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Top Message



Eiji Kutsukake

President and Representative Director
Group CEO
Nomura Real Estate Holdings, Inc.

Amid the global spread of COVID-19, anticipating the post-COVID-19 world, the Group places top priority on the safety and security of executives, employees, and people involved in our business and is taking necessary measures.

Our Group Vision and Value Creation by the Group

From the planning and concept stages to the actual provision of real estate to the public, our business requires a long lead time. For this reason, it is imperative that we always look forward and forecast future trends. In addition, in times or situations like today with the environment in a constant state of flux, we must simultaneously consider strategies such as where to concentrate our investments and what actions to take at present. Otherwise, the Group will face risks of being left behind by changes. Forecasting to predict the future based on current conditions and social changes and backcasting that guides strategies we must adopt now based on these predictions will both be crucial in the days ahead. In other words, in looking to the future real estate industry, we must further anticipate changes or ascertain needs to proactively spur change and deliver new value to customers.

Under these circumstances, the Group has adopted “New Value, Real Value” as our Group Vision for customers and society. We cherish this Vision and always keep it in mind in everything we do in undertaking our business activities. This Vision of “New Value, Real Value” is also our promise to customers and society that “through our real estate development and real estate-related services we will create secure, safe, and comfortable urban development and enrich the lives and times of people living in these communities to create an even better tomorrow well into the future.” We use this Vision as the basis for all our activities and aim for sustainable value enhancement. In keeping with the Vision, we announced the Mid- to Long-term Business Plan in 2019, which covers the period from the fiscal year

ended March, 2020 to the fiscal year ending March, 2028. In the plan, we stipulated four value creation initiatives and, at the same time, we positioned CSR and ESG as frameworks that support the growth. We also stated that we will strive to create value for a sustainable society and environment through our business activities.

Initiatives toward social issues through value creation

Major risks that could undermine the sustainability of corporate activities include climate change such as global warming and the increase in and intensification of natural disasters as well as various social issues and changes such as human rights and labor issues. A vital mission of companies is to contribute to the attainment of the Sustainable Development Goals (SDGs) that address these social issues around the world. We believe we can take various actions unique to the Group, which has solved social issues through our businesses. Therefore, through the realization of the four value creation initiatives, we will make Group-wide efforts to meet the demands of society. The Group has also formulated the four key themes of "Safety/Security," "Environment," "Community," and "Health and Well-being" so as to solve social issues, and ensure this leads to further business growth.

The Group's core business is real estate development and this means we must pay particular attention to environmental sustainability. Alongside reducing negative impacts on the environment, the importance of generating positive environmental impacts through real estate development and real estate-related services are essential.

We are also moving ahead to reduce CO₂ and to create and use renewable energy. To indicate these efforts, we have set a target for 2030 of achieving a 30% reduction in CO₂ emissions from real estate owned by the entire Group compared with the 2013 level. We will redouble these efforts and aim to acquire Science Based Targets (SBT) Initiative Certification that also commits to the environmental performance of real estate that we have sold. In tandem with setting strict environmental standards during developing properties, we make Group-wide efforts such as promoting various initiatives related to environmental, social and governance (ESG) matters for properties owned by REITs and funds in the Investment Management Business Unit. We also have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September 2020.

In 2019, we signed the United Nations Global Compact. Utilizing these opportunities, we intend to play an even greater role in human rights and labor issues. Promoting closer communication with each stakeholder, including application of the Group's CSR Procurement Guidelines, and focusing on coexistence and co-creation with the trust of stakeholders, are above all essential to the sustainability of the Group. Regarding this point, we must pay particularly close attention and respond to issues pertaining to foreign technical intern trainees and the problems of local residents related to timber procurement.

The Group's value creation is evolving and expanding into large-scale urban development and area management such as urban-type compact towns and the Shibaura 1-chome District Project. Our value creation aims to enhance the value of the town continuously working in unison with the local

community. We will achieve the vision by enhancing function of the town through creating safe and secure urban development and by the ongoing participation in town management fostering the community. Thus, in order to seriously work on the four key themes of “Safety/Security,” “Environment,” “Community,” and “Health and Well-being,” which have been formulated to address social issues, the Group has established even more specific material issues and set goals linked to business activities. We have promoted various initiatives as CSR activities over the years. Going forward, we will redefine them as activities for sustainability and enhance a variety of initiatives. Furthermore, we intend to firmly recognize social issues from a long-term perspective that looks beyond 2030, the target year for attaining the SDGs, and plan to present an ultra-long-term vision for the ways the Group can make contributions.

Promotion foundation for sustainability

Initiatives for human resources and management structure

We have positioned “human resources” and “management structure (corporate governance, compliance, risk management)” as the foundation for promoting initiatives for sustainability that supports the continuity of our corporate activities and are accelerating specific initiatives.

Corporate governance

The Group aims for a monitoring-oriented supervisory system and has made efforts to continuously evolve its corporate governance. As part of these efforts, the Group transitioned to a company with an Audit & Supervisory Committee in 2015 and established an Advisory Committee Relating to Nominations and Compensation the following year.

With regard to the compensation system for directors, in 2019, we also incorporated initiatives for environmental and social issues into the performance evaluation of executives. In doing so, we have also clarified that the Group must fulfill our role in undertaking business activities. This is also management’s commitment to promoting businesses with an awareness of sustainability.

The importance of human resources as our foundation

Strengthening human resources as our foundation is also indispensable for improving corporate value. The Group recognizes that employees are our most valuable and indispensable business resources and thus places great importance on the management of these human resources. We are implementing various measures toward realizing “wellness management” whereby all executives and employees can work energetically in good physical and mental health to enable sustainable growth of the Company. We also believe there is ample room for improvement in encouraging the active roles of employees. This includes promoting the participation of women, employment of persons with disabilities and foreign personnel, and Responding for flexible work styles such as teleworking, etc. We will continue to take our initiatives and creative efforts that enable our diverse human resources to maximize their abilities and work with satisfaction.

To realize Our Group Vision “New Value, Real Value”

Our Group Vision “New Value, Real Value” will remain solid even in the present drastic changes in economic conditions and the social environment arising from COVID-19. This will continue to be our philosophy and discipline as our key to further growth.

I sincerely appreciate our stakeholders for their ongoing support and I hope you to look forward to our sustainable growth.

Message from the Chairman of the Sustainability Committee



Seiichi Miyajima

Executive Vice President and
Representative Director,
Group COO
Nomura Real Estate Holdings, Inc.

In 2016, I was appointed as the Chairman of the CSR Committee (the Sustainability Committee from April 2020) of the Nomura Real Estate Group, and in the following year as its Group COO to oversee the business execution of the entire Group. For me to be concurrently responsible for business execution and sustainability sends out a message to both within and outside the Group, that sustainability is inseparably integrated with every aspect of the Group's business, and that we are determined to resolve social issues through our business activities and promote a sustainable society, while also securing growth as a corporate entity.

The Group assumes an important social responsibility as a corporate entity engaged in real estate development and related services provision. Needless to say, it is crucial to be profitable as a company. However, if we are to continue growing by offering value to society, it is critically important for us to develop properties that generate long-standing value, without fixating on short-term earnings. Furthermore, we must keep providing essential real estate-related services that maintain and raise the value of cities. Our basic stance is to perpetually enhance the value of cities.

From a long-term perspective, this stance leads to building trust in the Group and its brand value, which in turn, reduces business risks and generates new business opportunities and earnings. I myself have experienced this firsthand during my long engagement in the real estate development business.

In the Group's real estate projects, it takes many years to construct the buildings and subsequently complete urban development, including the creation of local communities. To enable people to lead a rich life at home and at work and gather, the Group needs to meet its key challenge of achieving "Sustainable Cities and Communities," which is also one of the Sustainable Development Goals (SDGs) upheld by the United Nations. In other words, we will create safe and comfortable cities and communities that are friendly to all human beings and the natural environment, as well as resilient against disasters. Through our high-quality real estate development and related services, we will continue offering diverse value to our customers and society, and also enhance our corporate value.

Initiatives for sustainability

In addition to pursuing short-term profit, companies are called on to tackle diverse social issues including those related to the environment, human rights, and labor toward the goal of achieving a sustainable society as upheld by the Paris Agreement and the SDGs. Investments based on environmental, social, and governance (ESG) indexes are expanding, as exemplified by the incorporation of ESG issues in the investment practices set forth by the Principles for Responsible Investment. Companies must endeavor to resolve various social issues to help achieve a sustainable society and fulfill their responsibility to future generations.

Although these social issues pose risks to the Group's business continuity, we can reduce the risks and generate new business opportunities by accurately ascertaining and dealing with their impact on our business. In addition, we must also promptly and appropriately announce the Group's business activities and initiatives to resolve social issues through value creation in order to get better understanding from our stakeholders. To this end, we should work harder to acquire relevant certifications, disclose related information, and strengthen our dialogue and engagement with stakeholders.

In our sustainability efforts, we have identified current and future social issues and are working on them under four key themes: Safety/Security, Environment, Community, and Health and Well-being. Targets have already been set for each key theme as well as for the specific material issues identified toward which efforts are underway. Going forward, we will further incorporate sustainable management into our Group-wide business strategy and develop our business with an even higher sense of purpose from a mid- to long-term perspective for the benefit of society in the next 30 to 50 years, that is, the next generations, while demonstrating the kind of value the Group provides, how it fulfills its responsibilities, and the type of corporate entity we want to be in the future.

Also, in each business unit of the Group, we are pursuing sustainability more in line with our business activities both in our day-to-day business operations and in our endeavor "to build cities—dynamic stages that connect today with tomorrow's possibilities—and "to embrace every moment of life's pursuits."

With the Company's corporate social responsibility (CSR) focused on achieving a sustainable society, including in areas such as labor and human rights in addition to the environment, we are stepping up our efforts toward sustainability in closer coordination with our business across the entire Group. In April 2020, we established the Sustainability Management Department, which plays a central role in strengthening collaboration between the Board of Directors, the Sustainability Committee and each Business Unit. The Group's compensation plan of directors incorporates, as one of the assessment criteria, performance in terms of sustainability in the respective business fields they oversee.

As a measure against the particularly pressing issue of climate change, we set, in the form of a non-financial key performance index (KPI), a Group target of reducing CO2 emissions by 30% compared with the fiscal year ended March 2014 level by 2030. Going forward, we are stepping up our efforts to address climate change and human rights issues.

In 2019, we signed the United Nations Global Compact to express our commitment to resolving social issues concerning the environment, human rights, labor, and other matters to help achieve a sustainable society. In addition, we jointly worked with our suppliers on industry-wide material issues, including

problems responding to the Technical Intern Training Act in Japan and local residents involved in timber procurement. Deeming that our relationship of trust and collaboration with our suppliers constitutes the foundation of the Group's business continuity, we will practice our CSR Procurement Guidelines more exhaustively and strengthen our engagement with our suppliers.

Initiatives toward further improvement

Safety and security

With regard to safety and security, in light of recent abnormal weather, intensification of disasters, and other issues, we are promoting various initiatives in areas from design and construction to operations and management. In the KAMEIDO PROJECT currently being developed, which is large-scale mixed-use development combining housing, commercial facilities and schools, the "Attractive 30" initiative has been adopted. Under that initiative, the cycle of large-scale repairs can be lengthened by using a quake-absorbing structure and durable materials and construction methods in constructing new buildings as well as introducing the large-scale repair work product "re:Premium." This enables reduction of the building management, maintenance and life cycle costs to residents, leading to long-term safety and security. We are also promoting initiatives for strengthening resilience of the entire community, for example, by installing flood barriers, providing flood protection sheets for emergencies, and utilizing a gas cogeneration system.

Environment

For climate change, we will expand the scope of our existing CO2 emissions reduction targets for Scopes 1 and 2 to include Scope 3, revise our mid- to long-term target toward the 2050 Zero Emission goal, and obtain approved Science Based Targets (SBT). As property sales account for a high percentage of the Group's operating revenue, we are aware of our serious responsibility for properties after they have been sold as well as properties we own. We will also further promote the concept of Net Zero Energy Houses (ZEH), promote the use of renewable energy, and make environmental efforts from a long-term perspective by taking measures after sales of properties as well as in the development phase. Furthermore, Nomura Real Estate Asset Management, which manages real estate funds such as J-REITs at the Investment Management Business Unit, announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in July 2020, and the Company itself also announced its support in September 2020, in order more clearly to express our stance, which could lead to reducing business risks and obtaining new business opportunities by assessment and analysis on risks and opportunities of climate change.

Community

For community, based on the BE UNITED concept which nurtures civic pride through residents' fondness for and pride in their city, we have given the name ACTO to the urban development initiative in which we strive to activate the surrounding local communities as well as the towns for the purpose of realizing the BE UNITED concept. We will provide a place open to everyone and expand a variety of communities both within and outside towns. As a first project, we introduced this initiative at PROUD CITY Hiyoshi and started operation of facilities in July 2020. To expand ACTO gradually, we also introduced it at the KAMEIDO PROJECT. Under ACTO, we will strengthen cooperation with various people in the community so that residents and those in the community will develop a fondness for their town, solve local issues, and activate and develop the town to permanently increase value.

Health and well-being

In the housing field, health and well-being are critical issues. "Yukai-full," a next-generation air-conditioning system, has been newly introduced at a number of properties including the KAMEIDO PROJECT, which is large-scale mixed-use development. "Yukai-full" is a unit-by-unit central air-conditioning system that takes advantage of the double floor structure of condominiums and provides temperature-controlled air 24 hours a day, every day of the year throughout the entire living space including the hallway and restrooms. The system constantly provides a comfortable space as it is hard to produce changes in temperature, even if residents move around the rooms. Furthermore, initiatives such as the exercise program provided by OUKAS, a senior housing facility with support services aimed at enabling people to enjoy a long and healthy life, which received Good Design Award last year, are highly evaluated. With regard to office buildings, it is the Group's policy to acquire CASBEE-Wellness Office certification, a certification system to support maintenance and improvement of the health and well-being of building users. We will continue to promote initiatives to improve health and well-being by taking the light and air environment into consideration, securing space for refreshment, introducing shower facilities, and other measures.

Response to COVID-19

We are taking Group-wide measures against COVID-19, giving top priority to securing the health and safety of our employees, customers, tenants, suppliers, and other stakeholders. When the Japanese government issued an emergency declaration and prefectural governments made self-restraint requests, we responded by closing our MEGALOS fitness clubs, all our housing sales galleries, and all the "Nomura no chukai + (PLUS)" retail branches. The Group has long upheld wellness management with the aim of offering a work environment where all employees can work energetically, accommodating diverse work styles including working from home and teleworking and flexible working so as to place the health and safety of employees first. Anticipating the post-COVID-19 world, we will promote new work styles that provide safety and well-being, and raise productivity.

For further growth

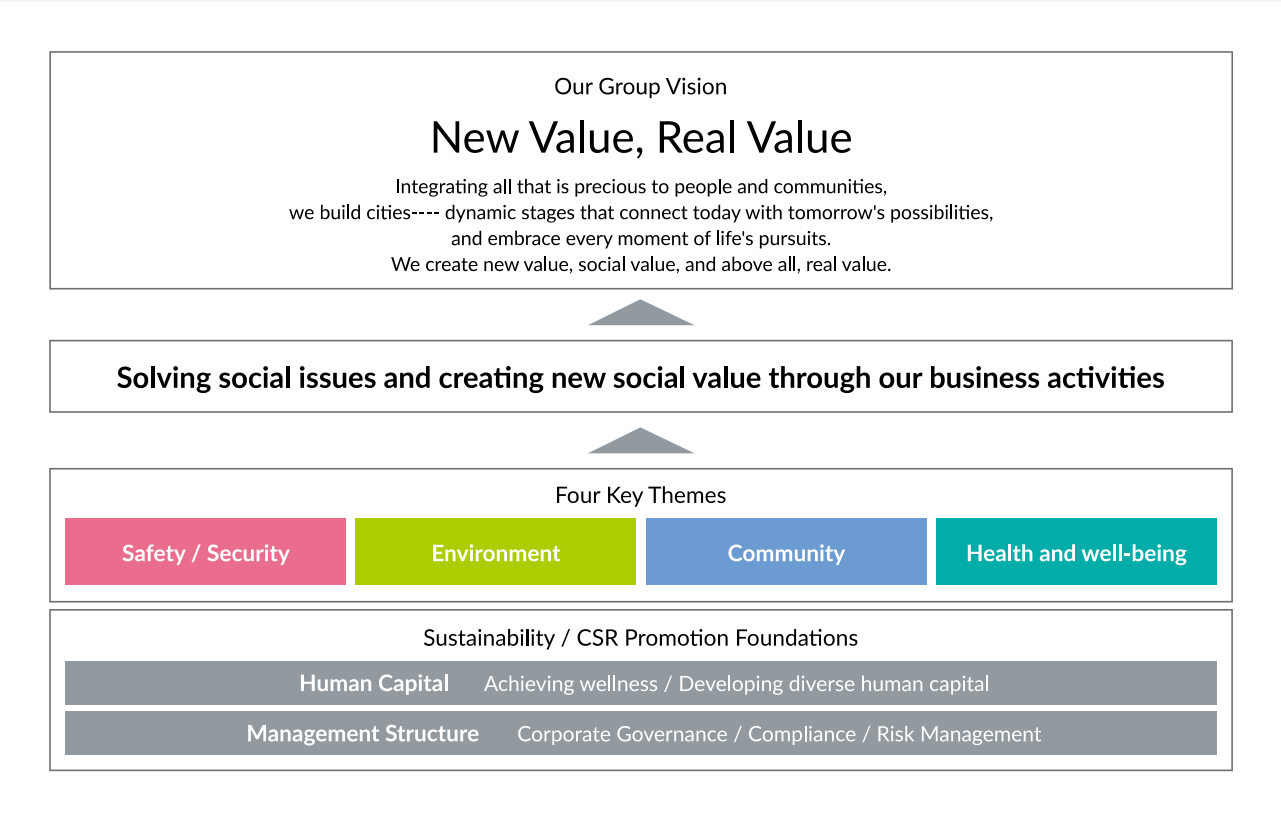
While consistently valuing the bonds with customers through the development of high-quality products and services, the Group is continuously enhancing its corporate value and competitiveness by creating new value toward the goals of “building cities—dynamic stages that connect today with tomorrow’s possibilities” and “embracing every moment of life’s pursuits.” Also, with an eye toward the next 30 or even 50 years as a real estate group, we are aspiring to grow together with society and to continue being a corporate entity that contributes to achieving a sustainable society. We will live up to the expectations and trust of our customers, business partners, employees, and all other stakeholders toward a bright future society.

The Nomura Real Estate Group's Stance on Sustainability

The Nomura Real Estate Group has adopted “New Value, Real Value” as the Group’s corporate philosophy and sustainability vision.

"New Value, Real Value" determined by the Board of Directors, sets out the future vision that the Group aims to achieve under its Mid- to Long-term Business Plan, New Value, Real Value.

In addition, the Group set Four Key Themes for Sustainability: "Safety and Security," "Environment," "Community," and "Health and Well-being"; two Promotion Foundations: "Human Resources and "Management Structure." Based on these, the Group promotes management strategies and sustainability in an integrated manner.



Sustainability Management



Learn about the Group's management structure and policies.

Materiality determination process



Learn about the process used for formulating the Group's material issues and about the dialogue with different stakeholders.

Business and Sustainability



Learn about the Group's responses to stakeholder expectations and social issues in relation to each of its business activities.

Special Feature



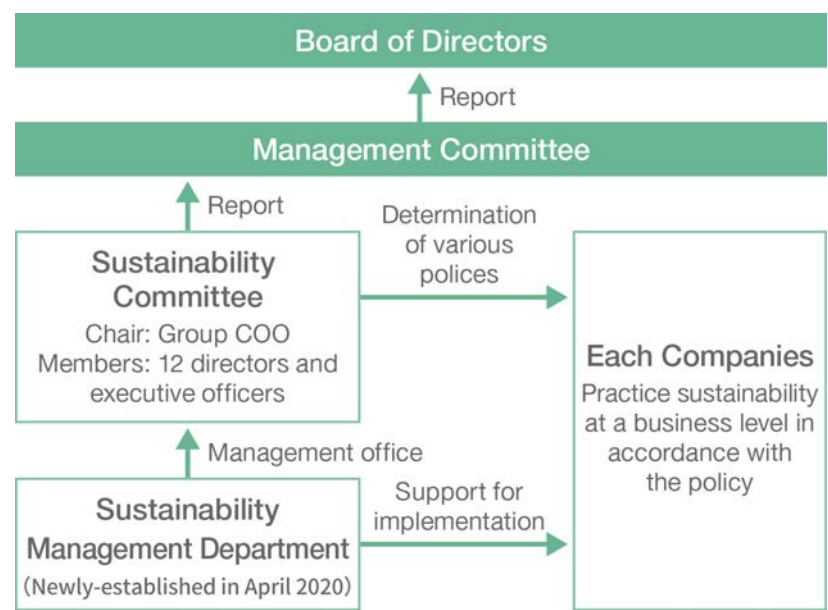
Learn about the Group's key sustainability initiatives.

Sustainability Management




















Sustainability Management and CSR/ESG Policies and Objectives of the Nomura Real Estate Group

In April 2020, the Group established the new Sustainability Promotion Department to further strengthen and promote its sustainability activities. The Sustainability Committee, chaired by the Nomura Real Estate Holdings executive vice president and Group COO, reviews the CSR/ESG policies, checks progress against CSR/ESG targets, and deliberates and makes decisions on activity plans. The results of its examinations are then reported to the Board of Directors and reflected in management plans and business activities.

In fiscal 2019, CSR Committee (current Sustainability Committee) and CSR Promotion Council meetings were held a total of five times. In line with these policies, we will continue to follow the PDCA cycle and promote sustainability activities.



Nomura Real Estate Group's Policy on CSR/ESG

	CSR Theme	Group Policy	Material Issues	Group Targets / Indicators	Related SDGs
E	Environment	The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewable energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.	Upgrades to environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)	   
			Responding to climate change	Reducing CO ₂ emissions Promoting solar power generation Reducing energy use	
			Effective utilization of water resources	Reducing water usage	
			Consideration for biodiversity	Acquiring biodiversity certification (ABINC / JHEP / SEGES)	
S	Safety/Security	The Nomura Real Estate Group recognizes that building and infrastructure deterioration and obsolescence, reduced urban functions, and increased natural disasters are important social issues. It contributes to the realization of the safety and security of customers and local communities through the provision of products and services based on appropriate quality management and sustainable urban development. It also promotes the creation of work and living environments in which business and daily living can continue even in times of emergency.	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	  
			Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service	
			Initiatives for longer life and increased durability	Providing of long life and high durability products and services	
			Safety and security in disasters	Expanding of disaster preparedness	
	Community	The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization, and contributing to the realization of a cooperative society.	Care for communities and support for revitalization	Expanding of planning and design for revitalization of communities	  
				Supporting revitalization of communities in operations and management	
	Health and Well-being	The Nomura Real Estate Group recognizes that the declining birth rate and aging population, globalization, and the diversification of individual values and lifestyles are important social issues. It communicates with stakeholders and provides products and services for a healthy and comfortable life to all sorts of people, regardless of their attributes. In that way, it respects diversity and contributes to the realization of a healthy and vigorous society.	Response to aging population and diversity and support for health	Promoting universal design Supporting health and increasing healthy life expectancy	  
			Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction	
				Improving comfort	
G	Human Capital	The Nomura Real Estate Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. In this way, it contributes to the realization of a sustainable society, the continuation of business activities, and increased corporate value. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that the innovations brought about by diversity are important for the continued creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that human capital with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their personalities and capabilities.	Health and safety of employees	Preventing work-related accidents Promoting thorough physical and mental health management Promoting taking of paid leave Preventing overwork	  
			Promotion of diversity	Promoting active participation by women Supporting childcare and nursing care Promoting hiring of seniors and people with disabilities	
			Creation of fair and rewarding workplaces	Implementing fair assessment and compensation Improving employee satisfaction	
			Improvements to human capital	Enhancing cultivation of human capital	
			Supplier safety	Complying with CSR procurement guideline	
				Ensuring supplier safety	
	Management Structure	The Nomura Real Estate Group promotes the strengthening of compliance as well as risk management and corporate governance, recognizing that they are important management issues for the realization of a sustainable society, the continuation of business activities, and increased corporate value. It also conducts its business activities with respect for the human rights of all people, including customers, local communities, employees, and suppliers.	Corporate governance	Ensuring diversity in Board of Directors	  
			Compliance	Observing compliance requirements	
			Risk management	Implementing thorough risk management	
			Human rights	Implementing thorough human rights training	
			Improved supplier management	Compliance with CSR procurement guidelines	

Reflecting Sustainability/ESG Perspectives in Director Compensation

From fiscal 2019 onward, the Group now requires that directors have a strong awareness of the need to adapt to changes in society and the needs of the times under their selection criteria. The Group has also incorporated the sustainability/ESG perspectives, such as climate change, into decisions on director compensation. Directors are assigned roles that reflect the sustainability/ESG perspectives. In determining the amount of compensation, variable compensation is calculated based on their performance results.

 [Please click here for details on officers' compensation plans.](#)

Materiality determination process

Process of Determining the Four Key Themes

In fiscal 2015, the Group's four key themes were determined through the following process.

Step 1. Examine social issues extensively

Social issues were broadly identified using international frameworks such as ISO 26000 and the GRI G4 Guidelines as references.

Candidate key themes were selected from among those social issues that are closely related to the Group's business.

Step 2. Identify key themes for the Group

The CSR Committee (current Sustainability Committee) discussed the degree of impact of the candidate themes mentioned above on the Group's business (relevancy and magnitude of risk) and provisionally determined the key themes.

Step 3. Identify key themes for stakeholders

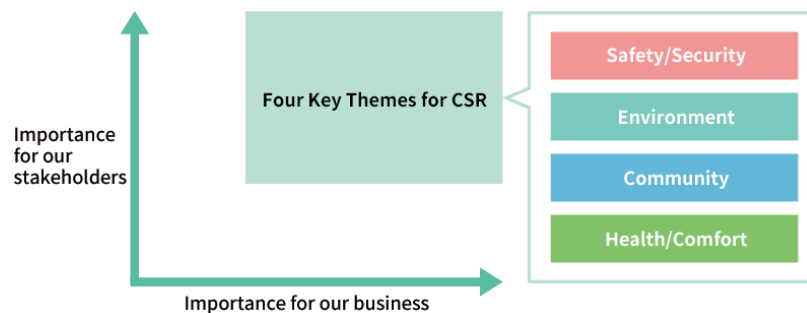
Questionnaire surveys and interviews were conducted to ask major stakeholders which social issues the Group needs to address.

Themes believed to be important to stakeholders were identified.

Major Stakeholders	Reasons for Selection	Opportunities for Dialogue	Main Topics
Customers	The trust of customers is essential for the Group to promote sustainable business activities. The Group is committed to listening to customers and meeting their expectations.	<ul style="list-style-type: none"> • Explanation of products and services • Opinion exchange • Questionnaires • Creation of special-purpose help lines 	<ul style="list-style-type: none"> • Safety/Security • Quality enhancement • Community revitalization • Universal design
Employees	Employees are the basis of all business activities. The Group recognizes that having employees engage in their work with enthusiasm and in good physical and mental health is a source of growth for the Group's business activities and for the employees themselves.	<ul style="list-style-type: none"> • Interviews with human resources departments and supervisors • Labor-management agreements • Publication of group and company newsletters 	<ul style="list-style-type: none"> • Diversity • Work style reform • Mid- to long-term careers
Local Communities	The Group believes that working with local communities is important for promoting sustainable business. It also recognizes the importance of confronting the issues faced by local communities and engaging in dialogue with them to encourage community revitalization.	<ul style="list-style-type: none"> • Opinion exchange • Questionnaires 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation
Government	Being engaged in the development business, it is essential for the Group to have partnerships with the government, including in the area of permits and approvals. To build urban areas for the future (tomorrow), the Group will promote its business activities while maintaining communication with the government.	<ul style="list-style-type: none"> • Opinion exchange 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation • Compliance
Suppliers	All of the Group's business activities are supported by suppliers. The Group recognizes its mission as creating healthy and pleasant working environments for all suppliers.	<ul style="list-style-type: none"> • Opinion Exchanges on procurement guidelines • Supplier Council on Health & Safety 	<ul style="list-style-type: none"> • Planning and design of products and services • Quality control • Compliance
Shareholders and Investors	The Group recognizes that the understanding and trust of its shareholders and investors is essential for conducting sustainable business activities. It will promote appropriate information disclosure and communication.	<ul style="list-style-type: none"> • General Meetings of Shareholders • Investor relations meetings • Publication of reports 	<ul style="list-style-type: none"> • Settlement and financial status • Mid- to long-term business strategies

Step 4. Finalize four key themes

Based on the perspectives of both stakeholders and the Group, candidate themes were mapped according to their importance and the four key themes were selected.



In regard to the four key themes, social issues, primary reasons, the Group's approach, and related strategies and so on were clarified.

Four Key Themes	Safety and Security	Environment	Community	Health and Well-being
Stakeholders	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities

Major Social Issues	Obsolescence and aging of buildings and infrastructure, deterioration of urban functions, increase in natural disasters	Global warming, climate change, depletion of natural resources, degradation of ecosystems	Community failure, decline in dynamism, and weakening of ties due to declining birth rate, aging population, or increasing number of vacant homes	Declining birth rate, aging population, globalization, diversification of individual values and lifestyles
Primary Reasons	<p>■ The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity</p> <p>■ In addition to improving the aging and obsolescence of buildings, it is necessary to increase life spans and enhance durability into the future</p>	<p>■ As the Group's business uses large amounts of natural resources and energy, environmental issues significantly impact business continuity</p> <p>■ Environmental problems are major issues that affect not only the Group's business, but also the livelihoods and businesses of stakeholders</p>	<p>■ Sound functions of and independent actions by communities are essential for sustainable urban development</p> <p>■ Developing sound communities requires support in the form of design and services</p>	<p>■ The health and comfort of each individual is important for cities and communities to be sustainable</p> <p>■ Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably</p>
The Group's Approach	<p>■ Contribute to the realization of safety and security for customers and local communities through the provision of products and services based on appropriate quality control and sustainable community development.</p> <p>■ Promote the development of work and living environments that allow for business continuity and normal life activities during emergencies.</p>	<p>■ Contribute to the realization of sustainable societies through urban development with environmental care such as initiatives toward energy efficient and low carbon society, renewable energy use, and appropriate use of resources.</p> <p>■ Comply with environmental laws and regulations and promote the implementation of appropriate environmental management.</p>	<p>■ Support community development by encouraging connections between customers and local society through our building design measures and operation services.</p> <p>■ Contribute to the creation of harmonious societies by promoting effective mutual assistance in emergencies as well as neighborhood and community revitalization.</p>	<p>■ Leverage communication with stakeholders to provide products and services that enable people to live healthy and comfortable lives regardless of their diverse attributes.</p> <p>■ Contribute to the realization of a healthy and vibrant society with mutual respect for diversity.</p>

Related Management Strategies Four Value Creation Themes				
(1) Realization of enriched lifestyles and workstyles			Realize a community that accepts diverse lifestyles and workstyles.	Provide products and services designed to increase healthy lifespan and urban development with consideration given to diversity.
(2) Multifunctional urban development aiming for exceptional convenience, comfort, and safety	Improve the safety and security of buildings including disaster responses and thoroughly implement quality control.	Provide comfortable spaces that can adapt to changes in the environment such as global warming and respond to natural disasters.	Multifunctional urban development providing convenience such as urban compact towns.	Urban development that allows diverse people including seniors to lead healthy and comfortable lives.
(3) Urban development and community building concerning the future of the global environment and local communities	Enhance repair construction and maintenance to extend building lifespans and durability.	Enhance the environmental performance, acquire green building certification, and improve environmental consciousness and customer services through energy-related businesses.	Build systems and expand products and services to create sustainable communities.	
(4) Global expansion of high-quality products and services	Globally expand high-quality products and services that realize safety/security.	Globally expand buildings with high environmental value and operation business.	Globally expand urban development with consideration to communities and leveraging knowledge related to community revitalization.	Globally expand urban development that allows diverse people to lead healthy and comfortable lives.
Corresponding GRI Standards	Effluents and waste, customer health and safety	Energy, water, biodiversity, emissions, effluents and waste, supplier environmental assessment	Indirect economic impact, local communities, supplier social assessment	Diversity and equal opportunity

Main Related SDGs	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY
	13 CLIMATE ACTION		13 CLIMATE ACTION	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS		10 REDUCED INEQUALITIES	
					11 SUSTAINABLE CITIES AND COMMUNITIES			

Process of Determining the CSR/ESG Policies and Objectives

Step 5. Identify activities and business related to each key theme

Following interviews with business divisions, business and operations related to the Four Key Themes were identified and investigated with the business units.

Step 6. Evaluate and discuss issues

Issues relating to the environment, society, and governance within international frameworks and responsible investment were clarified.

Step 7. Determine and approve policies and materiality

Following deliberation by the CSR Committee, the Group-wide CSR Objectives were determined. The CSR Objectives were approved by the Nomura Real Estate Holdings Board of Directors..

[The CSR/ESG Policies and Objectives](#)

Dialogue with Stakeholders

The Group endeavors to engage in good-faith communications and build trusting relationships with stakeholders.

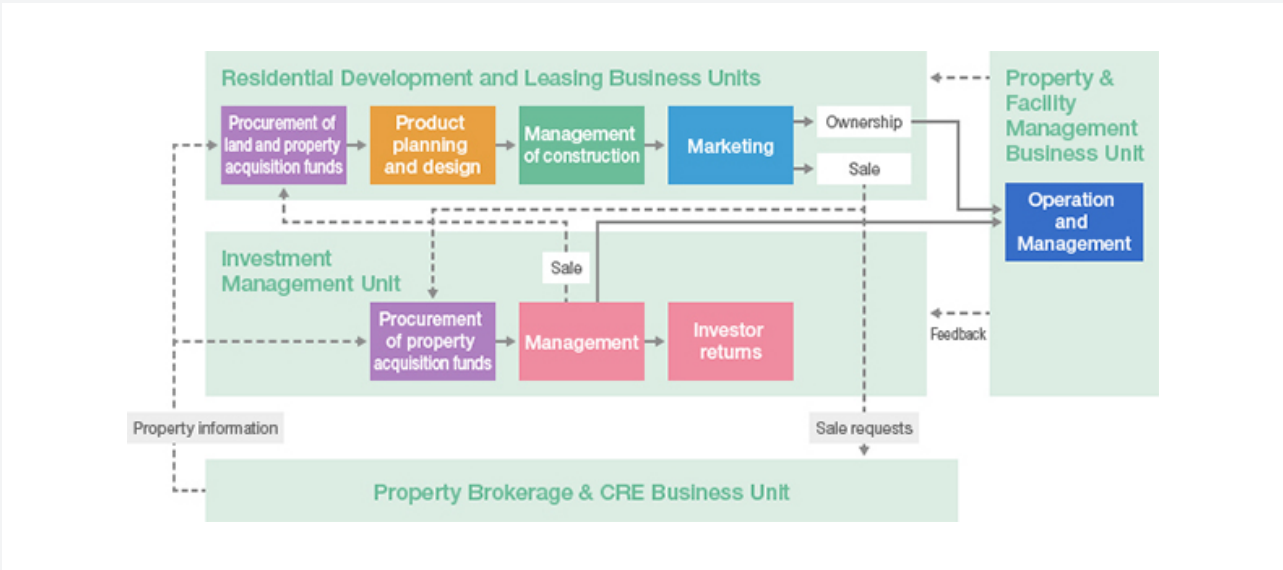
Stakeholders	Main Responses
Customers	<ul style="list-style-type: none"> •I expect the Group to revitalize the community and improve its image amongst local residents •I expect the Group to give consideration to ecosystems and select highly sustainable materials

Employees	<ul style="list-style-type: none"> •The revitalization of communities leads to new services and business •As the population of seniors increases, the provision of healthcare services and comfortable spaces is becoming more important
Suppliers	<ul style="list-style-type: none"> •Safety and security are the foundation of real estate as social infrastructure •I expect that community development and health and well-being initiatives will come together and expand
Shareholders and Investors	<ul style="list-style-type: none"> •Safe and secure real estate is a need of society and customers •I expect the Group to create vibrant communities
CSR experts (On socially-responsible investment, environmental issues, etc.)	<ul style="list-style-type: none"> •I want to achieve both environmental and economic performance •As the company is believed to emphasize safety and security, expectations are high
NPOs and NGOs (On environment, community, architecture, etc.)	<ul style="list-style-type: none"> •Households of seniors are projected to increase, so measures in this area are expected •Construction and demolition greatly affect the environment

Business and Sustainability

Through its business activities, the Nomura Real Estate Group addresses social issues that require consideration. It meets the expectations of stakeholders and implements Sustainability initiatives.

Business Activities of the Nomura Real Estate Group



Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Acquisition of Land and Properties, and Capital Procurement	<ul style="list-style-type: none"> Investigation of properties Real estate appraisal Environmental assessment Negotiation and bidding Contract execution Capital procurement etc. 	Sellers, brokers, financial institutions, investors, real estate appraisers, employees, etc.	<ul style="list-style-type: none"> Showing consideration to and supporting the revitalization of communities Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Planning and designing products	<ul style="list-style-type: none"> Administration of questionnaires to customers and local communities Planning of products Design etc. 	Customers, local communities, NPOs, design companies, government agencies, employees, etc.	<ul style="list-style-type: none"> Enhancing environmental management Increasing safety and security quality in design and construction Implement measures to increase lifespan and improve durability Ensuring safety and security during emergencies Showing consideration to and supporting the revitalization of communities Responding to population aging and diversity and support health Improving customer satisfaction and well-being Raising supplier management levels
Managing construction	<ul style="list-style-type: none"> Supervising construction Quality control Cost management Briefings for local residents etc. 	Customers, local communities, construction companies, employees, etc.	<ul style="list-style-type: none"> Response to climate change Using water resources efficiently Consideration for biodiversity Appropriate resource use and pollution prevention Increasing safety and security quality in design and construction Ensuring safety and security during emergencies Show consideration to and supporting the revitalization of communities Ensuring supplier safety Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Sales and tenant recruiting	<ul style="list-style-type: none"> • Marketing • Preparing website and pamphlets • Advertising • Offering explanations of material matters • Contract execution etc. 	Customers, local communities, NPOs, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> • Responding to population aging and diversity and support health • Improving customer satisfaction and well-being
Investments and Investor Returns	<ul style="list-style-type: none"> • Fund formation • Property management • Asset management etc. 	Investors, customers, financial institutions, property management companies, local communities, employees, etc.	<ul style="list-style-type: none"> • Enhancing environmental management • Responses to climate change • Using water resources efficiently • Appropriate resource use and pollution prevention • Increasing safety and security quality in operations and management • Ensure safety and security during emergencies • Show consideration to and supporting the revitalization of communities • Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Operations and management	<ul style="list-style-type: none"> • Property management • Asset management • Management and repair works, operation of sports clubs and senior housing with support services etc. 	Customers, local communities, business owners, service providers, construction companies, employees, etc.	<ul style="list-style-type: none"> • Response to climate change • Using water resources efficiently • Appropriate resource use and pollution prevention • Increasing safety and security quality in operations and management • Ensuring safety and security during emergencies • Show consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Ensuring supplier safety • Raising supplier management levels
Brokerage and CRE	<ul style="list-style-type: none"> • Investigation of properties • Real estate appraisal • Environmental assessment • Offering explanations of material matters • Contract execution etc. 	Customers, brokers, financial institutions, real estate appraisers, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> • Show consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Improving customer satisfaction and well-being

Response to social issues relating to human resources and management structures are the Sustainability / CSR promotion foundations, and are therefore related to all of our business activities.

Provision of Sustainable Products and Services

The Group helps to address social issues through business, through the provision of sustainable products and services.

Important Issues	Products and Services
Environment	☐ Introduction of the “YUKAIfull” floor air-conditioning system ☐ News Release
	☐ Received an award from the Minister of the Environment for acquisition of a third-party evaluation and certification of our environmental management system ☐ News Release
	☐ Development of net zero energy homes (ZEH) in condominiums ☐ News Release
	☐ Development of condominiums using wooden structural members that encourages the recycling of forest resources and helps to reduce CO2 emissions and promote health ☐ News Release
	☐ Urban development for reducing CO2 emissions in Proud City Hiyoshi ☐ News Release
Safety and Security	☐ Provision of re:Premium, a service designed to lengthen large-scale repair cycles at PROUD condominiums ☐ News Release
	☐ Attractive 30 announced, a service designed to lengthen the cycle of large-scale repairs for condominiums, providing long-lasting safety and security ☐ News Release
Community	☐ Revitalization of Communities Based on the BE UNITED Initiative ☐ News Release
Health and Wellbeing	☐ Development of Senior Housing with Support Services ☐ News Release
	☐ Kodomo Mirai Project promotes sports activities and community revitalization, designed to nurture spiritually rich children ☐ News Release

TOPIC Response to COVID-19

Basic approach to COVID-19

The Company has adhered to the policy of appropriately collaborating with employees, customers, suppliers, shareholders, and all other diverse stakeholders in consideration of their interests. In responding to COVID-19, we are taking a wide range of measures based on this policy to secure the safety of our stakeholders and prevent the further spread of infection.



Initiatives to protect people who are sustaining the Group's businesses and services

The Group aims to provide wellness management so that all of our executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. Based on this understanding, we take numerous measures putting the safety of our employees, parties concerned, and suppliers first.

Specific initiative examples

- Introduced stand by at home or work from home for employees other than those designated for core business
- Special paid leave for employees with children whose schools are closed
- A selection of training programs for employees to enhance their skills while they remain at home
- Guaranteed pay for condominium resident managers
- Flexible rescheduling of projects under development and giving maximum consideration to the safety and security of contractors



A group employee working from home during school closure

Click here for details on how we deal with employees

[Health and safety of employees](#)

Click here for details on how we deal with stakeholders

[Risk management](#)

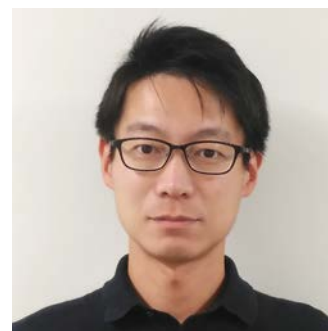
CASE1 : Management meeting safety & health standards

Measures taken in our hotel business

At the end of January 2020, when COVID-19 became a pandemic, our hotels kept ahead of its competitors to have all front desk and restaurant staff wear face masks to prevent the spread of infection among customers and employees.

In addition, we formulated the Nomura Real Estate Group Hotels Safety & Cleanliness Policy based on the guidelines set by an industry association in Japan, among others. Our hotels also became the first hotels in Japan to acquire the SAFEGUARD Label, demonstrating that they meet the international safety and health standards set by Bureau Veritas, one of the world's leading testing, inspection, and certification services providers.

Acquisition of the label reassured us of the high rating given to the safety and health measures of our Group hotels. Also, through our preparation to acquire the label, we were able to strengthen our commitment to deliver safety and security to our customers through our concerted efforts.



Akira Kawatsuji

Commercial Real Estate

Development

& Management Division II

Nomura Real Estate Development



Serving customers while wearing a face mask



Performing thorough disinfection

CASE2 :Maintaining residents' healthy lifestyles

Initiatives at OUKAS, elderly housing with supportive services

Amid COVID-19, we are giving top priority to providing a safe and secure living environment for our residents, while focusing especially on maintaining their healthy lifestyle.

Specifically, to prevent the spread of infection, we thoroughly disinfected our facility, ensured ventilation, prohibited face-to-face seating in the dining room, and changed our health management service from group-based programs to individual programs, while providing healthy meals and an environment for getting some exercise. In addition, we divided our operation staff into two teams in an effort to reduce the risk of infection, giving full consideration to the health of our employees.

Currently, we are devising ways to continue providing services while dealing with COVID-19. We have resumed group-based programs in our health management service with various measures taken against COVID-19, such as offering online programs alongside in-person programs and setting rules for participation.



Yasutomo Nakamura

OUKAS Funabashi Manager

Nomura Real Estate Wellness



Online yoga lesson



Online broadcasting within the facility



Coping with COVID-19

CASE3 : Pursuit of well-being

Initiatives at MEGALOS fitness clubs

In response to the government's declaration of the state of emergency, we had no choice but to close our fitness clubs, but we continued providing services in new ways and strived to maintain our valued bonds with our customers by distributing online training videos and live lessons and having our instructors send letters to junior members.

Meanwhile, we also offered online training programs to our employees during the closure to enable them to provide our customers with enhanced services.

After reopening the fitness clubs, we have been disinfecting and cleaning our facilities and applying anti-virus coating. We also introduced anti-virus filters and installed an automatic thermometer at facility entrances in an effort to create an environment where our customers can come with peace of mind.



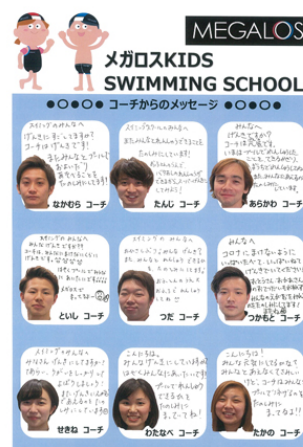
Asami Yamazaki

MEGALOS Soka Manager

Nomura Real Estate Life & Sports

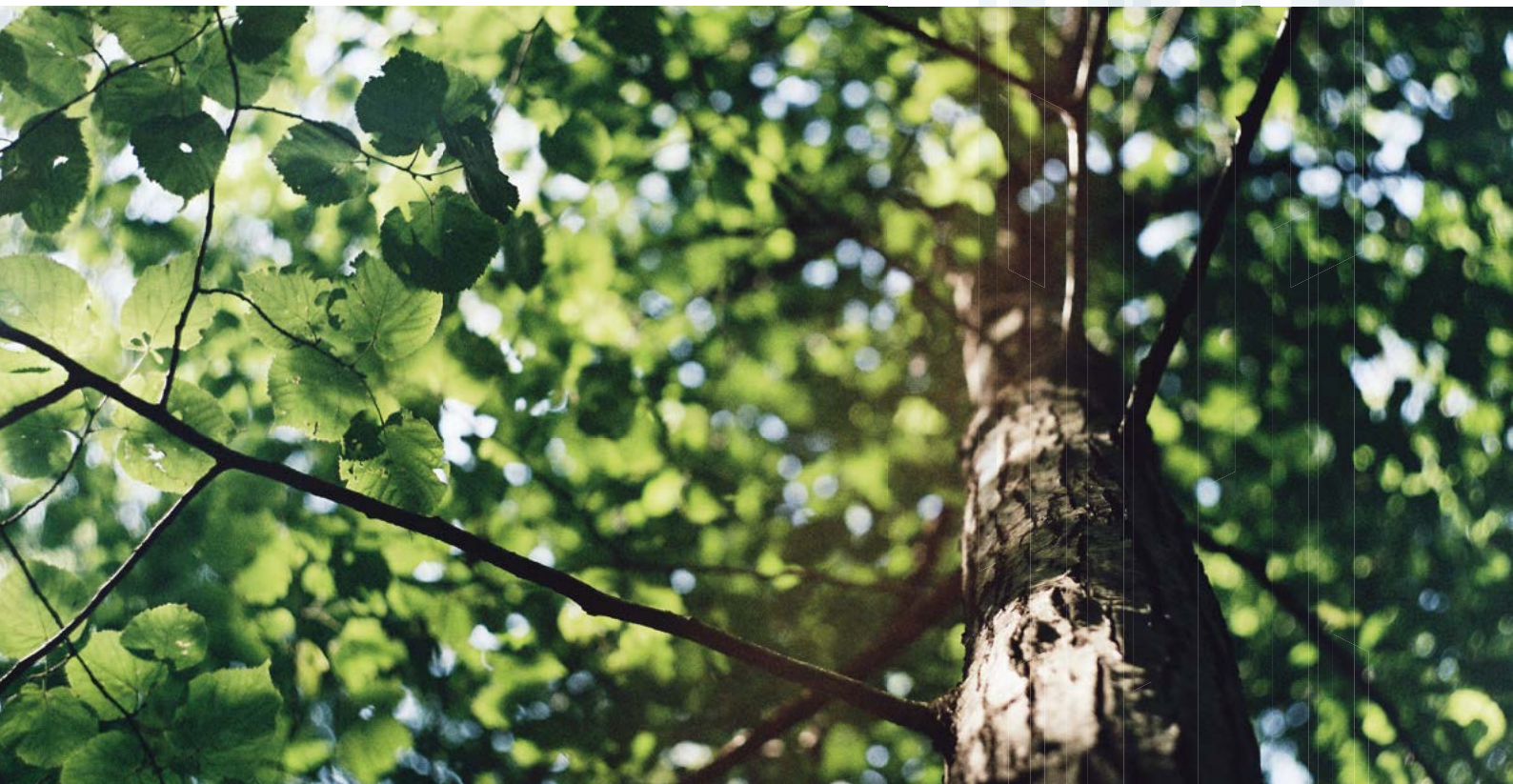


Introduced online lessons



Instructors and junior members sent letters to each other





Environment

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Upgrades to environmental management

Approach and Policies

Responding to environmental problems has become an urgent social issue as environmental problems including climate change, the depletion of natural resources, and the destruction of ecosystems become increasingly severe, international frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs) have been launched.

The Nomura Real Estate Group enjoys various benefits obtained from the natural environment through the real estate business and urban development but also imposes certain burdens on the environment through its business activities.

In addition, the Group interacts with various customers including residents, tenant corporations, and facility users over the long term, and consequently we are aware that responding to environmental problems associated with our products and services that substantially affect the lives and business of customers is an important duty of the Group.

It is based on this understanding that the Group established the Nomura Real Estate Group Environmental Philosophy. We are working to raise awareness regarding environmental problems throughout the Group and reduce environmental impact by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications.

We identified the following five matters as particularly important issues, and we are working to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers throughout the supply chain, such as procurement, company activities, and products and services initiatives.

- Upgrades to environmental management
- Responses to climate change
- Efficient use of water resources
- Consideration for biodiversity
- Appropriate resource use and pollution prevention

We also signed the UN Global Compact in May 2019 to realize the Nomura Real Estate Group Environmental Philosophy and further promote responses in these material matters.

Based on the principles of the UN initiative, we will support a precautionary approach, such as climate change mitigation, to environmental problems, and proactively fulfill our responsibility to address environmental problems.

Nomura Real Estate Group Environmental Philosophy

Nomura Real Estate Holdings established the Nomura Real Estate Group Environmental Philosophy as a Group-wide guide for environmental measures.

Based on our Philosophy, the Group works in concert to address environmental issues and contribute to the realization of a sustainable society.

Nomura Real Estate Group Environmental Philosophy

The Group's mission is to create urban development in harmony with the natural environment.

To this end, we utilize the power and blessings of nature to pass on our beautiful planet to future generations.

We have high aspirations, enhance our sensitivity to the environment, and pursue the realization of ideal environmental quality.

Management

Management Structure

We are taking measures to improve group-wide environmental management under the leadership of Nomura Real Estate Holdings executive vice president and Group COO.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee sets environmental management targets and monitors progress.

Furthermore, an environmental subcommittee has been established as the Sustainability Committee's subordinate organization under the supervision of the officer responsible for quality management and architectural design.

In fiscal 2019, we mainly discussed mid- to long-term targets and specific measures for reducing carbon dioxide (Scope 1, 2 and 3), aiming to acquire SBT certification.

Targets

The Group seeks to obtain environmental, green building certifications for new construction and owned properties (DBJ Green Building^{*1}, LEED^{*2}, CASBEE^{*3}, and BELS^{*4}, etc.)

【Quantified Target】

Acquisition rate for newly-constructed properties for sale: 100%

^{*1} DBJ Green Building: A certification program developed by the Development Bank of Japan to promote real estate development that contributes to the environment and society.

^{*2} LEED: A system developed and operated by the U.S. Green Building Council for granting certification to environmentally

conscious buildings.

*3 CASBEE, or Comprehensive Assessment System for Built Environment Efficiency, includes the certification program administered by the Institute for Building Environment and Energy Conservation (IBEC) and independent local municipality assessment programs.

*4 BELS stands for Building-Housing Energy-efficiency Labeling System, which was established by the Ministry of Land, Infrastructure, Transport and Tourism.

With this system, a third-party evaluation organization evaluates and certifies energy conservation performance of a building.

Environmental Management System

The Group is increasing the sophistication of its environmental initiatives through the use of an internationally acknowledged environmental management system (EMS).

The Yokohama Office of Nomura Real Estate Partners Co., Ltd. acquired certification under ISO 14001, an international environmental management system, and is carrying out various initiatives including waste reduction, resource recycling, and energy-saving measures.

Environmental Management at Suppliers

The Group established the Nomura Real Estate Group CSR Procurement Guidelines and is working to resolve environmental issues with suppliers.

【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of environmental sections)】

Consideration for the Environment

- Endeavor to make continuous improvements for reducing environmental impact in order to build a sustainable society.
- Comply with environmental laws and regulations in the countries and regions where your business activities are carried out.
- Endeavor to reduce emissions of greenhouse gases and contaminants and conserve resources through the life cycles of goods, products, and services.
- Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.
- Endeavor to reduce and appropriately manage waste.
- Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.
- When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources. In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

Environmental Responses in the Design and Construction Stages

The Group undertakes environmental responses in the design and construction phases of condominiums, leased offices, and other properties in accordance with the Design and Construction Standards and the Quality Manual that include specifications for environmental performance.

▣ [Please click here for the details of the Design and Construction Standards and the Quality Manual.](#)

Assessment of Environmental Performance in Condominiums

When developing PROUD condominiums, the Group requires project implementers to submit Environmental Assessment and Challenge Sheets and to improve residential environmental performance and quality.

【Environmental Assessment and Challenge Sheets (excerpt)】

- Statement of primary energy consumption
- Set acquisition of at least BELS★★★ as a target
- Comprehensively cover Safety/Security, the Environment, Community, and Health and Well-being
- Promotion of community design and universal design

Redevelopment of densely-built areas of wooden houses

Nomura Real Estate Development is carrying out redevelopment taking into consideration the promotion of fireproofing of entire areas by combining and making intensive use of housing lots in districts where wooden houses are densely packed together.

In 2019, in the redevelopment of Ikebukuro subcenter in Toshima-ku, which was designated as a Special Urban Renaissance Urgent Development Area, we improved disaster prevention capability, maintained and constructed roads, newly developed a district square that is open to the community, and built facilities providing support to families raising children, through resolution of dense areas of wooden houses.

Performance

Initiatives to promote

Fiscal 2019 performance against the set targets was as set forth below.

*Unless otherwise indicated, the reporting scope is the Group.

Acquisition rate of ISO 14001

Acquisition rate of Green Building Environmental Certification

Company name	Name of branches/offices	Certification organization	Certification acquisition date
Nomura Real Estate Partners Co., Ltd.	Yokohama Office	Japan Quality Assurance Organization (JQA)	March 5, 2004 (JQA - EM3815)

Acquisition of Green Building Environmental Certification

Acquisition rate of Green Building Environmental Certification

Type	FY 2017	FY 2018	FY 2019
Acquisition rate by business properties for sale (including new development and pending application)	100%	100%	100%

List of Environmental Certifications Acquired (FY 2019)

Certification Name	Property	
DBJ Green Building Certification	【Office Buildings】	PMO Kanda Manseibashi* PMO Gotanda PMO Nishi-Shinjuku* H'O Nihonbashi Kobuna-cho*
	【Retail Facilities】	GEMS Yokohama GEMS Sakae GEMS Shin-Yokohama MEFULL Chayamachi ENOTOKI
	【Logistics facilities】	Landport Kawaguchi Landport Ome II Landport Atsugi Aikawamachi Landport Higashi-Narashino Landport Narashino*

* Application is pending as of the end of September 2020.

Acquisition of Environmental Certification on Energy Performance at the Commercial Real Estate Business Unit

Acquisition of energy rating

Type	FY 2018	FY 2019
Number of certifications acquired	Nine properties	14 properties (including four properties for which applications are pending)

Certification Name	Property
BELS (Building-Housing Energy-efficient Labeling System)	Same as above

Environmental Compliance

In fiscal 2019, the Group did not commit any violations of environmental laws and regulations (including pollution and water use) in the manufacture, sale, or management of its products and services.

The Group also did not receive any external indications of violations.

Responding to climate change

Approach and Policies

The Nomura Real Estate Group uses land and other natural resources and energy in the course of conducting business activities, and we are fully aware that the substantial impact of climate change on our business continuity is a major management issue.

Increased natural disasters resulting from climate change and stricter environmental regulations will impede the continuation of business and lead to higher material procurement costs and construction expenses. It is also possible that operating costs including electricity fees and insurance premiums will increase, which could have a major impact on society as a whole.

Meanwhile, low-carbon/decarbonized products and services including net zero energy homes (ZEH) will lead to new business opportunities.

Based on this understanding, the Group is working with stakeholders to promote the reduction of CO₂ emissions and the use of renewable energy across its supply chains.

Management

Management Structure

The Group is taking Group-wide measures to address climate change, with the Nomura Real Estate Holdings executive vice president and Group COO serving as supervisor.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee sets climate change targets and monitors progress.

Targets

The Group has set the following three targets to address climate change.

- Reduce greenhouse gases (CO₂)

[Mid- to long-term target]

35% reduction in the Group's total greenhouse gas emissions in Scopes 1 and 2, and Scope 3

(Categories 1 and 11)* by 2030 from the fiscal 2019 baseline (approved by the Science Based Targets initiative (SBTi) in November 2020)

*Scope 1: Direct emissions from fuel combustion, etc.

Scope 2: Indirect emissions associated with use of electricity and heat purchased by the Company

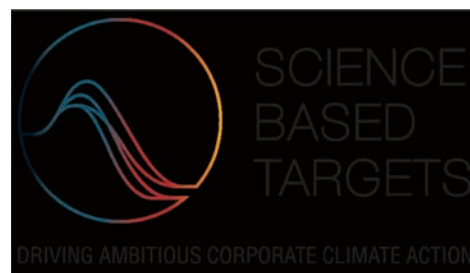
Scope 3: Indirect emissions other than those in Scopes 1 and 2

*In Scope 3, Category 1 (emissions from construction of buildings, etc.) and Category 11 (emissions from use of sold products, etc.) are targeted, which cover approximately 94% of the Scope 3 emissions recorded in fiscal 2019.

- Reducing energy consumption
- Promoting solar power generation

Approved by Science Based Targets initiative (SBTi)

Nomura Real Estate Holdings, Inc.'s [greenhouse gas \(CO₂\) emissions reduction targets](#) were approved by the SBTi on November 24, 2020.



Agreed to recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD)

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Asset Management Co., Ltd. are fully aware that the substantial impact of climate change on their business continuity is a major management issue, and they therefore agreed to recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in order to further promote their initiatives.



Climate Change Related Strategies (Risks and Opportunities)

The Group analyzed the Group's risks and opportunities and set the Groupwide CO₂ emissions targets based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report and the content of the Paris Agreement while making reference to the 2-degree scenario (and the 1.5-degree scenario).

【Risks】

- Market risk: Changes in customer needs for real estate (medium-term)
- Technology risk: Increase in the development cost for CO₂ reduction technologies (medium-term)

- Physical risk: Increase in damage to buildings due to increasing frequency of localized severe rain and flooding, and resulting changes in asset value and quality of real estate (long-term)
- Reputation: Negative feedback in ESG evaluation by stakeholders (short-term/medium-term)

【Opportunities】

- Products and services: Development of low-carbon products and services and expansion of customer needs (short-term/medium-term)
- Resource efficiency: Utilization of high energy efficient buildings and properties (short-term/medium-term)
- Energy sources: Expanded utilization of renewable energy, etc. (short-term/medium-term)
- Reputation: Acquisition of high ESG evaluation from stakeholders (short-term/medium-term)

In addition to the above, the Group has assumed various risks and opportunities including policies and laws and regulations.

Climate Change Risk Management

The Group established the Risk Management Regulations to perform appropriate risk control and operations.

We have identified risks associated with changes in the business environment due to climate change, as well as those risks associated with natural disasters, as major risks. The Risk Management Committee deliberates on and discusses countermeasures for such risks.

Contents of deliberation are reported to and overseen by the Board of Directors at least quarterly.

 [Details of the Risk Management System](#)

Responding to Physical Risks

The Group is working to address risks associated with climate change including increased frequency of natural disasters.

When developing real estate, the Group confirms hazard maps, which show expected damage areas released by each local government, and implements localized severe rain and flooding countermeasures in accordance with the Quality Manual.

We also take measures to minimize damage and ensure the safety and security of customers during disasters in accordance with business continuity plans (BCP).

We attach hazard maps to the disclosure statement provided to housing purchasers.

ZEH Initiatives

The Group is developing net zero energy homes (ZEH)* in condominiums from the perspective of comprehensive environment impact reduction.

In fiscal 2019, the Osaka-shi Kita-ku Toyosaki 4-chome Plan (tentative name) was adopted as a Ministry of Economy, Trade and Industry Superhigh-rise ZEH-M Demonstration Project, and the Takadanobaba Plan (tentative name) was adopted as a Ministry of the Environment High-rise ZEH-M Support Project.

* Homes designed to achieve a net zero annual primary energy consumption by greatly improving the insulation performance of the building envelope, installing highly efficient facilities and equipment to maintain the quality of the indoor environment, while substantially reducing energy consumption and then introducing renewable energy.

ZEH Condominium Initiatives (Japanese only)

Environmental Performance Assessments During Product Planning and Design

The Group provides products and services that address climate change in accordance with the Design and Construction Standards and the Quality Manual.

Thermal insulation performance rating of level 4 (the highest level),* double-glazed windows (end panel eco-glass), LED lighting fixtures, and other features are set as standard specifications for PROUD condominiums, and Environmental Assessment and Challenge Sheets are used to improve the environmental performance.

* Thermal insulation performance rating: A housing performance evaluation system pursuant to the Housing Quality Assurance Act. Levels indicate performance in the thermal environment.

Assessment of Environmental Performance in Condominiums

Reduction of Chlorofluorocarbons

To reduce the usage of ozone layer depleting chlorofluorocarbons, the Group established a quality manual that requires the use of chlorofluorocarbon-free insulation and air conditioner refrigerants. Construction partners are also required to submit a Quality Control Check Sheet during construction to confirm that only chlorofluorocarbon-free materials are used.

Procuring and Supplying Power Efficiently

At PROUD condominiums, the Group provides the enecoQ energy management system, which uses a service for purchasing high-voltage electric power for entire buildings as well as information and communications technologies (ICT) to curtail peak electric power consumption, and it uses the demand forecasting models developed for the enecoQ service to efficiently procure electric power.

Third-party verification

The Group undergoes verification by a third-party verification organization as stipulated in the Tokyo Metropolitan Environmental Security Ordinance in order to ensure the impartiality of calculation of greenhouse gas emissions.

【Verification Result Report】

 [Verification Result Report \(Japanese only\)](#)

Smart Community Collaboration and Cooperation

Nomura Real Estate Development has entered into an agreement regarding smart community collaboration on Proud City Hiyoshi with Kanden Realty & Development, Panasonic Homes, Kansai Electric Power and Tokyo Gas. In this project, we are able to reduce CO₂ emissions and supply electric power during disasters by implementing the energy management in the entire area.



Proud City Hiyoshi (architectural perspective)

Initiatives for the HARUMI FLAG Redevelopment Project

The type-I urban development project in the West Harumi 5-chome District, HARUMI FLAG, obtained the LEED-ND Plan Project Gold Certification and SITES Precertification Gold Certification in recognition of the project's promotion of renewable energy and energy efficiency initiatives.



HARUMI FLAG (architectural perspective)



“Yukai full” enables condominiums to reduce CO₂ emissions

Nomura Real Estate Development developed an air-conditioning system, “Yukai full”, that makes it possible to reduce CO₂ emissions and realize a healthy and comfortable life.

[📄 News Release \(Japanese only\)](#)

Use of Renewable Energy

The Group is promoting renewable energy utilization through the solar power generation business.

As of March 2020, solar panels were installed on a total of 18 buildings at Landport logistics facilities, with annual output of 15.194 million kWh/year for the entire portfolio.



Landport Takatsuki

Carbon Credit Donation

Nomura Real Estate Development and NREG Toshiba Building Co., Ltd. achieved CO₂ emissions reduction that exceeded the required reduction amount under the Tokyo Cap-and-Trade Program and donated excess reduction credits of a total of 32,008t (12,661t by Nomura Real Estate Development and 19,347t by NREG Toshiba Building Co., Ltd.) to the Tokyo Metropolitan Government.

[📄 Link to the official website of the Tokyo Metropolitan Government Bureau of Environment \(Japanese only\)](#)

Helping Customers to Save Energy

The Group not only strives to reduce CO₂ emissions from buildings, but also helps condominium residents and tenant companies to save energy.

Specifically, the Group provides a system that calculates total energy consumption and a system that makes it possible to visualize the amount of energy used, realizes energy savings using the enecoQ system, and provides eco-information via a member newsletter.

Participation in Initiatives Related to Climate Change

The Group has taken part in international initiatives related to climate change and frameworks of industry associations, and is actively working to address climate change.

The UN Global Compact

The Group signed the UN Global Compact in May 2019.

Based on the principles of the UN Global Compact initiative, we will support a precautionary approach, such as climate change mitigation, to environmental problems, and proactively fulfill our responsibility to address environmental problems.

Endorsement of the Voluntary Action Plan on the Environment for the Real Estate Industry, formulated by the Real Estate Companies Association of Japan

In accordance with the voluntary action plan on the environment established by the Real Estate Companies Association of Japan, the Group endorsed the environmental targets in the real estate industry, and it promotes measures to respond to climate change by working to achieve CO₂ emissions reductions that exceed the statutory required standards.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

•Scope 1 and 2

(Unit: t-CO₂)

Scope 1	Scope 2	Scope 1+2
23,683	127,549	151,232

•Scope 3

(Unit: t-CO₂)

Category	GHG (CO ₂) emissions performance
1. Products and services purchased	930,633
2. Capital goods	71,164
3. Fuel- and energy-related activities that are not included in Scope 1 and 2	27,622
4. Transportation and delivery (upstream)	4,081
5. Waste generated by businesses	5,607
6. Business trips	1,421
7. Employers' commuting	2,395

8. Lease assets (upstream)	-
9. Transportation and delivery (downstream)	-
10. Processing of products sold	-
11. Use of products sold	2,114,282
12. Disposal of products sold	59,155
13. Lease assets (downstream)	20,489
14. Franchise	-
15. Investments	-
Total	3,236,847

* Calculation for Category 8 is included in Scope 1 and 2.

* Categories with no figures indicate that emission sources do not exist.

* Scope: Scope of calculation and reporting on the amount of CO₂ emissions by a company

Scope 1: Direct emissions such as fuel combustion

Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company

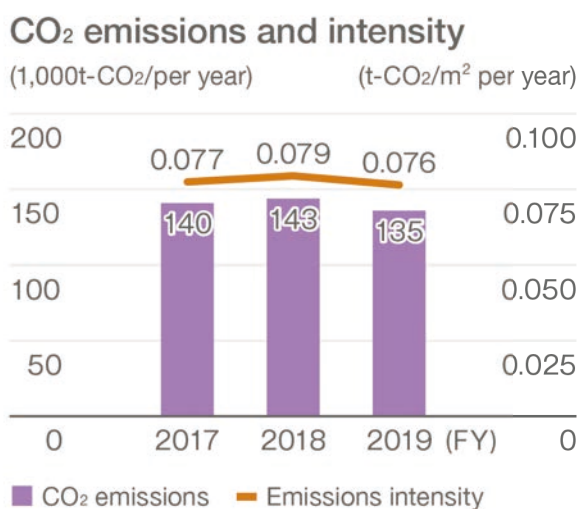
Scope 3: Indirect emissions other than those in Scope 1 and 2

GHG (CO₂) emissions performance (properties subject to reporting under the Act on the Rational Use of Energy)

	FY 2017	FY 2018	FY 2019
Total GHG (CO₂) emissions (thousand t-CO₂/year)	140	143	135
Reduction rate (compared with FY 2013)	-14.4%	-12.2%	-15.6%
Emissions intensity (t-CO₂/m² per year)	0.077	0.079	0.076

* For the calculation of the emissions intensity, the GHG (CO₂) emissions are divided by the gross floor area of a property subject to reporting under the Act on the Rational Use of Energy (property subject to reporting on energy saving).

* Following the above, the emissions intensity for FY 2017 and FY 2018 have also been revised.



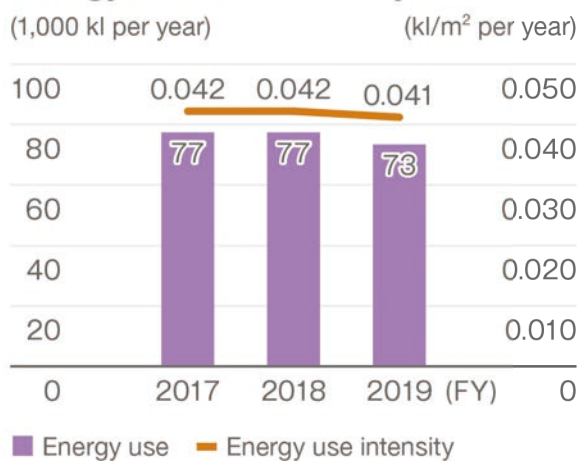
Energy usage performance (properties subject to reporting under the Act on the Rational Use of Energy)

	FY 2017	FY 2018	FY 2019
Energy use (1,000 kl per year)	77	77	73
Energy use intensity (kl/m² per year)	0.042	0.042	0.041

* For the calculation of the energy use intensity, the energy use is divided by the gross floor area of a property subject to reporting under the Act on the Rational Use of Energy (property subject to reporting on energy saving).

* Following the above, the energy use intensity for FY 2017 and FY 2018 have also been revised.

Energy use and Intensity



Promote solar power generation

	FY 2017	FY 2018	FY 2019
Solar power generating facility installation rate at Landport logistics facilities (%)	92.3	92.9	94.7
Electric power generated at Landport logistics facilities (million kWh/year)	11.55	12.081	15.194

Effective utilization of water resources

Approach and Policies

The Nomura Real Estate Group uses large amounts of water resources in its business activities in Japan and overseas including the real estate business, urban development, and sports club operation.

As shortages of water resources become increasingly severe around the world, future business might be significantly affected. This could include risks in overseas businesses, higher costs for imported materials in conjunction with water shortages and water pollution, and difficulty procuring water as a result of climate change and abnormal weather.

The Group is aware that this is a key management issue. Based on this understanding, the Group is working with design and construction companies and other suppliers to make capital investments and provide products and services that lead to the effective utilization of water resources.

Management

Management Structure

The Nomura Real Estate Holdings' (NREH) executive vice president and Group COO has been made responsible for this issue for the Group, and the entire Group is working together to promote the effective utilization of water resources.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee has been setting targets regarding effective utilization of water resources and monitoring progress.

Targets

The Group is working to reduce its water use.

Introduction of water-saving devices upon new construction and when performing renovations

Water and hot water saving devices have been made standard equipment when developing housing, office buildings, retail facilities, logistics facilities, and other structures in accordance with its design and construction standards and quality manuals.

In addition, fixtures are systematically replaced with water-saving devices when performing renovations.

▢ [Details of design and construction standards and quality manuals can be found here.](#)

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Water use performance

Water use

	FY 2016	FY 2017	FY 2018	FY 2019
Total use (thousand m³/year)	1,838	1,949	2,027	1,914
Water use intensity (m³/m² per year)	1.33	1.27	1.31	1.16

Volume of water intake (by type)

	FY 2016	FY 2017	FY 2018	FY 2019
Clean water and industrial water use (thousand m³/year)	1,649	1,766	1,850	1,748
Surface water (lakes and rivers, etc.)	0	0	0	0
Groundwater	189	183	176	167

Total volume of water intake (thousand m³/year)	1,838	1,949	2,027	1,914
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* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2019 fiscal year, 200 facilities with a total of 1,770,088 m²). Facilities subject to reporting change from year to year.

Data concerning waste volume and water use, however, covers only some facilities

(Water use: 160 facilities with 1,654,941 m²)

Consideration for biodiversity

Approach and Policies

In the course of constructing and demolishing building and procuring construction and raw materials in real estate and urban development, the activities of the Nomura Real Estate Group affect surrounding natural environments and ecosystems.

In many aspects such as the formation of scenic views and creating comfortable living environments, we enjoy the benefits of the natural environment and ecosystems. The loss of biodiversity poses risks of harming the living and business environments of stakeholders including customers (residents, tenant companies, and facility users)

Based on our awareness of this, the Group works with design and construction companies and other suppliers to minimize impacts on biodiversity through real estate development and material procurement that achieves harmony with nature.

Management

Management Structure

The Nomura Real Estate Holdings' executive vice president and Group COO has been made responsible for these issues for the Group, and the entire Group is working together to demonstrate consideration for biodiversity.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee has set targets regarding consideration for biodiversity and is monitoring progress.

Initiatives and the certification status for biodiversity

Agreed to the Declaration of Biodiversity by Keidanren (Japan Business Federation)

In fiscal 2019, The group agreed to the Declaration with the Keidanren Biodiversity Declaration Initiatives.

We are aware that initiatives for biodiversity are important management issues for the Group which is engaged in real estate and urban development. Therefore, we will promote these initiatives, taking into consideration the natural environment and ecosystems.

Acquisition of biodiversity certification

The Group actively seeks to acquire biodiversity certification for new construction and owned buildings, such as ABINC certification (certification registered by the Association for Business Innovation in harmony with Nature and Community)*1, JHEP (Japan Habitat Evaluation and Certification Program)*2 and SEGES (Social and Environmental Green Evaluation System series)*3, which are systems to assess and certify apartment buildings, office buildings, and other structures regarding efforts to create biodiversity friendly green areas.

*1 ABINC (Association for Business Innovation in harmony with Nature and Community) certification:

A program that assesses and certifies apartment buildings, office buildings, and other structures regarding efforts to create biodiversity friendly green areas in accordance with the Guidelines for Sustainable Business Sites prepared by the Japan Business Initiative for Biodiversity (JBIB).

*2 JHEP (Japan Habitat Evaluation and Certification Program): A program that quantitatively assesses and certifies efforts to contribute to the preservation and restoration of biodiversity operated by the Ecosystem Conservation Society Japan.

*3 SEGES (Social and Environmental Green Evaluation System series): A green certification program operated by the Organization for Landscape and Urban Green Infrastructure to comprehensively and objectively assess social and environmental functions created from the preservation of corporate green spaces and environmental communication.

Targets

In order to promote sustainable initiatives that give consideration to biodiversity, the Group specifies areas that require special consideration and sets the following targets:

- Acquisition of biodiversity certification

Consideration for Biodiversity in Design, Construction, and Raw Materials Procurement

The Group established the Nomura Real Estate Group CSR Procurement Guidelines.

Going forward, we will work with suppliers to give consideration to biodiversity.

【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of related provisions)】

Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.

When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources.

In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

 [The full text is available here.](#)

Green Areas and Tree Planting in Consideration of the Surrounding Environment

The Group implements building site plans and tree planting plans in its real estate development and urban development activities giving consideration not only to the comfort of customers and local residents, but also to the surrounding environment and ecosystems.

【Main Points of Tree Planting Plans that take Biodiversity into Consideration】

- Improving green coverage rates through effective use of bushes and tall trees
- Creating cool spots with tall trees
- Continuity with neighboring green areas and consideration for their ecosystems
- Maintenance of vegetation and green areas by experts

Musashino Forest Restored at PROUD Kokubunji

The Group is working to preserve and restore existing green areas on the site of PROUD Kokubunji as the Musashino Forest.

When restoring the Musashino Forest, all the trees were surveyed, and a decision was made to remove those trees that are invasive or do not suit the original ecosystem and to retain a total of 91 trees. In addition, trees that are frequently seen in the region were added to restore the forest as a modern satoyama where people can pass their time enjoyably.

These measures were implemented in accordance with ABINC (Association for Business Innovation in harmony with Nature and Community).



The Musashino Forest prior to development

Project to Create Firefly Habitats in the Yokohama Business Park

The Group has been conducting an exhibit of Urban Design for Firefly Habitats, aimed at conservation of biodiversity, every year since 2008 at the Yokohama Business Park (YBP) (Yokohama City, Kanagawa Prefecture), an office building and commercial facility that it owns, in cooperation with Yokohama National University and tenant companies.

Firefly observation events for local residents and hands-on rice planting programs for local elementary school students are offered, and the business park has become a site for considering



A nature observation program for local children

and learning about biodiversity and environmental problems together with local residents.

Yokohama Business Park acquired certification for consideration of conserving biodiversity under ABINC certification program (urban/SC version) of the Association for Business Innovation in harmony with Nature and Community (ABINC).

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Promote the use of domestic FSC certified lumber

The Group established the Nomura Real Estate Group CSR Procurement Guidelines, which prescribe the sustainable use of resources and methods of use of wood materials.

Acquisition of Biodiversity Certification (ABINC/JHEP/SEGES)

Number of Biodiversity Certifications Acquired

	FY 2017	FY 2018	FY 2019
Number of Certifications Acquired for Newly Developed Properties	4 properties	2 properties	None

Appropriate utilization of resources and pollution control

Approach and Policies

The Nomura Real Estate Group uses considerable resources throughout the life cycles of buildings in its real estate business and urban development business activities and necessarily disposes of certain waste materials.

In addition, the use of chemical substances in real estate can have an impact on not only the natural environment but also the health of customers. Therefore, appropriate utilization of such substances is crucial.

The Group regards the depletion of natural resources and the generation of large amounts of waste and the resulting pollution as social issues, and will work in cooperation with relevant stakeholders to reduce its impact on the environment and improve the resource use efficiency through waste reduction, management of chemical substances, and appropriate utilization of resources while giving consideration to sustainability.

Management

Management Structure

Nomura Real Estate Holdings' (NREH) executive vice president and Group COO has been made responsible for Group-wide efforts to promote The appropriate utilization of resources and pollution control.

In addition, the Sustainability Committee, which comprises directors of NREH and Group companies and others and is chaired by the executive vice president and Group COO of Nomura Real Estate Holdings, deliberates on and establishes related policies and action plans.

The Sustainability Committee has set targets regarding appropriate utilization of resources and pollution control, and is monitoring progress.

Targets

The Group has set the following two targets to promote appropriate utilization of resources and pollution control.

- Reduce waste discharge
- Promote the use of domestic/FSC certified lumber

Responses Regarding Substances of Environmental Concern

The Group takes appropriate action to prevent environmental impact and detrimental health effects caused by soil contamination and chemical substances.

Response to Soil Contamination/Water Pollution

When acquiring land, the Group investigates the history of land use of the site and, if soil contamination is suspected, hires specialists to conduct soil surveys.

If soil contamination is detected, we take appropriate measures including removal and containment of the contaminated soil in accordance with the Soil Contamination Countermeasures Act and other relevant laws and regulations.

Similarly, we take appropriate measures if a problem with water pollution is detected.

Proper Management and Reduced Usage of Chemicals

When developing residences, office buildings, commercial facilities, and so on, the Group uses construction materials with four-star ratings (highest rating) for formaldehyde emissions in accordance with its Design and Construction Standards and Quality Manuals.

In addition, we require that construction companies submit quality control check sheets and measure the five substances designated as specified measurement substances under the Housing Quality Assurance Promotion Act (formaldehyde, toluene, xylene, ethylbenzene, and styrene) when construction is completed.

Appropriate Asbestos Measures and Ongoing Monitoring

The Group handles asbestos found during demolition work with the utmost caution and care by cordoning off affected areas and ensuring regular third-party testing of concentration and emissions. We also conduct continuous monitoring to ensure that no problems exist.

Reduction and Appropriate Management of Waste Discharge

The Group uses highly durable materials with long lifespans and implements appropriate management and repair plans to increase the lifespans of buildings, with the aim of reducing waste discharge and increase the recycling rate throughout the life cycles of products and services.

Attractive 30 service, re:Premium service
re:Premium service

TThe Group is working to lengthen the cycle of large-scale repairs in condominium projects.

Collaboration with Suppliers

The Group is aiming for the appropriate management of resource use in the entire supply chain. Accordingly, the Group established the Nomura Real Estate Group CSR Procurement Guidelines and is working with all of its suppliers to reduce its environmental load.

【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of related provisions)】

Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.

Endeavor to reduce and appropriately manage waste.

When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources.

In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

▣ [The full text is available here.](#)

Collaboration with Customers

For PROUD brand condominiums, offered for sale by the Group, the Group achieved an increase in durability and extension of the lifespans of buildings by offering the re:Premium service, a service designed to lengthen large-scale repair cycles.

Promote the use of domestic FSC certified lumber

The Group established the Nomura Real Estate Group CSR Procurement Guidelines, which prescribe the sustainable use of resources and methods of use of wood materials.

PROUD Kanda Surugadai: High-rise Condominiums Using Wood Structural Members

Nomura Real Estate Development in cooperation with TAKENAKA CORPORATION announced the PROUD high-rise condominium in which wood structural members are used, with domestic lumber being used for structural parts such as pillars and walls.

Use of domestic lumber, not only for structural parts such as pillars and walls, but also for interior materials contributes to preservation of the global environment by recycling of forest resources and provides residential space that contributes to enhancing the health of residents.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

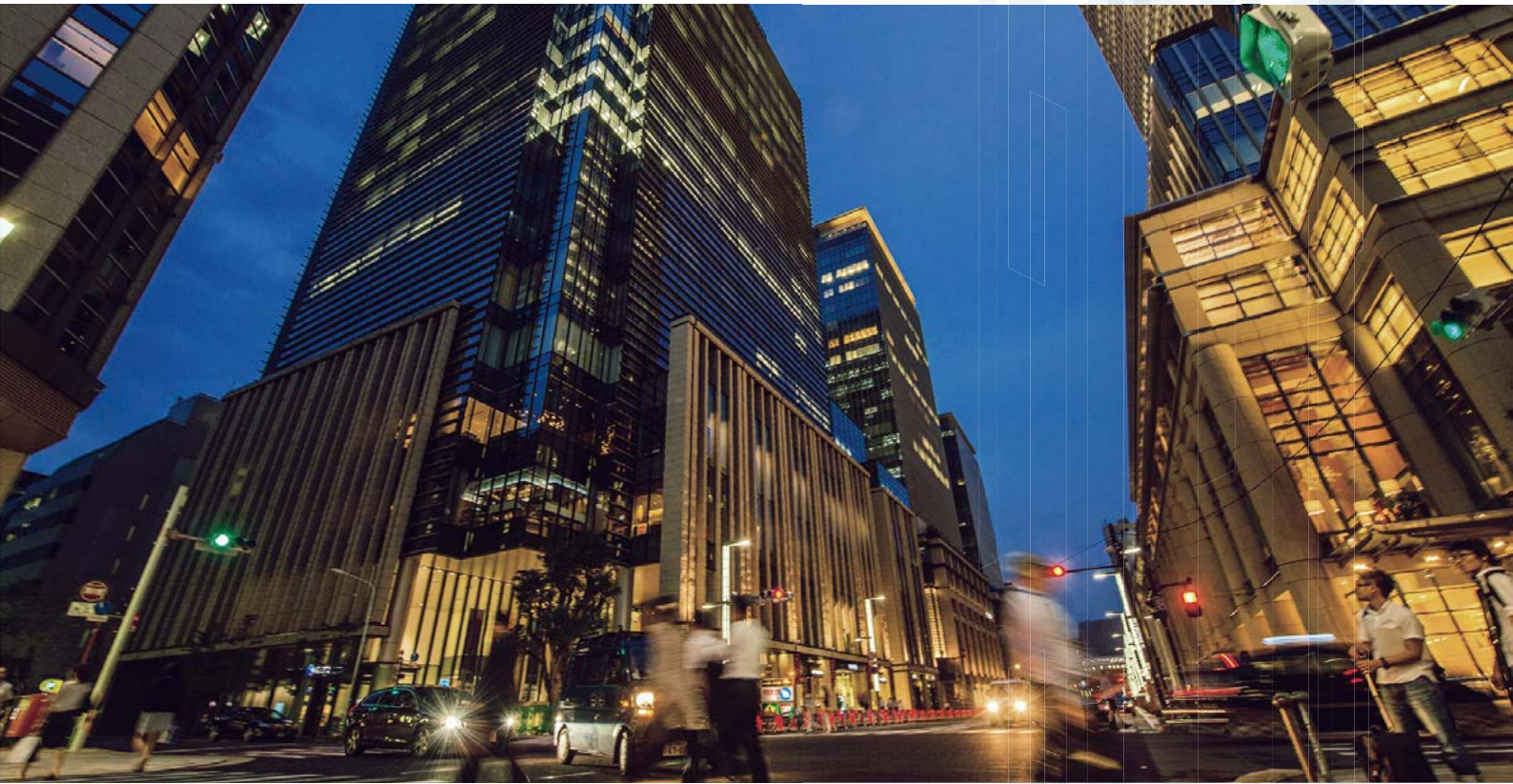
Waste discharge performance

	FY 2016	FY 2017	FY 2018	FY 2019
Waste discharge (tons per year)	5,887	6,060	6,832	6,594
Discharge intensity (kg/m² per year)	4.685	4.343	4.867	5,159

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2019 fiscal year, 200 facilities with a total of 1,770,088 m²).

However, data concerning waste volume covers only some facilities.

(Waste volume: 121 facilities with 1,278,147 m²)



Social

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Group Policy

The Nomura Real Estate Group recognizes that building and infrastructure deterioration and obsolescence, reduced urban functions, and increased natural disasters are important social issues. It contributes to the realization of the safety and security of customers and local communities through the provision of products and services based on appropriate quality management and sustainable urban development. It also promotes the creation of work and living environments in which business and daily living can continue even in times of emergency.



Improved safety/security in design and construction



Approach and Policies
Management
Performance

Improved quality of safety/security in operation and management



Approach and Policies
Management
Performance

Initiatives for longer and increased durability



Approach and Policies
Management
Performance

Safety and security in disasters



Approach and Policies
Management
Performance

Improved safety/security in design and construction

Approach and Policies

The Nomura Real Estate Group provides buildings and spaces that serve as the foundations for living and business to customers, local communities, and other stakeholders over the long term through a range of business activities from design and construction to operation and management.

Accordingly, the deterioration of urban functions as a result of the aging and obsolescence of buildings and infrastructure as well as the shrinking population and aging of society are significant concerns, and as natural disasters including large-scale earthquakes increase in frequency, designing and constructing safe and secure buildings and spaces is an important responsibility of the Group.

It is with this understanding that we are working to improve the safety/security in design and construction, in collaboration with design and construction companies and other suppliers as well as governmental agencies, by complying strictly with Design and Construction Standards and Quality Manuals and implementing rigorous quality control.

Management

Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to improve the safety/security in design and construction.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

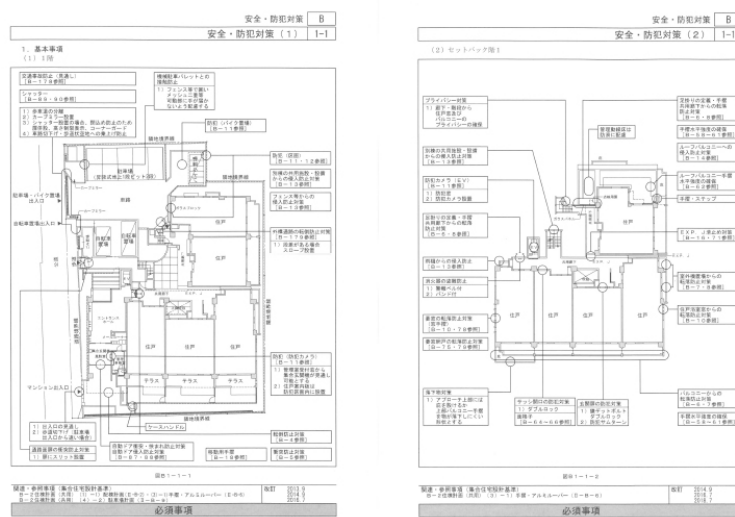
The Sustainability Committee sets targets each year regarding improvement of the safety/security in design and construction and is monitoring progress.

Targets

To improve the safety/security in design and construction, the Group endeavors to comply strictly with Design and Construction Standards and Quality Manuals and implement rigorous quality control.

To ensure the quality of safety and security in building design and construction, the Group has formulated Design and Construction Standards (structures, architecture, equipment, electrical) and Quality Manuals and has established designs and specifications for the following products that have been developed in series.

These Standards and Manuals are distributed to suppliers including design and construction companies and are strictly complied with.



PROUD Design and Construction Standards (excerpts)

【Subject Products】

Residential Development Business Unit

- Condominiums: PROUD, OHANA
- Detached housing: PROUD SEASON
- Rental housing: PROUD FLAT

The Commercial Real Estate Business Unit

- Office buildings: PMO (Premium Midsize Office), H¹O
- Shared offices: H¹T
- Retail facilities: GEMS
- Logistics Facilities: Landport
- Hotels: NOHGA HOTEL

Thorough Quality Control at Construction Sites

Compliance with the CSR Procurement Guidelines

In order to conduct business activities in accordance with the CSR Procurement Guidelines, the Group has specified matters for ensuring and improving quality, and it asks customers and partner companies to cooperate in and understand the purpose of those matters to promote its initiatives.

Implementation of Quality Control Inspections

Nomura Real Estate Development quality control engineers directly perform inspections regarding compliance with Design and Construction Standards and Quality Manuals and confirm the status and progress of construction in every major phase of construction.

In addition, all accidents and problems that occur at construction sites are reported to quality control personnel and the officer responsible for quality management and architectural design. Information regarding the details and responses are shared at periodic meetings and on the Group intranet, and measures are taken to prevent reoccurrence.



A quality control inspection at a construction site

PROUD Quality Conference

The Group holds the PROUD Quality Conference once a year to share information on quality control technologies at condominium construction sites.

At the conference, which is attended by architectural and quality control personnel from around the country, information on updates to Design and Construction Standard and Quality Manuals as well as construction related issues is shared.

Supporting the Development of First-Class Architects

The Group supports the acquisition of the first-class architect qualification, to ensure safety and security. As of April 1, 2020, Nomura Real Estate Development had 196 employees with first-class architect qualifications, comprising 14.7% of its total main career track workforce.

New Construction Progress Reports

With the aim of gaining the understanding of customers regarding building safety and security, the Group has created a website for customers that have signed purchase agreements and posts progress reports on new construction and explanations of the details of major aspects of the construction.



Site for Contract Holders

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Comply with Design and Construction Standards and Quality Manuals

The Group has established and complies with the Design and Construction Standards and the Quality Manuals in the Residential Development Business Unit (PROUD and OHANA condominiums, PROUD SEASON detached housing, PROUD FLAT Rental housing) and in the Commercial Real Estate Business Unit (PMO (Premium Midsize Office) and H'O office buildings, H'T shared offices, GEMS Retail facilities, Landport logistics facilities, NOHGA HOTEL).

	FY 2017	FY 2018	FY 2019
Compliance with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit (%)	100%	100%	100%
Compliance with Design and Construction Standards and Quality Manuals in the Commercial Real Estate Business Unit (%)	Formulation of Design and Construction Standards and Quality Manuals	100%	100%

Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, other applicable laws and regulations, or the internal quality standards, necessary responses will be implemented rapidly.

In fiscal 2019, there were no significant safety-related violations of relevant laws and regulations or internal standards.

Improved quality of safety/security in operation and management

Approach and Policies

The Nomura Real Estate Group operates and manages buildings and spaces that serve as foundations of lives and businesses of stakeholders over the long-term, even after the completion of construction. With rising concerns about the aging and obsolescence of buildings and infrastructure and the deterioration of urban functions due to the declining population and aging of society and increased frequency of natural disasters such as large-scale earthquakes, providing safety and security to stakeholders even after the completion of construction is an important responsibility of the Group. Based on this awareness, the Group collaborates with suppliers to improve the quality of safety and security in operation and management by raising management quality and enhancing after-sales services.

Management

Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to improve safety and security in product and service operation and management.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee sets targets each year regarding improvement of the quality of safety and security during operation and management, and is monitoring progress.

Targets

To improve the quality of safety and security in operation and management, the Group is working to improve management quality and enhance after-sales service.

Compliance with Building Management Quality Assessment Guidelines at Managed Properties

The Group formulated Building Management Quality Assessment Guidelines at managed properties. The guidelines contain more than 400 items that pertain to topics such as quality control, legal compliance, and internal audits.

The conformance rate was 86% in fiscal 2018.

In fiscal 2019, the conformance rate survey was not conducted in order to help contain the spread of the novel coronavirus pandemic.

The next survey is scheduled to be conducted in fiscal 2020.


Enhancing Quality by Acquiring ISO Certifications

The Group is promoting the acquisition of international specifications for quality management. In addition, we take internal auditor training courses provided by external organizations prior to conducting internal audits.

【ISO9001】

Nomura Real Estate Development has acquired ISO 9001 (an international quality management system standard) for the "activities of obtaining feedback and ensuring the reflection of such feedback" in the PMO series of office buildings.

Nomura Real Estate Partners has acquired ISO 9001 for 38 properties in the office building segment, 22 complexes in the condominium segment, and 3 properties in the data center segment.

* For information regarding ISO 14001, see the  [Environmental Management System](#).

Improving Safety and Security after Sales

The Group provides after-sales service so that residents can live with peace of mind after taking up occupancy.

We also provide support, which includes not only repairing a defect but also fixing various problems, after they take up occupancy.

- Regular after-sales service (three to six months, one year, and two years after taking up occupancy)
- After-sales support provided by a condominium life adviser (for one month after taking up occupancy)
- Seminar on caring for the residence

Living Q Call Established

The Group provides convenient and reliable support to residents in condominiums managed by the Group to respond to their problems such as “I have a problem with the condo. What should I do?”

【Details of Main Services】

- Emergency services: water leaks, lost keys, etc.
- Repair services: Repairs to various equipment items
- Support services: Light bulb replacement and taking out bulky trash items, etc.



National Customer Conference Held

The Group holds the National Customer Conference once each year to improve the quality of after-sales service in PROUD condominiums.

Persons responsible for after-sales service from around the country participate in the conference to share information on issues that occurred during the fiscal year, responses to the issues, and examples of measures taken.



National Customer Conference Held

Provision of Long-Term Repair Warranty Programs for Condominiums

The Group offers the NEXT PASS 10 service, a program that provides a 10-year repair warranty for defects and malfunctions in condominiums, as well as the NEXT PASS 15, which extends the warranty by an additional five years.

【Details of Main Services】

- Extension of warranties on residential fixtures and equipment
- Emergency response in case of breakdown or malfunction
- Inspections and maintenance in the fifth and ninth years after purchase

NEXT PASS10
NEXT PASS15

Repair and Warranty Services for Transactions of Existing Residences

The Group offers repair and warranty services to encourage liquidity of existing residences and provide safety and security to customers after a purchase.

【Details of Main Services】

- Sold properties: Defect repairs and warranty for up to five years
- Purchased properties: Repair and replacement warranty for defects in main equipment within one year after purchase

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Enhance Quality Control and Improve After-sales Service

	FY 2017	FY 2018	FY 2019
Rate of conformance with Building Management Quality Assessment Guidelines at managed properties*1 (%)	85	86	— *2
Sign-up rate for NEXT PASS 10	82	80	77

*1 Conformance rate: We extracted several properties and conducted a survey on the number of conforming items in the assessment items listed in the guidelines.

*2 In fiscal 2019, the conformance rate survey was not conducted in order to help contain the spread of the novel coronavirus pandemic.

The next survey is scheduled to be conducted in fiscal 2020.

Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, other applicable laws and regulations, or the internal quality standards, necessary responses will be implemented rapidly.

In fiscal 2019, there were no significant safety-related violations of relevant laws and regulations or internal standards.

Initiatives for longer life and increased durability

Approach and Policies

The Nomura Real Estate Group designs and constructs buildings and spaces that serve as foundations of the lives and businesses of stakeholders over the long-term through operation and management of properties, even after the completion of construction.

With rising concerns regarding the aging and obsolescence of buildings and infrastructure, expanded needs for repairs and remodeling, and increased frequency of natural disasters such as large-scale earthquakes, providing buildings and spaces that are safe and secure throughout their entire life cycle is an important responsibility of the Group.

Based on this awareness, the Group works with suppliers such as design and construction companies to increase the lifespans and durability of buildings.

Management

Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to increase building lifespan and durability.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee annually sets targets regarding enhancement of building lifespan and durability, and is monitoring the progress.

Targets

To carry out measures that will increase the lifespans and durability of buildings, the Group strives to provide products and services with long lifespans and high durability.

Measures to Lengthen Large-Scale Repair Cycles

In order to reduce the economic and psychological burdens on condominium residence and management associations, the Group offers products and services intended to lengthen large-scale repair cycles in order to reliably carry out large-scale repair plans.

Measures at Completed Condominiums

The Group provides re:Premium, a service designed to lengthen large-scale repair cycles, at completed PROUD condominiums.

Due to the aging of society and the increase in vacant dwelling units, the collection of improvement expenses is often delayed. Consequently, less than half of condominiums are able to carry out large-scale improvements as scheduled. (Source: Data by Ministry of Land, Infrastructure, Transport and Tourism)

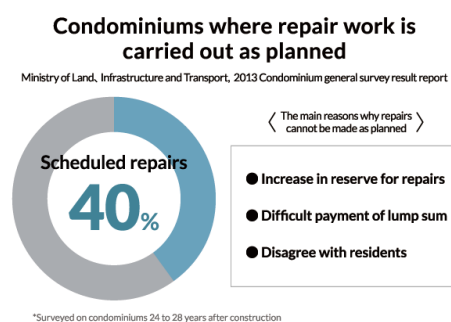
Under this program, the cycle for large-scale repairs, which is normally planned for every 12 years, is extended to 16 to 18 years, and ultra-long-term improvement plans extending up to 60 years after the completion of construction can be formulated.

The service enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on customers are also able to be reduced by substantially cutting lifecycle costs.

In fiscal 2019, the large-scale repairs for three PROUD series properties which adopted the re:Premium service were certified as Good Condominium Management under the Long-term Excellent Housing Reform Promotion Project* supported by the Ministry of Land, Infrastructure, Transport and Tourism. This certification is provided to a condominium project preparing a long-term repair plan that meets certain requirements and falls under one of the following types: assessment standard type, certified long-term excellent housing type, and highly energy-saving type. The project also has to have a pioneering concept, versatility, uniqueness, and other features.

* Project intended to develop the market environment for improvement of housing stock quality and facilitation of distribution, as well as to promote initiatives, by providing government support for excellent initiatives that contribute to increasing the lifespan of existing houses.

[News Release \(Japanese only\)](#)



Measures at Newly-Constructed Condominiums

In fiscal 2018, the Group launched the Attractive30 service, which seeks to increase the lifespans and durability of newly-constructed condominiums.

The adoption of high-durability materials and construction techniques and introduction of the re:Premium service will enable lengthening of the cycle of large-scale repairs.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Provide products and services with long lifespans and high durability

In addition to promoting the re:Premium service, the Attractive30 service was launched in fiscal 2018.

	FY 2017	FY 2018	FY 2019
Number of completed properties that offer the re:Premium service (properties)	7	5	17

* As a result of review of the data, the number of completed properties was revised for FY 2017 and FY 2018.

Safety and security in disasters

Approach and Policies

The Nomura Real Estate Group supports buildings and spaces that serve as foundations of the lives and businesses of stakeholders over the long-term through all aspects of its business from design and construction to operation and management.

As abnormal weather and natural disasters increase in frequency as global warming and climate change intensify, taking measures to ensure safety and security during emergencies has become an important responsibility of the Group.

Based on this understanding, the Group collaborates with fire departments, governmental bodies, disaster preparedness experts, and others, to ensure safety and security in times of disaster and prepare for and prevent disasters, so that we can minimize harm in the event of a disaster.

Management

Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to ensure safety and security during disasters.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee annually sets targets regarding the enhancement of safety and security during disasters, and is monitoring the progress.

Targets

The Group seeks to expand and enhance its safety preparedness measures to ensure the safety and security of stakeholders during disasters.

Design and Construction in Preparation for Disasters

The Group provides for severe localized rain and flooding countermeasures in its quality manuals and implements countermeasures after confirming hazard maps.

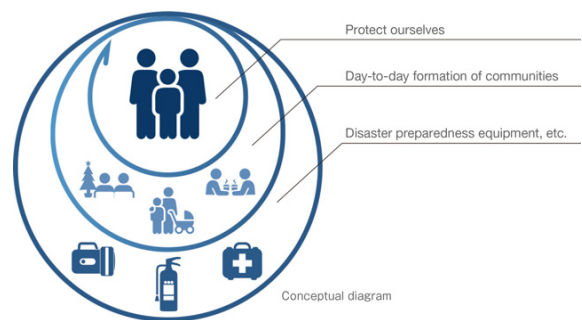
In addition, we attach hazard maps to the statements of material matters provided to purchasers of residences.

Disaster Preparedness Concept: Advances in Disaster Preparedness in Housing

The Group has established Disaster Preparedness in Housing as its disaster preparedness policy for residential properties.

Under the disaster preparedness concept of “A condominium should be housing that is prepared for disasters,” Nomura Real Estate Development develops disaster prevention measures against earthquakes, fire disasters and flood disasters, from the time of planning condominiums to after residents take up occupancy.

Moreover, we place emphasis on increasing disaster awareness by promoting the formation of communities where residents can help each other in time of emergency.



Conceptual diagram

[☞ Disaster Preparedness in Housing \(Japanese only\)](#)

Disaster Response Headquarters Establishment Drills

Nomura Real Estate Holdings established a business continuity plan (BCP) in anticipation of a major earthquake in the Tokyo Metropolitan region and conducts disaster response headquarters establishment drills with the president serving as head of the headquarters once a year.

[☞ Business Continuity Plan](#)

Implementation of Emergency Communication Drills and Disaster Response Headquarters Establishment Drills

To ensure the safety and security of customers (residents, tenant businesses, and facility users) during a disaster and to prepare for the rapid resumption of business by tenant businesses, Nomura Real Estate Partners conducts monthly emergency communication drills and annual disaster response headquarters establishment drills.



Disaster response headquarters establishment drills

【Overview of Disaster Response Headquarters Establishment Drills】

- Confirmation of the disaster response headquarters establishment process and details of measures
- Confirmation of details of the disaster response headquarters activities according to the recovery situation.
- Assessment and tabulation of damage and managed properties
- Practice conveying information from management sites to the disaster response headquarters

Supporting Disaster Preparedness at Managed Properties

As a part of its efforts to ensure safety and security during disasters, the Group provides disaster preparedness support to residents, management associations, tenant businesses, and facility users at managed properties (residences, office buildings, commercial facilities, logistics facilities, etc.).

【Main Support】

- Implementation of disaster preparedness drills
- Support organizing disaster supplies and forming and operating disaster preparedness organizations
- Development of disaster preparedness and response manuals
- Support preparing firefighting and disaster preparedness plans
- Distribution of disaster preparedness guidebooks

Established disaster prevention base for tenant companies


The Group established N-FORT (located in Chuo-ku, Tokyo) as a hub for disaster preparedness and business continuity planning for PMO (Premium Midsize Office) office buildings.

N-FORT provides manned responses and an emergency power



Emergency supplies stored at N-FORT

generator that can operate for 72 hours and is equipped with emergency food for 2,000 persons. The facility reinforces BCP throughout the PMO series of office buildings.

 [Disaster preparedness measures for PMO office buildings](#)
(Japanese only)

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY 2017	FY 2018	FY 2019
Disaster preparedness drill implementation rates at managed properties (%)	85	94	93
Number of facilities, etc. that can take in persons who are unable to return home during a disaster (properties)	3	7	8

Taking in Victims During a Disaster

The Shinjuku Nomura Building (Shinjuku-ku, Tokyo), Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo), Yokohama Business Park (Yokohama City, Kanagawa Prefecture) and Kojimachi Millennium Garden (Chiyoda-ku, Tokyo), which are owned by the Group and its funds (unit ownership), as well as four Megalos stores (Soka, Hachioji, Kichijoji, Machida) operated by the Group, have been designated as temporary living accommodations for those who are unable to return home during a disaster. They will take in such individuals if a disaster occurs.

Group Policy

The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization, and contributing to the realization of a cooperative society.



Care for and activation of communities



Approach and Policies
Management
Performance

Care for and activation of communities

Approach and Policies

The Nomura Real Estate Group believes that cities and communities that can function in a healthy manner and take the initiative in urban development are essential for urban development that is socially and environmentally sustainable.

Because of this, dysfunction and loss of vitality in communities as a result of shrinking populations, low birth rates, the aging of society, decreases in family households, increases in vacant dwelling units, depopulation, and other factors as well as the weakening of the foundations of urban life are critical social issues.

Based on this understanding, the Group collaborates with governmental bodies, NPOs, and suppliers to give consideration to and support the revitalization of communities.

When conducting urban development, we take into consideration the impact on, and avoid/reduce adverse effects on, the existing living and business environments of people in the local community. In addition, we endeavor to create ongoing and trusting relationships with governmental bodies, landowners, local residents by taking measures such as holding explanatory meetings at the planned project sites.

Management

Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to consider and support the revitalization of communities.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee sets targets each year regarding consideration of and support for the revitalization of communities, and is monitoring progress.

Targets

The Group has set the following two targets regarding consideration of and support for the revitalization of communities.

- Expand and improve plans and designs that revitalize communities
- Operation and management that supports community revitalization

Plans and Designs that care Communities

The Group promotes plans and designs that support the development and activation revitalization so that customers including residents and tenant companies can develop communities over the long term after they take up occupancy.

100 Design Techniques for Condominium Communities

The Group formulated the 100 Design Techniques for Condominium Communities (the “100 Design Techniques”) through an industry-academia joint research project with the graduate school of Japan Women’s University and reflects them in condominium product planning.

The 100 Design Techniques organize plans and designs for revitalizing communities based on the results of surveys on the status of use of common areas in condominiums developed by the Group and surveys of livability satisfaction.

The objective is to create comfortable communities where residents respect individual lifestyles of others and can support one another during emergencies such as in the event of a disaster.

[📄 100 Design Techniques \(Japanese only\)](#)



An inner courtyard designed based on the 100 Design Techniques

Tenant-Only Community Floor NEON

At the Shinjuku Nomura Building (where our headquarters and several Group companies locate, in Shinjuku-ku, Tokyo) and the Hamamatsucho Building (located in Minato-ku, Tokyo), the Group created community floors for the exclusive use by officers and employees of tenant companies and the Group.

The aim is to increase options for places for internal and external interactions and working, and the spaces are used for dining, co-working, and holding events.



Community floor NEON

H'O, a Small Office with Support Services

Common areas of buildings of the new H'O series, which are being developed by the Group, provide spaces that are designed to enable people to switch on and off from work.

H'O will not only provide places with aroma air conditioning and

shower rooms (for some properties) where a person can take a rest and relax but also provide healthy foods and organize various training and events in order to promote community formation among tenant workers.



H'O Nihonbashi Muromachi

Flow Planning for Common Areas where a Community is Naturally Formed

At OUKAS (Funabashi, Kaihin Makuhari, Kichijoji, etc.), senior housing with support services, the Group provides common areas (main guest dining, karaoke & theater, fitness studio, community cafe, large communal bath, etc.) on the 1st floor and develops flow planning so that residents can gather and naturally interact each other.



Dining room



Large communal bath



Karaoke room

Photos of OUKAS Makuhari Bay Park

Operation and Management that Supports Community

The Group also holds social events for residents and tenant companies, issues newsletters and engages in other initiatives to help customer communities function in a healthy manner over the long term after taking up occupancy.

In fiscal 2019, we held 27 pre-occupancy housewarming events at residences. We also held tenant networking events at three PMO office buildings and 27 tenant companies participated.



A networking event for PMO tenant companies

Condominium Community Guide Released

The Group distributes the Condominium Community Guide to management associations. The Guide is a pamphlet that includes know-how regarding community activities from planning to execution.

Holding Events for Condominium Residents

The Group holds events for residents in condominiums managed by the Group, where residents (families, etc.) can deepen interactions while enjoying food and farming through harvesting experiences in spacious fields surrounded by rich nature. In fiscal 2019, a total of 406 persons participated for two days.



Event for Condominium Residents:
Partners Farm Autumn Vegetable
Harvesting Experience

Development of Communities with Local Ties

The Group collaborates with NPOs, governmental bodies, and local communities from the development stage to support the community development and build communities with local ties so that customers can form trusting relationships with local residents over the long-term after taking up occupancy.

Activation of Communities Based on the BE UNITED Initiative

The Group will promote urban development based on the BE UNITED initiative with the aim of creating towns that people want to continue to live in and visit by developing multigenerational and circulatory communities while fostering ties with local communities and people.

Following the PROUD CITY Hiyoshi condominium, the KAMEIDO PROJECT, which is the second project of the BE UNITED initiative launched in fiscal 2019, introduced the open community ACTO, specific activities to achieve the initiative.

ACTO

① Set up a **"Shared community"** space

We will provide a place for collaboration not only among condominium residents but also with local communities to serve as a "common area of communities."

② Assign an **"Area Designer"** who connects people

Area designers, who are the Group's employees, will collaborate and support community activities.

③ Establish a community action group named **"Community company (tentative name)"**

An area management organization that leads community activities will be established.

④ Launch a **"Community website"** as a base for virtual interactions

The "Town Website" will function as a local bulletin board that disseminates information on community activities and connects each ACTO.

⑤ Commence activities before property completion

We will work to form a network of interaction with the surrounding neighborhood before the opening of towns.

📄 [ACTO \(Japanese only\)](#)

Community Development in the KAMEIDO PROJECT

Following PROUD CITY Hiyoshi, the Group started the KAMEIDO PROJECT in fiscal 2019 as community development based on the BE UNITED Initiative.

The project is a mix-use development combining business, residence, open space and school uses. It includes the PROUD TOWER Kameido Cross residence building which implements environmental, energy saving and disaster measures, an open space that is open to the community, and the site for extension of nearby Koto Ward Daini Kameido Elementary School. It is also urban development where residents live in harmony with the community that will be continuously updated with the community. Furthermore, the project introduced ACTO, specific activities to achieve the BE UNITED initiative.

Under the project, meetings have been held with government bodies and residents living in the vicinity to resolve issues in the community and to establish policies for community development.

In addition, through “Machi wo mirume,” an elementary school educational program provided by the Group, we are promoting initiatives to cultivate interest and awareness among children in the community regarding the town they live in.

By means of these communications, we are developing a sustainable community under the theme of “Community Coexistence” aimed at the formation of diverse communities and value creation with a view to the future.



KAMEIDO PROJECT presentation event

 [News Release \(Japanese only\)](#)

Communication with the Community and Customers

The Group, as a business entity that develops businesses involved in the community, places emphasis on implementing engagement with stakeholders.

The Group promotes exchanges between the Group and customers as well as between the Group and community residents. It also facilitates communication between customers and communication between customers and municipalities and government when community events such as summer festivals and Christmas events are held at office buildings and commercial facilities.

In addition, we set up suggestion boxes at commercial facilities and inquiry counters for customers to make inquiries when they have problems, in order to facilitate easy communication.

Ties between OUKAS Funabashi and Local Communities

The Group periodically makes available the fitness studio and community cafe at OUKAS Funabashi, a senior housing facility with support services, to local residents as a hub for health support and multi-generation social interaction.



Community cafe (OUKAS Funabashi)

Giving Consideration to Ease of Access to Public Transportation Services

When acquiring land and properties, the Group gives consideration to the accessibility to public transportation services in all cases so that customers can live in and/or use them with ease.

Employment and Procurement from Communities

The Group is promoting employment and procurement from local communities in which it conducts business to contribute to their continuous development and establish an ongoing trusting relationship with them.

In particular, we actively utilize local specialty products in our hotel business and employ local staff for our overseas business.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Expand and improve plans and designs that revitalize communities

	FY 2017	FY 2018	FY 2019
Newly constructed residential properties with facilities that contribute to local communities (properties)	4	3	6

Initiatives in Operation and Management that Support Community Revitalization

	FY 2017	FY 2018	FY 2019
Number of pre-occupancy housewarming events held at residential properties (events)	40	56	27
Number of community social events, etc. held at offices, commercial facilities and retail premises (events)	129	153	138

Health and Well-being

Group Policy

The Nomura Real Estate Group recognizes that the declining birth rate and aging population, globalization, and the diversification of individual values and lifestyles are important social issues. It communicates with stakeholders and provides products and services for a healthy and comfortable life to all sorts of people, regardless of their attributes. In that way, it respects diversity and contributes to the realization of a healthy and vigorous society.



Response to aging population and diversity and support for health

- Approach and Policies
- Management
- Performance

Improved customer satisfaction and comfort

- Approach and Policies
- Management
- Performance

Response to aging population and diversity and support for health

Approach and Policies

The Nomura Real Estate Group constructs buildings and spaces that serve as foundations for the lives and businesses of stakeholders and subsequently provides operation, management, and services over the long-term.

Accordingly, with changes in ages, culture, language, and other structural elements and diversification of stakeholders occurring as a result of low birthrate, aging population, increases in inbound visitors, and the diversification of individual values related to houses and offices, as well as lifestyles and work styles, providing products and services that facilitate healthy and comfortable living regardless of the varied attributes of users has become an important responsibility of the Group.

Based on this awareness, the Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to respond to the aging and diversifying population, support peoples' health and lengthen their healthy lifespan.

Acquisition of CASBEE Wellness Office Assessment Certification

The Group seeks to obtain the CASBEE Wellness Office Assessment Certification which evaluates the specifications and performance of buildings as well as initiatives that support maintenance and improvement of the health and well-being of building users.

It is our policy to acquire such certification for all newly developed office buildings going forward.

As a Group that is involved in the real estate business, we will continue to contribute to maintenance of the health and well-being of stakeholders through buildings that form the foundation of life.

Management

Management Structure

The officer responsible for each business unit has been put in charge of this issue for the Group, and we are carrying out measures to respond to the aging and diversifying population and support health.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice

president and Group COO, deliberates on and decides related policies and action plans. The Sustainability Committee annually sets targets regarding responses to the aging and diversifying population and supporting health, and is monitoring the progress.

Targets

The Group has set the following two targets to respond to the aging and more diverse population and support health.

- Promote barrier free/universal design
- Support health and promote increases in healthy lifespan

Promoting Barrier Free/Universal Design

In addition to complying with laws and regulations such as the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc., the Group established barrier free/universal design standards to supplement its Design and Construction Standards and Quality Manuals, and complies with these standards at all of its developed properties.

The Group promotes universal design with the aim of providing products and services that can easily be used by a wide range of individuals irrespective of not only disability, but also differences in age, body, and language.

☐ Compliance with Design and Construction Standards and Quality Manuals

【Seven Principles of Universal Design】

- Equity: Facilities are equally usable by everyone
- Diversity: Facilities can be used in a variety of ways
- Simplicity: Methods of use are easy to understand
- Perceptible information: Information is easily conveyed
- Safety: Facilities do not pose any risks
- Efficiency: Facilities can be easily used with low physical effort
- Operability: Facilities are easy to operate



Examples of Universal Design

Barrier Free and Quality of Life Guidebook

Nomura Real Estate Group and the Sonoda Lab of Meiji University Graduate School created the Barrier Free and Quality of Life Guidebook under an industry-academia joint research project. The Guidebook is used in condominium design.

The Guidebook identifies plans for seniors, wheelchair users, and the hearing or visually impaired from examples of custom-built condominium designs and organizes key design points.

☞ [Barrier Free and Quality of Life Guidebook \(Japanese only\)](#)



An example of dwelling caring for seniors and wheelchair users

Resident Manuals for Foreign Residents

The Group distributed English, Chinese, and Korean versions of a Resident Manual for foreign residents to explain rules and etiquette when living in a condominium.



Chinese edition

Korean edition

Measures to Support Health and Promote Increases in Healthy Lifespan

The Group is responding to the aging population and increase demand for health care services and contributing to the support of good health and increases in healthy lifespans of stakeholders by operating fitness businesses that promote maintenance and improvement of physical function and by developing senior housing with support services.

Development of Senior Housing with Support Services with the Aim of Extending Healthy Lifespan

The Group is undertaking development of OUKAS senior housing with support services to promote extension of the healthy lifespan of seniors and help seniors to achieve autonomy in their day-to-day lives.

The Group is providing a unique wellness program* under which residents can stay in good health naturally throughout the cycle of daily life including exercise, meals, and sleeping, and supports systems that provide secure living, such as 24-hour monitoring services.

* The Group won a Good Design Award 2019.

【Details of OUKAS Services】

- 24-hour monitoring system (confirmation of safety, general and health consultations, emergency response)
- Installation of life rhythm sensors in each residence

- Health checkups and counseling by experts using information and communications technology (ICT)
- Provision of health promotion programs through counseling
- Provision of programs to maintain vital functions and prevent illness
- Provision of health programs for residents and the local community



OUKAS Wellness Program (won a Good Design Award 2019)

Promoting Increases in Healthy Lifespan through the Fitness Business

At Megalos sports clubs, the Group developed a new program, REBORNS FUN, for the senior generation under the theme of “We want people to regain their healthy, functional and physical youthfulness, and based on that, to improve their basic physical fitness for new challenges, and enjoy life.”

The newly developed program sets six themes on a month by month basis: joint pain prevention, metabolic syndrome, immunity, prevention of falls, prevention of lifestyle-related diseases, and posture.

The program is comprised of various exercises suited to each theme and mini health seminars at the beginning of each lesson.



An exercise class operated through outsourcing from a local government

Collaboration Agreement entered into with a Local Government with regard to Fitness Projects

In October 2019, Nomura Real Estate Life & Sports entered into a collaboration agreement with Tachikawa City with regard to fitness projects implemented by the City aimed at lifelong health promotion and prevention of lifestyle-related diseases.

In collaboration with 12 residents’ associations within the City, we will hold a variety of events such as health seminars and physical fitness measuring events to support the fitness projects within the community.

We will also implement initiatives such as physical fitness measuring events at retail premises in collaboration with the community.

Developing exercise programs for children through an industry-academia collaboration

Through an industry-academia collaboration with Tokyo Gakugei University and NPO Tokyo Gakugei Univ. Children Institute for the Future, Nomura Real Estate Life & Sports launched a joint research project on the effects of children's exercise program and started the development of new education programs from February 2019.

We give guidance and provide programs to raise the morale and motivation of children based on the joint research project, and apply them in our services.

Acquisition of CASBEE Wellness Office Assessment Certification that Evaluates Buildings which Support Health, etc. of Building Users

Four properties—PMO Nihonbashi Muromachi and H1O Nihonbashi Kobunacho that are both owned by Nomura Real Estate Development, PMO Nihonbashi Kayabacho owned by Nomura Real Estate Master Fund, and PMO Nishi-Shinbashi owned by Nomura Real Estate Private REIT, Inc.—acquired the CASBEE Wellness Office Assessment Certification.

The CASBEE Wellness Office Assessment Certification is a certification program that was newly established in 2019 by Institute for Building Environment and Energy Conservation. It is a program to evaluate specifications and performance of buildings as well as various initiatives that support maintenance and improvement of the health and well-being of building users.

In addition, factors contributing to improvement of intellectual productivity and performance regarding safety and security are also evaluated.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Promoting Barrier Free/Universal Design

The Group developed real estate in compliance with laws and regulations such as the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc. as well as Design and Construction Standards and Quality Manuals.

Support health and promote increases in healthy lifespan

	FY 2017	FY 2018	FY 2019
Senior housing with support services Development results of senior housing with support services* (units)	125	125	382

* Cumulative units completed

Improved customer satisfaction and comfort

Approach and Policies

The Nomura Real Estate Group constructs buildings and spaces that serve as foundations for the lives and businesses of stakeholders and subsequently provides operation, management, and services over the long-term.

In the face of changes in social structures and diversification of individual values related to houses and offices, as well as lifestyles and work styles, communicating with stakeholders and providing products and services that reflect their needs is an important responsibility of the Group.

Based on this awareness, the Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to improve customer satisfaction and comfort.

Management

Management Structure

The officers responsible for each business unit have been put in charge of these issues for the Group and carry out measures to improve customer satisfaction and comfort.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee annually sets targets regarding the improvement of customer satisfaction and comfort, and is monitoring progress.

Targets

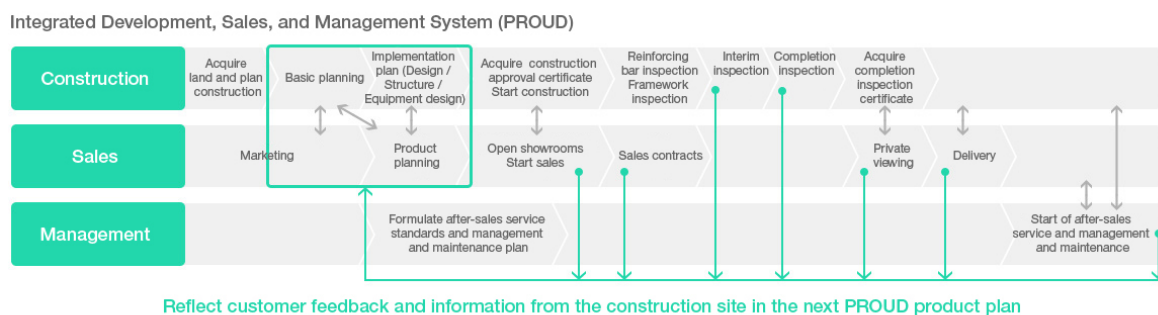
The Group has set the following two targets to improve customer satisfaction and comfort.

- Improve communication to raise customer satisfaction
- Enhance comfort of customers

Integrated Development, Sales, and Management System

In an effort to provide high-quality products and services and raise customer satisfaction, the Group has integrated development, sales, and management and provides integrated services including land acquisition, architectural design, marketing and sales, and post-occupancy management and after-sales services.

The opinions of customers are reflected in business improvements and product planning.



Communication for improving customer satisfaction

The Group communicates with customers through questionnaires and interviews.

The results of questionnaires are used in business improvements and the next generation of products and services.

Implementation of a Livability Satisfaction Survey

Every year the Group conducts a Livability Satisfaction Survey of PROUD condominium residents one year after they moved in.

In fiscal 2019, 1,339 households, which accounted for 36.3% of the households surveyed, responded to the survey. Using a numerical scale from 0 to 10, more than 80% of the customers rated their level of satisfaction as 7 or higher.

Results of Livability Satisfaction Survey Reflected in Products and Services

The Group investigated improvement measures based on the opinions and requests expressed in the Livability Satisfaction Survey, and some opinions and requests relating to design were reflected in Design and Construction Standards and Quality Manuals.

In fiscal 2019, we received opinions and requests regarding exclusive areas and common areas such as kitchens, storage, and common facilities overall, and we are considering improvement measures based on the opinions and requests.

Carrying out Tenant Company Satisfaction Surveys

Every year the Group conducts a Tenant Company Satisfaction Survey relating to the Group's services among tenants of retail facilities owned by the Group.

Based on the results of the survey, we consider and implement improvement measures.

In fiscal 2019, we conducted a satisfaction questionnaire for tenant companies of PMO office buildings at the time of contract renewal and the comprehensive evaluation result marked 4.2 points on a 5-point scale.

Measures Towards Good Design Award

The Group undertakes measures towards Good Design Award* with the aim of providing socially and environmentally sustainable products and services.

The Good Design Awards presented by the Japan Institute of Design Promotion are evaluated from the perspective of whether a design can enrich lives and society.

In fiscal 2019, Nomura Real Estate Development, Nomura Real Estate Wellness and Nomura Real Estate Life & Sports collectively won 12 Good Design Awards, the largest number ever, and this was the 18th consecutive year in which the Group won Good Design Awards.

Nomura Real Estate Wellness and Nomura Real Estate Life & Sports won the Award for the first time, and Nomura Real Estate Life & Sports was the first in the industry to win the Award.

* The Good Design Award: Japan's unique comprehensive design evaluation and commendation system, operated by the Japan Institute of Design Promotion. The purpose of the Award is to find and share exemplary design in many spheres with the potential to drive industrial growth and enrich lives.

【Award-Winning Projects】

Nomura Real Estate Development

- PROUD Ichigaya Sadoharacho
- PROUD CITY Musashino Mitaka
- PROUD Shonan Fujisawa Terrace
- PROUD CITY Itami
- PROUD Kurakuen
- PROUD FLAT Togoshikoen
- OSEKKAI Project
- Area Community WAKUWAKU
- Elementary school classes "Machi wo mirume"
- Makuhari Bay-Park Cross Tower & Residence

Nomura Real Estate Wellness (won the Award for the first time)

- OUKAS Wellness Program



PROUD Ichigaya Sadoharacho

Nomura Real Estate Life & Sports (won the Award for the first time and was the first in the industry to win the Award)

•MEGALOS Reflet

 [News Release \(Japanese only\)](#)

Design Review Contest

Every six months, the Group invites outside architects and conducts a Design Review, an in-house contest that recognizes residences with excellent plans and designs from among the detached and lease residences completed during that period.

【Evaluation Points】

- Plan and design
- Responses to social and environmental issues
- Community development
- Contribution to the local community

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Improve Communication to Raise Customer Satisfaction

In fiscal 2019, the following questionnaires were conducted:

【Residential Development Business Unit】

- Livability Satisfaction Survey
- After-Contract Survey
- After-Delivery Survey
- After-Sales Services Survey
- Leased Condominium Residents Survey

【Commercial Real Estate Business Unit】

- Tenant Company Satisfaction Survey

- Fitness Satisfaction Survey

【Property & Facility Management Business Unit】

- Condominium Board of Directors Survey

【Property Brokerage Business Unit】

- Contracting Party Satisfaction Survey

Results of a Customer Satisfaction Survey Conducted Independently by Each Business Company

*Figures in brackets indicate survey response rates (%)

	FY 2016	FY 2017	FY 2018	FY 2019
Livability Satisfaction Survey one year after residents take up occupancy of PROUD	3.9 (30)	3.9 (36)	3.9 (25)	3.9 (36)
After-Delivery Survey on new housing	—	—	—	3.8 (33)
Questionnaires for residents in leased condominiums (PROUD FLAT)	—	—	—	4.2 (41)
Questionnaires for residents in office buildings (PMO)	—	—	4.1 (24)	4.2 (46)
Questionnaires on fitness satisfaction	—	—	3.4	3.4

* Above results are all disclosed based on a five-point scale.

* As the Fitness Satisfaction Survey was not conducted using a form of customer questionnaire, a response rate is not indicated.

【Reference: External Evaluation】

	2016年度	2017年度	2018年度	2019年度
Nikkei Condominium Brand Questionnaires*	NO1	NO1	NO1	NO1
ORICON Customer Satisfaction Survey on new condominiums Tokyo metropolitan area after-sales follow-up	NO1	NO1	NO1	NO1
SANKEI LIVING SHIMBUN's Women Research: Fitness Club Satisfaction selected by women	—	—	—	NO1
ORICON Customer Satisfaction Survey on real estate brokerage (Sale: detached housing / Purchase: condominiums)	NO1	NO1	NO1	NO1
SumaiSurfin: Management Company Satisfaction Survey Ranking	NO1	NO1	NO1	NO1

* Indicates that the ranking given for most of the 10 question items in the questionnaire was first place.

Improvements in comfort

	FY 2016	FY 2017	FY 2018	FY 2019
Number of Good Design Awards Won (properties)	3	8	9	12

Group Policy

The Nomura Real Estate Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. In this way, it contributes to the realization of a sustainable society, the continuation of business activities, and increased corporate value. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that the innovations brought about by diversity are important for the continued creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that human resources with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their personalities and capabilities.



Health and safety of employees



Approach and Policies
Management
Results

Promotion of diversity



Approach and Policies
Management
Results

Creation of fair and rewarding workplaces



Approach and Policies
Management
Results

Improvements to human capital



Approach and Policies
Management
Results

Supplier safety



Approach and Policies
Management
Results

Health and Safety of employees

Approach and Policies

The Nomura Real Estate Group is aware that the physical and mental health and safety of employees are essential for a company's business to grow continuously and sustainably.

Based on this understanding, we made working with enthusiasm and achieving wellness a part of the What We Value Nomura Real Estate Group Action Guideline, and we undertake Wellness Management so that all employees can perform their work in good physical and mental health and with enthusiasm.

In addition, the Nomura Real Estate Group Code of Action provides that the Group will strive to maintain and improve sound and pleasant workplace environment. Accordingly, we implement comprehensive health and safety management, take measures to prevent excessive workloads, long work hours and occupational accidents, and take other action to establish workplace environments that ensure employee mental and physical health and safety, and engage in communications to raise awareness and educate employees.

Management

Management Structure

In July 2020, for the purpose of promoting wellness, work style reforms and diversity in an integrated manner, the Group established the Group Wellness Promotion Council, which comprises Nomura Real Estate Holdings and Group company presidents and others and is chaired by the Nomura Real Estate Holdings president.

Each Group company will also establish a similar council. The Group will establish a system under which Nomura Real Estate Holdings and each company will discuss wellness measures and work together so that a unified Group message can be delivered and each company's efforts can be shared.

With regard to safety and health, in accordance with the Health Management Regulations, a health management body such as an occupational health physician is established, a health committee is held, regular medical checkups including complete physical examinations are thoroughly carried out, measures are taken to protect the health of employees whose overtime work exceeds a certain number of hours, and external audits (legal examinations) are conducted once every three years. In this manner, safety and health management measures are being strictly implemented.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice

president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

No Group office has obtained the OHSAS 18001 certificate, which is a standard for occupational health and safety system.

Targets

The Group has set the following four targets regarding employee health and safety.

- Preventing Overwork
- Promoting taking of paid leave
- Promoting thorough physical and mental health management
- Preventing work-related accidents

Measures for Health and Safety Improvements by Management

The Group provides opportunities on a regular basis where the Nomura Real Estate Holdings president and executive vice president meet directly with employees to share workplace issues regarding the work climate and their employment to carry out measures to improve workplace environments.

In fiscal 2019, a total of 28 meetings were held to discuss reducing working hours, raising productivity, and helping employees to achieve a good work-life balance.

We examined proposals and opinions expressed at these meetings and improved the personnel system. In this manner, these meetings are promoted as measures to improve the health and safety of employees.

Work-Related Risk Management and Legal Compliance

The Group complies with work-related laws and regulations in each country and is establishing a system for managing and improving the situation.

In particular, with regard to working hours, the Group strives to reduce overtime work.

Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms the actual situation of overtime and the status of compliance with Article 36 agreements (agreements made pursuant to Article 36 of the Labor Standards Act regarding overtime work and work on rest days) of each Group company.

Regarding companies and cases with pending issues related to compliance with Article 36 agreements, we consider responses and take improvement measures.

In addition, the Nomura Real Estate Development Board of Directors receives reports each month on working hours and the status of employees taking leave time in each division and shares information on related issues as well as taking improvement measures.

Health and Safety Risk Management

The Group endeavors to identify issues relating to employee health and safety in advance.

Nomura Real Estate Holdings established the Wellness Promotion Section in the Group Human Resources Department in 2018, and is carrying out measures while confirming the status of each Group company.

Furthermore, Nomura Real Estate Development holds wellness conferences once every six months. The heads of divisions and departments who are supervisors share information regarding employees who require health care with the responsible officers and officer responsible for the Human Resources Division. In this manner, Nomura Real Estate Development manages risks to the health of employees. In addition, the responsible officers take measures to determine the health and safety status of the heads of divisions and departments who are supervisors and share information regarding issues with the Human Resources Division.

Response to the COVID-19 Pandemic

Based on the following approach, the Group takes measures to respond to infectious diseases in order to prevent infection and the spread of infection, and fulfills its social responsibilities by continuing and maintaining required business activities.

- The Group gives first priority to ensuring the safety and security of customers, business partners, and officers and employees and their family members.

- In order to fulfill our responsibilities for providing goods and services that are necessary to maintain social activities, as well as our corporate social responsibilities (CSR), the Group continues business activities after taking measures to reduce infection risks. The Group gives top priority to the safety and security of customers and employees. Therefore, the Group has implemented measures for employees to contain the spread of infection, including staggered commuting, working from home, telecommuting, online conferences, and social distancing in offices.

Certain companies of the Group grant special leave to employees who take care of their children while schools are closed. They also provide various training programs to employees for their self-study while staying at home. In this way, the Group is implementing various measures.

(As of June 23, 2020)



Group employee working from home while his children's schools are closed

For further details, refer to the following.

 [The Group's Response to the COVID-19 Pandemic \(Japanese only\)](#)

 [Risk Management](#)

Enhancement of health management

The Group requires employees to undergo complete physical examinations and medical checkups, and established a physical and mental health consultation hotline within the Health Consultation Office, which is staffed by full-time physicians and nurses, to provide access to outside specialists for consultations.

In fiscal 2019, the rate of employees undergoing complete physical examinations and medical checkups was 100%.

In the next fiscal year and thereafter, the Group aims to continue the rate of 100% employees undergoing medical examinations and checkups on a Group-wide basis in order to early detect health risks for employees and ensure their health and safety.

Prevent Overwork

As a part of the work style reforms that the Group initiated in fiscal 2017, we are implementing a variety of programs intended to prevent overwork by employees.

【Main Measures】

- Reduce work and implement outsourcing based on operational reviews
- Make use of AI and RPA
- Promote introduction of mobile PCs
- Promote telecommuting programs, staggered work shift and flextime programs
- Promote use of satellite offices

In addition, employees who work more than a certain number of hours in a single month are required to check their physical condition using a Cumulative Fatigue Self-Diagnosis Checklist and provide feedback to a supervisor. Other measures are also taken to ensure good health such as consulting with an industrial physician.

Information Sharing and Training on Health and Safety

The Group holds monthly Group Personnel Division Meetings attended by persons in charge of human resources at Group companies. At these meetings, participants share information on relevant laws and regulations including the Labor Standards Act, working conditions of each Group company, and the

importance of labor management and safety and health.

In addition, we provide safety and health training, such as explanations on the Labor Standards Act and other relevant laws and regulations and method of labor management, on many occasions including during the training of newly promoted managerial employees.

Management Award 2020 (White 500)

The Wellness Management, promoted by the Group has been recognized, and as a result, Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Asset Management and Nomura Real Estate Urban Net were certified as a White 500 Company under the 2020 Certified Health & Productivity Management Outstanding Organization Recognition Program, which is selected jointly by the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi.

This program recognizes enterprises that have implemented outstanding initiatives to promote health and productivity management based on efforts to address local health issues and health improvement initiatives promoted by Nippon Kenko Kaigi.



Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Prevent Overwork

Items		FY 2016	FY 2017	FY 2018	FY 2019
Average statutory overtime work (per person: hours/month)	*1	24.46	19.66	14.07	13.51
	*2	—	—	12.1	10.45

Encourage employees to take paid vacation time

Items		FY 2016	FY 2017	FY 2018	FY 2019
Paid vacation time use rate (%)	*1	—	—	47.31	61.19
	*2	58.62	59.55	54.93	62.62

Prevent industrial accidents

Items	FY 2016	FY 2017	FY 2018	FY 2019
Number of employee occupational accidents resulting in death (accidents) *1	0	1	0	0
Absentee rate (%) *1	—	0.38	0.37	0.29
Number of contractor occupational accidents resulting in death (accidents)	—	—	—	0

Lost time injury frequency rate (LTIFR)

Items	FY 2017	FY 2018	FY 2019
Lost time injury frequency rate (LTIFR) *3	—	0*2	1.29
Lost time injury rate (LTIR) *4	—	0	0.60

*1 The Group's performance

*2 Nomura Real Estate Development performance (excluding contractors)

*3 (Number of occupational accidents resulting in lost days/Total work time) x 1,000,000

*4 (Number of fatalities and lost-days injured persons/Total work time) x 1,000,000 (excluding contractors)

Responses to Incidents


In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and taking measures to improve workplace environments so that this type of incident does not occur again. Nomura Real Estate Development is implementing the following measures for appropriate labor management and improving workplace environments.

1. Comply thoroughly with laws and regulations.
2. Top management and directors share issues with employees, and strive to establish relationships of trust and improve workplace environments.
3. Implement the following measures to ensure health:
 - (1) Raise awareness of health issues of officers and employees
 - (2) Officers and supervisors thoroughly monitor the health condition of employees
 - (3) Further improve systems for health consultation and medical checkups

Each Group company confirms their situation and continues to promote efforts to improve the situation in fiscal 2019 and thereafter.

For further details, refer to the following.

 [Appropriate Labor management and Measures for Improving Workplace Environments \(Japanese only\)](#)

Promotion of diversity

Approach and Policies

The Nomura Real Estate Group believes that innovation generated by diversity is essential for the continuous creation of new value for society.

Accordingly, we established the Nomura Real Estate Group Code of Action^{*}, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. We also conduct diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities.

In addition, the Nomura Real Estate Holdings Basic Corporate Governance Policy provides that the Board of Directors shall be made up of diverse directors with varied knowledge, experience, and skills.

^{*} The Nomura Real Estate Group Code of Conduct provides in Article 20 that the Group shall respect the fundamental human rights of officers and employees and shall not engage in discrimination or harassment on the basis of race, ethnicity, age, religion, creed, sex, nationality, social status, disability, pregnancy, childbirth, childcare leave, family care leave, sexual preference, gender identity, and so on.

Management

Management Structure

In July 2020, for the purpose of promoting wellness, work style reforms and diversity in an integrated manner, the Group established the Group Wellness Promotion Council, which comprises Nomura Real Estate Holdings and Group company presidents and others and is chaired by the Nomura Real Estate Holdings president.

Each Group company will also establish a similar council. The Group will establish a system under which Nomura Real Estate Holdings and each company will discuss wellness measures and work together so that a unified Group message can be delivered and each company's efforts can be shared.

The Group is also making efforts to promote diversity as part of such initiatives.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

The Sustainability Committee annually sets targets regarding diversity, and is monitoring the progress.

Targets

The Group has set the following three targets regarding diversity.

- Promoting active participation by women
- Promoting diverse work styles
- Hiring and utilizing diverse human resources, etc.

Main Measures for Promoting Work Style Reforms and Diverse Working Styles

The Group has implemented various measures to promote work style reforms and diverse working styles.

【Main Measures】

Promoting diverse work styles

- Establishing telecommuting programs (including working from home)
- Creating satellite offices
- Expanding flex time working programs

Encouraging employees not to work on holidays and to take vacation time

- Setting regular days off at sales offices
- Encouraging employees to take leave such as making employee birthdays a day off

Raising awareness regarding shorter working hours

- Working hours made visible
- Quitting time declaration program
- Establishing no overtime days
- Introducing productivity assessments
- Turning off PCs at 8 p.m.

Support for childcare and nursing care

- Creating staggered commuting time programs
- Creating job position transition programs
- Subsidizing a portion of babysitter expenses
- Creating paternity leave programs

Initiatives for Empowering Women

The Group is working to empower women in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value.

As of April 1, 2020, women accounted for 30.61% of employees, 6.14% of managers, and 15.87% of junior managers.*

* Junior managers are candidates for promotion to manager in the near future.

Holding Seminars for Female Employees

Nomura Real Estate Development holds seminars for female employees as an opportunity for them to acquire the mindset and awareness necessary for shaping their career in harmony with life events such as childbirth, childcare and nursing care.

It also provides opportunities for explaining the company's support programs and promotes the empowerment of women.



Seminar pamphlet



Seminar for Female Employees

Support for Childcare and Nursing Care

The Group has instituted personnel programs that make it possible for employees to continue working even after certain life events such as childbirth or the need to provide childcare or family care.

We provide information on and raise awareness of these programs on the Group intranet, etc. and are working to create workplace environments that facilitate the use of these programs.

【Main Programs】

- Encouragement of taking childcare leave
- Encouragement of taking nursing care leave
- Holiday childcare support program and subsidies for a portion of babysitter expenses
- Paternity leave programs for male employee
- Reduced working hours for nursing care

Hiring Seniors and Supporting Work Styles

The Group provides employment extensions based on the reemployment program for employees who have reached retirement age and wish to continue working.

It ensures employment opportunities up to the age of 65 at the employee's request.

Moreover, some Group companies have established employment programs where employees can work even after the age of 65 at the employees' request. In this way, the Group supports diverse work styles for seniors, taking into consideration their work-life balance and wishes.

Promoting the Hiring of Persons with Disabilities

The Group actively hires persons with disabilities.

As of June 1, 2020, the rate of employment of persons with disabilities was 2.02%.

Promoting the Hiring of Local Human Resources and their Playing Active Roles

Considering business characteristics, the Group places emphasis on connections with local communities across the country and carries out recruitment activities in those communities.

Some business companies have established programs where the workplace can be selected from across the country or locally so that employees can choose diverse work styles based on their work-life balance. Also, the Group hires human resources who can play active roles globally regardless of nationality, race or religion, etc. and empowers them in order to strengthen overseas strategies.

We are actively hiring local human resources especially in China, Hong Kong, Thailand, Singapore, and Vietnam, where Group companies are located.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Promote empowerment of women

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Female employee ratio (%)	27.74	28.60	29.75	30.76	30.61
Female manager ratio (%)	4.81	5.38	5.45	5.58	6.14
Female junior manager ratio (%)	—	14.8	15.08	16.07	15.87

Promote diverse work styles

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Childcare Leave Takers (Men) (persons)	139 (0)	119 (2)	148 (3)	178 (6)	253 (10)
Rate of reinstatement after childcare leave (%)	—	—	92.59	91.46	92.08
Nursing Care Leave Takers (persons)	1	2	4	4	7

Hire and utilize diverse human resources

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Number of foreign employees (persons)*1	—	7	14	16	114
Rate of employment of persons with disabilities (%)*2	1.85	1.97	1.90	1.96	2.02

*1 The number of foreign employees does not include the number of foreign technical intern trainees employed.

*2 The rates of employment of persons with disabilities for fiscal 2017 and thereafter are as of June 1 of the following fiscal year. Other rates are as of April 1 of the following fiscal year.

The rate covers Group companies subject to the Employment Rate System for Persons with Disabilities.

Creation of fair and rewarding workplaces

Approach and Policies

The Nomura Real Estate Group believes that creation of fair and rewarding workplaces is essential for employees to demonstrate their individuality and maximum capabilities.

Accordingly, we promote the creation of workplace environments where employees can work with reassurance by pursuing fair employee evaluations, remuneration including a guarantee of living wages, and equitable social benefits, and by respecting fundamental rights such as the freedom of association and the right to collective bargaining. We also aim to be a company in which each employee can actively work and is kept motivated.

Furthermore, the Nomura Real Estate Group signed the UN Global Compact in May 2019 to enhance the protection of employees' rights and make work more fulfilling for employees.

We will comply with the four labor principles of the UN Global Compact and take additional measures.

Management

Management Structure

In July 2020, for the purpose of promoting wellness, work style reforms and diversity in an integrated manner, the Group established the Group Wellness Promotion Council, which comprises Nomura Real Estate Holdings and Group company presidents and others and is chaired by the Nomura Real Estate Holdings president.

Each Group company will also establish a similar council. The Group will establish a system whereby Nomura Real Estate Holdings and each company will discuss wellness measures and work together so that a unified Group message can be delivered and each company's efforts can be shared.

As part of such efforts, the Group is also carrying out measures relating to the creation of fair work environments with meaningful work.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

Targets

To create fair workplaces with meaningful work, the Group strives to raise employee satisfaction.

Fair Evaluations and Remuneration

The Group does not differentiate remuneration on the basis of gender.

Moreover, the Group implements fair employee evaluation and remuneration programs by creating mechanisms for the opinions of employees to be heard by human resource divisions and supervisors and for communicating with employees.

In addition, the Group complies with laws and regulations that set minimum wages in Japan as well as countries worldwide and pays adequate salaries to employees in accordance with the price index in each region.

Target Management System

The Group introduced a target management system so that employees can take the initiative in their jobs and work with managers and supervisors towards achieving their targets.

Every six months, employees set their own targets with advice from supervisors, and bonuses are paid based on the degree of achievement of those targets.

In addition, reviews of the abilities and conducts that serve as the basis for promotions and raises are also conducted every six months.

Evaluation of Superiors and Career Development

Once a year, Nomura Real Estate Development employees complete a questionnaire regarding the skills, performance, personality, and so on of their supervisors and submit the questionnaires to the Human Resources Division.

Creating Fair Work Environments

Labor-Management Dialogues

The Group respects employees' freedom of association and the right to collective bargaining, and even at Group companies that do not have labor unions, labor representatives and officers responsible for human resource divisions hold periodic meetings and work to improve the workplace environment. Currently, Nomura Real Estate Development, Nomura Real Estate Partners and UHM have labor unions, and the labor union membership rate among employees of the three companies as a whole is 48.21% as of April 1, 2020.

Communication with Employees

The Group communicates with employees so that employees can gain an accurate understanding of company policies regarding labor standards.

Documents or explanations regarding employment rules, personnel evaluation systems, and social

benefits are provided in Japanese, or in English if necessary, to employees including those of overseas Group companies during their initial training.

Provision of Social Benefits

The Group provides various social benefits to employees such as childcare and family care support and an employee shareholding program with the aim of creating fair work environments with meaningful work.

Main Social Benefits Provided by Nomura Real Estate Development

Social Benefits	Overview
Maternity leave	Six weeks prior to childbirth (14 weeks in the case of a multiple pregnancy) and eight weeks after childbirth (with pay)
Childcare leave	Until the child reaches the age of three years
Family care leave to care for children	Preschool children: 5 days/year for one child and 10 days/year for two or more children
Family care leave	Up to one year in total
Volunteer leave	Five days for volunteer activities related to a severe natural disaster
Mental health support	Health Consultation Office, Physical and Mental Health Consultation Office, appointment of an industrial physician of psychosomatic medicine
Measures to ensure good health	Appointment of nurses and industrial physicians, implementation of personnel interviews and medical examinations
Rehiring elderly workers	Up to age 65 (one-year extensions)
Retirement benefit program*	Payment of retirement benefits pursuant to a defined benefit pension plan
Health insurance association	High medical expenses, lump-sum childbirth benefit, injury and disease benefit, comprehensive medical examinations, etc.
Allowances	Family allowance, reassignment allowance*, reassignment without family allowance*, housing subsidies, etc.

* Only career-track employees are eligible.

Implementation of Employee Satisfaction Survey

Nomura Real Estate Development conducts an employee satisfaction survey every year. The survey collects suggestions to management and employee opinions on work and the workplace.

Satisfaction is measured on a five-point scale with regard to (1) sense of fulfillment concerning work, (2)

satisfaction with the workplace, (3) satisfaction with superiors, (4) loyalty to the company, and (5) development in the market, and (6) sense of being stuck in the same routine at work, as well as regarding understanding and practice of work style reform and wellness management. In fiscal 2019, the response rate was 97.8% (2,067 out of 2,113 eligible employees responded). Issues regarding employee satisfaction and work style reforms, which were obtained from the survey, are reported to officers and higher-level management at each headquarters conference, and provided individually to a supervisor to actively utilize the results.

Fostering a Corporate Culture that Encourages Challenges

Nomura Real Estate Group Awards Presented

The Group has presented the Nomura Real Estate Group Awards every year since 2016 to foster a corporate culture where employees are willing to tackle the challenges of value creation through innovation, encourage group synergy, and raise individual and organizational motivation.

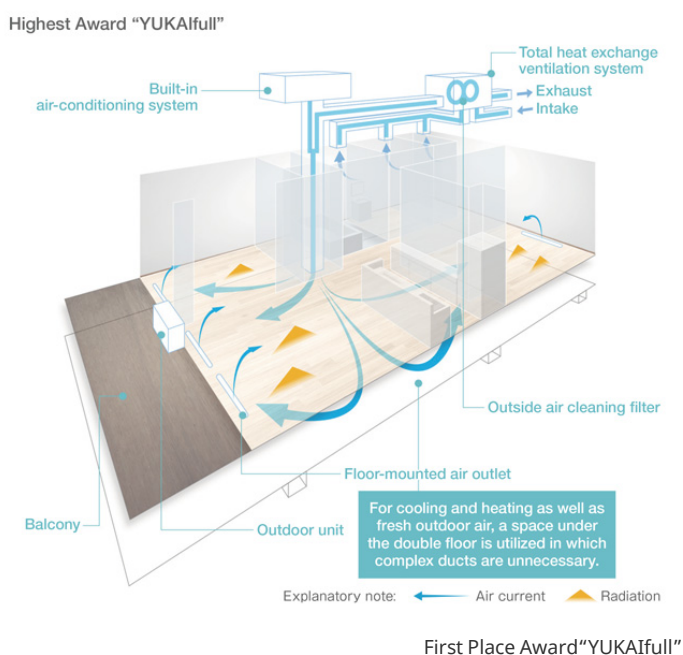
Under this program, exceptional businesses, products and services of the year are recognized. In fiscal 2020, award winners included “YUKAIfull” a floor chamber air conditioning system which sends air from the air conditioner to the entire house while ventilating through a space under the double floor.

“YUKAIfull” is an initiative for realizing healthy and comfortable living while reducing CO2 emissions. It provides air conditioning not only in the living room but also in the hallway, bathroom and other rooms, enabling pleasant living 24 hours a day, every day of the year.

[News Release \(Japanese only\)](#)

【Evaluation Criteria】

- Reform and innovation
- Improvement in customer satisfaction
- Group synergy
- CSR activities and social contribution
- Continuity and perseverance



Business Idea Proposal Program

Beginning from 2017, the Group launched the Business Idea Proposal Program (commonly called “NEXPLORER” within the Group), which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work at any time.

There has been a total of 60 entries (including five entries made in 2019), with seven projects under consideration and four projects having already been commercialized or realized.

To date, proposals realized under the program include co-creation service platforms such as “Minna no Igokochi Kaigi.”

Please click here for details on [☞ “Minna no Igokochi Kaigi” \(Japanese only\)](#)

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Improvement in employee satisfaction

Nomura Real Estate Development: Results of Employee Satisfaction Survey

Item	FY 2016	FY 2017	FY 2018	FY 2019
Employee satisfaction level (5-point scale)	3.81	3.81	4.03*	4.05*
Number of responses/number of eligible employees (persons)	1,648 / 1,738	1,930 / 2,028	2,013 / 2,066	2,067 / 2,113
Response rate (%)	94.8	95.1	97.4	97.8

*Beginning from fiscal 2018, "Satisfaction with the workplace" is used as the reference index.

Turnover rates

Item	FY 2017	FY 2018	FY 2019
Turnover rates (total)* (%)	3.85	3.99	5.13
Male (%)	3.57	2.49	4.69
Female (%)	4.46	6.57	5.99

Turnover rates for personal reasons (%)	3.40	3.54	4.43
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* Turnover rates include number of employees retired at mandatory retirement age.

Responses to Legal and Other Violations

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and taking measures to improve workplace environments so that this type of incident does not occur again. We will continuously promote measures to improve workplace environments in fiscal 2018 and thereafter.

For further details, refer to the following.

- ☐ [Appropriate Labor Management and Measures for Improving Workplace Environments](#)
- ☐ ["Health and Safety of Employees"](#)

Improvements to human capital

Approach and Policies

The Nomura Real Estate Group is aware that employees are a crucial management resource for corporations and that human development is extremely important for continuous corporate growth. Based on this understanding, the Group seeks to carry out the "What We Value" Nomura Real Estate Group Action Guideline, and works to improve human capital.

We offer human development programs to enhance the qualifications and capabilities of each Group employee so that every employee can perform his or her work as a professional with a high degree of specialization.

【Nomura Real Estate Development Basic Human Development Policies】

- Proactive mid- to long-term human development that provides a focus for careers
- Human development that responds to change over time, fosters innovation, and supports future management

【The Qualities and Skills Nomura Real Estate Development Looks For】

- High level of specialization and execution
- Diverse viewpoints and values
- Broad perspectives
- Business formation skills
- Organizational management skills

Management

Management Structure

In July 2020, for the purpose of promoting wellness, work style reforms and diversity in an integrated manner, the Group established the Group Wellness Promotion Council, which comprises Nomura Real Estate Holdings and Group company presidents and others and is chaired by the Nomura Real Estate Holdings president.

Each Group company will also establish a similar council. The Group will establish a system under which Nomura Real Estate Holdings and each company will discuss wellness measures and work together so that a unified Group message can be delivered and each company's efforts can be shared.

As part of such efforts, the Group is also carrying out measures for improvements to human capital.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

Targets

The Group seeks to reinforce human development so that it can further improve human resources.

Group Personnel Division Meetings Held

The Group holds monthly Group Personnel Division Meetings attended by officers responsible for human resources and managers of human resource divisions of Group companies.

Participants exchange information and opinions regarding the personnel system, human development, and each company's recruitment situation and wellness measures, and share best practices in order to implement group-wide measures for improvements to human capital.

Training Framework

With the aim of developing human resources for sustainable growth, the Group has implemented personnel systems and development programs that promote growth.

For some rank-specific training programs according to qualification grade and stage, training is carried out on a Group-wide basis.

Nomura Real Estate Development has established N-COLLEGE, a self-skills development system for employees, which provides programs to study for real estate-related certifications for professionals, such as real estate notary, real estate appraiser, and first-class architect, and programs covering general business skills, such as programs in finance and language study.

In addition, the Residential Development Division provides specialized training and knowledge sharing opportunities regarding product strategies and quality control for technical employees, including Building Knowledge Courses, Landscape Workshops, and the PROUD Quality Conference so that each employee can perform higher level duties and acquire a broad range of knowledge and experience.

Training Programs for Career-Track Personnel

Career-Track Personnel						Programs for selected employees / Open and for selected employee Programs
Position	Required Skills	Training Details				
		Logical thinking, problem solving, leadership, organizational management	Finance knowledge	Compliance and human rights		
Newly-appointed general management position	<div>Broad perspectives (future, Group business)</div> <div>Organizational management</div> <div>Business formulation skills</div> <div>Organizational management skills</div> <div>Business implementation skills</div> <div>High degree of specialization and executive abilities</div>	Management skills for all Group companies including problem solving from a group and management perspective, business formation, management strategies			For selected employees Nomura Management School (Inter-industry interaction) Management skills	
Newly-appointed senior management position		Issue-based problem solving (advanced)⇒formulation and dissemination of organizational policies (advanced), knowledge needed for management of subordinates (assessment, feedback, etc.)				
Newly-appointed management position		Understanding of upper-level policy, basic organizational management abilities, knowledge necessary as a manager, organizational management (basic), Issue-based problem solving (basic)	“Group understanding” training	Compliance, anti-social forces, human rights Knowledge and understanding as a manager Policies on responses to anti-social forces	<div>For selected employees: MBA, MOT Development of the next generation of leaders</div> <div>For selected employees: Programs when assigned to an overseas unit (global human development)</div> <div>For selected employees: ABL (global human development)</div> <div>For selected employees: Public-private training (inter-industry interaction)</div> <div>For selected employees: Instructor training (developmental skills)</div>	
Leader Follow-up position Newly-appointed leader position		Inspection of leadership style (multi-faceted assessment)		Compliance, anti-social forces, human rights Knowledge and understanding as a leader		
		Leadership style, target-based problem solving (advanced)				
Newly-appointed professional position Level 1		Target-based problem solving (upper level and advanced)	Finance training [2] Basic to Advanced Accounting	Compliance, anti-social forces, human rights Common knowledge on pre-checks and business partner application procedures Policies on responses to anti-social forces		
Newly-appointed professional position Level 2		Fourth year after joining the company Target-based problem solving (basic and advanced)				
Newly-appointed professional position Level 3	Third year after joining the company Problem-solving dialogue	“Group understanding” training				
	Second year after joining the company Occurrence-based problem solving					
	Follow-up in first-year after joining the company Logical presentation		Follow-up in first-year after joining the company Self-control			
	New employee introduction Logical thinking, business manner, business stance, etc.		Finance training [1] Basic Finance Knowledge	New employee introduction Compliance, anti-social forces, human rights 社会人としての基礎知識		
Joint Group Implementation						

Joint Group implementation

Nomura Real Estate Development Human Development Framework (Training Programs by Job Position)

Training Programs for Specialist Personnel

Specialist Personnel	
Stage	Training Details
Particular Specialist Personnel	Target-based problem solving (introductory level)
Stage 3	Target-based problem solving (advanced level / practical workshops)
	Target-based problem solving (introductory level)
	Problem-solving dialogue (consensus building skills)
Stage 2	Occurrence-based problem solving
	Logical presentation
	Logical thinking and writing
Stage 1	* Acquiring specialized knowledge through OJT, training programs, etc. provided on a division basis takes precedence

Selective training programs

Training Programs for Career-Track Personnel (Administrative Jobs) and Operations Personnel

Career-Track Personnel (Administrative Jobs) and Operations Personnel		
Position Stage	Training Details	
High-level personnel Stage 3	Occurrence-based problem solving	PC skills training
Employee Level 1 Stage 2	Logical thinking and writing	PC skills training
Employee Level 2 Stage 1	Improvement in operational flows and productivity	

■ Selective training programs

Incentive from a Long-Term Perspective

The Nomura Real Estate Group introduced "ESOP Trust for Granting Stock" for employees of Nomura Real Estate Holdings and Group companies from fiscal 2019.

The aim is to foster a sense of belonging to, and involvement in the management of the Group among the Group employees so as to enhance their enthusiasm and morale to improve performance and increase share price in the long-term.

The Group encourages the purchase of treasury stock through this program.

📄 [News Release \(Japanese only\)](#)

Performance

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Training Participation Performance*¹

Items	FY 2019
Training hours per employee* ² (hours)	12.65
Total training hours* ² (hours)	24,969
Training expense per employee (yen)	80,393
Total training expense (yen)	158,690,000
Return on investment in employees' skill development* ³ (%)	2.81

*1. Performance for Nomura Real Estate Holdings and Nomura Real Estate Development

*2. Covers only mandatory training and does not include open and selective training or e-learning courses.

*3. Calculated using the following formula: Return on investment in employees' skill development = Turnover rates/Total training expense (100 million yen).

Group-wide Training Performance

	Training title	Subject ranks	Number of implementing companies (companies)
1	New employee introductory training	Newly-hired employees	8
2	New employee follow-up training	New employees	8
3	Second-year training	Employees in their second year	7
4	Third-year training	Employees in their third year	7
5	Problem solving skills training	Managerial employee class	8
6	Newly-appointed managerial employees	Managerial employees	8
7	Newly-appointed division manager training	Division managers	5
8	Newly-appointed manager training	Managers	4

Supplier safety

Approach and Policies

The Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, we are aware that ensuring the safety of suppliers at construction sites is an important issue and we take measures to prevent accidents and disasters by raising awareness regarding health and safety, performing checks, and implementing preventive measures.

In addition, the Nomura Real Estate Group CSR Procurement Guidelines (the "CSR Procurement Guidelines") provide that suppliers shall "carefully manage health and safety and prevent industrial accidents, endeavor to maintain physical and mental health, and create well-ordered workplaces," and we require suppliers to implement comprehensive health and safety management.

Furthermore, the health and safety standards set forth in the CSR Procurement Guidelines are equivalent to those applied to employees of the Group.

📄 ["Nomura Real Estate Group CSR Procurement Guidelines"](#)

Management

Management Structure

The officers responsible for business units have been put in charge of this issue and carry out measures to ensure supplier safety.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee annually sets targets regarding ensuring supplier safety, and is monitoring the progress.

Targets

The Group works to ensure the safety of suppliers in accordance with the CSR Procurement Guidelines and Construction Safety and Security Guidelines.

Ensuring Safety of Construction Sites

The Group established the Construction Safety and Security Guidelines to prevent accidents and disasters at demolition and new construction sites in the residential development business. Moreover, the Group obtains construction plans from construction contractors who are suppliers for new constructions, and confirms whether the safety and security of workers involved in projects are ensured.

The Group conducts health and safety training for construction contractors to raise awareness, and performs inspections in major building construction processes to ensure the safety not just of suppliers, but also of neighboring residents and local community members.

【Outline of the Construction Safety and Security Guidelines】

- Prompt reporting duties
- Individual and company information management
- Crime prevention standards
- Confirmation before starting construction
- Temporary work plan checks
- Accident prevention measures for demolition work
- Accident prevention measures for heavy machinery work

Supplier Council Meetings on Health & Safety Held

With the aim of implementing comprehensive safety management systems and raising awareness regarding health and safety, the Group regularly holds Supplier Council Meetings on Health & Safety with business partner companies.

Nomura Real Estate Partners holds the Supplier Council Meetings on Health & Safety

Nomura Real Estate Partners annually holds the East Japan Supplier Council Meetings on Health & Safety and the West Japan Supplier Council Meetings on Health & Safety.

In fiscal 2019, these Council Meetings were attended by 111 companies and 72 companies, respectively, and health and safety awards were presented and explanations were given regarding the CSR Procurement Guidelines.

Nomura Real Estate Heating and Cooling Supply Hosts Supplier Conferences on Safety

Nomura Real Estate Heating and Cooling Supply Co., Ltd. holds an annual Supplier Conference on Safety where outstanding business partners are presented awards and the Health and Safety Management Plan for the current year is explained.

In fiscal 2019, the Conference was attended by 15 companies.

Performance

Promotion Measures

Fiscal 2019 performance against the set targets was as set forth below.

Items	FY 2016	FY 2017	FY 2018	FY 2019
Number of companies attending the Supplier Council Meeting on Health & Safety and the Supplier Conference on Safety (companies)	191	188	198	198

Incidents of Violations by Suppliers

In fiscal 2019, with regard to ensuring supplier safety, which the CSR Committee (currently the Sustainability Committee) monitors, there were no significant incidents of violations of laws and regulations.

Contributions to Local Communities and Society

Approach and Policies

The Nomura Real Estate Group conducts its business based on long-term relationships with local communities in all aspects from development and construction to the operation and management of real estate.

Accordingly, we conduct local and social contribution activities based on our belief that identifying initiatives required in society through dialogues and making contributions to society is a part of our responsibility as a corporate citizen.

We consider that carrying out local and social contribution activities will realize “urban development and community building concerning the future of the global environment and local communities,” which is part of the value creation themes for the Mid- to Long-term Business Plan.

Contribution to the local community

Kayabuki-no-sato Project

With the goal of creating connections between urban residents and rural communities, where populations are dwindling and growing older, and to teach children in urban areas about the environment, Nomura Real Estate Development practices eco-friendly rice growing at the base of Mt. Tsukuba.

This project started as an industry-government-community-academia project in collaboration with the Tsukuba Green Tourism Association, Tsukuba City and the University of Tsukuba. The project is being implemented with the participation of the Group employees and tenant companies.



Kayabuki-no-sato Project

Support the UN Refugee Support Campaign

The Group supports the activities of the UNHCR, the United Nations Refugee Agency, by providing its facilities to the United Nations Refugee Support Campaign free of charge.

The campaign collects donations to purchase vaccines and tents for refugees. In fiscal 2019, support was provided by 56 persons and the equivalent of ¥1.572 million was donated over the course of the year.

Supporting Youth Development

Participation in Career University

Nomura Real Estate Development participates in the Career University* Summer Class conducted by NPO Career Cruise with the aim of supporting young people in building their careers.

The class, which is for university freshmen and sophomores, includes programs such as real estate development games and property tours.

In fiscal 2019, under the theme of “Develop a Community, Create Happiness,” Nomura Real Estate Development conducted urban development experience workshops, etc. and won the Award for Excellence that is granted to companies whose workshops, etc. achieved high participant satisfaction.

* Career University

An initiative conducted by NPO Career Cruise aimed at helping university students build their careers.

Other supporting organizations including companies and government agencies provide educational seminars covering various specialized fields.

Internship Program

Nomura Real Estate Development offers an internship program targeting university undergraduate and graduate students every year.

■ On-site Internship Program

The program provides opportunities to experience real estate operations such as product planning and accompanying personnel during marketing activities.

In fiscal 2019, the program was provided for two days in the Company’s Head Office in Tokyo and approximately 60 students participated.

■ Simulated Experience of Developer Operations

Through the program, intern students can learn about developer operations and what the Group attaches importance to in urban development.

In fiscal 2019, the program was provided for five days in the Company's Head Office in Tokyo and approximately 240 students participated.

Career Support Programs through Collaboration with Universities

The Group collaborates with universities to offer programs that support career development of young people.

■ Lectures on Industry Circumstances* presented at the Faculty of Economics of the University of Tokyo: Future of the Real Estate Industry

Officers and employees of the Group present lectures to third and fourth year students of the Faculty of Economics about the history, present markets and businesses, and future outlook of the real estate industry, making particular reference to various practical examples from the standpoint of on-site work.

* Industry Circumstances

This is one of the courses provided for many years by the Faculty of Economics at the University of Tokyo. For the past two years, two companies have been presenting lectures so that students can learn about trends in the industry from persons directly involved in the industry.

■ Rikkyo University

The class, which is for university freshmen and sophomores, offers opportunities to think about what it takes to work in society and creating vision for the future by experiencing developer operations through real estate development games, property tours, and other programs.

■ "Future Skills Lecture*" at Meiji University

In this program, the Nomura Real Estate Group employees give practical lectures on real estate business for university freshmen.

In fiscal 2019, students discussed "area management system that is sustainable for 20 years into the future" by using the Proud City Hiyoshi project under development by Nomura Real Estate Development.

*Future Skill Lecture: A PBL (Project Based Learning) program for learning through practice for university freshmen.

In the class, students work on solving problems that simulate issues faced in actual business situations.

Special Swimming Classes Held Jointly with Elementary Schools in the Community

Nomura Real Estate Life & Sports started the Kodomo Mirai Project (project for children's future) in 2019, the 30th anniversary of the foundation of the Company. The project aims to develop an

environment that supports the growth of children in the community through sports and promote sports for children. Under the project, Nomura Real Estate Life & Sports held a “Getting accustomed to water” event for kindergarten and nursery school children.

Furthermore, it has been conducting classes to teach elementary school children how to swim while fully clothed as a means of preventing water accidents since fiscal 2010.

In fiscal 2019, a total of 650 children participated.

In the last fiscal year, due to higher temperatures, bad weather, etc., opportunities for coaching swimming at the schools referred to above decreased. Also, differences were found in children’s swimming abilities, depending on whether they attend a swimming school. As an initiative for solving this problem, Nomura Real Estate Life & Sports in collaboration with nearby elementary schools within the community where Megalos sports clubs operated by Nomura Real Estate Life & Sports are located held special swimming classes for children who are not good at swimming. A total of 344 children have participated in the classes to date. Nomura Real Estate Life & Sports is considering holding such classes in collaboration with kindergartens and nursery schools in the future to continue contributing to local communities and urban development through sports and exercise.



“Getting accustomed to water” event for kindergarten and nursery school children

Number of participants in fully-clothed swimming classes

	FY 2016	FY 2017	FY 2018	FY 2019
Participants (number)	977	2,478	1,605	650

[Megalos Kodomo Mirai Project launched \(Japanese only\)](#)

Swimming Lessons for Asthmatic Children

At the request of Nagoya City, Nomura Real Estate Life & Sports has been providing swimming lessons for asthmatic children at Megalos Chikusa since fiscal 2014.

A total of 26 children learned how to swim in 2019.

Cooperation with "Kodomo Hyakutoban no Ie (Children's Emergency Shelter)" Activities

Nomura Real Estate Urban Net started to participate in "Kodomo Hyakutoban no Ie (children's emergency shelter)" activities at 14 "Nomura's Broker + (Plus)" stores in Tokyo to contribute to keep children safe and be well-received by local communities.

These stores serve as emergency shelters for children when they feel physical danger, such as when they are approached by suspicious persons, and contact their parents or the police if necessary.



"Kodomo Hyakutoban no Ie" sticker displayed on the store entrance door

Supporting Sports

Official partner of the Japanese Para-Sports Association (JPSA)

As a company that identifies with the philosophy of the Japanese Para-Sports Association (JPSA), of fostering inclusion to make society a place where everyone can benefit from the value of sports, Nomura Real Estate Holdings entered into an official partner agreement with the JPSA.



Nomura Real Estate Holdings is an official partner of the JPSA.

[See here to learn more about the activities of JPSA \(Japanese only\)](#)

Supporting Sports for the Disabled

Nomura Real Estate Life & Sports signed a Facility Use Agreement for the Development of Para-Athletes with Kawasaki City and provides training locations for them.

In addition, the company collaborates with governmental bodies to provide swimming lessons for the disabled and program for developing instructors for the intellectually disabled.

Employees include one CP soccer (seven-on-seven soccer for persons with cerebral palsy) national team member and one deaf soccer (soccer for persons with hearing difficulties) national team member. Special leave and special financial incentives are granted



CP soccer national team member
Tatsuhiro Ura (right)

during applicable sports events.

Nomura Real Estate Partners promotes understanding of para-sports and supports them through various activities, including the employment of wheelchair track and field athlete Yuki Nishi (T54 class, a certified Tokyo Athlete and the specially designated athlete 2019 of the Japan Para Athletics).



Yuki Nishi

Certified as Tokyo Sports Promotion Companies

Nomura Real Estate Partners and Nomura Real Estate Life & Sports were again certified by the Tokyo Metropolitan Government as 2019 Tokyo Sports Promotion Companies as in the previous year. Both companies were certified for the fourth consecutive year since fiscal 2016.

Under this program, the Tokyo Metropolitan Government certifies companies that encourage employees to participate in sports and provide support for sports events, and so on.

In addition, Nomura Real Estate Life & Sports was selected as a Tokyo Metropolitan Government Sports Promotion Model Company (Support Category) in fiscal 2019 for the first time in the sports club industry in appreciation of the following activities. In general, companies that are making efforts with significant social impacts and spreading effects are selected



【Main Activities】

- Promotion of the Kodomo Mirai Project (project for children's future) that aims at developing children who like exercise and have inner strength, and solving problems that are facing parents, communities and schools.
- Collaboration agreement with municipalities with regard to health enhancement projects and fitness businesses in cooperation with local communities.
- Employment and support of para athletes

Performance

Promotion Measures

Expenditures for Contributions to Local Communities and Society

* Unless otherwise indicated, the reporting scope is the Group.

	FY 2017	FY 2018	FY 2019
Cash donations ^{*1} (thousand yen)	10,000	10,000	10,000
Management costs ^{*2} (thousand yen)	72,410	68,490	64,580
Total amount (thousand yen)	82,410	78,490	74,580

^{*1} For cash donations, the support money paid to the Japanese Para-Sports Association (JPSA) is disclosed.

^{*2} With regard to management costs, expenses for various events held at facilities owned by the Group with the aim of contributing to local communities, etc. are disclosed.



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Corporate governance

Philosophy and policies

We here at Nomura Real Estate Holdings believe in governance that maximizes the value of the corporate group over the long term while considering the interests of its shareholders and other stakeholders. As a holding company, we manage and supervise the business activities of our subsidiaries and strive to build a more transparent management system in accordance to the ""Basic Corporate Governance Policy"" with the aim of improving the profitability of the entire group.

[Basic Corporate Governance Policy PDF 560KB](#)

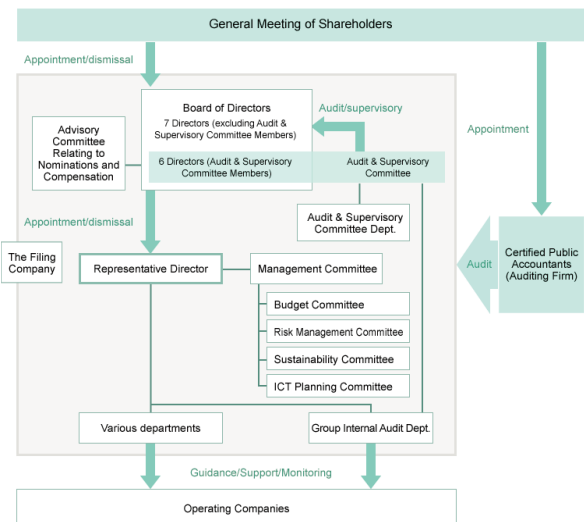
Corporate governance report

[Corporate Governance Report PDF 807KB](#)

(Last updated: October 27, 2020)

Corporate Governance System

Chart of Corporate Governance System



Board of Directors

The Board of Directors bears the responsibility of realizing effective corporate governance for all shareholders, and through this, achieving sustainable growth of the Company and working to maximize long-term corporate value. To fulfill this responsibility, the role of the Board of Directors is to ensure the fairness and transparency of management by fully supervising management, and make the best decisions for the Company through important business execution decisions, etc. The Company's Board of Directors comprises seven Directors (excluding Directors who serve as Audit & Supervisory Committee Members) (of which one is External Director) and six Directors who serve as Audit & Supervisory Committee Members (of which four are External Directors). The Company elects diverse Directors with various knowledge, experience and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, five out of the 13 Directors are Independent External Directors.

Board Members

Audit and Supervisory Committee

Nomura Real Estate Holdings has an Audit and Supervisory Committee which comprises a majority of Outside directors, and is responsible for management oversight. It conducts audits utilizing the Company's internal control system, regularly receives reports on the status and results of internal audits from the Internal Audit Department. In addition, the committee can, if necessary, request reports from directors, executives, and business execution departments of the Group companies and the Company. The Audit and Supervisory Committee members attend meetings of the Executive Committee and other important meetings, collect information on the status of business operations, and can express their opinions, all to conduct effective audits and supervision.

The members of our Audit and Supervisory Committee are as follows:

Chairperson:	Takao Orihara (Full-time)
Members:	Takao Orihara (Full-time), Yasushi Takayama (Full-time), Akira Ono (Independent External Director), Yoshio Mogi (Independent External Director), Akiko Miyakawa (Independent External Director) and Tetsu Takahashi (Independent External Director)

Nomination and Compensation Advisory Committee

The Company has set up an Advisory Committee Relating to Nominations and Compensation, the majority of which are independent external directors, as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the board of directors in relation to decisions on director and executive officer nominations and compensation. The committee will discuss matters relating to the nomination of and compensation for directors and executive officers, successor plan, policy for training, etc. and shall report the outcome of discussions to the Board of Directors. The Members of the Advisory Committee Relating to Nominations and Compensation of the Company are as follows.

Chairperson:	Atsushi Yoshikawa (Director and Chairperson of the Board of Directors)
Members:	Atsushi Yoshikawa (Director and Chairperson of the Board of Directors), Tetsuro Higashi (Independent External Director), Akira Ono (Independent External Director and Audit & Supervisory Committee Member), Yoshio Mogi (Independent External Director and Audit & Supervisory Committee Member) and Shoichi Nagamatsu (Part-time Director)

Management Committee

The Company has introduced a system of executive officers with an aim to strengthen Group management, to separate and enhance the business execution function from the decision-making and supervisory functions. Each executive officer appointed by the Board of Directors is delegated management authority based on the Company's internal rules and other stipulations to execute business under the direction of the president & representative director and policies approved by the Board of Directors of the Company.

The Management Committee, which is comprised of the Chief Executive Officer and Executive Officers, determines certain matters regarding the execution of business at overall group companies. Director and Chairperson of the Board of Directors and Directors who are Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

Other Committees

Under the Management Committee, there are the following committees that discuss the Group's management policies, issues to be coped with, etc.

[Budget Committee]

For the compilation of budgets, preparation of medium-term business plans and other matters, the Committee discusses the planning, exercise and other matters regarding budgets and medium-term business plans.

[Risk Management Committee]

With the aim of securing the continuity and stable development of business through the exercise of risk management, the Committee discusses matters in connection with internal controls, risks in the Group's management and other matters.

[Sustainability Committee (formerly CSR Committee until March 31, 2020)]

The Committee discusses matters on the promotion of sustainability/CSR/ESG and others for the purpose of establishing policies and plans and managing results regarding the promotion of sustainability/CSR/ESG, deepening Group employees' understanding and disclosing various information thereof.

[ICT Planning Committee]

The Committee discusses investment plans and other matters for preparing the ICT base and establishing information systems with the aim of improving the ICT environment and its effective use.

Accountability of the Board of Directors

Appointment of directors

The directors of Nomura Real Estate Holdings are elected at the general meeting of shareholders every year in accordance with the Articles of Incorporation, differentiating directors who are Audit and Supervisory Committee members from other directors. In order to ensure the necessary balance and diversity as a holding company that oversees companies operating in a wide range of fields, directors are those with a variety of knowledge, experience and ability, regardless of nationality and gender. In order to function effectively, we have no more than 12 directors (excluding directors who are Audit and Supervisory Committee members) and no more than 6 directors who are Audit and Supervisory Committee members.

Independent external directors

In order to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management, one independent external director (excluding Directors who are Audit & Supervisory Committee Members) and four independent external directors who serve as Audit & Supervisory Committee Members are appointed. The main role of independent external directors is, based on their own knowledge, to give appropriate advice from the viewpoint of the Company's sustainable growth and improving the corporate value, to supervise management through significant decision making by the Board of Directors, to supervise conflicts of interest between the Company and management or major shareholders, etc., and to appropriately express the opinions of shareholders and other stakeholders to the Board of Directors from a standpoint independent from management. The Board of Directors of the Company has formulated its own standards for Impartiality of independent external directors as described below, in addition to the independence standards set out by the Tokyo Stock Exchange, and candidates for independent external directors are nominated in accordance with these standards.

[Independence standards for Outside directors]

Extract from Article 14 of the Basic Corporate Governance Policy

Article 14: The Board of Directors has established its own standards for the independence of Outside directors in addition to the standards stipulated by the Tokyo Stock Exchange when appointing a candidate as an Outside director.

- (1) Executives of other companies that have mutual offices with the Company or its subsidiaries
- (2) Major business partners*1 of the Company or its subsidiaries, or persons whose main business partner*1 is the Company or its subsidiaries (if the business partner is a corporation, the person who carries out the business)
- (3) Consultants, accounting professionals, or legal professionals who have earned more than 10 million yen in monetary or other property benefits in addition to executive compensation from the Company or its subsidiaries in the last fiscal year
- (4) Persons who belong to corporations that provide specialized services such as law firms, accounting firms, consulting firms, etc. that earn large amounts monetary or other property benefits*2 from the Company or its subsidiaries
- (5) Major shareholders of the Company (if the major shareholder is a corporation, the person who executed the business of the corporation or the person who executed the business in the past), executives or previous executives of lead securities companies
- (6) Close relatives of persons described in (1) and (5)

*1. Major business partners are those whose transactions with the Group exceed 2% of the annual consolidated sales of the Company or the business partner in the last fiscal year

*2. A large monetary or other property benefits are profits that exceed 2% of the annual consolidated sales for the previous fiscal year of the corporation

Full name	Reason for appointment	Main activities
Tetsuro Higashi	Mr Higashi was selected as an Outside director to contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange and he was designated as an Independent Director.	Mr. Higashi attended 13 out of 13 meetings of the Board of Directors held after he assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.

Akira Ono	<p>Mr Ono has great knowledge, experience and profound insights as a legal expert acquired through his many years working as an attorney. Although he has no direct experience in the management of a company, he was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before he was designated as an Independent Director.</p>	<p>Mr. Ono attended 15 out of 16 meetings of the Board of Directors and 13 out of 13 meetings of the Audit & Supervisory Committee held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.</p>
Yoshio Mogi	<p>Mr Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.</p>	<p>Mr. Mogi attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after he assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.</p>

Akiko Miyakawa	<p>Ms Miyakawa has great knowledge, experience and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. Although she has no direct experience in the management of a company, she was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.</p>	<p>Ms. Miyakawa attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after she assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.</p>
Tetsu Takahashi	<p>Tetsu Takahashi has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been involved in the management of a company except as an outside director, however he has been selected as an External Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an outside director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, we determined that there is no risk of conflict of interest (Translation) 12 with general shareholders as specified by the Tokyo Stock Exchange before designating his as an Independent Director</p>	-

Assessing the effectiveness of the Board of Directors

For the Assessment of the Effectiveness of the Board of Directors in Fiscal Year ended March 2020, as was the case in the previous fiscal year, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee Members) utilizing a thirdparty evaluation organization. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

	Evaluation results
Members:	The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.
Discussions:	Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each Director. In particular, discussions were further enhanced in the fiscal year ended March 31, 2020 through the opinions, etc. from newly appointed external directors.
Operation:	Continuous improvements to the operation, such as ensuring provision of materials prior to meetings, were broadly evaluated as having contributed to improving the effectiveness of the Board of Directors. On the other hand, there is further room for improvement regarding the operation, such as further clarifying the discussion points in the proposal explanations and materials. By continuing to strive for thorough improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.
Matters for discussion:	Discussions about various management challenges were enhanced by continuous improvements to the operation, such as narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. For Fiscal Year ending March 2021, the Company aims to improve strategic discussions further about enhancing corporate value and corporate governance.

Compensation plan of Directors

Outline of compensation plan of Directors

'Compensation of the Company's directors (excluding Audit & Supervisory Committee Members and external directors) consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. In 2019, we incorporated initiatives related to environmental issues such as climate change and social issues into the performance evaluation of executives. Each compensation item is as follows:

〈Base compensation〉

The amount of base compensation is determined according to the role and position of the director.

〈Bonus〉

The amount of bonus is determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals.

The individual evaluations are used to evaluate the progress of single-year and the medium- to long-term initiatives, for which achievements are difficult to measure based only on financial results.

	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Business Profit	79,623 million yen	82,833 million yen
YoY	-	+4.0%

* Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

〈Share-based compensation〉

The share-based compensation consists of a performance-based portion, and a non-performancebased portion. The performance-based compensation adopts performance-sharing (“PS”) (Translation) 18 providing incentive for enhancement of medium-term performance such as by delivering the Company’s shares and payment of an amount equivalent to the proceeds of converting the Company’s shares into cash (“delivery, etc.”) after three years of the commencement of each business year, and non-performance-based compensation adopts restricted shares (“RS”) providing an incentive for long-term contributions and enhancement of corporate value by delaying delivery, etc. until retirement as an officer.

This share-based compensation system is expected to have an effect that it will function as an incentive to improve corporate value in the medium-to long-term and align interests with the Company’s shareholders by linking Directors’ compensation to the Company’s share price. Also, this share-based compensation system adopts the system of executive compensation BIP (Board Incentive Plan) trust (the “Trust”). The number of shares, etc. to be delivered, etc. is set at one Company’s share per one point, according to the number of points calculated based on the below formula.

[Calculation formula of points]

● PS portion

The number of points (the “Number of PS Points”) to be granted to Target Directors, etc. for each fiscal year during the covered period is calculated by dividing the amount of predetermined base compensation with respect to each executive position by the share price as of the acquisition of the Company’s shares by the Trust. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each fiscal year by the achievement-linked coefficient determined based on the level of performance three years after the beginning of the applicable fiscal year. As the achievement-linked coefficient may vary in a range of 0-200% depending on the level of achievement of target ranges set based on the “business profit” from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, from the management benchmarks listed in the Mid- to Long-term Business Plan. This portion enhances the consistency with the features of the real estate business, which spans the medium-to longterm, and provides a clearer incentive toward better performance for the medium-to the longterm.

The range of management benchmarks was determined by the Board of Directors as shown in the table below based on the Mid- to Long-term Business Plan and the like after passing through the deliberation process of the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are Independent External Directors.

- [The ranges for the fiscal year ending March 2021, the third year from the start of the system in the fiscal year ended March 2019]

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥75,400 million ~ ¥105,600 million

ROE: 6.5% ~ 12.5%

- [The ranges for the fiscal year ending March 2022, the third year from the start of the system in the fiscal year ended March 2020]

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥70,800 million ~ ¥99,200 million

ROE: 6.5% ~ 12.5%

● RS portion

The number of RS points to be granted each fiscal year is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price when the Trust acquires the Company's shares. Delaying the vesting of shares until retirement of executives of the Group incentivizes long-term contribution to the Group and improvement of corporate value.

〈Payment policy for fixed and variable compensation〉

Compensation of Directors concurrently serving as Executive Officers consists of base compensation, bonuses, and share-based compensation. This works as a clear incentive to improve performance not only for the short term, but also for the medium- to long- term. The policy of each payment ratio is as shown below.

Compensation for the Chairperson of the Board of Directors (directors other than executive directors), due to their position of overseeing execution from an objective standpoint and enhancing corporate value over the long term, is composed of base compensation and the RS portion of share-based compensation, to align interests with the Company's shareholders.

Compensation for outside directors and Directors who are Audit & Supervisory Committee Members is composed only of base compensation due to their position of overseeing the business execution from an objective standpoint.

- [Compensation ratios for Directors concurrently serving as Executive Officers]

Fixed compensation: 50% (Base compensation)

Variable compensation: 50% (Bonus: 25%, Share-based compensation: 25%)

* The above ratios indicate a basic model when the Company pays 100% of its standard variable compensation amount.

Compensation for each category of executive

FY 2019

Director category	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)	Number of directors applicable
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	467	259	101	106	6
Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	—	—	3

External Directors	69	69	—	—	8
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* The number of Directors (excluding Directors as Audit & Supervisory Committee Members and External Directors) is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of two Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The number of Directors (Audit & Supervisory Committee Members) (excluding External Directors) is two as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of one Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The number of External Directors is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of three External Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020 (including compensation in stock options recorded as an expense for the Fiscal Year ended March 2020 (3 million yen)).

Total amount of consolidated compensation, etc. for those whose total amount of consolidated compensation is 100 million yen or more

Full name	Director category	Payer	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)
Eiji Kutsukake	Director	Filing company	130	64	35	29
Seiichi Miyajima	Director	Filing company	107	55	30	21

* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020.

Internal control system

Internal control system

Nomura Real Estate Holdings has established the Board of Directors, the Audit and Supervisory Committee, and the Nomination Compensation Advisory Committee for internal control.

Risk management system

Nomura Real Estate Holdings established a Risk Management Committee to promote risk management activities within the Group. The Committee is made up of directors and executive officers of the Company and Group companies, and deliberates matters relating to risk management, compliance, and information security for the entire Group, and discusses countermeasures for when risks occur.

Compliance System

The Nomura Real Estate Group Code of Ethics was formulated as a guideline, as we consider compliance, such as observance of laws, regulations, and corporate ethics as one of the most important management issues. Furthermore, the Risk Management Committee and the Group Legal Compliance Department were established to promote continuous education and enlightenment activities for executives and employees as a group and provide advice, guidance and support to group companies. There has also been a whistle-blowing hotline set up for group employees to collect information on risks. The Company guarantees the anonymity of whistleblowers and prohibits the negative treatment of whistleblowers.

Internal Audit System

With the exception of some small companies, the Group has an internal audit department in each company. This department maintains organizational independence by setting up officers under the direct control of the president or directors who do not hold additional office in other business divisions. In addition, the Group Audit Department was established in Nomura Real Estate Holdings, which oversees, monitors, and evaluates the internal audit of the entire group in coordination with the accounting auditor. The results are reported to the Board of Directors and the Audit and Supervisory Committee.

Audit and Supervisory Committee Audit System

The Audit & Supervisory Committee is comprised of six members, two Audit & Supervisory Committee Members (full-time) and four Audit & Supervisory Committee Members (Independent External Directors). (Translation) 25 Of the four Audit & Supervisory Committee Members (Independent External Directors), one Member was newly elected at the 16th Ordinary General Meeting of Shareholders of the Company, held on June 23, 2020. The two full-time Members were elected to strengthen the effectiveness of audit and supervision functions through the collection of information from Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, employees, etc., attendance at important meetings and close cooperation with the Internal Audit Dept.

The Audit & Supervisory Committee holds regular meetings prior to monthly Board of Directors

meetings with all Members attending the meetings. It also holds irregular meetings as necessary. During the fiscal year ended March 2020, the Committee held 13 meetings. Each of the monthly meetings took approximately three hours. After receiving audit reports from the Internal Audit Dept., reports on important meetings, including those of the Management Committee, from the full-time Audit & Supervisory Committee Members and quarterly financial reports from the Finance & Accounting Dept., the Members of the Audit & Supervisory Committee, among other activities, exchanged opinions with Group CFO, Executive Officer and Supervisor of Management Division on a regular basis and confirmed what was discussed at meetings of the Advisory Committee Relating to Nominations and Compensation. The Company also adopts measures to enhance the effectiveness of audits, having established an Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee and appointed full-time staff dedicated to the department.

Accounting audits

1. Name of auditing firm

Ernst & Young ShinNihon LLC

The Company appointed Ernst & Young ShinNihon LLC as the Accounting Auditor pursuant to the Companies Act.

2. Continued auditing period

Since June 2004

3. Certified Public Accountants involved in auditing

CCertified Public Accountant/ Designated and Engagement Partner Shuji Kaneko

Certified Public Accountant/ Designated and Engagement Partner Toru Nakagiri

Certified Public Accountant/ Designated and Engagement Partner Natsuki Saiki

Ernst & Young ShinNihon LLC takes measures to ensure that Engagement Partners do not continue their involvement in NREH accounting audits for more than seven consecutive accounting periods (Translation) 30 (five accounting periods for Head Engagement Partners at listed companies).

4. Assistants involved in auditing

Certified Public Accountants: 6/ Part-qualified Accountants, etc.: 5/ Other: 8

5. Auditing company selection policy and reasons

The Audit & Supervisory Committee established the standards concerning the evaluation and selection of Accounting Auditors. When a need arises to select an Accounting Auditor, the Audit & Supervisory Committee chooses an appropriate audit firm after it obtains necessary information from candidates, hold interviews and make questions focused on the quality assurance systems, independence, audit execution systems and estimates for audit fees.

Furthermore, the committee discusses and determines the appropriateness of reappointment of the Company's Accounting Auditor and the team engaged in the audit each year after it obtains necessary information and receives reports from the Accounting Auditor and considers the execution conditions of its duties (including the execution conditions in the previous fiscal years), based on the above evaluation

criteria for the Accounting Auditor.

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Committee Members. In addition, notwithstanding the above, if it is recognized that the Accounting Auditor's fulfilment of appropriate auditing would be difficult due to the occurrence of reasons that compromise the eligibility or independence of the Accounting Auditor, the Audit & Supervisory Committee shall propose the dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

6. Evaluation of the Accounting Auditor by the Audit & Supervisory Committee

The Audit & Supervisory Committee judges it proper to reappoint the current audit firm based on the evaluation from the aspects of the audit firm's quality management conditions, independence of the audit team in charge of the Company and expression of its professional skepticism, appropriateness of audit fees, effectiveness of communication between management and the Audit & Supervisory Committee and response to fraud risks.

Shareholder Rights and Securing Impartiality

Cross-holding shares

Nomura Real Estate Holdings formulated the "Basic Policy on Cross-holding Shares" within the "Basic Corporate Governance Policy" for cross-held shares.

[Basic Policy on Cross-holding Shares]

Excerpt from "Basic Corporate Governance Policy"

Article 4 1. The Company's policy on cross-holding shares, is that they enhance the corporate value of the Company by strengthening business relationships and aid in the creation of strategic business tie-ups.

2. While cross-holding shares, the Board of Directors annually evaluates the rationality of continuing to own said shares by regularly monitoring the state of transactions with the Group and the management status of investee companies, and seeing how they contribute to the enhancement of corporate value. Shares that do not pass this evaluation will be sold.

3. When voting on cross-held shares, the Company judges whether or not they contribute to the enhancement of the corporate value of the company through the enhancement of corporate value of the investee company.

4. In the event that a company that holds the Company's shares as cross-held shares (a cross-held share holder) has indicated its intention to sell or otherwise transfer said shares, the Company will take the appropriate measures so as to not impede the sale of shares, such as by suggesting reductions in

transactions, etc.

5. Transactions with cross-held shareholders will only be made after fully verifying economic rationality, as with other business partners.

Performance

Initiatives to promote

FY2019 Conference Results

Types of Meetings	Number of meetings held
Board of Directors	16
Audit and Supervisory Committee	13
Management Committee	41
CSR Committee(Current Sustainability Committee)/ CSR Promotion Committee	5
Risk Management Committee and Group Risk Meeting	12

* Scope of report: Nomura Real Estate Holdings

Attendance rate at meetings of the Board of Directors and the Audit & Supervisory Committee

	Fiscal Year ended March 2018	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Board of Directors* (%)	98.6	100	99.0
Of which external directors (%)	96.8	100	97.5
Audit & Supervisory Committee (%)	98.3	100	100
Of which external directors who serve as Audit & Supervisory Committee Members (%)	97.2	100	100

* In the fiscal year ended March 2018, the number of times that some directors withheld attendance at the Board of Directors meeting based on the purpose of Article 369, Paragraph 2 of the Companies Act is excluded.

Attendance of external directors at meetings of the Board of Directors and the Audit & Supervisory Committee held in the fiscal year ended March 2020

Name	Board of Directors	Audit & Supervisory Committee
Satoko Shinohara	Attended 15 out of 16 meetings held	—
Tetsuro Higashi	Attended 13 out of 13 meetings held*	—

Akira Ono	Attended 15 out of 16 meetings held	Attended 13 out of 13 meetings held
Yoshio Mogi	Attended 13 out of 13 meetings held*	Attended 9 out of 9 meetings held*
Akiko Miyakawa	Attended 13 out of 13 meetings held*	Attended 9 out of 10 meetings held*

* The meetings of the Board of Directors and the Audit & Supervisory Committee held after they were appointed as a director or Audit & Supervisory Committee Member on June 25, 2019 are included.

Approach and Policies

The Nomura Real Estate Group has positioned compliance with laws, regulations, corporate codes of conduct, and so on as a key management issue and formulated the Nomura Real Estate Group Code of Action as a compliance guide.

In addition, Nomura Real Estate Holdings established the Risk Management Committee and the Group Legal & Compliance Department, conducts ongoing education and training for officers and employees throughout the Group, and provides advice, guidance, and support to Group companies.

Furthermore, the Group signed the UN Global Compact in May 2019 to further strengthen its compliance initiatives.

In accordance with the principles of the UN Global Compact, we will take measures to avoid extortion, bribery, and other forms of corruption.

The Nomura Real Estate Group Code of Action

The Nomura Real Estate Group has formulated a Code of Action to define fundamental rules that Group officers and employees must adhere to.

We review the effectiveness of the content of the Code of Action as appropriate, taking social circumstances and other factors into consideration, and any changes thereto are subject to decision by the Board of Directors.

【Table of Contents of the Code of Action】

Chapter 1 General provisions

Article 1 (Purpose)

Article 2 (Positioning)

Article 3 (Definitions)

Article 4 (Revision or abolition)

Chapter 2 Basic position

Article 5 (Awareness and behavior as a member of society)

Article 6 (Respect for basic human rights)

Article 7 (Observance of compliance)

Article 8 (Consideration for the global environment)

Article 9 (Corporate social responsibility)

Chapter 3 Behavior that gains customer trust

Article 10 (Providing highly safe, high-quality products and services)

Article 11 (Description of and risks relating to goods and services)

Article 12 (Customer consultation, response to complaints)

Article 13 (Appropriate disclosure to customers and provision of information)

Article 14 (Management of customer information)

Chapter 4 Maintaining a fair relationship with business partners

Article 15 (Implementation of fair competition and fair trade)

Article 16 (Implementation of highly transparent transactions)

Article 17 (Offering moderate entertainment or gifts for business partners)

Article 18 (Infringement of intellectual property rights and prohibition of unauthorized use)

Article 19 (Management of information on business partners)

Chapter 5 Relationship with officers and employees

Article 20 (Respect for human rights of officers and employees)

Article 21 (Maintenance and improvement of work environment)

Article 22 (Prohibition of insider trading)

Article 23 (Sincere business activities)

Article 24 (Operational records and reports)

Article 25 (Management of company assets and information)

Article 26 (Reporting illegal or unethical behavior)

Chapter 6 Relationship with society

Article 27 (Disclosure of corporate information)

Article 28 (Offering entertainment or gifts to public officials etc.)

Article 29 (Exclusion of anti-social forces)

Article 30 (Establishment, operation and improvement of internal controls for proper business execution)

Chapter 7 Miscellaneous provisions

Article 31 (Preparation of guidelines)

Article 32 (Use of guidelines)

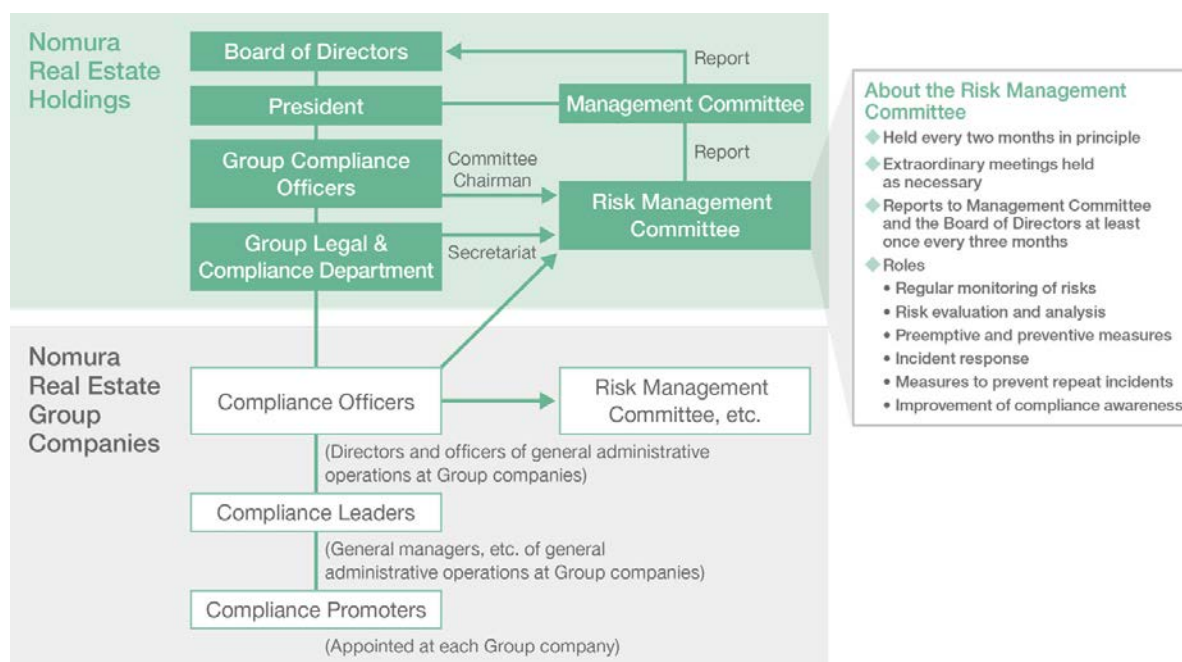
Article 33 (Application to overseas subsidiaries and affiliates)

Management

Compliance Promotion Framework

Nomura Real Estate Holdings has established the Risk Management Committee and the Group Legal & Compliance Department to develop and implement a framework for compliance.

In addition, Compliance Officers have been appointed at each Group company, and Compliance Leaders and Compliance Promoters have been appointed under Compliance Officers to ensure compliance throughout the Group.



The Nomura Real Estate Group Risk Helpline

The Nomura Real Estate Group has set up the Nomura Real Estate Group Risk Helpline based on the Whistle-blowing System Operation Rules in order to secure a system for appropriately responding both to day-to-day general consultations from officers and employees, and official reporting on legal violations and misconduct committed at organizational or individual levels.

We have established internal points of contact (The Risk Management Committee Chairman and the Group Legal & Compliance Department) and external points of contact (the Company's lawyer and outsourcing contractors) to make it easy for informants and users to use the helpline.

We also protect whistleblowers such as by imposing a duty of confidentiality on those involved in helpline operations and by not prejudicially treating informants because they made a report.

In addition, in order to carry out fair transactions with corporate customers and others with whom we have a business relationship, we have established the Helpline for Business Partners for their use.

☐ [Helpline for Business Partners \(Japanese only\)](#)

Policy on Political Participation

In cases where the Group supports the activities of a political organization or makes political contributions, we act in compliance with relevant laws and regulations such as the Political Funds Control Law and the laws and regulations of each country and check our actions under the Group Code of Action.

Policies on the Preventing Bribery and Corruption

The Group prohibits the provision of entertainment or gifts incompatible with common sense to public officials (including foreign public officials) in pursuit of self-interest.

Specifically, the Group Code of Action provides, with regard to receipt or provision of entertainment or gifts from or to business partners, "Nomura Real Estate Group officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense" and "No officer or employee shall use their professional position to request or accept benefits or favors from a business partner." The Group strictly implements the Code of Conduct, for instance, detailed reporting and documentation of the details of entertainment or goods provided or received by its officers and employees.

The Group also complies with the Guidelines for the Prevention of Bribery of Foreign Public Officials established by the Ministry of Economy, Trade and Industry, and has formulated its own Policy on Anti-Bribery of Foreign Public Officials, which can be found on the Group website.

In accordance with this policy, the Group formulated the Regulations on the Prevention of Bribery of Foreign Public Officials and the Anti-Bribery Guidelines and has established specific internal procedures relating to the provision of entertainment, gifts, invitations, and donations to foreign public officials and the use of agencies and so on.

When selecting a new business partner overseas, the Group also makes every effort to prevent corruption, such as conducting due diligence for bribery concerns and adopting anti-bribery clauses in contracts as required. In addition, the Group also conducts periodic training on the prevention of bribery for officers and employees involved in overseas business operations.

 [Policy on Anti-Bribery of Foreign Public Officials](#)

Implementation of Fair Competition and Fair Trade

The Nomura Real Estate Group Code of Action sets forth rules on maintaining fair relationships with business partners. The areas covered by the rules include the implementation of fair competition and fair trade and implementation of highly transparent trade, to ensure compliance with the Anti-Monopoly Act, the Act Against Delay in Payment, etc. to Subcontractors and other laws and regulations.

Moreover, in the selection of business partners we strive to comprehensively and fairly assess a wide range of factors, including quality, price, performance, and reliability.

Guidelines on Social Media

The Nomura Real Estate Group as Guidelines on the Use of Social Media state that use of social media must exhibit an awareness of the individual as position as a member of society and exemplify a high level of ethics following the norms of society at all times when posting, regardless of whether such posting is for personal or professional reasons.

As a part of our compliance training program, we implement periodic measures intended to raise awareness and provide information on areas of caution and risks relating to the posting information on social media.

Excluding Anti-Social Forces from Business Relationships

The Nomura Real Estate Group has established a provision within its Code of Action that prohibits business transactions with anti-social forces or related organizations. It is our strict policy to exclude anti-social forces from our business relationships.

In line with this policy, we issued a manual that details specific responses and have designated responsible departments and appointed personnel responsible for preventing improper requests to ensure organizational responses by Nomura Real Estate Holdings and each Group company.

In addition, we consult and coordinate with legal counsel, the police, and other specialized external organizations to ensure that anti-social forces are excluded from involvement in our business activities and to prevent any harm caused by such anti-social forces.

Complying with Regulatory Requirements and Raising Awareness

The Nomura Real Estate Group has developed a compliance program every year and provides compliance training to officers and employees all year round in a planned manner in order to ensure compliance and the penetration of compliance awareness among officers and employees.

Performance

Promotion Measures

Compliance

Compliance Hour:

Distributed online every other month.

In fiscal 2019, the attendance rate for the entire Group was 99.9%.

Compliance Training:

Group training for different professional ranks.

In fiscal 2019, training was conducted 33 times.

Anti-Corruption and Anti-Bribery Measures

In fiscal 2019, there were no significant legal violations, fines or penalties related to corruption or bribery.

Risk management

Approach and Policies

The Nomura Real Estate Group regards risk management as a “business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company’s risk tolerance limits.”

With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely “A: Investment risk,” “B: External risk,” “C: Disaster risk,” “D: Internal risk.” Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

〈Important risks needing to be managed among main risks〉

- Risks that could have a major impact on Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems including litigations ,etc.
- Other major risks that should be managed by the Nomura Real Estate Group

Main Risks

Risk Category		Definition
(A)	Investment risk	Risk related to individual investments (real estate investment, strategic investment (M&A), etc.)
(B)	External risk	Risk related to external factors influencing business
(C)	Disaster risk	Risk caused by disasters that have a large impact on customers and business continuity
(D)	Internal risk	Operational risk occurring at the Company and each Group company

Risk Category		Main Risk Items		Basic Response Policies
(A)	Investment risk	1)	Risk associated with real estate investment	Make appropriate responses to risk items for which returns
		2)	Risk associated with strategic investment (M&A) and new businesses	

(B)	External risk	3)	Risk associated with market changes	shall be obtained according to the level of risk
		4)	Risk caused by changes in economic conditions	
		5)	Risk caused by changes in political/social conditions/systems (law, tax system, accounting, others)	Make appropriate responses to risk items that results in reduced competitiveness and lost opportunities
		6)	Risk from lagging behind innovation and changes in the social structure related to the business	
(C)	Disaster risk	7)	Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	Make appropriate responses to risk items that should be responded to and managed so that the risk does not materialize or the risk is minimized when it materializes
(D)	Internal risk	8)	Risk of violations of laws and ordinances	
		9)	Risk of quality defects	
		10)	Risk of occurrence of information system crisis	
		11)	Risk of inadequate response to matters related to human resources	
		12)	Risk of occurrence of fraud and negligence	

Management

Risk Management Structure

To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors.

The Management Committee, which is the integrated management body, directly monitors “A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of “C: Disaster risk” and “D: Internal risk” as well as discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence.

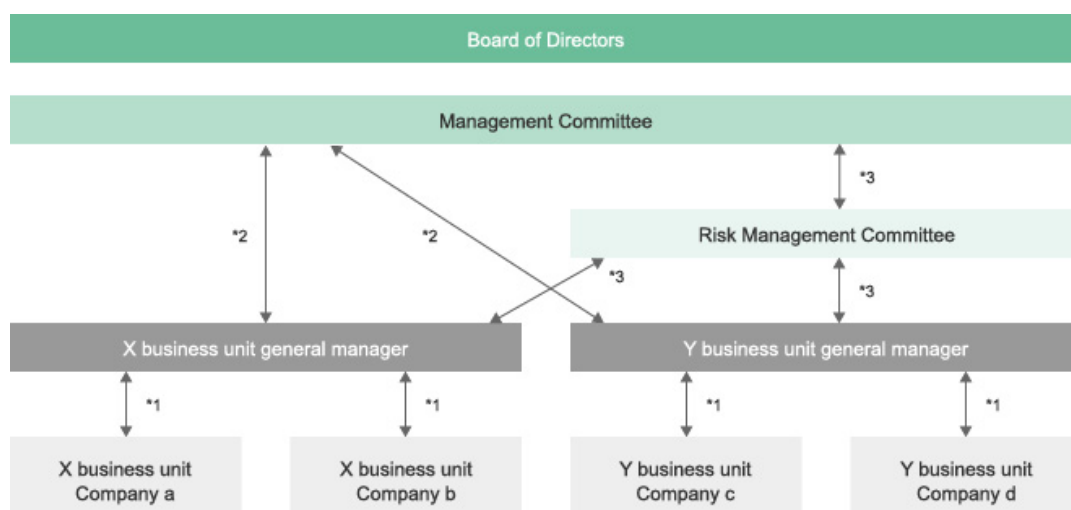
Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information

and response policies within the Group.

With regard to risk management, each business unit manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each Group company (the head of each division at Nomura Real Estate Development Co., Ltd.) are responsible for reporting risk management matters to the business unit manager in a timely and appropriate manner.

In addition, we defined the organization in charge of business in each group company as the “first line” of risk management, the organization in charge of corporate operations at the Company and each Group company as the “second line” of risk management, and the organization in charge of internal audits at the Company and each Group company as the “third line” of risk management. With each “line” playing its role in risk management, for example, the “second line” and “third line” of the Company providing support, guidance and cooperation to the “second line” and “third line” of the group companies, respectively, we have established an appropriate defense line.

Risk Management System (conceptual diagram)



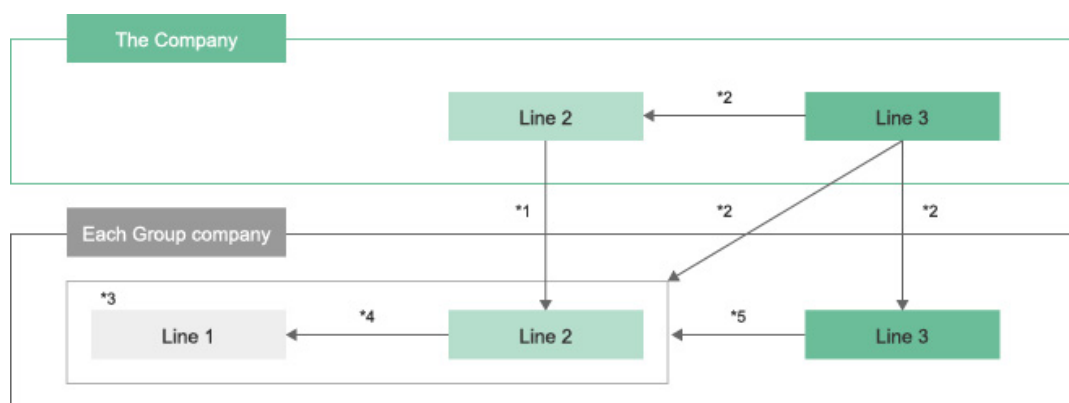
*1. Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.

*2. The head of each business unit reports to the Management Committee on "A: Investment risk" and "B: External risk" that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with "A: Investment risk" and "B: External risk" of each department.

*3. The head of each business unit reports to the Risk Management Committee on "C: Disaster risk" and "D: Internal risk" that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with "C: Disaster risk" and "D: Internal risk" of each business unit.

Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit's risk management associated with "C: Disaster risk" and "D: Internal risk."

Defense Line (conceptual diagram)



*1 The Company's second defense line provides appropriate support and guidance for each Group company's second defense line with respect to overall risk management based on the Group's management policy and strategic objectives and monitors each Group company's second-line activities.

*2 The Company's third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third lines of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.

*3 The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.

*4 The second line of each Group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.

*5 The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

Information Security Measures

The Group has established the Information Security Regulations, which prescribe personal information, trade secrets and other highly confidential information as important information, and which stipulate basic matters regarding the management system and handling of such information.

The regulations assign a Chief Information Security Officer, a Document Information Officer and an Electronic Information Officer as administrators to maintain and improve the level of systemic information management and security.

The Group will also strengthen its information security to keep pace with the increase in businesses using rapidly expanding digital technologies, as well as the surge in teleworking and the modal change in business due to the use of cloud computing.

Nomura Real Estate Holdings Personal Information Protection Policy

The Group considers the appropriate protection of personal information to be an essential aspect of its business operations, and manages customer personal information with great care, in accordance with the Act on the Protection of Personal Information and related laws and regulations.

Risk Management Relating to Society and the Environment

The Group is also aware of risks relating to social and environmental issues.

Any major social or environmental events and issues are reported in detail to the Sustainability Committee (chaired by the Executive Vice President and Group COO of Nomura Real Estate Holdings), which is made up of directors and others from Nomura Real Estate Holdings and Group companies.

Inquiries Desks

Inquiries Desks have been set up at Nomura Real Estate Holdings and at each Group company in order to respond quickly and appropriately when a problem with a product or service is found.

Significant information gathered by the Inquiries Desks is reported to the Risk Management Committee and shared within the Group, and measures to prevent reoccurrence are implemented.

Business Continuity Plan Established for Emergencies

BCP Formulation

The Group formulated a business continuity plan (BCP) and in anticipation of a major earthquake in the Tokyo Metropolitan region. The plan provides for the chain of command during an emergency and the allocation of duties for the continuation of business as well as the establishment of structures that can respond even at night and on days off and holidays so that the impact of a disaster can be minimized.

In addition, a disaster response headquarters establishment drill is conducted once a year with the president of Nomura Real Estate Holdings as the head and other members of the Disaster sponse Headquarters participating.

During the drills, implementation of initial responses specified in the business continuity plan (ensuring the safety of officers and employees, establishing a chain of command, and restoring business) is confirmed and other actions are taken to prepare for a disaster or other emergency.

Measures and Response to the Global Pandemic

Amid the globalization of its businesses, the Group has taken measures against the increasing risk of infectious diseases, such as new strains of influenza and new coronaviruses.

With respect to COVID-19 in particular, which struck in 2020, the Group formulated a basic policy for response based on the business continuity plan that had been formulated to respond to a new influenza pandemic.

The Group also established a response headquarters led by the president of Nomura Real Estate Holdings to collect information issued by the national and local governments, and to examine and implement measures to ensure business continuity while prioritizing the health of its stakeholders, customers, employees and their families.


Specifically, in response to the state-of-emergency declaration for COVID-19, which was issued by the national government on April 7, 2020, as well as to requests by prefectural governors for emergency measures, on April 8, the Group began scaling back its head office functions and some of its business activities in affected areas.

On May 25, the government decided to lift the state-of-emergency declaration nationwide. Prioritizing the safety, security and health of its customers and employees, the Group, however, has maintained working systems that include teleworking and staggered working hours.

Other responses at some stores and facilities have included suspending business or shortening business hours.

(As of June 23, 2020)

For further details, refer to the following.

 [Group Response to Spread of COVID-19 \(Japanese only\)](#)

 [“Health and Safety of Employees”](#)

Key actions taken by the Group

Stakeholders	Action
Employees	<ul style="list-style-type: none">•Promotion of self-quarantine and teleworking•Preservation of jobs•Mandatory wearing of masks for hotel employees from late January
Fixed-term and part-time workers	<ul style="list-style-type: none">•Guaranteed wages for caretakers, distribution of air masks and neck coolers to prevent heat stroke
Shareholders and Investors	<ul style="list-style-type: none">•Measures for infection prevention at general meetings of shareholders•Earnings briefings held via conference calls•COVID-19 impact analysis in investor relations presentation materials
Tenants	<ul style="list-style-type: none">•Suspension of business or shorter business hours at retail facilities•Exemption or reduction of rent for tenants occupying above facilities
Facility users	<ul style="list-style-type: none">•Suspension of business at fitness facilities•Thorough measures for infection prevention in elderly housing
Home buyers	<ul style="list-style-type: none">•Closure of sales sites•Attention paid to infection prevention when handing over to home buyers

Business partners and contractors	<ul style="list-style-type: none"> •Review of construction periods due to suspended construction by general contractors •Guarantee of payment to external instructors during the period of voluntary closure at sports clubs
Surrounding facilities and residents	<ul style="list-style-type: none"> •Donation of masks to hospitals and childcare support groups

Confirming the Safety of Officers and Employees

The Group introduced a safety confirmation system that uses the Internet and emails to rapidly determine the status of harm to and safety of officers and employees during emergencies, and conducts safety confirmation drills for Group officers and employees four times a year.

Performance

Risk Management Committee and Group Risk Liaison Committee meetings held

Items	FY 2018	FY 2019
Number of meetings held	12	12

Implementation of safety confirmation drills (four times a year)

Items	FY 2018	FY 2019
Response rate (%)	100	100

Human rights

Approach and Policies

The Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, the Nomura Real Estate Group supports and respects international norms on human rights including the International Bill of Human Rights, which sets forth common standards to be achieved by all people including the right to life, freedom of speech and expression, right to work, right to education, and right to live a civilized life; the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), which specifies fundamental rights in labor (the freedom of association, the right to collective bargaining, prohibition of compulsory labor, effective elimination of child labor, and elimination of discrimination in employment and occupation); and the United Nations Guiding Principles on Business and Human Rights, which set guidelines for actions to be taken by companies to protect the human rights of children, and Children's Rights and Business Principles, which show the actions that should be taken by companies to protect children's rights. In addition, we aim to conduct business by complying with laws and regulations on human rights in each country in which the Group conducts business activities.

In addition, the Group has signed the UN Global Compact to further enhance its human rights initiatives. The Group supports the Global Compact's principles of "support and respect the protection of human rights" and "not to be complicit in abuse of human rights," and works to respect human rights and avoid infringing on the human rights of others.

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO has been put in charge of this issue for the Group and carries out measures regarding respect for human rights.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee annually sets targets regarding respect for human rights, and monitors progress.

Targets

The Group has set the following two targets in order to disseminate its thinking on respect for human rights.

- Thorough human rights training for Group officers and employees
- Monitoring and education of stakeholders on human rights issues

Human Rights Training for Group Officers and Employees

Rank-Specific Training

To deepen understanding on human rights, the Group makes use of opportunities such as rank-specific training to conduct human rights education.

The human rights training conducted in fiscal 2019 is described below. A total of 4,434 persons participated in this training.

In addition, the Harassment Prevention Guide is distributed to all employees to inform personnel about the prohibition of discrimination and harassment and other matters.

The Guide contains provisions requesting understanding of and consideration for LGBT* individuals.

* LGBT: An initialism that stands for lesbian, gay, bisexual, and transgender. A general term for sexual minorities.

Responses to Human Rights Issues (Human Rights Due Diligence)

Initiatives for Respecting Human Rights

The Nomura Real Estate Group is promoting an initiative involving the creation of a framework for avoiding infringing on human rights of others, such as forced labor and child labor.

Based on its CSR Procurement Guidelines, which were formulated in fiscal 2018, the Group continues to request business partners to also respect human rights.

In fiscal 2019, the Group again participated in the Human Rights Due Diligence Study Group for a second consecutive year. In its human rights risk assessment, the Group identified two particularly important human rights issues in relation to the Group's business: Accommodating foreign technical interns, and community problems involved in the procurement of wood materials.

Consultation/reporting on human rights issues

The Group has set up the Nomura Real Estate Group Human Rights Desk as a point of contact for consultation on human rights issues which is accessible to all employees regardless of employment status, the Sexual and Power Harassment Hotline as an external point of contact for consultation, and the Nomura Real Estate Group Risk Helpline as a point of contact for whistle-blowing and general consultation on human rights abuse and other issues prohibited in the Code of Action.

The Group also established an internal point of contact, as well as external points of contact (the Company's lawyer and outsourcing contractors).

In addition, the Group established the Helpline for Business Partners (Corporate Customers) as a point of contact for reporting on human rights abuses or possible abuses by Group employees.

Reports and consultations received through these points of contact are accepted anonymously, and the Group ensures that the content of information received is kept confidential.

If, as a result of investigation, there is a clear violation of respect for human rights, the Group takes appropriate action against the perpetrator, and protects the victim and whistleblower so that they are not treated prejudicially for having made a report.

In this way, by setting up multiple points of contact for consultation, the Group has created an environment where it is easy to seek advice, and is working for the early detection and resolution of any problems and taking measures to prevent recurrence.

In fiscal 2019, there were 26 consultation matters relating to human rights.

Engagement with Stakeholders on Human Rights Issues

The Group is implementing internal and external stakeholder engagement initiatives in various ways on the theme of human rights.

Participation in the Human Rights Due Diligence Study Group

The Group participates in the Human Rights Due Diligence Study Group, which is made up of three general contractors, which are suppliers to the Group, and five real estate developers (including Nomura Real Estate Holdings).

The group was established to fulfill the responsibility of companies to "avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved" required by the Guiding Principles of Business and Human Rights.

We strive to prevent human rights abuses including forced labor in the industry as a whole.

Exchanges of Opinion on Human Rights Issues

The Group participates in the Human Rights Due Diligence Study Group, and implements engagement initiatives with NGOs, lawyers, and other external bodies to prevent adverse impacts on human rights with respect to the acceptance of foreign technical interns and human rights issues related to its business activities.

By recognizing human rights issues that need to be considered when accepting foreign technical interns and reflecting them in future activities and plans, the Group is promoting appropriate business activities based on international norms.

Acceptance of, and Communication with, Foreign Technical Interns

The Group's Nomura Real Estate Amenity Service accepts foreign technical interns from Indonesia and Vietnam.

Apart from covering the costs of preparing for the Japanese Language Proficiency Test, Nomura Real Estate Amenity Service also works to improve their living environment in Japan so that the trainees can work with peace of mind. There are plans to increase the number of accepted trainees going forward.

When the trainees return to their home countries, in addition to spreading the management expertise developed by the Group, there is anticipated potential for collaboration in promoting property and facility management businesses in those countries. The Group also organizes social events. In fiscal 2019, "Asian Night 2019" was held to introduce each other's culture and hometowns by singing songs, performing dances, and the like. Trainees were also offered opportunities to experience Japanese culture, such as wearing a kimono during the New Year and participating in Tanabata (Star Festival) and other festivals.



Asian Night 2019



Kimono dressing

Performance

Promotion Measures

In fiscal 2019, human rights training was conducted a total of 8 times throughout the Group, with 4,434 persons attending.

Training Conducted

Training Type	Target Participants	Participation rate* (%)	Human rights topics covered
Group-wide training			
Group training for new employees	New employees	100 (248 / 248 persons)	Solving assimilation problems
Group-wide training for newly-appointed Group managers	Newly-appointed managers	100 (170 / 170 persons)	Solving assimilation problems
Training for new career-track employees	Mid-career hires	100 (79 / 79 persons)	Preventing harassment
Nomura Real Estate Development			
Human Rights Training	Newly-appointed leaders	89 (40 / 45 persons)	Preventing harassment

Human Rights Training	New employees	100 (52 / 52 persons)	Preventing harassment
Nomura Real Estate Life & Sports			
Human Rights Training	Newly-hired recent graduates	100 (36 / 36 persons)	Preventing harassment
Human Rights Training	Newly-appointed managerial employees	100 (24 / 24 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	100 (1,922 / 1,922 persons)	Preventing harassment

*Participants/Target Participants

Improved supplier management

Approach and Policies

The Nomura Real Estate Group conducts its business in cooperation with various suppliers including design and construction companies and construction contractors in all business areas.

Because of this, the Group believes that initiatives throughout the supply chain are essential for implementing effective measures to address social and environmental issues, and we established the Nomura Real Estate Group CSR Procurement Guidelines (the "CSR Procurement Guidelines").

We request that suppliers apply the Guidelines to their business activities with regard to eight topics: compliance, respect for human rights, fair business activities, consideration for the environment, ensuring and improving quality, ensuring information security, whistleblowing systems, and creating business continuity plans.

Going forward, we will continue to improve supplier management in accordance with the Guidelines.

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO have been put in charge of this issue for the Group and carries out measures to improve supplier management.

In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans.

The Sustainability Committee sets annual targets for the advancement of supplier management, and monitors progress.

Targets

The Group seeks to improve CSR procurement and supplier management in accordance with the CSR Procurement Guidelines.

Nomura Real Estate Group CSR Procurement Guidelines

The Group formulated the CSR Procurement Guidelines (Japanese and English versions) in April 2018 and started implementation of the guidelines to all suppliers from November that year.

Business consignment agreements and purchase orders (including those for new contractors and renewed suppliers) include a provision that requests suppliers to comply with the guidelines.

【Nomura Real Estate Group CSR Procurement Guidelines】

I .Establishment of Compliance Structures

①Respect all social norms and relevant regulations, as well as agreements and promises, in all countries and regions where business activities are carried out, and understand the requirements of the international community and conduct corporate activities based on appropriate business practices and corporate ethics.

II .Respect for Human Rights

②Respect the dignity and basic human rights of all people, including customers, suppliers and employees, and do not engage in discrimination or harassment for reasons of race, ethnic group, age, religion, beliefs, gender, nationality, social status, existence of disability, gender or sexual orientation, gender identity, physical features, existence of illness, or any other reason.

③In addition to ensuring equal employment opportunities, comply with labor-related laws and regulations and rules of employment, implement appropriate labor management, and work to maintain and improve sound and pleasant working environments.

④Along with carefully managing safety and health and preventing industrial accidents, endeavor to maintain physical and mental health and create well-ordered workplaces.

⑤Do not engage in unfair labor practices such as forced labor and child labor, and endeavor to take appropriate care to ensure that such unfair labor practices do not occur in suppliers.

⑥Give consideration to culture and customs as well as local residents and communities in regions where business activities are conducted.

III .Fair Business Activities

⑦In relationships with public employees and the like (including deemed public employees and foreign public employees), maintain sound relationships and do not provide entertainment or exchange gifts in ways that conflict with the National Public Service Ethics Act and Regulations and related national and local laws and regulations, etc.

⑧Do not request, give, or receive from suppliers entertainment or gifts that deviate from sound business customs and social norms.

⑨Exclude all relationships with anti-social forces and groups that pose a threat to social order and security or obstruct fair economic activities.

Also, resolutely challenge and totally reject any transactions with or unreasonable demands by such forces or groups.

⑩Comply with anti-monopoly, prevention of unfair competition and intellectual property rights legislation and related laws and regulations, and endeavor to treat suppliers, competitors, and others fairly, without engaging in acts constituting abuse of a dominant market position, blocking of transactions or other such conduct.

⑪Do not infringe or improperly use copyright, patents, trademark rights, design rights, or other intellectual property rights.

- ⑫ Do not participate in money laundering, embezzlement, fraud or any other form of corrupt conduct.
- ⑬ Carry out appropriate disclosure to customers and society and also endeavor to provide necessary information in an appropriate manner.

IV. Consideration for the Environment

- ⑭ Endeavor to make continuous improvements for reducing environmental impacts in order to build a sustainable society.
- ⑮ Comply with environmental laws and regulations in the countries and regions where business activities are carried out.
- ⑯ Endeavor to reduce emissions of greenhouse gases and contaminants and conserve resources through the life cycles of goods, products, and services.
- ⑰ Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.
- ⑱ Endeavor to reduce and appropriately manage waste.
- ⑲ Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.
- ⑳ When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources.

In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

V. Ensuring and Improving Quality

- ㉑ Create appropriate quality management and quality assurance systems for the goods, products and services provided, and in addition to ensuring the required quality, work to constantly improve quality.
- ㉒ Correctly identify diverse needs and endeavor to provide goods and services that are friendly and beneficial to societies seeking safety and quality.
- ㉓ In providing goods, products and services, take into consideration the convenience and comfort of users through universal design and other such measures.
- ㉔ In keeping with the demands of society in relation to ethical procurement, recognize the impact that business activities in the supply chain have on the environment and society, and endeavor to disclose that information as necessary.

VI. Ensuring Information Security

- ㉕ Give careful consideration to the handling of personal, private and confidential information, and establish management systems to enable the appropriate management and protection of such information.

Also, avoid improper and unauthorized use and disclosure of information by taking thorough measures to prevent the leakage of information.

VII. Whistleblowing Systems

- ㉖ In addition to creating whistleblowing structures for the prevention or early detection of problems, protect whistleblowers' confidentiality and seek to make it widely known to employees that whistleblowers will be protected from retaliation and other disadvantageous treatment.

㉗ Make the significance and methods of use of the Helpline for Business Partners (Corporate Customers) established by the Nomura Real Estate Group widely known to all employees involved in the Group's business.

VIII. Creating Business Continuity Plans

㉘ Endeavor to establish risk management systems in preparation for the occurrence of disasters by creating business continuity plans (BCPs) and other measures.

Measures for New Suppliers

The Group explains the CSR Procurement Guidelines to all new suppliers and requests their compliance with these guidelines when signing contracts.

Improving Supplier Capabilities and Enhancing Quality

The Group works to enhance quality throughout the supply chain by holding Safety Conferences and study groups for suppliers that address issues such as quality and the environment.

Nomura Real Estate Development distributes Design and Construction Standards and Quality Manuals to construction companies and designers in order to achieve safety and security through appropriate quality control.

In addition, Nomura Real Estate Partners holds annual meetings of the East Japan Supplier Council Meetings on Health & Safety and West Japan Supplier Council Meetings on Health & Safety where it presents commendations to excellent companies and conducts training on health and safety.

Performance

Promotion Measures

The Nomura Real Estate Group requests that all suppliers comply with the CSR Procurement Guidelines.

Editorial Policy

This website has been created to provide stakeholders with a better understanding of the Nomura Real Estate Group's approach to, and activities for, sustainability.

In fiscal 2020, the Sustainability Management Department was established with the aim of contributing to the realization of a sustainable society by achieving both social and environmental value and financial returns from a long-term perspective.

Reporting focuses on the CSR key themes determined by the CSR Committee (current Sustainability Committee) taking into consideration the opinions from stakeholders: "safety and security", "the environment", "communities", and "health and well-being" as well as "human resources" and "management structure" which are the foundations of the Group.

We have endeavored to disclose information that meets expectations, giving consideration to international sustainability frameworks and requests from investors and ratings organizations.

Scope

Nomura Real Estate Holdings, Inc. and its 23 consolidated subsidiaries

Percentage of operating revenue accounted for by organizations subject to reporting: 99%

Consolidated subsidiaries in the scope of report:

Nomura Real Estate Development Co., Ltd., Nomura Real Estate Asset Management Co., Ltd., Nomura Real Estate Urban Net Co., Ltd., Nomura Real Estate Partners Co., Ltd., Nomura Real Estate Building Co., Ltd., Nomura Real Estate Life & Sports Co., Ltd., Nomura Real Estate Heating and Cooling Supply Co., Ltd., Nomura Real Estate Retail Properties Co., Ltd., Nomura Real Estate Wellness Co., Ltd., Nomura Real Estate Hotels Co., Ltd., UHM Co., Ltd., Nomura Real Estate Amenity Service Co., Ltd., PRIME X Co., Ltd., First Living Assistance Co., Ltd., Lothbury Investment Management Limited, ZEN PLAZA CO., LTD, Beijing Shokai Nomura Real Estate Management Co., Ltd., Tokio Property Services Pte Ltd, NOMURA REAL ESTATE ASIA PTE. LTD., NOMURA REAL ESTATE HONG KONG LIMITED, NOMURA REAL ESTATE (THAILAND) CO., LTD, NOMURA REAL ESTATE VIETNAM CO., LTD, Nomura Real Estate Consulting (Beijing) Co., Ltd.

* Unless indicated in a footnote or otherwise, the scope of data reported on this website is the organizations subject to reporting specified above.

* Certain companies of the Group have been merged, closed or renamed since April 2020.

The above company names are current as of October 1, 2020.

Referenced Guidelines

Global Reporting Initiative (GRI), Sustainability Reporting Standard
ISO 26000, Guidance on Social Responsibility
SASB (Sustainable Accounting Standards Board)

Reporting Period

Fiscal 2019 (from April 1, 2019 to March 31, 2020)

* Certain information on activities before fiscal 2018 and outlooks after fiscal 2020 is also provided.

Reporting Cycle

Updated

September 2020

Next Update

September 2021

Statements on the Site

- On this site, Nomura Real Estate Holdings refers to Nomura Real Estate Holdings, Inc. and the Nomura Real Estate Group refers to Nomura Real Estate Holdings, Inc. and its 23 consolidated subsidiaries.
 - Personal titles and company names in this report have been abridged.
 - This site contains forward-looking statements about the plans, strategies and performance of Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries.
- These statements are not historical facts, and they include assumptions and judgments that are based on information currently available to us. As such, future activities and results may differ from those mentioned herein.

Contact Information for Inquiries

Nomura Real Estate Holdings, Inc.

Sustainability Management Department

Mail: hd-sus@nomura-re.co.jp

External evaluation

External evaluation

Inclusion in the MSCI Japan ESG Select Leaders Index

Nomura Real Estate Holdings and Nomura Real Estate Master Fund have been selected for inclusion in the MSCI Japan ESG Select Leaders Index. The index comprises a selection of companies with outstanding ESG initiatives from among the companies that make up the MSCI Japan IMI Top 700 Index.

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Inclusion in the S&P/JPX Carbon Efficient Index

Nomura Real Estate Holdings has been selected for inclusion in the S&P/JPX Carbon Efficient Index, a thematic index (environmental) among the ESG indices adopted by GPIF.



CDP Climate Change

In order to promote climate change initiatives and enhance the transparency of information disclosure, Nomura Real Estate Holdings has responded to the CDP* climate change questionnaire since fiscal 2019. In fiscal 2019, the Company received a B grade.



*CDP: An NGO established in the UK in 2000 that operates a global environmental information disclosure system for investors, corporations, cities, nations, and regions to manage environmental impacts.

Inclusion in the SNAM Sustainability Index

Nomura Real Estate Holdings has been selected for inclusion in the SNAM Sustainability Index. Established by Sompo Japan Nipponkoa Asset Management (SNAM), the index is a socially responsible investment (SRI) fund for multiple pension funds and institutional investors that invests in a wide range of companies with high environmental, social and governance (ESG) ratings. It is designed to contribute to the asset building of long-term investors through assessing corporate value from a long-term perspective based on financial and non-financial information.



Commendations on environmental activities

Certification and Registration to Eco-Action 21 (Environmental Management System)

Nomura Real Estate Master Fund has become the first J-REIT to obtain certification and registration to Eco-Action 21, Japan's unique environmental management system (EMS) established by Japan's Ministry of the Environment.



GRESB Real Estate Assessment and Public Disclosure Assessment

Nomura Real Estate Master Fund and Nomura Real Estate Private REIT received the highest level "5 star" rating in the 2019 Global Real Estate Sustainability Benchmark (GRESB)* Real Estate Assessment. Nomura Real Estate Holdings and Nomura Real Estate Master Fund received the highest level "A" rating in the Public Disclosure Assessment.

* GRESB is an annual benchmark that measures ESG considerations in the real estate sector. Established in 2009 by a group of major European pension funds that spearheaded the UN Principles for Responsible Investment (PRI), GRESB evaluates the sustainability initiatives of real estate companies, REITs and private real estate funds.



Commendations on social activities

Recognition as a White 500 Company under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)

Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Asset Management, and Nomura Real Estate Urban Net have been selected as a White 500 Company under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) in recognition for their initiatives for health management. White 500 is a program by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi to recognize companies that implement particularly good health management practices.



[News Release \(Japanese only\)](#)

Group wins Good Design Award for 18th year in a row

Nomura Real Estate Development, Nomura Real Estate Life & Sports, and Nomura Real Estate Wellness have won a Good Design Award—Japan's only comprehensive design evaluation and commendation system operated by the Japan Institute of Design Promotion—for the 18th consecutive year. In fiscal 2019, the Group won a record-high 12 awards.

For further details, refer to [Measures Towards Good Design Award](#)

Initiatives

Signing of the UN Global Compact

Nomura Real Estate Holdings signed the UN Global Compact in May 2019. We will respect the Ten Principles of the UN Global Compact (in the areas of human rights, labor, environment and anti-corruption) and further promote our sustainability initiatives.

The UN Global Compact

【Human Rights】

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

【Labor】

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;



Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

【Environment】

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

【Anti-Corruption】

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Signing of the “Principles for Responsible Investment”

Nomura Real Estate Asset Management and Lothbury Investment Management—the Group’s UK-based asset management company—endorse the fundamental tenets and have signed the Principles for Responsible Investment (PRI), which advocate addressing environmental, social and governance issues in investment decisions.

Signatory of:



Signing of the UN Environment Programme Finance Initiative (UNEP FI)

Nomura Real Estate Asset Management endorses the fundamental tenets and has signed the United Nations Environment Programme Finance Initiative (UNEP FI), which promotes environmental protection and socially sustainable finance.



Agreed to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Recognizing that climate change is an important management issue that will have a significant impact on the continuity of business, in 2020, Nomura Real Estate Holdings and Nomura Real



Estate Asset Management agreed to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to promote further initiatives. The companies will disclose information in line with the TCFD's recommendations and contribute to the realization of a sustainable society.

Joined the Japan Climate Initiative

Nomura Real Estate Asset Management joined the Climate Change Initiative, a network for the cross-sectoral dissemination of information and exchange of views among companies, local governments, NGOs and other organizations engaged in climate change measures.



Signing the Financial Action Principles for the Formation of a sustainable Society (The 21st Century Principles of Financial Action)

Nomura Real Estate Asset Management endorses the concept and has signed the Financial Action Principles for the Formation of a sustainable Society (The 21st Century Principles of Financial Action), a collection of action guidelines for financial institutions wanting to fulfill their responsibilities and roles necessary for creating a sustainable society.

Received the Minister of the Environment Award [Best practices case] for the Principles for Financial Action for the 21st Century

Nomura Real Estate Asset Management has received the fiscal 2019 Minister of the Environment Award (general category) for best practice in recognition of being the first J-REIT (Japanese real estate investment trust) to be certified and registered under Eco-Action 21, Japan's unique environmental management system (EMS) established by the Ministry of the Environment.



[News Release \(Japanese only\)](#)

Member of the UK Green Building Council (GBC)

Lothbury Investment Management maintains membership and endorses the UK Green Building Council (GBC), an organization that certifies buildings with high environmental performance in terms of energy, water, air-conditioning and so on.



Agreed to the Declaration of Biodiversity by Keidanren

In fiscal 2019, Nomura Real Estate Holdings announced its endorsement of Keidanren's Declaration of Biodiversity. Regarding initiatives for biodiversity as an important management issue for the Group, which is involved in real estate development and urban development, the company will continue to promote initiatives that are considerate of the natural environment and ecosystems.

Supported to the Voluntary Action Plan on the Environment for the Real Estate Industry, formulated by the Real Estate Companies Association of Japan

In accordance with the Voluntary Action Plan on the Environment established by the Real Estate Companies Association of Japan, of which it is a member, Nomura Real Estate Development supports the environmental goals of the real estate industry and promotes measures against climate change by working to reduce CO2 emissions beyond the statutory required standards.

Basic Corporate Data

Basic Corporate Data

Corporate Name	Nomura Real Estate Holdings, Inc.
Head Office	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku, Tokyo 163-0566, Japan
Business Overview	The Nomura Real Estate Group's main business comprises Residential Development Business, Leasing Business, Investment Management Business, Property Brokerage & CRE Business, Property & Facility Management Business Please refer to the link for details.
Activity Area	Japan, the U.K., China, Thailand, Vietnam, Philippines and Singapore
Capital	¥117,822,180,050 (as of March 31, 2020)
Number of Employees	7,176 (as of March 31, 2020 on a consolidated basis)
Suppliers	Main clients include design companies, construction companies and specialized service providers
Number of Group Companies	67 affiliated companies (40 consolidated subsidiaries and 27 affiliated companies accounted for by the equity method)

*The following changes were made to the above data in fiscal 2019 in relation to organization structure, ownership, and scale.

- NF Power Service Co., Ltd. ceased being a consolidated subsidiary because part of the shares was transferred.
- Acquired all shares in ZEN PLAZA CO., LTD. and made it a significant subsidiary.
- Acquired shares owned by non-controlling shareholders of NREG TOSHIBA BUILDING Co., Ltd. and made it a wholly owned subsidiary.

Also changed the corporate name to Nomura Real Estate Building Co., Ltd.

- Carried out a merger between Nomura Real Estate Partners Co., Ltd. (surviving company) and NREG TOSHIBA FUDOSAN FACILITIES Co., Ltd. (disappearing company).

Financial Status

on a consolidated basis

Revenue from Operation



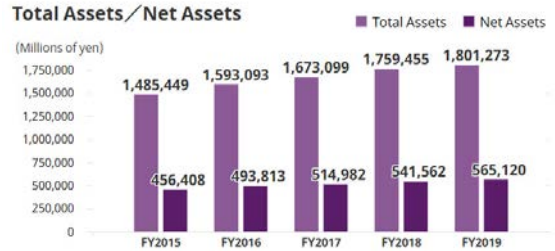
Ordinary Profit



Net Income



Total Assets/Net Assets



Environment

Upgrades to environmental management

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Acquisition rate of ISO 14001

Acquisition rate of Green Building Environmental Certification

Company name	Name of branches/offices	Certification organization	Certification acquisition date
Nomura Real Estate Partners Co., Ltd.	Yokohama Office	Japan Quality Assurance Organization (JQA)	March 5, 2004 (JQA - EM3815)

Acquisition of Green Building Environmental Certification

Acquisition rate of Green Building Environmental Certification

Type	FY 2017	FY 2018	FY 2019
Acquisition rate by business properties for sale (including new development and pending application)	100%	100%	100%

List of Environmental Certifications Acquired (FY 2019)

Certification Name	Property	
DBJ Green Building Certification	【Office Buildings】	PMO Kanda Manseibashi* PMO Gotanda PMO Nishi-Shinjuku* H'O Nihonbashi Kobuna-cho*
	【Retail Facilities】	GEMS Yokohama GEMS Sakae GEMS Shin-Yokohama MEFULL Chayamachi ENOTOKI

	【Logistics facilities】	Landport Kawaguchi Landport Ome II Landport Atsugi Aikawamachi Landport Higashi-Narashino Landport Narashino*
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* Application is pending as of the end of September 2020.

Acquisition of Environmental Certification on Energy Performance at the Commercial Real Estate Business Unit

Acquisition of energy rating

Type	FY 2018	FY 2019
Number of certifications acquired	Nine properties	14 properties (including four properties for which applications are pending)

Certification Name	Property
BELS (Building-Housing Energy-efficient Labeling System)	Same as above

 Upgrades to environmental management

Environmental Compliance

In fiscal 2019, the Group did not commit any violations of environmental laws and regulations (including pollution and water use) in the manufacture, sale, or management of its products and services.

The Group also did not receive any external indications of violations.

 Upgrades to environmental management

Responding to climate change

Fiscal 2019 performance against the set targets was as set forth below.

•Scope 1 and 2

(Unit: t-CO₂)

Scope 1	Scope 2	Scope 1+2
23,683	127,549	151,232

Category	GHG (CO ₂) emissions performance
1. Products and services purchased	930,633
2. Capital goods	71,164
3. Fuel- and energy-related activities that are not included in Scope 1 and 2	27,622
4. Transportation and delivery (upstream)	4,081
5. Waste generated by businesses	5,607
6. Business trips	1,421
7. Employers' commuting	2,395
8. Lease assets (upstream)	-
9. Transportation and delivery (downstream)	-
10. Processing of products sold	-
11. Use of products sold	2,114,282
12. Disposal of products sold	59,155
13. Lease assets (downstream)	20,489
14. Franchise	-
15. Investments	-
Total	3,236,847

* Calculation for Category 8 is included in Scope 1 and 2.

* Categories with no figures indicate that emission sources do not exist.

* Scope: Scope of calculation and reporting on the amount of CO₂ emissions by a company

Scope 1: Direct emissions such as fuel combustion

Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company

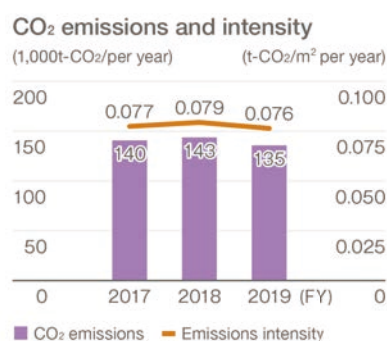
Scope 3: Indirect emissions other than those in Scope 1 and 2

GHG (CO₂) emissions performance (properties subject to reporting under the Act on the Rational Use of Energy)

	FY 2017	FY 2018	FY 2019
Total GHG (CO₂) emissions (thousand t-CO₂/year)	140	143	134
Reduction rate (compared with FY 2013)	-14.4%	-12.2%	-15.6%
Emissions intensity (t-CO₂/m² per year)	0.077	0.079	0.076

* For the calculation of the emissions intensity, the GHG (CO₂) emissions are divided by the gross floor area of a property subject to reporting under the Act on the Rational Use of Energy (property subject to reporting on energy saving).

* Following the above, the emissions intensity for FY 2017 and FY 2018 have also been revised.

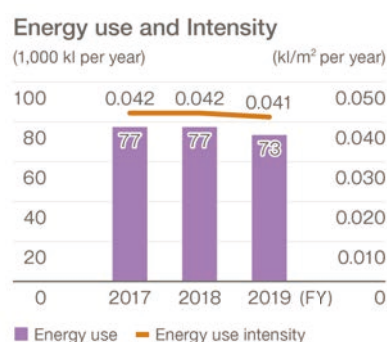


Energy usage performance (properties subject to reporting under the Act on the Rational Use of Energy)

	FY 2017	FY 2018	FY 2019
Energy use (1,000 kl per year)	77	77	73
Energy use intensity (kl/m² per year)	0.042	0.042	0.041

* For the calculation of the energy use intensity, the energy use is divided by the gross floor area of a property subject to reporting under the Act on the Rational Use of Energy (property subject to reporting on energy saving).

* Following the above, the energy use intensity for FY 2017 and FY 2018 have also been revised.



Promote solar power generation

	FY 2017	FY 2018	FY 2019
Solar power generating facility installation rate at Landport logistics facilities (%)	92.3	92.9	94.7
Electric power generated at Landport logistics facilities (million kWh/year)	11.55	12.081	15.194

[Responding to climate change](#)

Effective utilization of water resources

Fiscal 2019 performance against the set targets was as set forth below.

Water use performance

Water use

	FY 2016	FY 2017	FY 2018	FY 2019
Total use (thousand m³/year)	1,838	1,949	2,027	1,914
Water use intensity (m³/m² per year)	1.33	1.27	1.31	1.16

Volume of water intake (by type)

	FY 2016	FY 2017	FY 2018	FY 2019
Clean water and industrial water use (thousand m³/year)	1,649	1,766	1,850	1,748
Surface water (lakes and rivers, etc.)	0	0	0	0
Groundwater	189	183	176	167
Total volume of water intake (thousand m³/year)	1,838	1,949	2,027	1,914

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2019 fiscal year, 200 facilities with a total of 1,770,088 m²). Facilities subject to reporting change from year to year.
Data concerning waste volume and water use, however, covers only some facilities.
(Water use: 160 facilities with 1,654,941 m²)

Effective utilization of water resources

Consideration for biodiversity

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Promote the use of domestic FSC certified lumber

The Group established the Nomura Real Estate Group CSR Procurement Guidelines, which prescribe the sustainable use of resources and methods of use of wood materials.

Acquisition of Biodiversity Certification (ABINC/JHEP/SEGES)

Number of Biodiversity Certifications Acquired

	FY 2017	FY 2018	FY 2019
Number of Certifications Acquired for Newly Developed Properties	4 properties	2 properties	None

☐ [Consideration for biodiversity](#)

Appropriate utilization of resources and pollution control

Fiscal 2019 performance against the set targets was as set forth below.

Waste discharge performance

	FY 2016	FY 2017	FY 2018	FY 2019
Waste discharge (tons per year)	5,887	6,060	6,832	6,594
Discharge intensity (kg/m² per year)	4.685	4.343	4.867	5,159

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2019 fiscal year, 200 facilities with a total of 1,770,088 m²).

However, data concerning waste volume covers only some facilities.

(Waste volume: 121 facilities with 1,278,147 m²)

☐ [Appropriate utilization of resources and pollution control](#)

Employment Data

Employment Data

Number of Employees

(As of March 31 in each fiscal year)

	FY 2017	FY 2018	FY 2019	FY 2020
Employees	6,728	6,931	7,317	7,250
Male	4,804	4,869	5,066	5,031
Female	1,924	2,062	2,251	2,219
Female employee ratio (%)	28.60	29.75	30.76	30.61
Permanent employees	6,006	6,173	7,061	6,974
Temporary employees	722	758	256	276
Permanent employees (%)	89.30	89.10	96.50	96.19

* The number of employees includes persons dispatched to outside the Group, and excludes persons dispatched to the Group from outside.

New Graduate Career-Track Employees and Female Employment Ratio

(Joined company on April 1)

	FY 2017	FY 2018	FY 2019	FY 2020
New graduate employees	247	256	258	306
Male	166	168	163	169
Female	81	88	95	137
Female employment ratio (%)	32.79	34.38	36.82	44.77

Improved safety/security in design and construction

Fiscal 2019 performance against the set targets was as set forth below.

Comply with Design and Construction Standards and Quality Manuals

The Group has established and complies with the Design and Construction Standards and the Quality Manuals in the Residential Development Business Unit (PROUD and OHANA condominiums, PROUD SEASON detached housing, PROUD FLAT Rental housing) and in the Commercial Real Estate Business Unit (PMO (Premium Midsize Office) and H'O office buildings, H'T shared offices, GEMS Retail facilities, Landport logistics facilities, NOHGA HOTEL).

	FY 2017	FY 2018	FY 2019
Compliance with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit (%)	100%	100%	100%
Compliance with Design and Construction Standards and Quality Manuals in the Commercial Real Estate Business Unit (%)	Formulation of Design and Construction Standards and Quality Manuals	100%	100%

☐ Improved safety/security in design and construction

Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, other applicable laws and regulations, or the internal quality standards, necessary responses will be implemented rapidly.

In fiscal 2019, there were no significant safety-related violations of relevant laws and regulations or internal standards.

☐ Improved safety/security in design and construction

Improved quality of safety/security in operation and management

Fiscal 2019 performance against the set targets was as set forth below.

Enhance Quality Control and Improve After-sales Service

	FY 2017	FY 2018	FY 2019
Rate of conformance with Building Management Quality Assessment Guidelines at managed properties*1 (%)	85	86	—*2
Sign-up rate for NEXT PASS 10	82	80	77

*1 Conformance rate: We extracted several properties and conducted a survey on the number of conforming items in the assessment items listed in the guidelines.

*2 In fiscal 2019, the conformance rate survey was not conducted in order to help contain the spread of the novel coronavirus pandemic.

The next survey is scheduled to be conducted in fiscal 2020.

▣ Improved quality of safety/security in operation and management

Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, other applicable laws and regulations, or the internal quality standards, necessary responses will be implemented rapidly.

In fiscal 2019, there were no significant safety-related violations of relevant laws and regulations or internal standards.

▣ Improved quality of safety/security in operation and management

Initiatives for longer life and increased durability

Fiscal 2019 performance against the set targets was as set forth below.

Provide products and services with long lifespans and high durability

In addition to promoting the re:Premium service, the Attractive30 service was launched in fiscal 2018.

	FY 2017	FY 2018	FY 2019
Number of completed properties that offer the re:Premium service (properties)	7	5	17

* As a result of review of the data, the number of completed properties was revised for FY 2017 and FY 2018.

▣ Initiatives for longer life and increased durability

Safety and security in disasters

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY 2017	FY 2018	FY 2019
Disaster preparedness drill implementation rates at managed properties (%)	85	94	93
Number of facilities, etc. that can take in persons who are unable to return home during a disaster (properties)	3	7	8

Taking in Victims During a Disaster

The Shinjuku Nomura Building (Shinjuku-ku, Tokyo), Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo), Yokohama Business Park (Yokohama City, Kanagawa Prefecture) and Kojimachi Millennium Garden (Chiyoda-ku, Tokyo), which are owned by the Group and its funds (unit ownership), as well as four Megalos stores (Soka, Hachioji, Kichijoji, Machida) operated by the Group, have been designated as temporary living accommodations for those who are unable to return home during a disaster. They will take in such individuals if a disaster occurs.

 [Safety and security in disasters](#)

Society／Community

Care for and activation of communities

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Expand and improve plans and designs that revitalize communities

	FY 2017	FY 2018	FY 2019
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Newly constructed residential properties with facilities that contribute to local communities (properties)	4	3	6
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Initiatives in Operation and Management that Support Community Revitalization

	FY 2017	FY 2018	FY 2019
Number of pre-occupancy housewarming events held at residential properties (events)	40	56	27
Number of community social events, etc. held at offices, commercial facilities and retail premises (events)	129	153	138

☐ [Care for and activation of communities](#)

Society/Health and Well-being

[Response to aging population and diversity and support for health](#)

Fiscal 2019 performance against the set targets was as set forth below.

Promoting Barrier Free/Universal Design

The Group developed real estate in compliance with laws and regulations such as the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc. as well as Design and Construction Standards and Quality Manuals.

Support health and promote increases in healthy lifespan

Senior housing with support services

	FY 2017	FY 2018	FY 2019
Development results of senior housing with support services* (units)	125	125	382

* Cumulative units completed

☐ [Response to aging population and diversity and support for health](#)

Improved customer satisfaction and well-being

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Improve Communication to Raise Customer Satisfaction

In fiscal 2019, the following questionnaires were conducted:

【Residential Development Business Unit】

- Livability Satisfaction Survey
- After-Contract Survey
- After-Delivery Survey
- After-Sales Services Survey
- Leased Condominium Residents Survey

【Commercial Real Estate Business Unit】

- Tenant Company Satisfaction Survey
- Fitness Satisfaction Survey

【Property & Facility Management Business Unit】

- Condominium Board of Directors Survey

【Property Brokerage Business Unit】

- Contracting Party Satisfaction Survey

Results of a Customer Satisfaction Survey Conducted Independently by Each Business Company

* Figures in brackets indicate survey response rates (%)

	FY 2016	FY 2017	FY 2018	FY 2019
Livability Satisfaction Survey one year after residents take up occupancy of PROUD	3.9 (30)	3.9 (36)	3.9 (25)	3.9 (36)
After-Delivery Survey on new housing	—	—	—	3.8 (33)
Questionnaires for residents in leased condominiums (PROUD FLAT)	—	—	—	4.2 (41)
Questionnaires for residents in office buildings (PMO)	—	—	4.1 (24)	4.2 (46)
Questionnaires on fitness satisfaction	—	—	3.4	3.4

* Above results are all disclosed based on a five-point scale.

* As the Fitness Satisfaction Survey was not conducted using a form of customer questionnaire, a response rate is not indicated.

【Reference: External Evaluation】

	FY 2016	FY 2017	FY 2018	FY 2019
Nikkei Condominium Brand Questionnaires*	No1	No1	No1	No1
ORICON Customer Satisfaction Survey on new condominiums Tokyo metropolitan area after-sales follow-up	No1	No1	No1	No1
SANKEI LIVING SHIMBUN's Women Research: Fitness Club Satisfaction selected by women	—	—	—	No1
ORICON Customer Satisfaction Survey on real estate brokerage (Sale: detached housing / Purchase: condominiums)	No1	No1	No1	No1
SumaiSurfin: Management Company Satisfaction Survey Ranking	No1	No1	No1	No1

* Indicates that the ranking given for most of the 10 question items in the questionnaire was first place.

Improvements in Well-being

	FY 2016	FY 2017	FY 2018	FY 2019
Number of Good Design Awards Won (properties)	3	8	9	12

☐ [Improved customer satisfaction and well-being](#)

Society／Human Resources

Health and Safety of Employees

Fiscal 2019 performance against the set targets was as set forth below.

Prevent Overwork

Items		FY 2016	FY 2017	FY 2018	FY 2019
Average statutory overtime work (per person: hours/month)	*1	24.46	19.66	14.07	13.51
	*2	—	—	12.1	10.45

Encourage employees to take paid vacation time

Items		FY 2016	FY 2017	FY 2018	FY 2019
Paid vacation time use rate (%)	*1	—	—	47.31	61.19
	*2	58.62	59.55	54.93	62.62

Prevent industrial accidents

Items	FY 2016	FY 2017	FY 2018	FY 2019
Number of employee occupational accidents resulting in death (accidents) *1	0	1	0	0
Absentee rate (%) *1	—	0.38	0.37	0.29
Number of contractor occupational accidents resulting in death (accidents)	—	—	—	0

Lost time injury frequency rate (LTIFR)

Items	FY 2017	FY 2018	FY 2019
Lost time injury frequency rate (LTIFR) *3	—	0*2	1.29
Lost time injury rate (LTIR) *4	—	0	0.60

*1 The Group's performance

*2 Nomura Real Estate Development performance (excluding contractors)

*3 (Number of occupational accidents resulting in lost days/Total work time) x 1,000,000

*4 (Number of fatalities and lost-days injured persons/Total work time) x 1,000,000 (excluding contractors)

Health and Safety of Employees

Responses to Incidents

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and taking measures to improve workplace environments so that this type of incident does not occur again. Nomura Real Estate Development is implementing the following measures for appropriate labor management and improving workplace environments.

1. Comply thoroughly with laws and regulations.
 2. Top management and directors share issues with employees, and strive to establish relationships of trust and improve workplace environments.
 3. Implement the following measures to ensure health:
 - (1) Raise awareness of health issues of officers and employees
 - (2) Officers and supervisors thoroughly monitor the health condition of employees
 - (3) Further improve systems for health consultation and medical checkups
- Each Group company confirms their situation and continues to promote efforts to improve the situation in fiscal 2019 and thereafter.

For further details, refer to the following.

- ☐ [Appropriate Labor management and Measures for Improving Workplace Environments \(Japanese only\)](#)
- ☐ [Health and Safety of Employees](#)

Promotion of Diversity

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Promote empowerment of women

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Female employee ratio (%)	27.74	28.60	29.75	30.76	30.61
Female manager ratio (%)	4.81	5.38	5.45	5.58	6.14
Female junior manager ratio (%)	—	14.8	15.08	16.07	15.87

Promote diverse work styles

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Childcare Leave Takers (Men) (persons)	139 (0)	119 (2)	148 (3)	178 (6)	253 (10)
Rate of reinstatement after childcare leave (%)	—	—	92.59	91.46	92.08

Nursing Care Leave Takers (persons)	1	2	4	4	7
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Hire and utilize diverse human resources

Item	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Number of foreign employees (persons)*1	—	7	14	16	114
Rate of employment of persons with disabilities (%)*2	1.85	1.97	1.90	1.96	2.02

*1 The number of foreign employees does not include the number of foreign technical intern trainees employed.

*2 The rates of employment of persons with disabilities for fiscal 2017 and thereafter are as of June 1 of the following fiscal year. Other rates are as of April 1 of the following fiscal year.

The rate covers Group companies subject to the Employment Rate System for Persons with Disabilities.

Promotion of Diversity

Creation of fair and rewarding workplaces

Fiscal 2019 performance against the set targets was as set forth below.

Improvement in employee satisfaction

Nomura Real Estate Development: Results of Employee Satisfaction Survey

Item	FY 2016	FY 2017	FY 2018	FY 2019
Employee satisfaction level (5-point scale)	3.81	3.81	4.03*	4.05
Number of responses/number of eligible employees (persons)	1,648/1,738	1,930/2,028	2,013/2,066	2,067/2,113
Response rate (%)	94.8	95.1	97.4	97.8

Beginning from fiscal 2018, "Satisfaction with the workplace" is used as the reference index.

Turnover rates

Item	FY 2017	FY 2018	FY 2019
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Turnover rates (total)* (%)	3.85	3.99	5.13
Male (%)	3.57	2.49	4.69
Female (%)	4.46	6.57	5.99
Turnover rates for personal reasons (%)	3.40	3.54	4.43

* Turnover rates include number of employees retired at mandatory retirement age.

☐ [Creation of fair and rewarding workplaces](#)

Responses to Legal and Other Violations

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and taking measures to improve workplace environments so that this type of incident does not occur again.

We will continuously promote measures to improve workplace environments in fiscal 2018 and thereafter. For further details, refer to the following.

For further details, refer to the following.

☐ [Appropriate Labor Management and Measures for Improving Workplace Environments \(Japanese only\)](#)

☐ [Health and Safety of Employees](#)

☐ [Creation of fair and rewarding workplaces](#)

Improvements to human capital

Fiscal 2019 performance against the set targets was as set forth below.

* Unless otherwise indicated, the reporting scope is the Group.

Training Participation Performance^{*1}

Items	FY 2019
Training hours per employee^{*2} (hours)	12.65
Total training hours^{*2} (hours)	24,969
Training expense per employee (yen)	80,393
Total training expense (yen)	158,690,000

Return on investment in employees' skill development*3 (%)	2.81
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*1. Performance for Nomura Real Estate Holdings and Nomura Real Estate Development

*2. Covers only mandatory training and does not include open and selective training or e-learning courses.

*3. Calculated using the following formula: Return on investment in employees' skill development = Turnover rates/Total training expense (100 million yen).

Group-wide Training Performance

	Training title	Subject ranks	Number of implementing companies (companies)
1	New employee introductory training	Newly-hired employees	8
2	New employee follow-up training	New employees	8
3	Second-year training	Employees in their second year	7
4	Third-year training	Employees in their third year	7
6	Problem solving skills training	Managerial employee class	8
7	Newly-appointed managerial employees	Managerial employees	8
8	Newly-appointed division manager training	Division managers	5
9	Newly-appointed manager training	Managers	4

Human Rights Training

Click [here](#) for more information on human rights training provided to employees

[Improvements to human capital](#)

Supplier safety

Fiscal 2019 performance against the set targets was as set forth below.

Items	FY 2016	FY 2017	FY 2018	FY 2019
Number of companies attending the Supplier Council Meeting on Health & Safety and the Supplier Conference on Safety (companies)	191	188	198	198

Incidents of Violations by Suppliers

In fiscal 2019, with regard to ensuring supplier safety, which the CSR Committee (currently the Sustainability Committee) monitors, there were no significant incidents of violations of laws and regulations.

 [Supplier safety](#)

Contributions to Local Communities and Society

Expenditures for Contributions to Local Communities and Society

* Unless otherwise indicated, the reporting scope is the Group.

“Expenditures for Contributions to Local Communities and Society”

	FY 2017	FY 2018	2FY 2019
Cash donations *1 (thousand yen)	10,000	10,000	10,000
Management costs *2 (thousand yen)	72,410	68,490	64,580
Total amount (thousand yen)	82,410	78,490	74,580

*1 For cash donations, the support money paid to the Japanese Para-Sports Association (JPSA) is disclosed.

*2 With regard to management costs, expenses for various events held at facilities owned by the Group with the aim of contributing to local communities, etc. are disclosed.

 [Contributions to Local Communities and Society](#)

Governance

Corporate governance

FY2019 Conference Results

Types of Meetings	Number of meetings held
Board of Directors	16
Audit & Supervisory Committee	13
Management Committee	41
CSR Committee (Current Sustainability Committee)/ CSR Promotion Committee	5
Risk Management Committee and Group Risk Meeting	12

* Scope of report: Nomura Real Estate Holdings

Attendance rate at meetings of the Board of Directors and the Audit & Supervisory Committee

	Fiscal Year ended March 2018	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Board of Directors* (%)	98.6	100	99.0
of which external directors (%)	96.8	100	97.5
Audit & Supervisory Committee (%)	98.3	100	100
Of which external directors who serve as Audit & Supervisory Committee Members (%)	97.2	100	100

* In the fiscal year ended March 2018, the number of times that some directors withheld attendance at the Board of Directors meeting based on the purpose of Article 369, Paragraph 2 of the Companies Act is excluded.

Attendance of External Directors at meetings of the Board of Directors and the Audit & Supervisory Committee held in the fiscal year ended March 2020

Name	Board of Directors	Audit & Supervisory Committee
Satoko Shinohara	Attended 15 out of 16 meetings held	—
Tetsuro Higashi	Attended 13 out of 13 meetings held*	—
Akira Ono	Attended 15 out of 16 meetings held	Attended 13 out of 13 meetings held
Yoshio Mogi	Attended 13 out of 13 meetings held*	Attended 9 out of 9 meetings held*
Akiko Miyakawa	Attended 13 out of 13 meetings held*	Attended 9 out of 10 meetings held*

* The meetings of the Board of Directors and the Audit & Supervisory Committee held after they were appointed as a Director or Audit & Supervisory Committee Member on June 25, 2019 are included.

Corporate governance

Compliance

Compliance

Compliance Hour:

Distributed online every other month.

In fiscal 2019, the attendance rate for the entire Group was 99.9%.

Compliance Training:

Group training for different professional ranks.

In fiscal 2019, training was conducted 33 times.

Compliance

Anti-Corruption and Anti-Bribery Measures

In fiscal 2019, there were no significant legal violations, fines or penalties related to corruption or bribery.

Compliance

Risk management

Risk Management Committee and Group Risk Liaison Committee meetings held

Items	FY 2018	FY 2019
Number of meetings held	12	12

Implementation of safety confirmation drills (four times a year)

Items	FY 2018	FY 2019
Response rate (%)	100	100

Risk management

Human rights

In fiscal 2019, human rights training was conducted a total of 8 times throughout the Group, with 4,434 persons attending.

Training Conducted

Training Type	Target Participants	Participation rate* (%)	Human rights topics covered
Group-wide training			
Group training for new employees	New employees	100 (248 / 248 persons)	Solving assimilation problems
Group-wide training for newly-appointed Group managers	Newly-appointed managers	100 (170 / 170 persons)	Solving assimilation problems
Training for new career-track employees	Mid-career hires	100 (79 / 79 persons)	Preventing harassment
Nomura Real Estate Development			
Human Rights Training	Newly-appointed leaders	89 (40 / 45 persons)	Preventing harassment
Human Rights Training	New employees	100 (52 / 52 persons)	Preventing harassment
Nomura Real Estate Life & Sports			
Human Rights Training	Newly-hired recent graduates	100 (36 / 36 persons)	Preventing harassment
Human Rights Training	Newly-appointed managerial employees	100 (24 / 24 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	100 (1,922 / 1,922 persons)	Preventing harassment

*Participants/Target Participants

 [Human rights](#)

Improved supplier management

The Nomura Real Estate Group requests that all suppliers comply with the CSR Procurement Guidelines.

 [Improved supplier management](#)

Index for ESG Investors and Evaluation Organizations

Index for ESG Investors and Evaluation Organizations

Item		Policy	Management	Results
Environment	Environmental Policies and Management	✓	✓	✓
	Climate change	✓	✓	✓
	Water use	✓	✓	✓
	Pollution and resources	✓	✓	✓
	Biodiversity	✓	✓	✓
	Green building	✓	✓	Environmental management ✓
				Climate change ✓
Society	Product safety and quality	Design and construction ✓	Design and construction ✓	Design and construction ✓
		Operations and management ✓	Operations and management ✓	Operations and management ✓
		Longer lifespans, increased durability ✓	Longer lifespans, increased durability ✓	Longer lifespans, increased durability ✓
		Disaster responses ✓	Disaster responses ✓	Disaster responses ✓
	Labor practices	✓	✓	✓
	Human rights	✓	✓	✓
	Development and retention of human resources	✓	✓	✓
	Health and safety	✓	✓	✓
	Social contribution	✓	—	✓
	Social integration	Community ✓	Community ✓	Community ✓
		Diversity ✓	Diversity ✓	Diversity ✓
	Customer relations	✓	✓	✓

Item		Policy	Management	Results
Governance	Corporate Governance	✓		✓
	Risk Management	✓	✓	✓
	Prevention of corruption	✓	✓	✓
	Tax transparency	📄 Please refer to page 123 and page 142 of Financial Report.		
	Supply chain management	Overall ✓	Overall ✓	Overall ✓
		Safety ✓	Safety ✓	Safety ✓
	Materiality	✓		
	Stakeholder engagement	✓		
	Conduct standards	Action Guideline ✓		
		Code of Action ✓		

GRI Content Index
























This CSR site was prepared by making reference to the GRI standards (2016).

* Refer to the GRI standards (2018) for 303: Water and Effluents and 403: Occupational Health and Safety, and refer to 2019 for 207:Tax.

開示事項		記載箇所
102: General Disclosures (2016)		
102-1	Name of the organization	Basic Corporate Data
102-2	Activities, brands, products, and services	Basic Corporate Data
102-3	本社の所在地	Basic Corporate Data
102-4	Location of operations	Basic Corporate Data
102-5	Ownership and legal form	Basic Corporate Data
102-6	Markets served	Basic Corporate Data
102-7	Scale of the organization	Basic Corporate Data
102-8	Information on employees and other workers	Basic Corporate Data
102-9	Supply chain	Business and Sustainability
		Basic Corporate Data
102-10	Significant changes to the organization and its supply chain	Basic Corporate Data
102-11	Precautionary Principle or approach	Risk Management
		Responding to Climate Change
		Appropriate Utilization of Resource and Pollution Control
102-12	External initiatives	External Evaluations and Initiatives
		Responding to Climate Change
102-13	Membership of associations	External Evaluations and Initiatives
102-14	Statement from senior decision-maker	CEO Message
		Message from the Sustainability Committee Chairman
102-15	Key impacts, risks, and opportunities	CEO Message
		Sustainability Management
		Risk Management
		Responding to Climate Change














102-16	Values, principles, standards, and norms of behavior	☐ CEO Message
		☐ Sustainability Management
		☐ Compliance
102-17	Mechanisms for advice and concerns about ethics	☐ Human Rights
		☐ Corporate Governance
		☐ Compliance
102-18	Governance structure	☐ Message from the Sustainability Committee Chairman
		☐ Sustainability Management
		☐ Corporate Governance
102-19	Delegating authority	☐ Sustainability Management
		☐ Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	☐ Message from the Sustainability Committee Chairman
		☐ Sustainability Management
		☐ Corporate Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	☐ Integrated Report (P.69)
102-22	Composition of the highest governance body and its committees	☐ Corporate Governance
		☐ Corporate Governance Report
102-23	Chair of the highest governance body	☐ Corporate Directors
102-24	Nominating and selecting the highest governance body	☐ Corporate Governance
		☐ Corporate Governance Report
102-25	Conflicts of interest	☐ Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	☐ Sustainability Management
102-27	Collective knowledge of highest governance body	☐ Integrated Report (P.60)
102-28	Evaluating the highest governance body's performance	☐ CEO Message
		☐ Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	☐ Risk Management
		☐ Upgrades to Environmental Management
102-30	Effectiveness of risk management processes	☐ Risk Management
102-31	Review of economic, environmental, and social topics	☐ Risk Management
		☐ Upgrades to Environmental Management
102-32	Highest governance body's role in sustainability reporting	—

102-33	Communicating critical concerns	Risk Management
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	Corporate Governance
		Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance
		Corporate Governance Report
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
102-40	List of stakeholder groups	Materiality determination process
102-41	Collective bargaining agreements	Creation of Fair and Rewarding Workplaces
102-42	Identifying and selecting stakeholders	Materiality determination process
102-43	Approach to stakeholder engagement	Materiality determination process
102-44	Key topics and concerns raised	Materiality determination process
102-45	Entities included in the consolidated financial statements	Basic Corporate Data
102-46	Defining report content and topic Boundaries	Editorial Policy
102-47	List of material topics	Sustainability Management
102-48	Restatements of information	Responding to Climate Change
102-49	Changes in reporting	Editorial Policy
102-50	Reporting period	Editorial Policy
102-51	Date of most recent report	Editorial Policy
102-52	Reporting cycle	Editorial Policy
102-53	Contact point for questions regarding the report	Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	GRI Content Index
102-55	GRI Content Index	GRI Content Index
102-56	External assurance	—
Material topics		
103-1	Explanation of the material topic and its Boundary	CEO Message
		Sustainability Management
103-2	The management approach and its components	CEO Message
		Upgrades to Environmental Management
		Responding to Climate Change

		 Effective Utilization of Water Resources
		 Consideration for Biodiversity
		 Appropriate Utilization of Resource and Pollution Control
		 Improved Safety/Security in Design and Construction
		 Improved Quality of Safety and Security in Operations and Management
		 Initiatives for Longer Life and Increased Durability
		 Safety and Security in Disasters
		 Care for and Activation of Communities
		 Response to Aging Population and Diversity and Support for Health
		 Improved Customer Satisfaction and Comfort
103-3	Evaluation of the management approach	 Upgrades to Environmental Management
		 Responding to Climate Change
		 Effective Utilization of Water Resources
		 Consideration for Biodiversity
		 Appropriate Utilization of Resource and Pollution Control
		 Improved Safety/Security in Design and Construction
		 Improved Quality of Safety and Security in Operations and Management
		 Initiatives for Longer Life and Increased Durability
		 Safety and Security in Disasters
		 Care for and Activation of Communities
		 Response to Aging Population and Diversity and Support for Health
 Improved Customer Satisfaction and Comfort		
201:Economic Performance (2016)		
201-1	Direct economic value generated and distributed	—
201-2	Financial implications and other risks and opportunities due to climate change	 Responding to Climate Change











201-3	Defined benefit plan obligations and other retirement plans	Creation of Fair and Rewarding Workplaces
201-4	Financial assistance received from government	—
202: Market Presence (2016)		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—
203: Indirect Economic Impacts (2016)		
103-1	Explanation of the material topic and its Boundary	Care for and Activation of Communities
103-2	The management approach and its components	Care for and Activation of Communities
103-3	Evaluation of the management approach	Care for and Activation of Communities
203-1	Infrastructure investments and services supported	Care for and Activation of Communities
		Contributions to Local Communities and Society
203-2	Significant indirect economic impacts	Care for and Activation of Communities
204: Procurement Practices (2016)		
204-1	Proportion of spending on local suppliers	—
205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance
205-3	Confirmed incidents of corruption and actions taken	Compliance
206: Anti-competitive Behavior (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
207: TAX (2019)		
207-1	Approach to tax	—
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns related to tax	—
207-4	Country-by-country reporting	—
301: Materials (2016)		
301-1	Materials used by weight or volume	—

301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—
302: Energy (2016)		
103-1	Explanation of the material topic and its Boundary	☐ CEO Message
		☐ Responding to Climate Change
103-2	The management approach and its components	☐ CEO Message
		☐ Responding to Climate Change
103-3	Evaluation of the management approach	—
302-1	Energy consumption within the organization	☐ Responding to Climate Change
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	☐ Responding to Climate Change
302-4	Reduction of energy consumption	☐ Responding to Climate Change
302-5	Reductions in energy requirements of products and services	☐ Responding to Climate Change
303: Water and Effluents (2018)		
103-1	Explanation of the material topic and its Boundary	☐ Effective Utilization of Water Resources
103-2	The management approach and its components	☐ Effective Utilization of Water Resources
103-3	Evaluation of the management approach	—
303-1	Interactions with water as a shared resource	☐ Effective Utilization of Water Resources
303-2	Management of water discharge-related impacts	—
303-3	Water withdrawal	☐ Effective Utilization of Water Resources
303-4	Water discharge	—
303-5	Water consumption	☐ Effective Utilization of Water Resources
304: Biodiversity (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Consideration for Biodiversity
103-2	The management approach and its components	☐ Consideration for Biodiversity
103-3	Evaluation of the management approach	—
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2	Significant impacts of activities, products, and services on biodiversity	☐ Consideration for Biodiversity

304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
305: Emissions (2016)		
103-1	Explanation of the material topic and its Boundary	 CEO Message
		 Responding to Climate Change
103-2	The management approach and its components	 CEO Message
		 Responding to Climate Change
103-3	Evaluation of the management approach	—
305-1	Direct (Scope 1) GHG emissions	 Responding to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	 Responding to Climate Change
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	 Responding to Climate Change
305-5	Reduction of GHG emissions	 Responding to Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	 Responding to Climate Change
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	—
306: Effluents and Waste (2016)		
103-1	Explanation of the material topic and its Boundary	 Appropriate Utilization of Resource and Pollution Control
		 Initiatives for Longer Life and Increased Durability
103-2	The management approach and its components	 Appropriate Utilization of Resource and Pollution Control
		 Initiatives for Longer Life and Increased Durability
103-3	Evaluation of the management approach	—
306-1	Water discharge by quality and destination	—
306-2	Waste by type and disposal method	 Appropriate Utilization of Resource and Pollution Control
306-3	Significant spills	—
306-4	Transport of hazardous waste	—
306-5	Water bodies affected by water discharges and/or runoff	—
307: Environmental Compliance (2016)		
307-1	Non-compliance with environmental laws and regulations	None

308: Supplier Environmental Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Upgrades to Environmental Management
		☐ Responding to Climate Change
		☐ Effective Utilization of Water Resources
		☐ Consideration for Biodiversity
		☐ Appropriate Utilization of Resource and Pollution Control
103-2	The management approach and its components	☐ Upgrades to Environmental Management
		☐ Responding to Climate Change
		☐ Effective Utilization of Water Resources
		☐ Consideration for Biodiversity
		☐ Appropriate Utilization of Resource and Pollution Control
103-3	Evaluation of the management approach	—
308-1	New suppliers that were screened using environmental criteria	☐ Improved Supplier Management
308-2	Negative environmental impacts in the supply chain and actions taken	—
401: Employment (2016)		
401-1	New employee hires and employee turnover	☐ Basic Corporate Data
		☐ Promotion of Diversity
		☐ Creation of Fair and Rewarding Workplaces
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	☐ Creation of Fair and Rewarding Workplaces
401-3	Parental leave	☐ Promotion of Diversity
402: Labor/Management Relations (2016)		
402-1	Minimum notice periods regarding operational changes	—
403: Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	☐ Health and Safety of Employees
		☐ Supplier Safety
403-2	Hazard identification, risk assessment, and incident investigation	☐ Health and Safety of Employees
403-3	Occupational health services	☐ Health and Safety of Employees
		☐ Supplier Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	☐ Health and Safety of Employees

		☐ Supplier Safety
403-5	Worker training on occupational health and safety	☐ Health and Safety of Employees
		☐ Supplier Safety
403-6	Promotion of worker health	☐ Health and Safety of Employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	☐ Supplier Safety
403-8	Workers covered by an occupational health and safety management system	☐ Health and Safety of Employees
		☐ Supplier Safety
403-9	Work-related injuries	☐ Health and Safety of Employees
403-10	Work-related ill health	☐ Health and Safety of Employees
404: Training and Education (2016)		
404-1	Average hours of training per year per employee	☐ Improvements to Human Capital
404-2	Programs for upgrading employee skills and transition assistance programs	☐ Improvements to Human Capital
404-3	Percentage of employees receiving regular performance and career development reviews	—
405: Diversity and Equal Opportunity (2016)		
103-1	Explanation of the material topic and its Boundary	☐ CEO Message
		☐ Response to Aging Population and Diversity and Support for Health
		☐ Improved Customer Satisfaction and Comfort
103-2	The management approach and its components	☐ CEO Message
		☐ Response to Aging Population and Diversity and Support for Health
		☐ Improved Customer Satisfaction and Comfort
103-3	Evaluation of the management approach	—
405-1	Diversity of governance bodies and employees	☐ Promotion of Diversity
405-2	Ratio of basic salary and remuneration of women to men	—
406: Non-discrimination (2016)		
406-1	Incidents of discrimination and corrective actions taken	☐ Human Rights
407: Freedom of Association and Collective Bargaining (2016)		

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	 Human Rights
408: Child Labor (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labor	 Human Rights
409: Forced or Compulsory Labor (2016)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	 Human Rights
410: Security Practices (2016)		
410-1	Security personnel trained in human rights policies or procedures	 Human Rights
411: Rights of Indigenous Peoples (2016)		
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
412: Human Rights Assessment (2016)		
412-1	Operations that have been subject to human rights reviews or impact assessments	—
412-2	Employee training on human rights policies or procedures	—
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
413: Local Communities (2016)		
103-1	Explanation of the material topic and its Boundary	 Care for and Activation of Communities
103-2	The management approach and its components	 Care for and Activation of Communities
103-3	Evaluation of the management approach	—
413-1	Operations with local community engagement, impact assessments, and development programs	 Care for and Activation of Communities
		 Contributions to Local Communities and Society
413-2	Operations with significant actual and potential negative impacts on local communities	—
414: Supplier Social Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	 Improved Supplier Management
103-2	The management approach and its components	 Improved Supplier Management
103-3	Evaluation of the management approach	—

414-1	New suppliers that were screened using social criteria	☐ Improved Supplier Management
414-2	Negative social impacts in the supply chain and actions taken	—
415: Public Policy (2016)		
415-1	Political contributions	—
416: Customer Health and Safety (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Improved Safety/Security in Design and Construction
		☐ Improved Quality of Safety and Security in Operations and Management
		☐ Initiatives for Longer Life and Increased Durability
		☐ Safety and Security in Disasters
103-2	The management approach and its components	☐ Improved Safety/Security in Design and Construction
		☐ Improved Quality of Safety and Security in Operations and Management
		☐ Initiatives for Longer Life and Increased Durability
		☐ Safety and Security in Disasters
103-3	Evaluation of the management approach	—
416-1	Assessment of the health and safety impacts of product and service categories	☐ Improved Safety/Security in Design and Construction
		☐ Improved Quality of Safety and Security in Operations and Management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
417: Marketing and Labeling (2016)		
417-1	Requirements for product and service information and labeling	Not applicable
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	Not applicable
418: Customer Privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
Substantiated complaints concerning breaches of customer privacy and losses of customer data		

419-1	Non-compliance with laws and regulations in the social and economic area	None
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Third-Party Comments (CSR Report 2020)



Masao Seki

Professor, School of Business Administration, Meiji University

Overall this Report conveys the Nomura Real Estate Group's improvement efforts and the specific results of those efforts since the previous fiscal year. The matters pointed out and recommendations in my comment last year have been responded to appropriately, and I understand from the Report that the Group is making sincere efforts as a corporation with the spirit of self-improvement.

1. Highly Evaluated Points

- The Group is not just making efforts toward achieving its targets for reduction of greenhouse gas emissions but also aims to further promote and accelerate its initiatives. The Top Message refers to the Group's even higher level of commitment to its initiatives, including starting its response to the TCFD recommendations that I recommended in my comment last year (it endorsed the recommendations of the Task Force in September 2020) and taking on the challenge of acquiring Science Based Targets (SBT) Initiative Certification.
- Similarly, the Top Message refers to the foreign technical intern trainees and the problems of local residents related to timber procurement and shows that the Group has specific awareness of human rights issues and will step up its efforts in that area. In addition, the Report discloses that the Group has commenced work on establishing a human rights due diligence system, as recommended in my comment last year.
- The Group COO serves as the Chairman of the Sustainability Committee and the Group has established a management system for integrating business and sustainability. Also, in the message from the COO there are commitments to focus on the central SDGs themes of climate change and human rights.
- Since joining the UN Global Compact in 2019, the Group has actively participated in sectional committee activities and has collaborated and cooperated with and gained knowledge from other companies on human rights and other themes.
- The Group has good initiatives appropriate to a real estate company for responding to both the physical and nonphysical aspects of social needs. These include initiatives for increasing the lifespans and durability of buildings and responding to issues such as the aging society and the multicultural society, as well as tools such as the Barrier Free Quality of Life Guidebook and the Resident Manuals for Foreign Residents. I hope the Group will enhance these initiatives even more going forward.

2. Recommendations for Further Initiatives in the Future

- I look forward to seeing deepening of the Group's initiatives based on international models regarding business and human rights and expansion of information disclosure in that area. Examples include incorporating such initiatives into the Nomura Real Estate Group Policy on CSR/ESG, exposing the human rights risks in the business overall and creating systematic descriptions of the risks identified.
- It is good that the Group stated concurrence with the Keidanren (Japan Business Federation) Biodiversity Declaration Initiatives in 2019. I hope the Group will continue to focus on and display leadership in biodiversity conservation, which is a significant global environmental issue in line with global warming. I think that, with the holding of the UN Biodiversity Conference (COP 15), it will become more important as a problem of increasing concern to stakeholders so I recommend that the Group should make even greater efforts to disclose information in that area.
- As well as complying with its CSR Procurement Guidelines formulated in 2018, I hope the Group will seek to increase the effectiveness of the Guidelines through a combination of a variety of methods such as requests for self-checks, checks on compliance status, and site visits. For example, as timber procurement is a significant problem, I recommend continually reviewing the Guidelines and conducting site visits together with local organizations and others in high risk countries, while referring to the Tokyo Olympics and Paralympics timber procurement guidelines and examples from other companies, etc.
- Regarding consideration for diversity, it is good that changes in the rate of employment of persons with disabilities over the past five years are disclosed in the ESG data. I recommend that not only the numbers showing improvement trends but also the types of efforts that have been made should be referred to in the Report.

3. Conclusion

COVID-19 has prompted us to reconsider the appropriate state of society and has made it more important than ever for us to realize a resilient and sustainable society. I also look forward to the announcement of the ultra-long-term vision that looks beyond 2030, referred to as planned in the Top Message. I hope the Nomura Real Estate Group will continue and expand its improvement efforts to date while deepening its dialogue with stakeholders.

Response to the Third Party Comments

The Group is deeply grateful to Professor Seki for the valuable opinions he has provided since the fiscal year ended March 2020 regarding the Group's sustainability promotion efforts.

Our Group Vision is "New Value, Real Value." Under this vision, we recognize that we must work to address various social issues to realize a sustainable society and fulfill our responsibility for future generations. As a member of society, we will continue to advance these efforts in the environmental and social fields.

In the environmental field, in 2019, we established CO2 emissions reduction targets in Scope 1 and 2. This fiscal year, we have further strengthened our efforts and we endorsed the TCFD recommendations and our targets got approved by the Science Based Targets initiative (SBTi) by expanding the coverage of the targets to Scope 3. We have thus established more specific goals and strengthened our efforts to meet those targets. Going forward, as a real estate developer, we would like to consider our Group's approach in actual business fields including matters such as the utilization of renewable energy and appropriate use of forests and timber that contributes to CO2 reduction.

Meanwhile, in the social field, we recognize that exposing the human rights risks and creating systematic descriptions of them, which is pointed out in the opinions about our responses to human rights, as well as increasing the effectiveness of the Group's CSR Procurement Guidelines, are urgent issues that we must address in particular. We have already launched a task force to formulate human rights policies during this fiscal year and will also move on to a specific action plan to strengthen engagement in the CSR Procurement Guidelines as a priority issue.

As for the need to realize a resilient and sustainable society, which is another issue pointed out, we consider that the Group's role has been more significant than ever due to the serious natural disasters in the past and the last year's COVID-19 pandemic. We will proceed to consider from the perspective of what kind of resilience can be built, including urban development and local residents.

Drawing on this year's third-party opinion, the Group will continue to strengthen its sustainability initiatives through dialogue with stakeholders and provide new value to society and customers.

Seiichi Miyajima

Executive Vice President and Representative Director, Group COO,

Nomura Real Estate Holdings, Inc.

The Chairman of the Sustainability Committee, Nomura Real Estate Group