



Sustainability activities(ESG) **Governance**

The Nomura Real Estate Group recognizes that strengthening compliance and promoting both risk management and corporate governance are vital for ensuring business continuity and enhancing corporate value toward creating a sustainable society. The Group also conducts its business activities in a manner that respects the human rights of all people, including customers, local communities, employees, and suppliers.

|                               |     |
|-------------------------------|-----|
| Corporate Governance .....    | 232 |
| Compliance .....              | 252 |
| Risk Management .....         | 265 |
| Supply Chain Management ..... | 273 |

# Governance

## Group Policy

The Nomura Real Estate Group recognizes that strengthening compliance and promoting both risk management and corporate governance are vital for ensuring business continuity and enhancing corporate value toward creating a sustainable society. The Group also conducts its business activities in a manner that respects the human rights of all people, including customers, local communities, employees, and suppliers.



## Management

Nomura Real Estate Holdings has established the Risk Management Committee and Group Legal & Compliance Department to develop and implement a framework for promoting compliance. Regarding risk management, the committee has been designated as the integrated entity for deliberating on various risks related to Group management. It regularly monitors, evaluates, and analyzes the status of major risks, provides necessary guidance and advice to each business unit and Group company, and regularly reports to the Board of Directors.

As for respect for human rights and enhancing supplier management, the Nomura Real Estate Holdings president and Group CEO is responsible for implementing initiatives. In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings, Group company directors, and others, and is chaired by the Nomura Real Estate Holdings president and Group CEO, deliberates on and decides related policies and action plans. The committee also sets annual targets for these actions and monitors progress.

※ For details of the compliance promotion framework and risk management structure, refer to the “Management” sections on relevant pages.

### Corporate Governance [→](#)

---

- Philosophy and Policies
- Corporate Governance Report
- Corporate Governance System
- Accountability of the Board of Directors
- Compensation Plan of Directors
- Internal Control System
- Shareholder Rights and Securing Impartiality

### Compliance [→](#)

---

- Approach and Policies
- Management
- Targets and Results
- Initiatives

## Risk Management



---

Approach and Policies  
Management  
Targets and Results  
Initiatives

## Supply Chain Management



---

Approach and Policies  
Management  
Targets and Results  
Initiatives

# Corporate Governance

## Philosophy and Policies

### [Group Policy \(Governance\)](#)



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 with the "Basic Corporate Governance Policy" with the aim of improving the profitability of the entire group.

[Basic Corporate Governance Policy](#)

## Corporate Governance Report

[Corporate Governance Report](#)

(Last updated: January 4, 2023)

## Results

Meetings in FY2021

| Types of Meetings   | Number of meetings held | Types of Meetings         | Number of meetings held |
|---|-------------------------|---------------------------|-------------------------|
| Board of Directors  | 21                      | Budget Committee          | 11                      |
| Audit & Supervisory Committee                               | 12                      | Risk Management Committee | 7                       |
| Advisory Committee Relating to Nominations and Compensation | 7                       | Sustainability Committee  | 5                       |
| Management Committee  | 50                      | DX Strategy Committee     | 12                      |

※ reporting scope: Nomura Real Estate Holdings

## Attendance rate at meetings of the Board of Directors and the Audit & Supervisory Committee

|   | FY2018 | FY2019 | FY2021 | FY2022 |
|---|--------|--------|--------|--------|
| <b>Board of Directors (%)</b>   | 100    | 99.0   | 100    | 99.6   |
| <b>Of which External Directors (%)</b>  | 100    | 97.5   | 100    | 99.0   |
| <b>Audit &amp; Supervisory Committee (%)</b>  | 100    | 100    | 100    | 100    |
| <b>Of which External Directors who serve as Audit &amp; Supervisory Committee Members (%)</b> | 100    | 100    | 100    | 100    |

※ The meetings of the Board of Directors and the Audit & Supervisory Committee held after their appointment on June 24, 2021 are included.

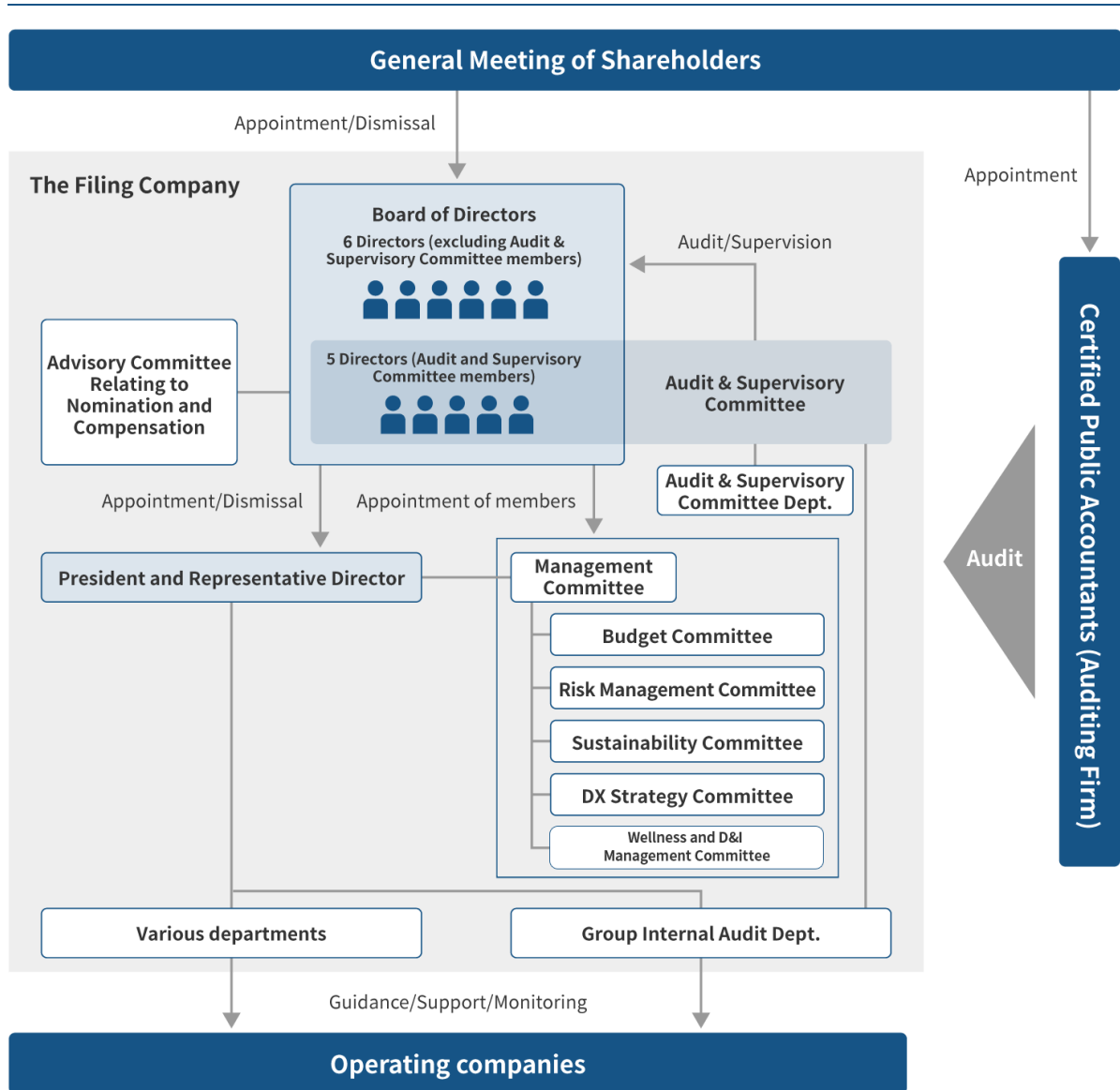
## Attendance of external directors at meetings of the Board of Directors and the Audit & Supervisory Committee held in fiscal 2021 (current external directors only)

|                        | Board of Directors                   | Audit & Supervisory Committee        |
|------------------------|--------------------------------------|--------------------------------------|
| <b>Yoshio Mogi</b>     | Attended all 21 of the meetings held | Attended all 12 of the meetings held |
| <b>Akiko Miyagawa</b>  | Attended all 21 of the meetings held | Attended all 12 of the meetings held |
| <b>Tetsu Takahashi</b> | Attended all 21 of the meetings held | Attended all 12 of the meetings held |

[For more details, see the ESG data \(Governance\).](#)

# Corporate Governance System

Chart of Corporate Governance System(As of 1 January, 2023)



## 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 six directors (excluding directors who serve as Audit & Supervisory Committee Members) and five directors who serve as Audit & Supervisory Committee

Members (of which three are external directors). The Company appoints 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, three out of the 11 directors are independent external directors.

[Board Members](#)

## Audit and Supervisory Committee

Nomura Real Estate Holdings has an Audit and Supervisory Committee that comprises a majority of external directors and is responsible for management oversight. The Audit & Supervisory Committee monitors business management and performs audits utilizing the Company's internal control system. We have developed a system through which the Committee receives periodic reports on internal audits and results from the Internal Audit Dept., and has the authority to ask directors, executive officers, and operating divisions of the Company and Group companies to report such matters when necessary. Audit & Supervisory Committee Members can attend the Company's important meetings, including those of the Management Committee, gather information on the business execution, and express their opinions so that an effective system for audits and supervision is secured.

### Audit & Supervisory Committee (5 Members, Including 3 Independent External Directors)

| Name                              | Attribute                     |
|-----------------------------------|-------------------------------|
| <b>Hiroyuki Kimura (Chairman)</b> | Full-time                     |
| <b>Yasushi Takayama</b>           | Full-time                     |
| <b>Yoshio Mogi</b>                | Independent External Director |
| <b>Akiko Miyagawa</b>             | Independent External Director |
| <b>Tetsu Takahashi</b>            | Independent External Director |

## Advisory Committee Relating to Nominations and Compensation

The Company established the Advisory Committee Relating to Nominations and Compensation, as an advisory body to the Board of Directors, where the majority of members are comprised of independent external directors, to strengthen the objectivity and independence of functions of the Board of Directors in relation to nomination and compensation of the directors and executive officers. 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.

## Advisory Committee Relating to Nominations and Compensation (3 Members, Including 2 Independent External Directors)

| Name                              | Attribute  |
|-----------------------------------|--|
| <b>Tetsu Takahashi (Chairman)</b> | Independent External Director and Audit & Supervisory Committee Member |
| <b>Shoichi Nagamatsu</b>          | Chair and Director   |
| <b>Yoshio Mogi</b>                | Independent External Director and Audit & Supervisory Committee Member |

## Management Committee

---

The Company has introduced a system of executive officers with an aim to strengthen Group management by separating and enhancing the business execution function from the management 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 and representative director and policies approved by the Board of Directors of the Company.

The Management Committee, which is comprised of the chief executive officer, the executive vice president and executive officers, determines certain matters regarding the execution of business at overall Group companies. The chairman 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.

#### a. Budget Committee

For the compilation of budgets, preparation of Mid-to Long-term Business Plan, and other matters, the Committee discusses the planning, exercise, and other matters regarding budgets and Mid-to Long-term Business Plan as a subordinate organization of the Management Committee.

#### b. 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.

#### c. Sustainability Committee

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



#### d. DX Strategy Committee

The Committee discusses matters on DX strategy and investment plans for preparing the ICT base and establishing information systems with the aim of establishing policies and plans regarding the promotion of DX and improving the ICT environment and its effective use.

#### e. Wellness and D&I Management Committee

The Committee discusses mid-to long-term goals and various measures related to promoting wellness, work style reforms, promoting the empowerment of women, and utilization and active participation of the Group's diverse human resources in order to maintain and improve sound, comfortable workplace environments in which people can work with vigor and achieve wellness, and also to enhance efforts for formulating human resource development policies and promoting internal environment development for ensuring diversity.

## 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. The average tenure of the directors is 3.16 years (as of January 1, 2023).

### Criteria for Determining Impartiality of Independent External Directors

---

The Company has established the following criteria for determining Impartiality of independent external directors.

#### **Criteria for Determining the Impartiality of Independent External Directors**

Excerpt from Article 14 of the Basic Corporate Governance Policy

Article 14: In addition to Independent Director impartiality criteria set by the Tokyo Stock Exchange, the Board of Directors establishes criteria concerning the impartiality of Independent External Directors and nominates Independent External Directors having confirmed that they do not correspond to any of the following items.

- (1) Individuals who execute business for any other company with which the Company or our subsidiaries have a reciprocal employment relationship as each other's External Directors;
- (2) Individuals who are employees of the Company's or our subsidiaries' major business partners\*<sup>1</sup> or who are employees at companies that consider the Company or our subsidiaries to be their major business partner\*<sup>1</sup> (or individuals involved in the execution of business if such business partner is a corporation);
- (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million in addition to Directors compensation from the Company or subsidiaries during the most recent business year;
- (4) Individuals affiliated to companies, etc., that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains\*<sup>2</sup> from the Company or subsidiaries;
- (5) Individuals who are or were involved in the execution of business at one of the Company's major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
- (6) Close relatives of individuals stated in (1) to (5).

\*1. A Major business partner means a business partner whose transactions with the Group exceed 2% of the Company's or such business partner's annual consolidated sales in the most recent business year.

\*2. Large sums of money or other property gains means gains that exceed 2% of the annual consolidated sales of that companies, etc., in the most recent business year.

|                               |  |
|-------------------------------|--|
| <b>Name</b>                   | Yoshio Mogi  |
| <b>Reason for Appointment</b> | Yoshio Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been selected as an external director as Audit & Supervisory Committee member because it is expected that his extensive experience and knowledge 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 him as an independent director specified by the Tokyo Stock Exchange as there is no risk of conflict of interest with general shareholders. |

|                               |  |
|-------------------------------|--|
| <b>Name</b>                   | Akiko Miyagawa   |
| <b>Reason for Appointment</b> | Akiko 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. She has been selected as an external director as Audit & Supervisory Committee member because it is expected that her extensive experience and knowledge 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, although she has no previous experience directly involved in the management of a company other than as an external officer. Furthermore, based on her attributes and relationship with NREH, we determined her as an independent director specified by the Tokyo Stock Exchange as there is no risk of conflict of interest with general shareholders. |

|                               |  |
|-------------------------------|--|
| <b>Name</b>                   | Tetsu Takahashi  |
| <b>Reason for Appointment</b> | 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 him as an independent director specified by the Tokyo Stock Exchange as there is no risk of conflict of interest with general shareholders. |

### Approach to Diversity of the Board of Directors

In order to ensure the necessary balance and diversity as a holding company that oversees companies operating in a wide range of fields, it is our policy to appoint diverse directors with a variety of knowledge, experience, and ability, regardless of gender, race, nationality, or cultural background.

### Assessing the Effectiveness of the Board of Directors

For the Assessment of the Effectiveness of the Board of Directors in fiscal year ended March 2022 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 third-party evaluation organization. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

|             | Results of analysis and assessment  |                                     |
|-------------|---|-------------------------------------|
|             | Highly regarded points  | Issues, future improvement measures |
| 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 enhanced through the opinions, etc., from external directors. | —                                   |

|                        |   |  |
|------------------------|---|--|
| Operation              | The Board of Directors has been operating stably with materials provided beforehand and the number of agenda items being balanced.  | In order to provide further clarification of the discussion points regarding explanations on agenda items and materials, it is necessary to continue to work on improvements.  |
| Matters for discussion | The Company makes efforts to enhance discussion aimed at improving governance and risk management through progress management, etc. using a "Priority Issue List" set up for organizing the issues that need to be monitored by the Board of Directors. | The Company recognizes that strategic discussions that require a medium-to long-term perspective need to be enhanced further. For the fiscal year ending March 2023, the Company has designated "enhancement of strategic discussions" and "optimization of governance" as priority measures, as in the previous fiscal year, and it will promote initiatives aimed at further improving corporate value and strengthening corporate governance. |

Going forward, the Company will regularly grasp areas for improvement by conducting an assessment of the effectiveness of the Board of Directors each year and will further improve the effectiveness of the Board of Directors.

## Compensation Plan of Directors

### Outline of Compensation Plan of Directors

---

At a meeting of the Board of Directors, the Company has adopted a resolution on a policy for deciding the details of the compensation, etc. for each individual director excluding Audit & Supervisory Committee members. In addition, the Company established the Advisory Committee Relating to Nominations and Compensation, where the majority of members composing that body are independent external directors, and the Board of Directors resolved the operation, etc. of the compensation plan for the directors, based on the deliberation by the Committee and on the Committee's opinion reported to the Board of Directors.

Furthermore, the Board of Directors has judged that the compensation, etc. for each individual Director in the fiscal year ended March 2022 is in line with this policy regarding decisions of compensation, etc. as it has confirmed that the method for deciding the details of compensation, etc. and the details of the compensation, etc. that were determined are consistent with this policy regarding decisions of compensation, etc.

The decision policies in (1) to (6) below are as of the date of submission of the annual securities report

(June 24, 2022), and the compensation of External Directors for the fiscal year ended March 2022 consists only of “base compensation.” In addition, since 2019, the Company have incorporated initiatives for addressing environmental and social issues, including climate change, into the performance evaluation of officers.

(1)Basic policy

1. Compensation for Directors consists of a structure that is linked to the Mid- to Long-term Business Plan, etc. in order to sufficiently work as an incentive for the sustainable improvement of corporate value, and the Company’s basic policy in deciding compensation for each Director is to provide an appropriate level of compensation according to the role and position as a director.
2. Operation and revision of the compensation plan for Directors and the amount of the compensation for Directors are determined by the Board of Directors based on the deliberation by the Advisory Committee Relating to Nominations and Compensation and its opinion reported to the Board of Directors.
3. In reviewing the appropriateness of the compensation level and the content of the share-based compensation plan, the Company takes consideration of factors such as the size of the Company and business characteristics, after obtaining advice from an external compensation consultant as necessary.
4. Compensation of Directors concurrently serving as Executive Officers consists of “base compensation,” “bonus” and “share based compensation” so that it works as a clear incentive to improve performance not only for the short-term, but also for the medium- to long-term.
5. Compensation of the Chair and Director and External Directors is made up of the “base compensation” and the “restricted shares (“RS”) portion of share-based compensation,” taking into account the sharing of interests with shareholders, since the Chairman of the Board of Directors is responsible for supervising execution of business from an objective standpoint and also for enhancing long-term corporate value.
6. Compensation of Part-time Internal Directors consists only of “base compensation” due to their role of supervising the business execution from an objective standpoint.

(2)Policy regarding decisions on the percentage of each type of compensation for each Director

1. The composition ratio of each type of compensation for Directors concurrently serving as Executive Officers is decided based on 2. and 4. in (1) above.
2. The composition ratio of each type of compensation for the Chair and Director and External Directors is decided based on 2. and 5. in (1) above.
3. Compensation of Part-time Internal Directors consists only of “base compensation” based on 2. and 6. in (1) above.

(3)Policy regarding decisions on the amount of fixed compensation (base compensation) for each Director (including the policy regarding decisions on the timing and conditions for paying compensation)

1. The amount of fixed compensation (base compensation) for each Director shall be determined according to the role and position as a Director.
2. The fixed compensation (base compensation) shall be paid monthly.

(4) Policy regarding decisions on the details of variable compensation (bonus and share-based compensation) for each Director and the calculation method for the monetary amount or number of shares (including the policy regarding decisions on the timing and conditions for paying compensation)

Bonus:

1. The amount of bonus is determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals.
2. While largely focusing on the above evaluations, the Company will also evaluate its performance using non-financial indicators (sustainability factors, etc.). The fiscal years subject to such evaluations shall be from the fiscal year ending March 2023.
3. The evaluation of individuals evaluates the progress of initiatives for single-year and the medium- to long-term, for which achievements are difficult to measure based only on the figures of financial results.
4. It shall be paid at a certain time after the end of each fiscal year.

Reference: The Company revised the policy regarding decisions of the details of the compensation, etc. for each of the Directors excluding Audit & Supervisory Committee Members from the fiscal year ending March 2023, deciding that the details and calculation method for performance indicators, etc., relating to bonuses, which are monetary compensation, would retain a central emphasis on evaluation of performance in terms of consolidated business profit, etc., but would also include an evaluation by non-financial indicators (sustainability factors, etc.). The purpose of this change is to promote initiatives aimed at increasing corporate value over the medium to long term through increasing Directors' awareness of sustainability, and in the fiscal year ending March 2023, the Company plans to conduct an evaluation based on BEI\* as a non-financial indicator.

\*Building Energy-efficiency Index. An index for evaluating the energy-efficiency performance of buildings based on the energy efficiency standards under the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act). It represents the primary energy consumption standard for buildings.

Share-based compensation:

1. The performance-based compensation adopts performance-sharing ("PS") providing incentive for enhancement of medium- to long-term performance, and implements, after three years of the commencement of each business year, delivery or payment ("delivery, etc.") of the Company's shares and/or an amount equivalent to the proceeds of converting the Company's shares into cash (the "Company Shares, etc.").
2. The non-performance-based portion 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.
3. The 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 directors for each fiscal year during the covered period is calculated by dividing the amount of pre-determined 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. For the achievement-linked coefficient, the target ranges (0-200%) are 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, out of the management benchmarks listed in the Mid- to Long-term Business Plan.

●RS portion

The number of points (the “Number of RS Points”) to be granted to directors and added for each fiscal year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust.

(5) The method for determining the details of compensation for each director, etc.

1. The determination of the specific details of the amount of base compensation and bonuses, both of which are monetary compensations, to be paid out is delegated to the president and representative director based on a resolution of the Board of Directors.
2. The payment level shall be deliberated by the Advisory Committee Relating to Nominations and Compensation for the appropriate exercise of the authority stated in (1) above by the president and representative director.

(6) Other important matters concerning individual compensation

Regarding share-based compensation, the Company formulated “share delivery regulation” to handle repayment claims at an amount equivalent to the Company Shares, etc. to be delivered, etc. in the event that specific circumstances (improper conduct, etc.) occur.

Reference: In the event of serious misconduct or violation by a director, the Company may demand the loss or forfeiture of the right to receive the Company Shares, etc., provided to the relevant director under this system (malus), or demand repayment at an amount equivalent to the Company Shares, etc., that have been delivered (clawback).

## Compensation for Each Category of Executive

FY2021

|  |   | Directors (excluding Directors who also serve as Audit & Supervisory Committee Members) (excluding External Directors) | Directors (Audit & Supervisory Committee Members) (excluding External Directors) | External Directors |
|--|---|--|--|--------------------|
| Total Amount of Compensation, etc. (Million Yen)                         |   | 562  | 102  | 71                 |
| Base Compensation (Million Yen)  |   | 275  | 102  | 71                 |
| Bonus (Performance-based Incentives, etc.) (Million Yen)                 |   | 118  | —  | —                  |
| Share-based Compensation (Non-monetary Compensation, etc.) (Million Yen) | Performance-based Portion (Million Yen)     | 97   | —  | —                  |
|  | Non-Performance-based Portion (Million Yen) | 71   | —  | —                  |
| Number of Directors Applicable   |   | 9  | 3  | 6                  |

1. The number of directors (excluding directors as Audit & Supervisory Committee Members) (excluding External Directors) is five as of the end of the fiscal year ended March 2022. The reason for the difference with the “Number of directors applicable” above is the fact that three persons who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021 are included, and that as of the end of the fiscal year ended March 2022, one Director (Audit & Supervisory Committee Member) of the Company served as an Executive Director in the past, and that the amount of share-based compensation (performance-based portion) allotted during the relevant period was confirmed in the fiscal year ended March 2022.
2. The number of Directors (Audit & Supervisory Committee Members) (excluding External Directors) is two as of the end of the fiscal year ended March 2022. The reason for the difference with the “Number of directors applicable” above is the fact that one Director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021 is included.
3. The number of External Directors is five as of the end of the fiscal year ended March 2022. The reason for the difference with the “Number of directors applicable” above is the inclusion of one who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2021.
4. The compensation amount (“base compensation” and “bonus”) of Directors has been set as no greater than ¥550 million per year for Directors (excluding directors as Audit & Supervisory Committee Members) according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018, and at the time of the resolution, the number of Directors (excluding Directors as Audit & Supervisory Committee Members) was eight (of which, two were External Directors).



Furthermore, the compensation amount of Directors (Audit & Supervisory Committee Members) is limited to up to ¥170 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2020. The number of Directors as Audit & Supervisory Committee Members at the time of the resolution was six (including four External Directors). Of that compensation amount, the Company pays the compensation shown in the table above. The compensation amount of Directors is shown as the amount recorded by the Company as an expense during the fiscal year ended March 2022 regardless of whether it was paid during the fiscal year ended March 2022.

- Separately from the compensation amount of Directors shown in 4. above, the Company introduced a performance-based share-based compensation plan for Directors (excluding External Directors and Directors as Audit & Supervisory Committee Members) in accordance with a resolution approved at the Ordinary General Meeting of Shareholders held on June 26, 2018. Under the terms of the Plan, the Company's contribution to a trust as compensation for Directors (excluding External Directors and Directors as Audit & Supervisory Committee Members) is limited to an amount of not more than ¥730 million over the relevant period of three fiscal years, and the number of Directors (excluding Directors as Audit & Supervisory Committee Members) who were subject to the Plan at the time of the resolution was six (excluding two External Directors). Of that compensation amount, the Company pays the compensation shown in the table above.

The amount paid as “share-based compensation, etc. (non-monetary compensation, etc.)” above includes performance-based share-based compensation recorded as an expense for the fiscal year ended March 2022. By the resolution of the Ordinary General Meeting of Shareholders held on June 24, 2022, the three fiscal years starting from the fiscal year ending March 31, 2023, were made the new covered period (and in the event that the extension of the period is carried out, the three subsequent fiscal years shall become the covered period), and a maximum amount of ¥1,650 million and 672,000 shares to be contributed to the trust as compensation to Directors (excluding Directors as Audit & Supervisory Committee Members) (including a maximum amount of ¥9.90 million and 4,030 shares for each External Director for every three fiscal years). At the time of the resolution, the number of Directors (excluding Directors as Audit & Supervisory Committee Members) subject to the Plan is seven.

- With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to bonuses, which are monetary compensation, the calculation method of such bonuses and the reasons for selecting these indicators are as stated in the “II-1. Organization Structures and Organizational Operations [Compensation of Directors] Disclosure of Policy Determining the Amount and Calculation of Compensation” of Corporate Governance Report. The actual results that pertain to performance indicators are as presented in the table below.

|                     | Fiscal year ended<br>March 2020 | Fiscal year ended<br>March 2021 | Fiscal year ended<br>March 2022 |
|---------------------|---------------------------------|---------------------------------|---------------------------------|
| Business profit     | 82,833 million yen              | 76,448 million yen              | 92,765 million yen              |
| Year-on-year change | +4.0%                           | -7.7%                           | +21.3%                          |

7. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to share-based compensation, etc., the calculation method of such share-based compensation, etc. and the reasons for selecting these indicators are as stated in “Outline of compensation plan of Directors”. The ranges of performance indicators were decided as presented in the tables below.

(The ranges for the fiscal year ended March 2021, the third year from the start of the system in the fiscal year ended March 2019)

|                               | Range                              |   | Performance        |
|-------------------------------|------------------------------------|---|--------------------|
| Performance-based coefficient | 0%~200%                            | ⇒ | 22.0%              |
| Business profit               | 75,400 million-105,600 million yen |   | 76,448 million yen |
| ROE                           | 6.5%~12.5%                         |   | 7.4%               |

(The ranges for the fiscal year ended March 2022, the third year from the start of the system in the fiscal year ended March 2020)

|                               | Range                             |   | Performance        |
|-------------------------------|-----------------------------------|---|--------------------|
| Performance-based coefficient | 0%~200%                           | ⇒ | 127.0%             |
| Business profit               | 70,800 million-99,200 million yen |   | 92,765 million yen |
| ROE                           | 6.5%~12.5%                        |   | 9.2%               |

8. Non-monetary compensation, etc., consists of the Company's shares, etc., and the conditions, etc., for delivery are as stated in the “Outline of compensation plan of Directors” above.
9. As stated in the “Outline of compensation plan of Directors” above, the decisions on the specific details concerning the amounts of base compensation and bonuses, both of which are monetary compensation, to be paid out are delegated to the President and Representative Director Eiji Kutsukake based on a resolution of the Board of Directors. Therefore, the president and representative director shall decide the details. The reason for this delegation to the president and representative director is that the Company has judged the president and representative director as appropriate to conduct the individual evaluation of each director while considering, among other things, performance of the Company overall. The payment level is deliberated by the Advisory Committee Relating to Nominations and Compensation for the appropriate exercise of the decision authority delegated to the president and representative director.

## Shareholdings by Directors

---

The Company has a compensation plan for granting Company shares to directors (excluding Audit & Supervisory Committee members, and external directors) to provide an incentive to increase corporate value over the medium to long term and share the interests of the Company's shareholders.

## Total Consolidated Compensation, etc., for Those Receiving Total Consolidated Compensation of 100 Million Yen or More

---

| Name           | Director category | Payer          | Total amount of compensation, etc. (million yen) | Base compensation (million yen) | Bonus (Performance-based incentives, etc.) (million yen) | Share-based compensation (Non-monetary compensation, etc.) |   |
|----------------|-------------------|----------------|--|---------------------------------|--|--|---|
|                |                   |                |  |                                 |  | Performance-based portion (million yen)                    | Non-performance-based portion (million yen) |
| Eiji Kutsukake | Director          | Filing company | 171  | 64                              | 44   | 47   | 15  |

※ The payment amount in "Share-based compensation (Non-monetary compensation, etc.)" is the amount recorded as an expense for the fiscal year ended March 2022.

## Internal control system

### Internal control system

---

Nomura Real Estate Holdings has established the Board of Directors, the Audit and Supervisory Committee, and the Advisory Committee Relating to Nominations and Compensation 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.

[Click here for more details](#)

## Compliance System

---

The Group regards compliance, including the observance of laws and regulations and corporate ethics, as one of our most important management issues. As a set of relevant guidelines, the Company has formulated the Nomura Real Estate Group Code of Action. We have established the Risk Management Committee and Group Legal & Compliance Department in the Company to promote continuous education and enlightening activities for the executives and employees of the entire Group, and to provide advice, guidance, and support to Group companies.

Furthermore, based on our priority of collecting information regarding risks, the Company has set up the Nomura Real Estate Group Helpline as a point of contact for internal reporting by Group employees. The Company imposes confidentiality obligation on employees who are involved in the helpline business and prohibits unfair treatment for reporting an incident using the helpline.

[Click here for more details.](#)

## 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 functions 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 five members, two Audit & Supervisory Committee members (full-time) and three Audit & Supervisory Committee members (independent external directors). 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 2022, the committee held 12 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 the 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

Certified Public Accountant/ Designated and Engagement Partner Toshihiro Morishige

Certified Public Accountant/ Designated and Engagement Partner Kenji Sato

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 (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: 9

### 5. Policy and reasons for selection of Accounting Auditor

The Audit & Supervisory Committee has appointed an auditing firm based on the regulations stipulated by the Audit & Supervisory Committee and the criteria for evaluation and appointment of 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 Accounting Auditor shall be dismissed 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, and the appointment of a new Accounting Auditor at a General Meeting of Shareholders. The Audit & Supervisory Committee ensures the appropriateness of the procedures for evaluation and appointment of the Accounting Auditor, and prepares for the cases where the Company needs to appoint the new Accounting Auditor. On a regular basis, the Company requests business proposals for

accounting audits from the major auditing firms, and evaluates each business proposal through interviews, questions, etc., focusing on the quality control system and independence of the auditing firm, the audit implementation system, etc., and the estimated amount of audit fees.

#### 6. Evaluation of the Accounting Auditor by the Audit & Supervisory Committee

The Audit & Supervisory 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 criteria for evaluation and appointment of the Accounting Auditor, the Audit & Supervisory Committee judges it proper to reappoint the current auditing firm after having performed an evaluation from the aspects of the auditing 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 Concerning Strategic Shareholdings within the Basic Corporate Governance Policy for cross-held shares.

#### Basic Policy Concerning Strategic Shareholdings

Excerpt from "Basic Corporate Governance Policy"

##### Article 4

1. The Company has a Policy Concerning Strategic Shareholdings that acknowledges contributing to improving the Company's corporate value from a comprehensive perspective of strengthening transaction relations with counterparties and strategic business tie-ups, etc.
2. When holding strategic shares, the Company regularly grasps the state of transactions with the Group and the state of management at the investee company, and every year the Board of Directors examines the rationality of continuing to hold strategic shares from the perspective of contributing to improving the Company's corporate value. In addition, in light of the aforementioned examinations, when it is no longer rational to hold them, the Company sells said shares, taking into account market conditions and other factors.
3. The Company makes appropriate decisions when exercising voting rights relating to strategic shareholdings based on whether holdings contribute to improving the Company's corporate value through improving the investee companies' corporate value.

4. In the event that a company that holds the Company's shares as strategic shareholdings (a strategic shareholder) indicates that it intends to sell or otherwise transfer said shares, the Company will respond appropriately and will not obstruct said sale in any way, such as by raising the prospect that a reduction in transactions or the like may ensue.
5. Regardless of whether a given transaction is with a strategic shareholder, it will be carried out after its economic rationality is adequately examined, as is the case with all other counterparties.

## Approach and Policies

### Group Policy (Governance)

---

The Nomura Real Estate Group has positioned compliance with laws, regulations, corporate codes of conduct, and so on as a key management issue, in addition to the Group Policy, and formulated the Nomura Real Estate Group Code of Action as a compliance guide. Nomura Real Estate Holdings established the Risk Management Committee and Group Legal & Compliance Department, promotes ongoing education and training for officers and employees throughout the Group, and provides advice, guidance, and support to Group companies.

In an attempt to enhance its efforts, the Group signed and registered as a participating company in the United Nations Global Compact in May 2019. Based on the principles of the United Nation's global initiatives, the Group will remain committed to all types of anti-corruption activities including extortion and bribery.

### The Nomura Real Estate Group Code of Action

---

The Nomura Real Estate Group has formulated its 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 (Response to consultations and complaints from customers)

Article 13 (Appropriate disclosure and provision of information to customers)

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 to 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

[Management \(Governance\)](#)

---



## Compliance Promotion Framework

Nomura Real Estate Holdings has established the Risk Management Committee and 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.



## Results

### Results

The results of compliance promotion in fiscal 2021 are as follows.


#### Compliance Training in FY2021

|                                 | Target Participants        | Number of Events | Topic   | Number of Participants |
|---------------------------------|----------------------------|------------------|---|------------------------|
| Group-wide training (web-based) | All employees of the Group | Bi-monthly       | Corruption and bribery prevention and other matters |                        |

|                               |  |   |   |     |
|-------------------------------|--|---|---|-----|
| <b>Rank-specific training</b> | All officers of the Group                        | 1 | Key points of the revised Whistleblower Protection Act                  | 145 |
|                               | Compliance officers                              | 1 | Key points of the revised Act on the Protection of Personal Information | 15  |
|                               | All Group supervisors and compliance promoters   | 8 | Practicing "Being Right"  | 827 |
|                               | Newly promoted managerial employees of the Group | 1 | Compliance at the Nomura Real Estate Group                              | 148 |
|                               | Mid-career hires of the Group                    | 4 | Compliance at the Nomura Real Estate Group                              | 185 |

In addition, the following training courses were provided separately for overseas business personnel.

|                                    | Target Participants  | Number of Events | Topic                | Number of Participants |
|------------------------------------|--|------------------|----------------------|------------------------|
| <b>Training through e-learning</b> | New local hires at local subsidiaries                              | 1                | Basics of compliance | 8                      |
|                                    | Newly appointed overseas business personnel                        | 1                | Bribery prevention   | 18                     |
|                                    | Officers and employees in departments related to overseas business | 1                | Data compliance      | 94                     |
| <b>Online training</b>             | Officers and employees in departments related to overseas business | 1                | Bribery prevention   | 88                     |

 For more details, see the ESG data (Governance).

### Establishment of Group Consultation Points

The power harassment and sexual harassment hotline and the human rights desk accept consultations on harassment and human rights issues as points of contact for the Group. The number of major reports and consultations are summarized below.

|   |                                      | FY2018 | FY2019 | FY2020 | FY2021 | Scope                    |
|---|--------------------------------------|--------|--------|--------|--------|--------------------------|
| <b>Number of consultations received by the Group's points of contact</b> <sup>※</sup> |                                      | —      | —      | 45     | 39     |                          |
|   | <b>Consultations on harassment</b>   | —      | —      | —      | 26     | Nomura Real Estate Group |
|   | <b>Consultations on other issues</b> | —      | —      | —      | 13     | Nomura Real Estate Group |

※ Total number of consultations

## Nomura Real Estate Group Helpline

As of March 31, 2022, there are no pending lawsuits related to this helpline.

## Compliance with the Anti-Monopoly Act, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and Preventing Corruption and Bribery

Over the past four years since the end of March 2022, the Group has not been subject to any administrative penalties (fines or settlement payments) for violations of the Anti-Monopoly Act or the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. Furthermore, in fiscal 2021, there were no significant legal violations, fines, or penalties related to corruption or bribery including facility payments.

|  | FY2018 | FY2019 | FY2020 | FY2021 | Scope                    |
|--|--------|--------|--------|--------|--------------------------|
| <b>Fines related to the Anti-Monopoly Act (including other relevant laws) (yen)</b>    | —      | —      | 0      | 0      | Nomura Real Estate Group |
| <b>Investigations related to the Anti-Monopoly Act (including other relevant laws)</b> | —      | —      | 0      | 0      | Nomura Real Estate Group |
| <b>Corruption cases such as graft and bribery</b>                                      | —      | —      | 0      | 0      | Nomura Real Estate Group |
| <b>Investigations related to corruption cases such as graft and bribery</b>            | —      | —      | 0      | 0      | Nomura Real Estate Group |

### Measures on Non-Compliance

---

In fiscal 2021, there were no compliance violations that had a material impact on the Group's operations. Also, no employees were disciplined for violating the Anti-Corruption and Anti-Bribery Policy. Employees found to be in non-compliance will be subject to disciplinary action, including a reduction in salary, in accordance with the internal rules.

## Initiatives

### 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 Act and Public Offices Election Act as well as the laws and regulations of each individual country and check our actions under the Group Code of Action.

### Compliance Education Activities for Employees

---

The Group provides bimonthly web-based training on compliance for all Group employees, which in general covers the prevention of corruption. In addition, a handbook is distributed Groupwide for the purpose of deepening understanding of the Nomura Real Estate Group Code of Action, which describes corruption prevention and other matters.

## Preventing Bribery, Graft, and Corruption

---

The Group prohibits the provision of entertainment or gifts to business partners incompatible with social common sense and to public officials (including foreign public officials) in pursuit of self-interest.

### **Group Code of Action (excerpt from the section regarding 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 social common sense.
- No officer or employee shall use their professional position to request or accept benefits or favors from a business partner.

In terms of specific operations, we maintain records of when officers and employees have provided or received entertainment or gifts and they report them to supervisors.

The Risk Management Committee, a sub-organization of the Management Committee, regularly monitors, evaluates, and analyzes risks related to eliminating legal and regulatory violations, as well as unfair business practices, and to preventing corruption involving entertainment and gifts, as well as donations to politicians and political organizations. It also deliberates on basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence. In addition, a compliance promotor has been assigned to each department, office, and branch, and a system has been established to enhance the effectiveness of compliance activities in every workplace.

Apart from these measures, the Internal Audit Department conducts internal audits and operates an internal reporting system under which helplines have been exclusively established for employees of the Group and for suppliers, in an effort to detect bribery and other illegal acts at an early stage. The results of internal audits are regularly reported to the Board of Directors and Audit & Supervisory Committee.

[☐ Basic Policy on Prevention of Corruption Overseas](#)

## Corruption and Bribery Prevention Initiatives in Overseas Business

---

According to the Corruption Perceptions Index published by Transparency International, a non-governmental organization, the risk of corruption and bribery in our overseas operations is perceived to be higher than in Japan because many of the countries in which the Group operates are considered to be subject to a greater likelihood of corrupt practices. To address this, the Group 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 light of the fact that the ratio of overseas business

has increased dramatically since we established the policy, the Group has fully revised the policy in September 2022, believing that it is desirable for establishing an anti-corruption framework to more clearly demonstrate top management's stance on legal compliance by publicizing the details of the Group's anti-corruption policy and the implementation of its rules.

In line with the overall revision, the policy has been renamed the Basic Policy on Prevention of Corruption Overseas to include a clause prohibiting Group officers and employees from bribing private business partners and requesting entertainment and gifts that deviate from business customs. Under the revised policy, the Regulations on the Prevention of Bribery of Foreign Public Officials and the Anti-Bribery Guidelines have laid down specific rules on the provision of entertainment, gifts, and invitations, donations to foreign public officials, donations to foreign companies and organizations, and the use of agencies.

To avoid the risk of bribery, the Group follows a process in which the provision of entertainment, gifts, invitations, donations, and the use of agencies is approved by the executive officer in charge of the Legal & Compliance Department of Nomura Real Estate Holdings, only when they meet the strict requirements stipulated for each case under the guidelines and the monetary value standards determined by the laws and regulations of each country.

The above regulations also prohibit the payment of small amounts (facility payments) for the sole purpose of facilitating official procedures. When selecting a new business partner overseas, the Group makes every effort to prevent corruption. In addition to adopting anti-bribery clauses in contracts, we seek to understand the bribery risk of each country by referring to the above-mentioned Corruption Perceptions Index to conduct corruption and bribery due diligence and periodic reviews as needed, based on an overall consideration of the transaction type, shareholding ratio, degree of involvement of joint venture partners in land acquisition, transaction size, and other factors. In addition, the Group also conducts periodic training on the prevention of bribery for officers and employees involved in overseas business operations.

## **Anti-Bribery Guidelines for Overseas Business (Table of Contents)**

### **Chapter 1 General Provisions**

Article 1 Purpose

Article 2 Conduct Related to Duties

### **Chapter 2 Entertainment and Gifts**

Article 3 Notes on Entertainment and Gifts

Article 4 Acceptable Entertainment and Gifts

Article 5 Entertainment and Gifts at Joint Ventures

Article 6 In-house Socializing at Joint Ventures

### **Chapter 3 Invitation**

Article 7 Notes on Invitations

Article 8 Acceptable Expenses for Invitations

## Chapter 4 Donations

Article 9 Notes on Donations

## Chapter 5 Use of Agencies, etc.

Article 10 Notes on the Use of Agencies, etc.

## Chapter 6 Cases Not Involving Bribery

Article 11 Emergency Response

## Chapter 7 Special Notes

Article 12 Special Notes

Reference: Article 10. Notes on the Use of Agencies, etc.



### Informing Business Partners about Anti-bribery

---

To ensure fair and transparent business activities throughout the supply chain, the Group requests that suppliers understand and cooperate with the contents of the Nomura Real Estate Group Procurement Guidelines, which include items concerning fair business practices. The guidelines are always available on the website, and suppliers are notified of any revisions as they are made.

#### **Nomura Real Estate Group Procurement Guidelines (Excerpt)**

- In 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, related national and local laws and regulations, etc.
- Do not request, provide, or receive from suppliers entertainment or gifts that deviate from sound business customs and social norms.
- Exclude 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 completely reject any transactions with or unreasonable demands by such forces or groups.
- Comply with anti-monopoly, prevention of unfair competition, and intellectual property rights legislation and related laws and regulations and endeavor to fairly treat suppliers, competitors, and others without engaging in acts constituting abuse of a dominant market position, blocking of transactions, or other such conduct
- Do not infringe or improperly use copyright, patents, trademark rights, design rights, or other intellectual property rights.



- Do not participate in money laundering, embezzlement, fraud, or any other form of corrupt conduct.
- Carry out appropriate disclosure to customers and society and also endeavor to appropriately provide the necessary information.

### Implementing Fair Competition and Fair Trade, and Addressing Conflicts of Interest

---

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, Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and other laws and regulations. Moreover, in the selection of business partners, we strive to assess a wide range of factors comprehensively and fairly, including quality, price, track record, and reliability. Conflicts of interest are regulated by law from the viewpoint of ensuring the fairness of transactions, and the Group has established internal rules for avoiding conflicts of interest in accordance with the Companies Act. As a specific measure, when directors and executive officers engage in non-routine transactions with Nomura Real Estate Holdings or its Group companies, prior approval is required from the Board of Directors or the Management Committee as necessary. Non-routine transactions with our major shareholders, their parent Company, affiliates, or subsidiaries must also undergo an approval process or reporting with the Board of Directors or the Management Committee, as necessary.

### Excluding Anti-social Forces from Business Relationships

---

The Nomura Real Estate Group has established Article 29 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 a department to ensure organizational responses by Nomura Real Estate Holdings and are collaborating with Group companies. We have appointed personnel responsible for preventing improper requests at 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.

## Guidelines on Social Media

---

The Nomura Real Estate Group Code of Action stipulates that all officers and employees must exhibit an awareness of being a member of society and exemplify a high level of ethics following the norms of society at all times. We implement periodic activities, including compliance training, which are intended to raise awareness and provide information on areas of caution and risks relating to the posting information on social media. We have also disclosed the Group's Social Media Policy.

[☞ The Group's Social Media Policy \(Japanese only\)](#)

## 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.

The Group also distributes the Nomura Real Estate Group Procurement Guidelines to its business partners and requests their compliance with fair business practices. In fiscal 2021, we conducted a survey to monitor 191 companies that ranked high in terms of the value of their annual transactions with the Group during the fiscal year, including construction and maintenance companies. We also engaged directly with ten of these companies. Looking ahead, will continue to work closely with suppliers to ensure compliance.

[☞ Nomura Real Estate Group Procurement Guidelines](#)

## The Nomura Real Estate Group Risk Helpline

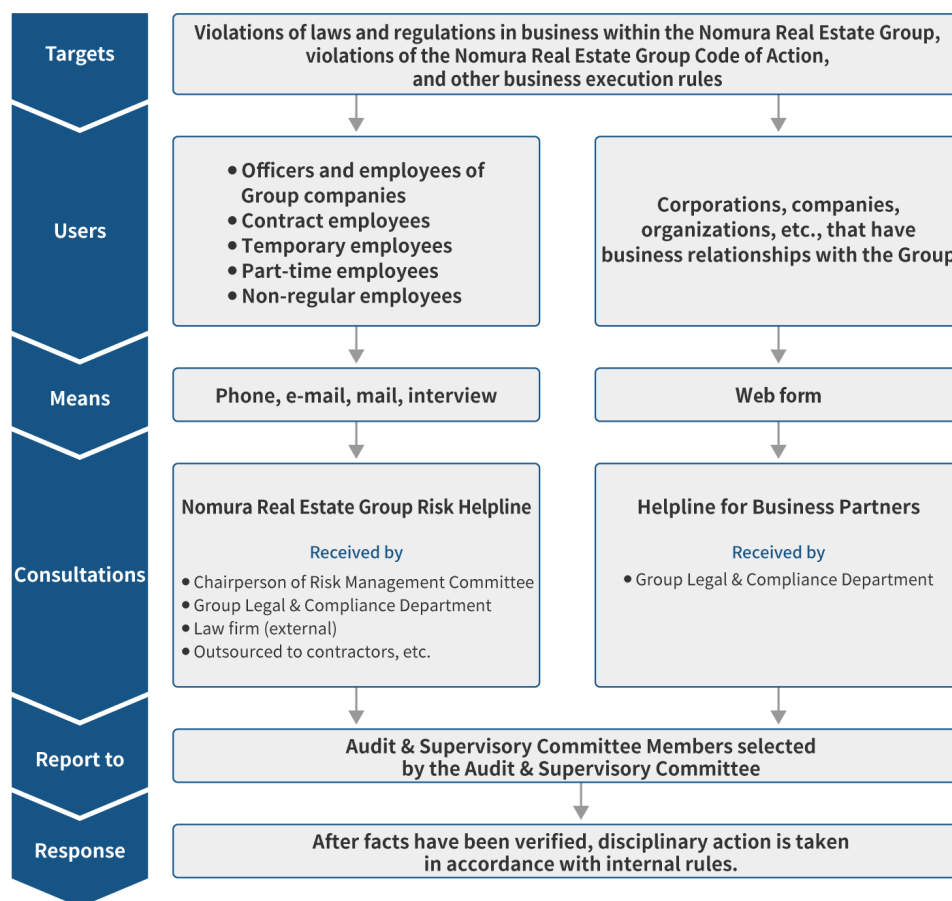
---

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 establish a system for appropriately responding both to consultations and reports on legal violations, misconduct, money laundering, bribery, embezzlement, fraud, or any other corrupt conduct committed at the organizational or individual level. We have established internal points of contact (Risk Management Committee chairperson and Group Legal & Compliance Department) and external points of contact (lawyers and outsourcing contractors) to make it easy for informants and users to use the helpline. For overseas offices, we have a system for responding to consultations and reports in the language of the relevant countries. 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 order to carry out fair transactions with corporate customers and others with whom we have a business relationship, we have also established the Helpline for Business Partners for their use.

The Risk Management Committee chairperson reports the received consultations and reports to Audit & Supervisory Committee members selected by the Audit & Supervisory Committee, who promptly investigate, verify facts, and mete out strict punishment for any serious violations, in accordance with internal rules.

 [Helpline for Business Partners \(Japanese only\)](#)



### Basic Approach to Tax Matters

The Group is committed to enhancing tax transparency by ensuring that each Group company takes the initiative to comply with all laws and regulations, pay appropriate taxes in all countries in which they operate, and refrain from activities intended to avoid taxation, such as unfair tax planning, use of tax havens, and transfer pricing manipulation.

We maintain sound and normal relationships with tax authorities in various countries, and do not provide unfair advantages. In the event of any disagreements with tax authorities, we strive to resolve any issues by engaging in constructive communication and taking appropriate measures.

## Management System for Tax Matters

---

Each Group company takes the initiative in understanding the taxation system and taking appropriate measures. When revisions in the tax system significantly impact the Group, details are closely examined and reported to the Management Committee, which is responsible for integrated management. In our overseas operations, revisions in the tax system of countries in which we operate are confirmed and periodically reported to the Overseas Business Monitoring Committee. Furthermore, the Monitoring Committee reports its findings to the Management Committee and the Board of Directors as needed.

### Tax Payments by Country and Region (FY2021)

| Country/Region | Amount (Million Yen) |
|----------------|----------------------|
| Japan          | 25,343               |
| UK             | 96                   |
| Vietnam        | 56                   |
| Thailand       | 3                    |
| Ireland        | 1                    |
| China          | 0.8                  |
| Hong Kong      | 0.5                  |
| Singapore      | 0.4                  |
| <b>Total</b>   | <b>25,563</b>        |

Source: Country-by-Country Report (CbCR)

# Risk management

## Approach and Policies

### Group Policy (Governance)

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, it has established the Risk Management Regulations, in addition to the Group Policy.

As its basic policy in the Risk Management Regulations, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories: investment risk, external risk, disaster risk, and internal risk. Among them, the risks listed below are regarded as important ones that should be managed, and effective and efficient risk management is provided according to the scale and characteristics of each. These include economic, environmental, geopolitical, and other risks that manifest themselves over the medium to long term. In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group is promoting the management of and response to climate-related risks.

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
- Other major risks that should be managed by the Group

### Main Risks

| Risk categories          |  | Main risk items  |
|--------------------------|--|--|
| A:<br>Investment<br>risk | Risks related to individual investments (real estate investments, strategic investments (M&A), etc.) | 1. Risks associated with real estate investment                        |
|                          |  | 2. Risks associated with strategic investment (M&A) and new businesses |

|                         |   |  |
|-------------------------|---|--|
| <b>B: External risk</b> | <b>Risks related to external factors influencing business</b>                                     | 3. Risks associated with market changes  |
|                         |   | 4. Risks generated by changes in economic conditions   |
|                         |   | 5. Risks generated by changes in political/social conditions/systems (law, tax systems, accounting, others)  |
|                         |   | 6. Risks due to lagging behind in innovation and changes in the structure of society related to the business   |
| <b>C: Disaster risk</b> | <b>Risks generated by disasters that have a large impact on customers and business continuity</b> | 7. Risks related to disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity |
| <b>D: Internal risk</b> | <b>Operational risks occurring at the Company and each group company</b>                          | 8. Risks related to the violation of laws and ordinances   |
|                         |   | 9. Risks related to quality defects  |
|                         |   | 10. Risks related to occurrence of information system crisis   |
|                         |   | 11. Risks from inadequate responses to matters related to human resources  |
|                         |   | 12. Risks related to occurrence of fraud and negligence  |

 [Special Feature: Response to the Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

## Management

[Management \(Governance\)](#) 

### [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, and regularly report the details to the Board of Directors.

|  |  |
|--|--|
| <b>A: Investment risk</b><br><b>B: External risk</b> | Directed, monitored, and provided guidance by the Management Committee, which is the integrated management body.   |
| <b>C: Disaster risk</b><br><b>D: Internal risk</b>   | Regularly monitored, evaluated, and analyzed by the Risk Management Committee and established as a subordinate organization of the Management Committee. Basic response policies regarding risk prevention, response when risk occurs, prevention of recurrence, etc., are discussed by the Risk Management Committee. |

## Risk Management Committee

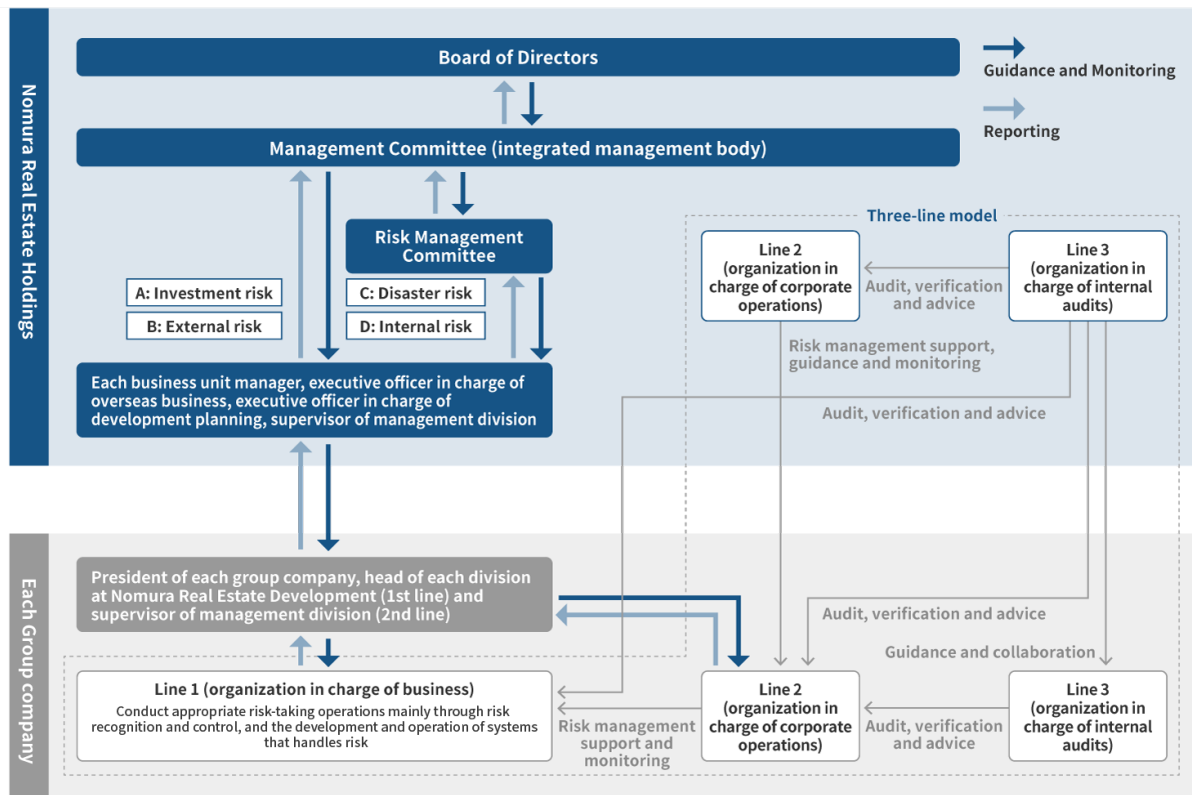
---

The Risk Management Committee, a subordinate body of the Management Committee, consists of directors and executive officers of Nomura Real Estate Holdings and each Group company appointed by the Board of Directors and is chaired by the officer in charge of the Group Legal Compliance Department (an executive officer of Nomura Real Estate Holdings). We also established the Group Risk Meeting, consisting mainly 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.

### Risk Management System (Conceptual Diagram)

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 presidents of the Group companies (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, we have established an appropriate defense line.

The risk management system refers to ISO 31000 and the risk management framework of The Institute of Internal Auditors (IIA)—Japan.



For further details, refer to pages 10 to 19 of the Financial Report.

## Results

### Risk Management Committee and Group Risk Liaison Committee Meetings Held

| Item                    | FY2018 | FY2019 | FY2020 | FY2021 |
|-------------------------|--------|--------|--------|--------|
| Number of meetings held | 12     | 12     | 13     | 13     |



Risks of particular focus (in fiscal 2022) in the risk categories are as follows.

| Risk categories Main risk items | Risk categories Main risk items   |
|---------------------------------|---|
| <b>A: Investment risk</b>       | <ul style="list-style-type: none"> <li>• Risk that the Company will not earn the expected profits due to an increase in construction expenses caused by soaring materials prices</li> <li>• Risk of profitability deterioration and delays in anticipated project schedule occurring in projects with long-term project timeframes and large investment budgets, such as redevelopment projects</li> <li>• Risk of inability to secure the expected business volume and slowing profit growth due to intensifying competition for land acquisition, etc.</li> </ul>   |
| <b>B: External risk</b>         | <ul style="list-style-type: none"> <li>• Risks arising from the impacts of prices for housing sales and property sales due to changes in Japan's real estate market and financial conditions</li> <li>• Risk arising from deterioration in profitability and delay in profit recovery timing in overseas business due to deterioration in economies and real estate markets in countries overseas</li> <li>• Risk of a reduced strength of the Company's businesses due to delays in response to changes in lifestyles and values, response to accelerating advances in digital technology, and response to sustainability, etc.</li> </ul> |
| <b>C: Disaster risk</b>         | <ul style="list-style-type: none"> <li>• Risk of inability to continue business due to increasingly severe natural disasters such as earthquakes, typhoons, and torrential rains</li> </ul>   |
| <b>D: Internal risk</b>         | <ul style="list-style-type: none"> <li>• Risk due to inadequate design and construction in the real estate development business</li> <li>• Risk due to delay in preparing personnel systems to secure diverse human resources and enable human resources to continue playing an active role</li> <li>• Risk due to information leak by cyberattack, impact on business continuity, and incurrence and expansion of damage, etc.</li> </ul>  |

## Initiatives

### 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 (concurrently held by the officer in charge of internal audit and compliance, who serves as chairperson of the Risk Management Committee), a document information officer (general manager of the Group Legal Compliance Department) and an electronic information officer (general manager of the DX & Innovation Management Department) as administrators to maintain and improve the level of systemic information management and security.

Furthermore, 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, the Group is striving to strengthen information security within the Company by creating and applying its Information Handling Guidelines. These guidelines provide instructions on storage and management methods for important information, response to information leaks, response to information system loss, and other issues.

### 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 it manages customers' personal information with great care in accordance with the Act on the Protection of Personal Information and related laws and regulations.

 [Personal Information Protection Policy](#)

### Risk Management Relating to Society and the Environment

---

The Group is also aware of risks relating to social and environmental issues. The details are reported to the Sustainability Committee (chaired by the president and Group CEO of Nomura Real Estate Holdings), which is made up of directors and others from Nomura Real Estate Holdings and Group companies. Important issues are reported to the Board of Directors, which deliberates on how to deal with them. In fiscal 2021, the committee discussed issues including the Group's Renewable Energy Policy and Sustainability Policy, reported three times to the Board of Directors, and was granted approval on one issue.

#### Issues reported

- Renewable Energy Policy
- Formulation of the Sustainability Policy
- First-half activity results and second-half policy, FY2020 environmental data and variance analysis report

#### Issue approved

- Formulation of the Nomura Real Estate Group Human Rights Policy

 Sustainability Management

### Provision for Lawsuits Involving Violations of Laws and Regulations, and Environmental, Social, and Governance (ESG) Issues

---

There were no significant provisions at the end of March 2022 related to fines and settlements incurred in the future arising from cases prior to fiscal 2021.

### Inquiry Desks

---

Inquiry 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 risk information gathered at these 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

---

The Group formulated a business continuity plan (BCP) in anticipation of a major earthquake in the Tokyo Metropolitan region. The BCP 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 Response Headquarters participating. During the drill, implementation of initial responses specified in the BCP (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 an earthquake and other emergencies.

## 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 has been implementing a basic policy for response based on the BCP that had been formulated to respond to a new influenza pandemic.

For further details, refer to the following.

- [☐ Group Response to Spread of COVID-19 \(Japanese only\)](#)
- [☐ Creating Pleasant Workplace Environments \(Initiatives for Wellness Management\)](#)

## 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 it conducts safety confirmation drills for Group officers and employees four times a year.

# Supply Chain Management

## Approach and Policies

### Group Policy (Governance)

---

Under the Group Policy, 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 established the Nomura Real Estate Group Procurement Guidelines (Procurement Guidelines). We request that suppliers apply these 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. Moreover, the guidelines state 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 also require that they implement comprehensive health and safety management. Going forward, we will continue to improve supplier management in accordance with the guidelines.

## Management

### Management (Governance)

---

In fiscal 2020, the Group began conducting supplier questionnaires on the status of compliance with the Procurement Guidelines as well as risk assessment trials and monitoring the status of corrective actions based on the results of the questionnaires. The Sustainability Committee (chaired by the Nomura Real Estate Holdings president and Group CEO) regularly reviews the status of the trials and monitors the progress of supplier management throughout the Group.

## Targets and Results

### Targets

---

The Group seeks to improve procurement and supplier management in accordance with the Procurement Guidelines.

☐ Key performance indicators (KPIs) for priority issues (materiality) up to 2030

### Results

---

|  | FY2020  | FY2021   |
|--|---|--|
| <b>Procurement Guideline survey implementation rate* (number of respondents)</b> | -   | 37% (89 companies)   |
| <b>Number of legal and regulatory violations</b>                                 | 0   | 0  |
| <b>Identified concerns</b>   | Some companies had not established their system for complying with No. 28 of the Procurement Guidelines | Could not confirm employment status and treatment of foreign technical interns at some business partners and their supply chains |

※ The implementation rate is calculated using the overall procurement amount of the relevant Group companies as the denominator and the procurement amount (transaction amount) of the companies responding to the survey as the numerator.

## Initiatives

### Nomura Real Estate Group Procurement Guidelines

---

The Group formulated the Procurement Guidelines (Japanese and English versions) in September 2018 and began implementing the guidelines at all suppliers from November that year while also requesting that they comply with them.

In addition, business consignment agreements and purchase orders (including those for new contractors and renewed suppliers) include a provision on compliance with the guidelines. As of March

2022, we have included the provision in the agreements and purchase orders for almost all of our suppliers, or approximately 4,600 companies. We also confirm awareness of the guidelines among suppliers through internal audits.

### **Nomura Real Estate Group Procurement Guidelines**

- I. Establishment of Compliance
- II. Respect for Human Rights
- III. Fair Business Activities
- IV. Consideration for the Environment
- V. Ensuring and Improving Quality
- VI. Ensuring Information Security
- VII. Whistleblowing Systems
- VIII. Creating Business Continuity Plans

[☐ Nomura Real Estate Group Procurement Guidelines](#)

### **Supplier Engagement**

---

In addition to incorporating the Procurement Guidelines into our business consignment agreements and purchase orders, we make every effort to explain them to our stakeholders. Furthermore, in fiscal 2020, we began surveying our supply chain on the status of supplier awareness of and compliance with the Procurement Guidelines. Based on the results of monitoring interviews conducted on a trial basis with ten major suppliers in fiscal 2020, we sent an online questionnaire to the top 191 suppliers in terms of procurement value identified as important suppliers of the Group in fiscal 2021, and we received responses from 89 companies. The companies that responded are provided with feedback materials showing the overall trend of responses to the questions and other aspects encouraging them to improve on the issues. We also engaged directly with ten of the responding companies. Reviewing the surveys, we found that no suppliers were in violation of any laws or regulations.

In light of the fact that we were unable to confirm the employment status of foreign technical interns at some of the business partners and their supply chains in the fiscal 2021 survey, we have recognized the need to further investigate the status and plan to do so starting next fiscal year.

### **Improving Supplier Capabilities and Enhancing Quality**

---

The Group works to enhance quality throughout the supply chain and raise awareness of the environment by holding Safety Conferences and annual training courses for suppliers. These address issues such as quality and the environment to encourage suppliers to further disseminate the Procurement Guidelines among their employees and respond accordingly.

To achieve safety and security through appropriate quality control, Nomura Real Estate Development

distributes the Design and Construction Standards and quality manuals to construction companies and designers to ensure that they are fully aware of these standards and manuals.

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, at which it presents commendations to excellent companies and conducts training on health and safety.

### Initiatives for New Suppliers

---

When starting business with new a supplier, the Group requests compliance with the Procurement Guidelines and works to conclude agreements and purchase orders in all new deals that include a provision on compliance with the guidelines.

### Disseminating the Procurement Guidelines throughout the Group

---

The Group is working to instill the Procurement Guidelines throughout the Group to ensure full compliance. To strengthen the effort effectively by taking into consideration the actual conditions in each company, based on the results of a survey on the dissemination status of the guidelines, in January 2021 the Group conducted an online questionnaire survey of 433 compliance promotion staff at Group companies to inform them of the guidelines. It also reminded the Group Legal Affairs Liaison Committee, which is mainly composed of legal personnel from the Group, to ensure that the draft clauses for compliance with the guidelines are included in outsourcing contracts and order forms.