

Nomura's Views on the ISS Report

Tokyo, May 31, 2018—Nomura Holdings, Inc. (the “Company”) has submitted a proposal for the reappointment of Director Sono Mari (former Commissioner of the Securities and Exchange Surveillance Commission) at the 114th Annual General Meeting of Shareholders scheduled to be held on June 22, 2018.

Continuing on from last year, Institutional Shareholder Services Inc. (“ISS”) has issued a recommendation to vote against the proposal.

In response to this recommendation, the Company has received the following views from Nobuyuki Koga, Chairman of the Nomination Committee of the Company*.

*Decisions on director nominees of the Company, which is a company with three board committees, are made by the Nomination Committee whose members are made up of a majority of outside directors.

1. ISS' Views

ISS has recommended voting against the proposal for the reappointment of Director Sono according to ISS' “Japan Proxy Voting Guidelines 2018” for the following reasons:

- (1) Director Sono does not meet the independence criteria because she worked at Ernst & Young ShinNihon LLC (“ShinNihon”), the Company's auditor.

Supplementary information: ISS regards an outside director nominee who worked at a company's audit firm as non-independent regardless of how many years have passed since the nominee's retirement from the firm. As for ISS' reasoning for this, ISS mentions the lifetime employment culture in Japanese companies and the strong sense of identification that long-time employees have with their employers.

- (2) ISS' view is that “a board seat in a sense has been reserved for an individual from ShinNihon” at the Board of Directors of the Company.
- (3) ISS' view is that, at the Company, which is a company with three board committees, the majority of the Board of Directors will not be independent after the 114th Annual General Meeting of Shareholders of the Company.

Supplementary information: The Board of Directors of the Company will consist of five independent directors and five non-independent directors after the Annual General Meeting of Shareholders because ISS regards Director Sono as non-independent. Additionally, ISS does not have any doubts concerning the diversity and expertise as a certified public accountant that Director Sono would bring to the Board of Directors, and has suggested that its recommendation would be for the proposal if the Company appoints 1 more person as a director who meets the ISS independence requirements,

thereby making the majority of the Board of Directors independent directors under the ISS standards.

2. Director Sono's Independence (Counterargument to 1.(1) Above)

Facts:

- In August, six years will have passed since Director Sono's retirement from ShinNihon, the Company's accounting auditor, after which she has had no involvement whatsoever in ShinNihon's management and financial policy. Six years is well beyond the three-year look-back period under the rules of the New York Stock Exchange where the Company is listed, generally recognized as a sufficient period for the unwinding of any conflicting relationships between directors and their former employers.
- During her tenure at ShinNihon, Director Sono was never involved in an accounting audit of the Company and also never belonged to the Financial Division that is responsible for accounting audits of financial institutions. Therefore, there is no possibility that any conflicts of interest will occur between her past business and her duties as an outside director of the Company.
- Director Sono satisfies the Company's Independence Criteria for Outside Directors and the Company has designated her as an independent director prescribed by the Tokyo Stock Exchange, Inc.

The Company's Views:

- As a reason for denying independence, ISS points out that in Japan, where the culture of lifetime employment remains, many former colleagues still work at the firm that the nominee had worked at in the past, even after five or ten years have passed since the nominee's retirement, and there remains a strong sense of identification with the firm for the nominee. Although it is true that the Companies Act of Japan ("the Act") had stated that, "If a person has worked at a company even for one day, that person cannot be appointed as an outside director of the company," the Act currently states that a person may be appointed as an outside director even for a company that the person has worked at after a cooling-off period of ten years. Given this situation, the Company has substantial doubts about ISS' view that independence should be permanently denied for anyone who has worked at the accounting auditor of the relevant company.
- Being a certified public accountant does not automatically mean that any such person is suitable to become an outside director. With the limited number of leading audit firms, if ISS' policy is that a nominee for outside director, who is qualified for the position in terms of personality, knowledge, experience, etc., fails to meet the independence criteria without any exception only because the nominee has worked at the company's accounting auditor in the past, we consider that such a policy will limit the pool of outside director nominees who are certified public accountants and will prevent important knowledge regarding finance and accounting, essential for the business of any company, from being utilized by boards of directors.
- In particular, after Director Sono retired from ShinNihon, Director Sono served out her three-year term of office as a Commissioner of the Securities and Exchange Surveillance Commission, which requires an extremely high level of independence. On

this point as well, we believe that there is no room for doubt regarding her independence as an outside director of the Company.

3. Concerning the Reason for the Election of Director Sono as an Outside Director Nominee (Counterargument to 1. (2) Above)

The Company's Views:

- Regarding the appointment of its accounting auditor, the Company strives to ensure the constant functioning of a healthy check-and-balance relationship between the Company and the accounting auditor by taking measures such as having the Audit Committee carry out stringent evaluations.

Therefore, there is absolutely no consideration given to developing any personal relationships between the Company and any specific accounting auditor and there is no "board seat... reserved for an individual from ShinNihon."

- From the perspective of strengthening governance as a financial services group with core subsidiaries that engage in securities businesses, the Company chose Director Sono, who served for three years as a Commissioner of the Securities Exchange Surveillance Commission, as an outside director nominee.
- Although Director Sono's high degree of expertise was one factor for the Nomination Committee in deciding the nomination, the fact that she had experience working at ShinNihon before she took office as a Commissioner of the Securities and Exchange Surveillance Commission was not at all a factor in deciding the nomination.

4. Composition of the Board of Directors (Counterargument to 1. (3) Above)

Facts:

- After the Annual General Meeting of Shareholders, out of all ten directors of the Company, six outside directors will make up the majority.
- After the Annual General Meeting of Shareholders, out of all ten directors of the Company, there will only be two persons concurrently serving as executive officers.

The Company's Views:

- At the Company, which is a company with three board committees, business execution is performed by executive officers. As directors cannot execute business unless they concurrently serve as executive officers, their main duty is the supervision of the executive officers' business execution. The majority of the Company's directors are outside directors, and further, there are no more than two directors who concurrently serve as executives out of all 10 directors, and directors who do not concurrently serve as executives make up 80 % of the Directors of the Company.
- Even if the Company accepts ISS' assertion that Director Sono cannot be considered independent, one half of the members of the Board of Directors of the Company will still be "independent" outside directors. As it is necessary for the majority of the directors present at a meeting of the Board of Directors to agree for there to be an approval of a resolution, it is impossible for there to be decision-making only amongst the "non-independent" directors.

- Accordingly, as this point also does not impact the effectiveness of the supervisory function of the Board of Directors, we believe that this cannot be a reason for excluding Director Sono from the Company's Board of Directors as Director Sono is an expert in finance and accounting and also served as a Commissioner of the Securities and Exchange Surveillance Commission, which is a position from which the markets are monitored.
- As is recognized by ISS itself, in addition to Director Sono's extensive experience and high level of expertise, diversity is brought to the Board of Directors, and in addition to these factors, by applying her high level of independence and by proactively commenting at venues such as meetings of the Board of Directors and Audit Committee, there is a large contribution to improvement of the Company's governance.

Although ISS has suggested that its recommendation would be for the proposal if the Company appoints one more person as a director who meets the ISS independence requirements, thereby making the majority of the Board of Directors independent directors under the ISS standards, we hereby reiterate that there is no room for doubt as to Director Sono's independence, and also manifest that the current composition of directors is most suitable at this point from perspectives such as scale, diversity, and expertise.

(Reference) Brief Biography of Director Sono

October 1976	Joined NISSHIN Audit Corporation (currently Ernst & Young ShinNihon LLC)
March 1979	Registered as Certified Public Accountant
November 1988	Partner of CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC)
November 1990	Member of "Certified Public Accountant Examination System Subcommittee", Certified Public Accountant Examination and Investigation Board, Ministry of Finance
April 1992	Member of "Business Accounting Council", Ministry of Finance
December 1994	Senior Partner, CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC)
October 2002	Member of Secretariat of the Information Disclosure, Cabinet Office (currently Secretariat of the Information Disclosure and Personal Information Protection Review Board, Cabinet Office)
April 2005	External Comprehensive Auditor, Tokyo
July 2008	Senior Partner of Ernst & Young ShinNihon LLC
August 2012	Retired Ernst & Young ShinNihon LLC
December 2013	Commissioner of the Securities and Exchange Surveillance Commission
June 2017	Outside Director of the Company (Current)

(Reference) "Independence Criteria" for Outside Directors of Nomura Holdings, Inc.

Outside Directors of Nomura Holdings, Inc. (the "Company") shall satisfy the requirements set forth below to maintain their independence from the Nomura Group.

1. The person, currently, or within the last three years, shall not correspond to a person listed below.

(1) Person Related to the Company

A person satisfying any of the following requirements shall be considered a Person Related to the Company:

- Executive¹ 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 Lender² of the Company.

(3) Executive of a Major Business Partner³ 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 Donation⁴ from the Company.

2. 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 below (excluding persons in unimportant positions):

(1) Executive of the Nomura Group; or

(2) A person identified in any of subsections (1) to (5) in Section 1 above.

ends

Nomura

Nomura is an Asia-headquartered financial services group with an integrated global network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its four business divisions: Retail, Asset Management, and Wholesale (Global Markets and Investment Banking), and Merchant Banking. Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit www.nomura.com.

¹ Executive shall mean Executive Directors (*gyoumu shikkou torishimariyaku*), Executive Officers (*shikkouyaku*) and important employees (*jyuuyou na shiyounin*), including Senior Managing Directors (*shikkouyakuin*), etc.

² Major Lender shall mean a lender from whom the Company borrows an amount equal to or greater than 2% of the consolidated total assets of the Company.

³ Major Business Partner shall mean a business partner whose transactions with the Company exceed 2% of such business partner's consolidated gross revenues in the last completed fiscal year.

⁴ Certain amount of donation shall mean, with respect to any given institution, any amount that exceeds 2% of the donee institution's gross revenue or ordinary income, whichever is greater, or donations that exceed 10 million yen per year.