nomura, and appointed by appointment.

2. In order to ensure thorough compliance throughout all employees, we hold monthly seminars for Nomura Securities sales departments and branches.
Whistleblowing systems: Nomura Group Compliance Hotline

### Purposes

Established for fostering a sound corporate culture and corporate ethics through an early detection and correction of illegal acts and scandals

### Structure

- Nominated a total of 4 information counselors: 2 internal directors (Compliance, IA) and 2 external lawyers
- Two methods are prepared: one to provide information directly to internal directors, and the other to via a tool provided by an external contractor
- Type of information recipient and methods can be freely selected by a reporter.

### Trend in number of users

- Substantial increase in fiscal 2019
- Background of the increase: use of the tools provided by external vendors to enhance anonymity and an implementation of publicity campaigns

<table>
<thead>
<tr>
<th></th>
<th>FY17/18</th>
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<tr>
<td>Number of reports</td>
<td>31</td>
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### Initiatives to enhance credibility of system

- **Registration system**
  - On November 15, 2019, registered as a registered operator of "Internal Reporting System Certification (Self-Declaration of Conformity Registration System; WCMS)" under the jurisdiction of the Consumer Affairs Agency.

- **Deliver messages to employees**
  - Messages are distributed periodically to all employees on promotion of use of the hotline.
  - In addition to scope of reportable matters and prohibition of disadvantageous treatment, flow of information from the receipt of reports and points for responding to investigations is also disseminated.
The Board of Directors discussed the following matters in FY2018/19.
In addition, Outside Directors Meetings were held four times this year.

### FY2018/19 1H

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<thead>
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<td>Current status of the Wholesale Division and future measures</td>
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### FY2018/19 1Q results

- Company overview, situation by division and region, situation of competitors, etc.
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### FY2018/19 2Q results

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### FY2018/19 3Q results

- Current status of each division and future measures
- Collecting new clients using digital technology
- Introduction of new personnel system
- Review of matrix management structure and corporate restructuring
- Selection of conduct risks, system risks, geopolitical events, and risks related to climate change as themes to be addressed in the Risk Appetite Statement for FY19/20

### FY2018/19 4Q results

- Introduction of new personnel system
- Review of matrix management structure and corporate restructuring
- Selection of conduct risks, system risks, geopolitical events, and risks related to climate change as themes to be addressed in the Risk Appetite Statement for FY19/20

Main items discussed by the Board of Directors

- The Board of Directors discussed the following matters in FY2018/19.
- In addition, Outside Directors Meetings were held four times this year.

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Composition and role of Nomination / Compensation / Audit Committee

To ensuring and improving the independence and transparency, Chairman of all three committees are Outside Directors

### Composition and role of the three committees

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<td><strong>Nomination Committee</strong></td>
<td>• Determine the particulars of a proposal concerning the election and dismissal of Directors to be submitted to a general meeting of shareholders</td>
</tr>
<tr>
<td>Hiroshi Kimura, Outside Director (Chairman)</td>
<td>• Determine the independence criteria for Outside Directors</td>
</tr>
<tr>
<td>Ishimura Kazuhiko, Outside Director</td>
<td>• Determine the reasons why each person was designated as a Director nominee</td>
</tr>
<tr>
<td>Nobuyuki Koga, Inside Directors (Non-executive)</td>
<td>• Establish the policy with respect to the determination of the compensation and other remuneration of Directors and Executive Managing Directors</td>
</tr>
<tr>
<td><strong>Compensation Committee</strong></td>
<td>• Determine the individual compensation and other remuneration of each Director and Executive Officers</td>
</tr>
<tr>
<td>Noriaki Shimazaki, Outside Director (Chairman)</td>
<td>• Audit the execution by the Directors and Executive Officers of their duties and prepare audit reports</td>
</tr>
<tr>
<td>Mari Sono, Outside Director</td>
<td>• Determine the content of proposals concerning the election and dismissal of the accounting auditors to be submitted to a general meeting of shareholders</td>
</tr>
<tr>
<td>Hisato Miyashita, Inside Directors (Non-executive)</td>
<td></td>
</tr>
</tbody>
</table>
Nomination Committee Calendar for election of directors

- **Ad-hoc**
  - Discussion for outside director candidates

- **March**
  - Determination of candidates to be submitted to Ordinary General Meeting of Shareholders

- **April**
  - Determination of grounds of appointments
  - Determination of contents of their disclosure

- **June**
  - Election of Directors at Shareholders Meetings
  - Appointment of Nominating Committee Members by Board of Directors

Consideration in election of directors

- Selection criteria based on personality, insight, ethics, deep knowledge and experience in one's area of expertise
- Number of outside directors can hold concurrent positions at other listed companies up to 3. In principle, there is 1 internal director (non-executive).
- As a general rule, majority of the board is composed of outside directors
- The term of outside directors is expected to be six years
- Outside directors are required to comply with independence criteria
- Including experts in finance, corporate management, law, etc.

Succession plan for Group CEO and others

- Candidates from current GCEO are presented to Nomination Committee and elected by Board of Directors.
- The Nominating Committee and Board assess appropriateness of candidates at various angles such as audit hearings and board meetings.
- The succession plan includes the concept of qualities required of Group CEO, business execution system that incorporates management environment and perspective of fostering successors, evaluation of the status of business execution under the business execution system, and specific succession proposals.
Compensation policy

- Human resources are Nomura Group’s greatest asset in establishing a strong position as a globally competitive financial services group.
- Established the "compensation policy" for Group officers and employees to secure, maintain, motivate, and develop excellent human resources.
- This will enable the Group to achieve sustainable growth, achieve long-term growth in shareholder value, provide added value to customers, demonstrate global competitiveness, and enhance Nomura’s reputation.

Framework for senior management, method of determination for each component

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

Variable compensation
- Deferred compensation
  - 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.

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<th>Description</th>
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<tr>
<td>Fixed compensation</td>
<td>Base salary</td>
</tr>
<tr>
<td></td>
<td>Determined by reflecting individual role, responsibilities, etc.</td>
</tr>
<tr>
<td>Variable compensation</td>
<td>(Part of) variable compensation paid in cash after the financial year end</td>
</tr>
<tr>
<td>Total compensation</td>
<td>(Exception) NSU³</td>
</tr>
<tr>
<td></td>
<td>(Part of) fixed compensation; paid for executive officers, determined by individual responsibilities</td>
</tr>
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1. This figure does not indicate the percentage of each remuneration, but shows the breakdown of remuneration.
2. Restricted Stock Unit
3. Right to choose either RSU and phantom stock is given to certain individuals.
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