Nomura Group Governance

Nomura Holdings, Inc.

March 2021
FY2020/21 initiatives to further enhance corporate governance

New Group CEO took over in April last year and new executive team set up. During the current fiscal year we took the following steps to further enhance our governance in line with the global operating environment.

FY2020/21 initiatives

- We have continued to ensure a robust governance system in line with the changing times and business environment (see next page). Recently, the proportion of our international operations as part of our overall business portfolio has continued to increase, and this fiscal year we have considered to further enhance our governance to reflect the global operating environment.

- We have researched and verified how a board of directors suitable for a global financial institution should be and discussed this several times at Board of Directors’ meetings with a view to further enhancing governance. As a result, we decided to look into having a board of directors that emphasizes the monitoring of strategy over the medium to long term.

- In order to achieve this, we researched and selected Director nominees that have the required background to ensure oversight of management of a global company.

Composition of Board of Directors from June 2021 (overview)

- To accurately reflect our global revenue mix, three Director nominees were selected from overseas who have knowledge of the financial industry (As one current Director from overseas is due to retire, Directors from outside Japan will increase by two)
  - Given our business growth in the US, two nominees have an extensive understanding of the US financial industry, macro economy and regulatory environment
  - To ensure geographical diversification of Directors, the other nominee is from Asia and has broad experience in finance

- In recognition of the importance of having management insights on Japanese companies operating globally, one nominee has been selected from corporate Japan

- As a result, the composition of the Board of Directors from June 2021 will have a non-Japanese ratio of 4/12 and a female ratio of 3/12, significantly increasing the diversity of the board.

1. The Nomura Holdings Board of Directors conducts a self-assessment each year. In addition to this, in FY20/21 a third party assessed the Board of Directors and a full review of governance was conducted.

<table>
<thead>
<tr>
<th>Global revenue mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three segment net revenue (FY2020/21 1-3Q)</td>
</tr>
<tr>
<td>Y1,062.3bn</td>
</tr>
<tr>
<td>Retail (26%)</td>
</tr>
<tr>
<td>Wholesale Americas (25%)</td>
</tr>
<tr>
<td>Wholesale EMEA (12%)</td>
</tr>
<tr>
<td>Wholesale AEJ (10%)</td>
</tr>
<tr>
<td>Wholesale Japan (18%)</td>
</tr>
<tr>
<td>Asset Management (9%)</td>
</tr>
<tr>
<td>International Wholesale (47%)</td>
</tr>
</tbody>
</table>
Continued review of governance structure

Reinforcing governance structure

**2001**  Shifted to holding company structure and listed on NYSE
Established Advisory Board where outside experts regularly discuss group management

**2003**  Adopted Company with Committees, etc. structure (now known as a Company with Three Board Committees)

**2010**  Two Outside Directors (one female) joined from overseas and Board of Director comprised of a majority of Outside Directors

**2015**  Established “Outside Directors Meetings” to discuss matters related to business and corporate governance regularly
Invited Asian experts as members of the Advisory Board

**2019**  All three committees (Nomination, Audit, Compensation) have Outside Director as Chairman

**2021 (plan)**  Aim to establish more sophisticated governance system as a global financial institution
Increased number of Director nominees to 12, of which 8 are Outside Directors, 4 are non-Japanese and 3 females

Outside Directors

<table>
<thead>
<tr>
<th>Year</th>
<th>Outside Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Outside: 4 (36%)</td>
</tr>
<tr>
<td>2021 (plan)</td>
<td>Outside: 8 (67%)</td>
</tr>
</tbody>
</table>

Non-Japanese and female directors

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Japanese Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>0%</td>
</tr>
<tr>
<td>2021 (plan)</td>
<td>Non-Japanese: 4 (33%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>3 (25%)</td>
</tr>
<tr>
<td>2021 (plan)</td>
<td>Female: 3 (25%)</td>
</tr>
</tbody>
</table>

Director training program

- **Introduction for new Outside Directors**
  - In order to deepen understanding of Nomura Group’s operations and internal controls, we provide an intensive explanation covering corporate governance, our business execution structure and business model, finance, risk management, compliance, major litigation cases, internal audit, internal investment rules, etc.

- **Others**
  - Ethics training for Directors and Executive Officers (including Outside Directors) once a year to enhance understanding of ethics
Further enhancing our corporate governance
- Of the 12 nominees for Directors at the annual meeting of shareholders to be held in June 2021, 10 have been nominated to serve as Non-Executive Directors.
- If all the directors are elected, the Company’s Board of Directors will be more diversified with eight Outside Directors, four non-Japanese Directors, and three female Directors.

<table>
<thead>
<tr>
<th>Name</th>
<th>New Appointment / Reappointment</th>
<th>Position and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koji Nagai</td>
<td>Reappointment</td>
<td>Non-Executive Director, Chairman of the Board of Directors</td>
</tr>
<tr>
<td>Kentaro Okuda</td>
<td>Reappointment</td>
<td>Executive Officer, Representative Executive Officer and President, Group CEO</td>
</tr>
<tr>
<td>Tomoyuki Teraguchi</td>
<td>New Appointment</td>
<td>Executive Officer, Due to be appointed Representative Executive Officer, Deputy President on April 1, 2021</td>
</tr>
<tr>
<td>Shoji Ogawa</td>
<td>New Appointment</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Kazuhiko Ishimura</td>
<td>Reappointment</td>
<td>Outside Director, Director of AGC Inc., President of the National Institute of Advanced Industrial Science and Technology</td>
</tr>
<tr>
<td>Noriaki Shimazaki</td>
<td>Reappointment</td>
<td>Outside Director, Advisor, IFRS Foundation Asia-Oceania Office, Former Executive Vice President, Sumitomo Corporation</td>
</tr>
<tr>
<td>Takahisa Takahara</td>
<td>New Appointment</td>
<td>Outside Director, Representative Director, President and CEO of Unicharm Corporation</td>
</tr>
<tr>
<td>Mari Sono</td>
<td>Reappointment</td>
<td>Outside Director, Certified Public Accountant, Former members of the Securities and Exchange Surveillance Commission</td>
</tr>
<tr>
<td>Laura Simone Unger</td>
<td>Reappointment</td>
<td>Outside Director, Former Commissioner and Acting Chairman of SEC</td>
</tr>
<tr>
<td>Victor Chu</td>
<td>New Appointment</td>
<td>Outside Director, First Eastern Investment Group, Chairman and CEO</td>
</tr>
<tr>
<td>Chris Giancarlo</td>
<td>New Appointment</td>
<td>Outside Director, Former Chairman of the U.S. Commodity Futures Trading Commission, Willkie Farr &amp; Gallagher, Senior Counsel</td>
</tr>
<tr>
<td>Patricia Mosser</td>
<td>New Appointment</td>
<td>Outside Director, Former Deputy Director, Office of Financial Research, U.S. Department of Treasury, Former Senior Vice President, Federal Reserve Bank of New York, Director, Columbia University, School of International and Public Affairs</td>
</tr>
</tbody>
</table>
Introduction of nominees for New Outside Directors

- Of the four nominees for New Outside Directors at the annual meeting of shareholders to be held in June 2021, three are non-Japanese and one is female.

### Takahisa Takahara
- President and CEO of Unicharm Corporation
- Chairman of the Committee on Consumer Goods and Services of Keidanren (Japan Business Federation)
- Chairman of Japan Hygiene Products Industry Association
- Chairman of Nippon Omni-Management Association

### Chris Giancarlo
- Former Chairman of the U.S. Commodity Futures Trading Commission (CFTC)
- Currently serves as Senior Counsel for the international law firm Willkie Farr & Gallagher as Independent Director and Advisor.

### Victor Chu
- Founder, Chairman and CEO of First Eastern Investment Group, Hong Kong based international investment firm
- Established Victor Chu & Co., a leading Hong Kong law firm

### Patricia Mosser
- Former Deputy Director, Office of Financial Research, U.S. Department of Treasury
- Former Senior Vice President, Federal Reserve Bank of New York
- Currently a Director, Columbia University, School of International and Public Affairs
Election of Directors and Management

Nomination Committee Calendar for election of directors

<table>
<thead>
<tr>
<th></th>
<th>March</th>
<th>April</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad-hocc</td>
<td>Discussion for outside director candidates</td>
<td>Determination of candidates to be submitted to Ordinary General Meeting of Shareholders</td>
<td>Determination of grounds of appointments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Determination of contents of their disclosure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Election of Directors at Shareholders Meetings</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Appointment of Nominating Committee Members by Board of Directors</td>
</tr>
</tbody>
</table>

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).
- The term of outside directors is expected to be six years
- As a general rule, majority of the board is composed of outside directors
- As a general rule, outside directors should meet the company’s standards for independence
- As a general rule, experts in finance, corporate management, and law should be included
- As a general rule, the Group CEO and COO serve concurrently as directors

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.
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.

Outside Directors / External Experts (Advisory Board)

- Oversight
- Delegation of decision-making authority on business execution

Group CEO

- Nomura Group Conduct Committee
- Group Integrated Risk Management Committee

Four Business Divisions

- Corporate Function

Advisory Board

Inside Directors (Non-executive)

Inside Directors (Executive)

General Meeting of Shareholders

- Formulation of proposals for election and dismissal
- Audit
- Determination of compensation

Board of Directors

- Nomination Committee
  - (Chair)
  - 7 meetings (FY20/21)

- Audit Committee
  - (Chair)
  - Full-time member
  - 14 meetings (FY20/21)

- Compensation Committee
  - (Chair)
  - 6 meetings (FY20/21)

Management oversight

Execution

Group Management Board

GCEO

1. As of end of February 2021
### Each director's profile and role (1) (as of March 2021)

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of appointment</th>
<th>Nominat</th>
<th>Corpo</th>
<th>Interna</th>
<th>Securit</th>
<th>Accou</th>
<th>Legal</th>
<th>Background</th>
<th>No. of significant concurrent positions other than Nomura Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koji Nagai</td>
<td>Jun. 2013</td>
<td>O</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>Mr. Nagai served as Nomura Holdings President and Group CEO and Nomura Securities President (relinquished executive duties for Nomura Holdings in April 2020 and for Nomura Securities in April 2017)</td>
<td>-</td>
</tr>
<tr>
<td>Hisato Miyashita</td>
<td>Jun. 2016</td>
<td></td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>Mr. Miyashita has extensive experience with respect to compliance issues having worked for many years at securities companies including Nomura in legal and compliance and served as Nomura Group Chief Compliance Officer</td>
<td>-</td>
</tr>
<tr>
<td>Hiroshi Kimura</td>
<td>Jun. 2015</td>
<td>◎</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</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>1</td>
</tr>
<tr>
<td>Kazuhiko Ishimura</td>
<td>Jun. 2018</td>
<td>O</td>
<td></td>
<td>✔</td>
<td>✔</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>4</td>
</tr>
<tr>
<td>Noriaki Shimazaki</td>
<td>Jun. 2016</td>
<td>◎</td>
<td></td>
<td>✔</td>
<td>✔</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>Background</th>
<th>No. of significant concurrent positions other than Nomura Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mari Sono</td>
<td>Jun. 2017</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>
<td>-</td>
</tr>
<tr>
<td>Michael Lim Choo San</td>
<td>Jun. 2011</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>
<td>1</td>
</tr>
<tr>
<td>Laura Simone Unger</td>
<td>Jun. 2018</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>
<td>2</td>
</tr>
<tr>
<td>Kentaro Okuda</td>
<td>Jun. 2020</td>
<td>Representative Executive Officer, Group CEO of the Company, Representative Director of Nomura Securities Co., Ltd.)</td>
<td>-</td>
</tr>
<tr>
<td>Toshio Morita</td>
<td>Jun. 2020</td>
<td>Representative Executive Officer of the Company, Representative Director and President of Nomura Securities Co., Ltd.</td>
<td>-</td>
</tr>
</tbody>
</table>

1. ◎: Chairman of the Committee, ○: Member of the Committee
Main items discussed by the Board of Directors in FY2020/21

- In FY2020/21 (as of end Feb 2021) Board of Directors meeting held 9 times and discussed main agenda items below
- Held 3 Outside Directors meetings during same period

### FY2020/21 1H

<table>
<thead>
<tr>
<th>FY19/20 results, dividend payouts</th>
<th>Company overview, situation by division and region, situation of competitors, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business execution report</td>
<td>Report and discussion on current status and future plans in Wholesale</td>
</tr>
<tr>
<td>Policy on dealing with acquisition proposal</td>
<td>Determine policy for initial response and maintain Board of Directors and decision making body</td>
</tr>
<tr>
<td>Report on Investor Day</td>
<td>Report and discussion on priorities, management vision, and business strategy</td>
</tr>
<tr>
<td>Risk management reports</td>
<td>Report and discussion on framework for top risks and emerging risks</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Report and discussion on initiatives to promote approach to conduct and countermeasures for money laundering and terrorist financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY20/21 1Q results</th>
<th>Company overview, situation by division and region, situation of competitors, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business execution report</td>
<td>Report and discussion on responses and future issues and strategies amid coronavirus</td>
</tr>
<tr>
<td>Establishing structure to promote proper conduct</td>
<td>Report and discussion on establishment of conduct program and conduct annual plan</td>
</tr>
<tr>
<td>Risk management reports</td>
<td>Status of risk appetite management</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Report and discussion on progress of improvement measures related to incident of improper communication of information</td>
</tr>
</tbody>
</table>

### FY2020/21 2H

<table>
<thead>
<tr>
<th>FY20/21 2Q results, dividend payouts</th>
<th>Company overview, situation by division and region, situation of competitors, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business execution report</td>
<td>Report and discussion on current status and future strategies of each division and introduction of monitoring metrics for achieving ROE target</td>
</tr>
<tr>
<td>Information disclosure structure</td>
<td>Report and discussion on internal structure for information disclosure and comparison of disclosure details with competitors</td>
</tr>
<tr>
<td>Strategic Shareholding Review Committee reporting</td>
<td>Current status of strategic shareholdings and future measures</td>
</tr>
<tr>
<td>Audit activity findings report</td>
<td>Report and discussion on reply from execution side in relation to proposals from Board of Directors to execution side</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Report and discussion on status of investigation into corporate client information leakage incident and future measures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY20/21 3Q results</th>
<th>Company overview, situation by division and region, situation of competitors, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business execution report</td>
<td>Report and discussion on current status and future strategies of each division and strengthening of integration of ESG by Nomura Asset Management</td>
</tr>
<tr>
<td>ESG update</td>
<td>Report and discussion on approach and future outlook for ESG</td>
</tr>
<tr>
<td>Risk and responses for operations amid pandemic</td>
<td>Report and discussion on labor management and information management amid pandemic</td>
</tr>
<tr>
<td>Risk management reports</td>
<td>Report and discussion on current status of management of risk appetite, major top risks, and emerging risks</td>
</tr>
</tbody>
</table>

1. 4Q is as of end of February 2021.
Nomura Group executive organization (from April 2021)

President and Group CEO
Kentaro Okuda

Representative Executive Officer and Deputy President
Tomoyuki Teraguchi

Head of Retail
Satoshi Arai

Head of Wholesale
Steven Ashley

Head of Investment Management
Yoshihiko Namura

Head of Content Company and Sustainability Development
Chie Toriumi

Head of Future Innovation Company
Hajime Ikeda

Chief Financial Officer (CFO) and Investor Relations
Takumi Kitamura

Chief Risk Officer (CRO)
Sotaro Kato

Chief of Staff, Chief Compliance Officer (CCO)
Tomoyuki Teraguchi

Chief Strategy Officer (CSO)
Toru Otsuka

Chief Administrative Officer (CAO) and Group IT Head
Jonathan Lewis

Public Policy and Regulatory Engagement,
Head of China Committee and Chief Health Officer (CHO)
Toshiyasu Iiyama
Sustainability initiatives
2020: A transformational year for Nomura

2020: A year of action on Sustainability at Nomura

- December 2019 – Launch of the Nomura Research Center of Sustainability
- April – Acquisition of Greentech completed. Ranked #1 M&A Advisor in Clean Energy / Energy Smart Technologies by Bloomberg, 2017-2019
- May – Nomura acts as book runner on 5 COVID social bonds, for $15bn
- June – Early Investment Bank signing UN Principles for Responsible Banking
- July – Publication of Nomura’s first TCFD Report
- September – The Banker “Investment Bank of the Year for Sustainable Corporate Finance”
- September – Nomura publishes Wholesale ESG Sectoral Appetite Statement
- October – Virtual ESG Conference, >500 clients registered
- October – Nomura is joint lead manager on EU SURE €17bn bond syndication
- December – GFMA Climate Finance Market Structure report, with Nomura sponsorship and leadership (Chairmanship of GFMA)
- December – Nomura recognised through 3 ESG ratings upgrades

Recognized through NHI ESG rating upgrades

- Top 15-20% banks. No banks rated A/B
- Transparency Level = “Very High”
- Upgrade based on a broad set of initiatives (60 page final submission)
- More improvements identified

- Two notch upgrade to top 9% of banks
- Includes specific reference to Wholesale Sustainability Forum, Sectoral ESG Appetite Statement, acquisition and integration of Greentech
- Credit from staff surveys, inclusion and diversity actions

- More focussed on NHI own CO2 footprint, and emissions reduction policies
- To maintain, we will need to develop CO2 footprint data of financed activity with net zero commitment
ESG Committee

- Established ESG Committee to make decisions related to sustainability at senior management level and promote initiatives across the Group
- Chaired by Group CEO and comprised of same members as Executive Management Board
- Discusses and makes decisions on policies, action plans, and key issues related to sustainability
- Appoint an executive officer in charge of sustainability development in April 2021 who will work to raise awareness within the Group including for D&I initiatives, enhance our efforts, and increase information disclosure and external communications

Board of Directors

Executive Management Board

ESG Committee

Wholesale Sustainability Forum
- Business opportunities and strategies for Sustainable Finance
- Transaction frameworks, appetite and policies

Climate Risk and ESG Working Group
- Scenario analyses on physical and transition risks
- Analyses of climate change risk in the portfolio
- Stress testing

TCFD Working Group
- Disclosure policy and content
- Analysis of impact on our businesses
- Study of climate change risks and opportunities

Environmental Activities Working Group
- Environmental management system
- Efforts to achieve CO2 emissions reduction targets
Initiatives to promote Code of Conduct
Promote Code of Conduct established in December 2019 and further reinforce based on current circumstances

**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

**2021 revision key points**

1. Create environment of open discussion, work together as a team and enhance client focus
2. Further enhance internal discipline and understanding to prevent scandals
3. Promote proactive activities aimed at strategically advancing sustainability
Initiatives to promote Code of Conduct and reduce conduct risk

- Under governance of Conduct Committee, pursue initiatives to promote Code of Conduct and activities to manage conduct risk
- First line of defense implements initiatives based on voluntary annual plan and second line supports promotion initiatives

1. Diversity & Inclusion will form a part of sustainability activities.
Initiatives to promote approach and understanding

**Initiatives to promote Nomura Group Code of Conduct**

- **Promote good conduct**
  Consider options for conduct based on examples that bring better results

- **Learn from mistakes**
  Each year on Nomura Founding Principles and Corporate Ethics Day, all employees watch a video, have a discussion, submit an attestation, and an affirmation to abide by the Nomura Group Code of Conduct

- **Share examples to watch out for**
  Raise awareness via external news and internal disciplinary cases

- **Opportunities to reflect**
  Received 15,000 submissions for conduct slogan and upload best ones to intranet daily

**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 and to raise their awareness of compliance.

- **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

- **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
  - Morning meeting Q&A (Retail)

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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.
Appendix
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

### 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

### 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

### 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
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)

1. New York Stock Exchange Listed Company Manual 303A.02 Independence Tests

- The person, currently, or within the last three years*, shall not correspond to a person listed right.
- 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).

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

(2) Executive of a Major Lender (*2) of the Company.
(3) Executive of a Major Business Partner (*3) of the Company (including Partners, etc.).
(4) A person receiving compensation from the Nomura Group of more than 10 million yen per year, excluding director/officer compensation.
(5) A person executing the business of an institution receiving more than a Certain Amount of Donation (*4) from the Company.

* NYSE criteria for outside director independence about so-called cooling-off; 3 years

Countermeasures to conflict of interests in resolutions

- Regulations of the Board of Directors
- Regulations of the Nomination Committee
- Regulations of the Audit Committee
- Regulations of the Compensation Committee

(Regulations of the Board of Directors)
Article 9. (Resolutions)
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.
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.

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

Deferred compensation (deferred for 3 years in principle)
- 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.

Variable compensation

Fixed compensation

- Base salary
- Stock-based compensation
- Paid for executive officers, determined by individual responsibilities

Cash bonus

Total compensation

Deferred compensation

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.
Composition and role of Nomination, Compensation and Audit Committees (as of March 2021)

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

Composition and role of the three committees

<table>
<thead>
<tr>
<th>Composition</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nomination Committee</strong>&lt;br&gt; &lt;br&gt;Hiroshi Kimura</td>
<td>Outside Director (Chairman)</td>
</tr>
<tr>
<td>Ishimura Kazuhiko</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Koji Nagai</td>
<td>Inside Directors (Non-executive)</td>
</tr>
<tr>
<td><strong>Compensation Committee</strong>&lt;br&gt; &lt;br&gt;Noriaki Shimazaki</td>
<td>Outside Director (Chairman)</td>
</tr>
<tr>
<td>Mari Sono</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Hisato Miyashita</td>
<td>Inside Directors (Non-executive)</td>
</tr>
</tbody>
</table>
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

**Evaluating effectiveness**
- 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 fiscal year ended March 2019, Director Kimura who is the lead Outside Director has been assigned to the Chairman of Nomination Committee and Compensation Committee, and aimed for sophistication of Board of Directors
- At the Nomination Committee, Succession Plan discussed by concerning the Group CEO qualifications based on factors such as the management environment and candidate proposal. At the Compensation Committee, performance-based compensation was discussed, and the function of each Committee was enhanced
- Regarding the incident of improper communication of information, the Board of Directors concerning investigation results by the special investigation team under the Audit Committee, required to establish a remediation action plan to the senior managements. As a result, the Nomura Group Code of Conduct which is an essential part of the remediation plan has been established based on the discussions at the Board of Directors, and the efforts to permeate the code were also discussed at the Board of Directors

**Future Challenges**

- At the regularly held meetings of Outside Directors, enhancement of discussions regarding management's goals and strategies, and effective management of Board of Directors will be discussed with Directors and senior management for ideal way of the Company's Board of Directors
# 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 *1 Training
- Compliance Hours at Sales Departments and Offices*2

## Training to create a corporate culture that pursues appropriate conduits
- "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

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established for fostering a sound corporate culture and corporate ethics through an early detection and correction of illegal acts and scandals</td>
<td>✓ Nominated a total of 4 information counselors: 2 internal directors (Compliance, IA) and 2 external lawyers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trend in number of users</th>
<th>Steps taken to enhance trustworthiness of systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Increased significantly up to FY2018/19 and continued to increase in FY2019/20</td>
<td>✓ On November 15, 2019, registered as a registered operator of &quot;Internal Reporting System Certification (Self-Declaration of Conformity Registration System; WCMS)(^2) under the jurisdiction of the Consumer Affairs Agency</td>
</tr>
<tr>
<td>✓ Background of the increase; use of the tools provided by external vendors to enhance anonymity and an implementation of publicity campaigns</td>
<td>✓ Messages are distributed periodically to all employees on promotion of use of the hotline.</td>
</tr>
<tr>
<td>✓ Background of the increase; use of the tools provided by external vendors to enhance anonymity and an implementation of publicity campaigns</td>
<td>✓ 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</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY17/18</th>
<th>FY18/19</th>
<th>FY19/20</th>
<th>FY20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>84</td>
<td>126</td>
<td>50</td>
</tr>
</tbody>
</table>

1. as of December 31, 2020
2. Certification of the whistleblowing system (Self-Declaration of Conformity to Registration System): A system under which a designated registration organization registers the results of a business operator's verification of its whistleblowing system based on an application from the business operator and permits the use of the designated WCMS mark if the business operator evaluates its internal reporting system and complies with the standards for the whistleblowing system certification based on the "Guidelines for Private Business Operators on the Development and Operation of the Internal Reporting System Based on the Whistleblower Protection Act" (Established on December 9, 2016) established by the Consumer Affairs Agency.
### Outline if incident

- Improper action by a former Nomura employee working at Nippon Institutional Securities led to leakage of client information of 275 companies, primarily financial institutions, such as ETF transaction details and information related to communication with Nomura via a Nomura employee to Nippon Institutional Securities.

- Although we received a report that there was no secondary leakage of the information, this was a serious incident that had a significant impact on many of our clients.

(Press release Sept. 10, 2020)

### Strict management of client information and further enhancement of information management

<table>
<thead>
<tr>
<th>Topic</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanded items within performance management related to ethics, risk management, compliance and conduct within performance management</td>
<td></td>
</tr>
</tbody>
</table>
| Conducting training and projects to raise awareness of conduct issues group-wide | - Identified strengths and issues through results of Nomura Group employee survey in 2020; Shared across the group areas to be improved in enforcing Code of Conduct and executive officers take the lead in implementing initiatives  
- Established LCC award: System to award behavior worthy of being a role model by proactively taking action in line with the Code of Conduct. |
| Increase training on information management to enhance information management structure | - Conducted training on opening email attachments and things to look out for when working from home in order to enhance cyber security |
| Revised rules on information assets, manage information according to confidentiality | - Revised information security categories and ensure proper management for each category |
| Enhanced controls on printing such as approvals for printing and enhanced reviews of printing records |                                                                                                                                  |
| Strengthening of viewing and managing information when working remotely | - Established guidelines for working remotely. Determined actions that must be followed and where caution is needed when working from home, require employees to regularly submit written pledge  
- Also determined actions managers must take (ensure information security in department, oversight structure, reminders to employees, etc.) |
| Disciplinary action against related persons and internal sharing of cases |                                                                                                                                  |
Response to spread of coronavirus

Respond to changes in society while playing role in financial and capital markets

Clients

- **Continuity of financial services**
  - Focused on providing liquidity to financial and capital markets amid market turmoil
  - Supported fundraising needs of issues by acting as bookrunner on $638.8bn\(^1\) (approx. Y69trn) of bond issuances globally in 2020
  - Retail closed branch offices temporarily following announcement of state of emergency in March 2020 and continued to operate using phone, email, and online services

- **Using non-face-to-face channels**
  - Built out IT infrastructure to provide high quality remote services for online meetings and videoconferencing
  - Retail enhanced delivery of information to clients via email

Employees

- **Diversified work style**
  - Expanded work from home
  - Introduced flextime system
  - Considering office designs based on diverse work styles such as satellite offices

- **Ensured safety of our people**
  - Following state of emergency announced in January 2021, about 40% of people in Japan and 90% overseas working from home as of end of January
  - Implemented wellbeing initiatives such as mental and health counselling predominantly in international offices
  - Distributed masks to all employees in Japan and AEJ

Communities

- **Donated a total of Y155.8m to charities globally**
  - Collected donations from executive officers and employees globally which we matched by the company and a total of Y115.8m was donated to local charities supported in each region

- **Donation of masks and hand sanitizer**
  - Procured one million masks from Orient International (Holding) and donated to Japanese government and Japan Red Cross for use at medical and welfare institutions
  - Donated masks and hand sanitizer to charities in AEJ

- **Charity events**
  - Held a global virtual charity event in which over 1,100 people participated, raising a total of $20,465 donated to local charities in each region

Crisis management

- **Response based on Infectious Disease Action Plan Guidelines**
  - Clarified process to enact business continuity plan and operations to prioritize
  - Confirmed work approach under pandemic and remote access for working from home
  - Set out rules regarding international travel

- **Steps to prevent spread of virus**
  - Conducted business using a mix of split teams and work from home
  - Restricted and advisory messages around internal social gatherings and personal gatherings
  - Enforced social distancing in offices and branches

1. *Source: Dealogic*
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