



# Sustainability/ESG

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### Watching over the Community (a program for visiting elementary schools)

The Group aims to achieve urban development in harmony with local communities through sustainably interacting with the locality and society. Through elementary school visits, the program seeks to foster children's interest in their local area and community to build a better future.

## Dialogue between the Chairman of the Board of Directors and an External Director



Atsushi Yoshikawa

Director and  
Chairman of the Board of Directors

Akira Ono

Director  
(Audit & Supervisory  
Committee Member)  
(External)

## Nomura Real Estate Holdings’ “ever-evolving” governance

Nomura Real Estate Holdings’ governance is also continually evolving in step with the times and business models as the Group aims for new growth based on its Mid- to Long-term Business Plan. Atsushi Yoshikawa, Director and Chairman of the Board of Directors, and Akira Ono, who has served as an external director for many years, discuss the features of and changes in the Group’s governance. We hope this dialogue helps a deeper understanding of the Group’s governance.

### Diversified composition of the Board of Directors

**Q. There have been significant changes in composition of the Board of Directors over the past one or two years. Can you tell us about the background and aims of these changes?**

**Yoshikawa** —

I assumed the position of Chairman of the Board of Directors of the Company in 2017. Back then, lawyers, certified public accountants, and academics had been appointed as external directors. Soon after the Company transitioned to a company with an Audit & Supervisory Committee in 2015, the Board was comprised of optimal members given that creating corporate governance was a key issue then. At the same time, however, in the next step, when envisioning a governance system that could support our mid- to long-term development, I realized that we also needed the involvement of persons with greater

experience in business and corporate management, such as those with a knowledge of overseas business and business investments prioritization.

**Ono** —

My appointment as an external director in 2015 coincided with the transition to a company with an Audit & Supervisory Committee. For this reason, I thought our first mission at that time was to add functions that support the establishment of legal and financial auditing systems. Having finished that stage, we are now set to embark on a new phase that includes expanding overseas business, our strategic investments, and our business portfolio by leveraging this governance structure we have built as a foundation. Naturally, the roles that the Board of Directors will fulfil are diversifying. The addition of a wide range of persons with company management experience and a knowledge of IT and overseas business during the past one or two years is a welcome change that is aligned with our growth and business strategies. I think that the new directors’ remarks triggered the active discussions.

**Yoshikawa**———

Insightful commentaries provided by these newly appointed directors has spurred extremely active debate and provided fresh stimulus for the Company. For example, director Higashi, backed by his experience in the global semiconductor industry, and director Mogi, who had been in center of the corporate division for many years at a trading company, have provided thought-provoking suggestions precisely because they have responded successfully many times to drastic market changes through a commitment to their business models and innovation. I am especially impressed because these directors keenly perceive changes in the external environment not as threats but as new business opportunities.

Turning to a different topic, as another new perspective on the composition of Board members, the Advisory Committee Relating to Nominations and Compensation set a six-year term of office for external directors as a guideline. This applies to Audit & Supervisory Committee Members to be appointed in the future. I believe six years is an ideal length of time in terms of understanding the Company's business, keeping continuity of discussions at the Board, and securing the independence of external directors.

**Ono**———

External directors play key roles as representatives of minority shareholders. It is important that these directors maintain an appropriate sense of distance and objectivity in the Company's business execution. Serving continuously as a director for several years will likely help foster a deeper understanding of the Company and its business strategies and enable optimal discussions about the current state of the Company. Alternatively, when directors serve too long, this in fact could even sow the seeds of distrust in their objectivity and independence as external directors. My sense is that six years is probably the ideal length of time needed for injecting a breath of fresh air into the Company.

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## Transitions in the state of the Board of Directors and discussions

**Q: Please tell us about operational aspects such as details of discussions at the Board of Directors.**

**Ono**———

The Company's Board of Directors has been quite active and has exchanged frank opinions since my appointment. Initially, at times we mainly deliberated on individual projects. Recently, however, I have the impression that the Board of Directors has been undertaking enhanced discussions focused on matters of high importance in terms of business strategy.

**Yoshikawa**———

In 2019, we reevaluated the ways we should hold meetings giving consideration to the assessment of effectiveness of the Board of Directors. Specifically, to enhance the functions of the Company's Board, which is responsible for Group

management, we clearly separated roles of the Company's Board from those of our subsidiaries. This move enables the Company's Board of Directors to hold even more strategic discussions from broader perspectives and has already generated positive results. Besides the meetings of the Board of Directors, twice per year we convene Directors' opinion exchange sessions where we engage in long hours of in-depth discussion. We also hold free-ranging discussions focused on mid- to long-term themes. The most recent discussion featured some heated debates on themes about the Mid- to Long-term Business Plan, M&A, digital strategies, and trends of the Integrated Resort Bill in Japan. These debates are still fresh in my mind.

**Ono**———

With concerning changes in the external environment, one new noteworthy achievement is an improvement in risk management. We held long discussions about them. We carefully reviewed the risk management method for the entire Group starting from the basic framework and are now able to classify, assess, and manage risks along with the expansion of our business strategy and business portfolio (see P64-68 Risk management). In particular, besides just so-called compliance in risk management such as internal control, we have organized the risks arising from changes in the external environment that affect our business and established a system for managing these risks. This represents a major leap forward in our business strategy.

**Yoshikawa**———

As Mr. Ono explained, risk management is a crucial perspective. Execution of the Company's dynamic business plan that includes expanding asset types, improving asset quality on the balance sheets, and expanding overseas businesses requires sophisticated judgment capabilities. Our executive directors are generally sensitive to risks. Additionally, realizing a balance in a manner akin to optimally stepping on the accelerator and applying the brakes based on risk analysis from the viewpoint of non-executive directors is crucial for achieving healthy growth of the entire Group. We must also consider the emergence of new risks such as the recent impact of COVID-19 which might lead to a change of behavior in society. Continuous monitoring by the Board of Directors is essential.

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## Evolution of the Directors' compensation system

**Q. Can you explain the design of the system for directors' compensation introduced in 2018? What is the reaction after its introduction?**

**Yoshikawa**———

Our director's compensation system consists equally of fixed and variable compensation, while the variable part is divided between short-term and long-term incentives. The performance-based portion of long-term incentives has been

## Dialogue between the Chairman of the Board of Directors and an External Director



... tied to the achievement of performance goals after three years, thereby having a system in place that is tailored to the characteristics of the real estate industry, where it takes time before profits are realized. We introduced the system in just two years. Given this short span, we will probably need a bit more time to analyze the outcome of changes. The important point is to closely link the director compensation system with the Mid- to Long-term Business Plan. With three years as a general timeline, the concept is to execute a management strategy that emphasizes profit and efficiency while taking into account capital cost and then pay compensation according to the results. The current challenging business environment especially requires us to maintain an awareness of mid- to long-term growth and not just pursue short-term results.

**Ono** \_\_\_\_\_

We have set business profit and ROE as performance indicators and this is in line with the Company's stance of focusing on both profit amount and capital efficiency. Based on a business plan that flexibly changes in tandem with shifts in the environment, we must constantly strive to optimally shape our compensation system in terms of the balance between fixed and variable compensation. For example, perhaps we could also deliberate the pros and cons of including sustainability elements as achievement goals.

**Yoshikawa** \_\_\_\_\_

I agree with that. We need to further evolve the compensation system rather than arbitrarily stick with the status quo. We will also continuously review the system from new perspectives to foster the growth of our human resources, who form the cornerstone of our company management.

### Response to the Corporate Governance Code

**Q. Please tell us about items in the Corporate Governance Code for which you explain your non-compliance ("Explain") and the reasons for this.**

**Yoshikawa** \_\_\_\_\_

The Company explains non-compliance for two items. These are Proper Supervision of Successor Plans for CEO, etc. (Planning)\*<sup>1</sup> and Training Policy for Directors\*<sup>2</sup>. Let me explain

the reason for non-compliance. Concisely, the Company has made no significant position changes such as changing CEO and COO following the announcement of the Corporate Governance Code in 2015. Therefore, we have had no opportunity to verify effects of the new process. We have not yet had an opportunity to evaluate the results of whether these actually work effectively and reliably preserve corporate value.

**Ono** \_\_\_\_\_

We must explain not only because we have no results to report but also because we are aiming for higher standards. Of course, we recognize that we have sufficiently created frameworks for succession in the future and are constantly undertaking reviews to improve the quality of these.

**Yoshikawa** \_\_\_\_\_

We also explain the reason for not implementing the Training Policy for Directors, which is for the same reason as just described. We have no track record of implementing training for newly appointed CEOs and COOs, which are the most important positions. However, the Advisory Committee Relating to Nominations and Compensation gathers detailed information regularly concerning the names of CEO and COO candidates as well as those for other important positions and what those candidates should experience in the future. Based on this information, the Committee makes suggestions and reports to the Board of Directors to ensure that the grooming of successor candidates is undertaken in a systematic manner while strengthening the training system.

**Ono** \_\_\_\_\_

As one example of progress in this area, training for external directors has been improved by leaps and bounds compared with five years ago when I assumed my position. Training is implemented via a variety of formats that encompass inspections of properties, including those overseas, as well as individual meetings. That said, we also chose to "Explain" because we still have ample latitude for improving training and we need to constantly raise the level of our training. We will aim for further improvements in the future.

### Relationship with major shareholders

**Q. Investors pay close attention to the relationship with major shareholders. What are your thoughts on this?**

**Ono** \_\_\_\_\_

Investors pay close attention to the relationship between the Company and Nomura Holdings (NHI), which holds 35% or more of our shares. I think the primary concern of investors is whether or not there is a conflict of interest with NHI, the major shareholder, on a daily basis or under certain special circumstances.

First of all, I must point out there is no daily business relationship between the Company and NHI of any nature

\*1 The Corporate Governance Code Supplementary Principle 4-1-3

\*2 The Corporate Governance Code Supplementary Principle 4-14-1, and Supplementary Principle 4-14-2

that would unilaterally benefit the interests of NHI, the major shareholder. Conversely, I'm sure there are mutually beneficial relationships that contribute to enhancing the corporate value of both companies. For example, in the Property Brokerage & CRE Business Unit, NHI introduces customers to us and in turn, we meet the specialized needs of these NHI customers. Also, from the perspective of supplying human resources, this relationship functions as an important management resource, such as complementing human resources with management experience.

On the other hand, there is no assurance the risk of a structural conflict between major shareholders and minority shareholders will not arise in unforeseen circumstances that differ from normal times. In such circumstances, we must form a special committee centered on external directors and take proper measures to assure the interests of minority shareholders are protected. I believe the members of the Company's Board of Directors including Mr. Yoshikawa are highly sensitive to the importance of this type of process.

**Yoshikawa**———

I started my career at NHI myself. However, I must emphasize that fulfilling accountability to minority shareholders is first and foremost a major precondition. Even supposing a situation arose where I could be the subject of a conflict as mentioned by Mr. Ono, then I will of course remove myself from any relevant decision-making processes. Exactly for this reason, I believe my responsibility is to make my utmost daily efforts to ensure the participation of external directors who can find any satisfactory conclusion from the perspective of our shareholders even in such a situation.

**Ono**———

External directors including me must make our very best efforts to protect the interests of our minority shareholders. This is a major premise. On the basis of mutual trust between the major shareholders and the Company, further advancing healthy communication that fully considers that the other parties are also listed companies will also contribute to increasing the Company's corporate value.

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## For building sustainable governance

**Q. Please tell us about your own determination toward realizing the Company's sustainable growth.**

**Ono**———

I believe the Company has now put into place a fundamental governance system. Presently, however, I expect to see major shifts in society and the economy that will require further changes to our governance. As functions of the Board of Directors, together with newly appointed external directors, I hope to discuss the essential points for the Company's mid- to long-term growth such as digital strategies and mid- to long-term strategies for overseas business, from the perspectives of



strategies for sustainable growth in the future, of course, from the perspectives of "post COVID-19" and sustainability as well. At the same time, I would like to play my role both as a member of the Board of Directors and as an external director.

In doing so, risk management will be an important theme. Risk management needs to be undertaken with an awareness that in the first place the shape of the managed risk will continually evolve along with shifts in the external environment. Building a more balanced business portfolio is also a form of risk management for the Company as a whole. In view of this, while taking on major challenges in one area, it will also be crucial to earn stable profits in other businesses.

**Yoshikawa**———

The impact of COVID-19 is the risk that no one had anticipated until last year. Even if the pandemic is overcome in the near future, people's work styles and lifestyles, our business domain, will surely change. In order to continue sustainable growth, no matter what unexpected risk event occurs, it is essential for the Company to build a governance system supporting a corporate culture that accepts the reality honestly and is not afraid of change. Besides just using governance as a defensive measure, I will enhance the Company's proactive challenges in new fields in line with changes in the social environment by implementing our unique business model. With this in mind, I believe the role of the Board of Directors is to determine the optimal allocation of business resources with consciousness of capital cost and the balance between returns to shareholders and investment for growth.

With an eye to the future, we will continue to monitor the business performances from the perspective of governance and work with executive directors to create long-term corporate value and to achieve sustainable growth.

## Roundtable discussion with External Directors



Tetsuro Higashi

Director  
(External)

Akiko Miyakawa

Director  
(Audit & Supervisory  
Committee Member)  
(External)

Yoshio Mogi

Director  
(Audit & Supervisory  
Committee Member)  
(External)

### Dialogue

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With one year having passed since their appointment in June 2019, three External Directors talk about their assessment of the Group and various issues.

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## Impressions of the Group through their activities during the past year

*Q: One year has passed since you were appointed as Company directors. What are your impressions about the actual state of the Group?*

### Higashi

Prior to my appointment, I envisioned the real estate industry as being a worthwhile business in that it is closely related to people's lives and their ways of working, and helps shape the future together with them. At the same time, I also pictured this as a business that focuses on holding properties. Once I looked at the actual state of the Company, however, I found out that it utilizes a quite unique business model based on brand formation by creating distinctive concepts such as its PROUD for residences and PMO for offices. This is an intriguing management method that raises the added value of real estate by enhancing the brand concept rather than just putting emphasis on holding properties.

The Company separates its management into real estate development that involves holding properties, and Service & Management such as investment management. At the same time, it utilizes schemes like REITs to bring real value in both development and services. I reaffirmed that rapid asset turnover and efficient management are other features of the Company's operations.

### Mogi

In my days working for a trading company I was involved in the real estate business and had a variety of experiences, so I imagined that there are also high-risk aspects to this industry and business. However, the perspectives and business practices of the corporate side are very precise and closely interwoven, and I was impressed with their financial analysis capabilities and insights. I felt that collaboration between the corporate side and the business side is also very close. For this reason, I also sometimes worry that they will spend much time and effort to respond politely to the requests of external directors.

### Miyakawa

As they have pointed out, I felt again that the real estate industry is a difficult business requiring skillful management in balancing two contrasting imperatives, namely taking a long-term view for significant investments and having the stringent perspectives of investors, who have a short-term view. In this respect, I am impressed that the Company highly values both long-term and short-term perspectives. The Company is also firmly imbued with an attitude and spirit of taking on new challenges, and this gives me an interest and enjoyment.

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## Information provision to Directors for enforcing proper governance

*Q: Did the Company provide sufficient information for the effective governance?*

### Miyakawa

I was taken on property tours and my understanding was deepened with viewing properties in themselves. My impression was that the Company is quite cooperative in this regard. For example, whenever I asked questions, such as about questionable points in the Securities Report, persons from the Finance and Accounting Department provided me with thorough explanations. I also strengthened my interaction during exchanges with executive directors such as through opinion exchange sessions with the CEO, COO, and CFO, individual interviews with executive officers and attendance at Budget Committee meetings. Additionally, I was invited to online social gatherings held by staffs, and these venues provided me with valuable opportunities for listening to people's frank opinions.

*Q: How was information provision for the Board of Directors meetings?*

### Mogi

As was mentioned previously, the response including information provided in advance was more thorough than I had anticipated. Explanations of the agenda of the Board of Directors meetings were provided from the viewpoint of the Corporate Planning Department after they analyzed and provided their own input. The quality of information is further improving.

### Miyakawa

As for the information provision for the Board of Directors meetings, including preliminary information sessions, this was handled thoroughly. Actually, at first I thought the information provision was so thorough that I was receiving too many materials. However, this has changed significantly over the past one year as pointed out by Mr. Higashi and Mr. Mogi. I think there is tremendous value in striving for improvements through sincere engagement in external opinions.

### Higashi

Since Mr. Mogi and Ms. Miyakawa are both Audit & Supervisory Committee members, I think they have more detailed information. Even so, the Company sets up prior briefing sessions each time before I attend the Board of Directors meeting. Through this effort, I am confident I receive sufficient information.

## Roundtable discussion with External Directors



We should engage in discussions from a long-term perspective, that includes seeking direction on what type of value we will add to actual real estate by utilizing ICT after consideration of changes in people's lifestyles and work styles. — Tetsuro Higashi

### Issues and points for improvements to further enhance governance

**Q:** *You have discussed the positive aspects of the Company. Tell us about issues and points requiring improvement as well.*

#### Higashi

The role of external directors is to examine the Company from a broad perspective and provide advice on its direction, strategies, differentiation from competitors, and areas where it is lacking. For me as well, I make every possible effort to convey my knowledge and ideas on strategic areas. In this sense, besides discussions premised just on “the current state of policy,” I hope to see the Board of Directors engage in more invigorated discussions on the way strategies ought to be and the background of these strategies.

For our overseas business in particular, instead of simply explaining result of individual projects, now is the time to further deepen discussions on our mid- to long-term directions, specific measures, and methodologies.

I also regard ICT as an important theme based on my experience from working at a semiconductor production equipment manufacturer. The use of ICT as a part of sales sites and management is already widespread. In the future, however, we should probably carry out discussions that focus even more closely on the ideal way to apply ICT to raise the added value of real estate. We should engage in discussions from a long-term perspective and about overseas business expansion that include seeking direction on what type of value we will add to actual real estate by utilizing ICT after consideration of changes in people's lifestyles and work styles.

#### Mogi

I also agree with this point. We receive ample information and explanations from the persons on the corporate side and undertake active debates at meetings. To make further improvements, I believe we will need to spend more time discussing key issues such as overseas business expansion, ICT strategies, and M&A.

I heard from Mr. Yoshikawa (Chairman of the Board of Directors) that during the formulation of the Mid- to Long-term Business Plan announced last year, he spent much time engaging in detailed discussions through opinion exchange sessions with executive members in addition to holding discussions at the Board of Directors meetings. This year, the impact of COVID-19 has made it difficult to create such opportunities. I hope to have the opportunity to delve more extensively into one theme and spend time having heated discussions.

Also, it is important for the Board of Directors to deepen discussions and determine the direction as a company rather than just trying to draw conclusions. Directors in charge of execution should also share details with general managers and senior managers. I think that this process will make the Group even better.

I would also like to see the issue of “clarifying responsibility” given more consideration. The trading company where I worked had clearly defined responsibility for planning and responsibility for results. Because of this, details of projects were strictly pointed out and discussions were held repeatedly. This approach will help intensify a commitment to projects. I believe that both individuals and companies can build up their strengths through savoring successes and experiencing failures.

#### Higashi

I agree. Even under such circumstances, I also wish for a little more time to discuss strategies and hope to utilize my own knowledge and ideas in these discussions to the extent possible. Also, I feel expectations for this point from Mr. Yoshikawa as well.

The semiconductor production equipment manufacturer I worked for held offsite strategic meetings focused on one theme for about two days once per year. At these meetings, key discussions were held with a mix of directors and top executives. I hear the Company also holds similarly positioned meetings. I believe we can realize fruitful meetings that help drive the Company's value creation by holding fundamental discussions on further innovating business and management and on how we can achieve this with foresight. I hope I can

I think now is the time we must have major discussions about where to position ourselves in the industry, how to expand our businesses, and where to accelerate our M&A and overseas business expansion. — Yoshio Mogi



make meaningful contributions to such meetings.

**Miyakawa** —

I wish to have thorough discussions on the direction of our overseas business expansion, which will be strengthened in the future. Overseas expansion tends to be a general all-round initiative. So I think we need to increase strategic discussions on how and where to deploy the strengths of the Group. Also, judging from my experience working overseas, I think the Company should pay even closer attention to risk management in its overseas business.

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## Expectations for the Nomura Real Estate Group and the role of External Directors

**Q: Tell us about your expectations of the Company and your own determination for the future.**

**Mogi** —

I have a strong sense that the Company has rapidly built its management structure during about 60 years since its establishment. For this reason, I think that during the next stage the time will be ripe for major discussions about issues such as where to position ourselves in the industry, how to expand our businesses, and where to accelerate our M&A and overseas business expansion. I have high hopes that such discussions will be held. In this area, I believe there is much I can convey

about my experience at a trading company, especially about business investments and fund utilization. I will try to proactively express my opinions and hope to contribute to the development of the Company in the future as well.

**Miyakawa** —

I wish to continue stating my opinions on matters from my awareness and standpoint as an accountant and from the perspective of minority shareholders. With the diversity of the Board of Directors becoming important, I hope that besides appointing female directors from outside, female candidates will also emerge from within the Group. Nomura Real Estate Group has agility and a wealth of ideas. I would like to enhance these positive attributes of the Group.

**Higashi** —

Based on my involvement with the Company as a director, I feel this is a very rewarding company and a worthwhile company for all employees. Furthermore, the Company carries out highly transparent management in an extremely unique form. I hope to see Nomura Real Estate Group become a group in which employees and management work as one with a clear long-term vision of the social significance of its existence as a real estate company and how it will shine brightly in the future. To achieve this, as a person with management experience, I hope to provide useful advice regarding the direction the Company is heading and about strategic areas.

Nomura Real Estate Group has agility and a wealth of ideas. I would like to enhance these positive attributes of the Group. — Akiko Miyakawa



## Directors and Executive officers (As of June 23, 2020)

### Directors



#### Atsushi Yoshikawa

Date of birth: Apr. 7, 1954  
 Director and Chairman of the Board of Directors  
 Chairman of Advisory Committee Relating to Nominations and Compensation

Non-executive

- Apr. 1978 Joined Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)
- Jun. 2000 Director of Nomura Securities Co., Ltd.
- Oct. 2001 Director of Nomura Securities Co., Ltd.
- Jun. 2003 Executive Officer of Nomura Securities Co., Ltd.
- Apr. 2004 Executive Managing Director of Nomura Holdings, Inc. Senior Corporate Managing Director of Nomura Asset Management Co., Ltd.
- Apr. 2006 Executive Vice President of Nomura Asset Management Co., Ltd.
- Apr. 2008 Director and President of Nomura Asset Management Co., Ltd.
- Oct. 2008 Executive Managing Director of Nomura Holdings, Inc. Director, President, and CEO of Nomura Asset Management Co., Ltd.
- Jun. 2011 Executive Vice President and Senior Managing Director of Nomura Holdings, Inc. CEO and President of Nomura Holding America Inc.
- Aug. 2012 Representative Executive Officer and Group COO of Nomura Holdings, Inc.
- Jun. 2013 Director, Representative Executive Officer, and Group COO of Nomura Holdings, Inc.
- Jun. 2016 Advisor of Nomura Holdings, Inc.
- Apr. 2017 Director of Nomura Real Estate Development Co., Ltd. (present)  
 Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2017 Chairman of the Board of Directors of Nomura Real Estate Holdings, Inc. (present)
- May 2018 Outside Director of Ryohin Keikaku Co., Ltd. (present)



#### Eiji Kutsukake

Date of birth: Sep. 12, 1960  
 President and Representative Director, Group CEO

Executive

- Apr. 1984 Joined Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)
- Apr. 2007 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Senior Managing Director of Nomura Securities Co., Ltd.
- Apr. 2009 Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2011 Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc. Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2012 Executive Managing Director of Nomura Holdings, Inc.
- Aug. 2012 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2013 Director and Deputy President of Nomura Securities Co., Ltd.
- Apr. 2014 Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Representative Director and Executive Vice President of Nomura Real Estate Holdings, Inc.
- Jun. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2017 Chair and Representative Director of Nomura Real Estate Development Co., Ltd. (present)



#### Seiichi Miyajima

Date of birth: Aug. 3, 1958  
 Executive Vice President and Representative Director, Group COO

Executive

- Apr. 1981 Joined Nomura Real Estate Development Co., Ltd.
- Jun. 2004 Director of Nomura Real Estate Development Co., Ltd.
- Apr. 2008 Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2009 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2012 Representative Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2014 Representative Director and Executive Vice President of Nomura Real Estate Development Co., Ltd.
- Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Development Co., Ltd. (present)
- Apr. 2017 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)



#### Toshiaki Seki

Date of birth: Mar. 27, 1958  
 Executive Vice President and Representative Director, Business Unit Manager of Commercial Real Estate Business Unit

Executive

- Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
- Jun. 2003 Director of Nomura Real Estate Development Co., Ltd.
- Mar. 2007 Managing Director of Nomura Real Estate Development Co., Ltd.
- Apr. 2007 President and Representative Director of NOMURA LIVING SUPPORT CO., LTD. (currently Nomura Real Estate Partners Co., Ltd.)
- Apr. 2008 President and Representative Director, and Chief Executive Officer of NOMURA LIVING SUPPORT CO., LTD.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2013 Director of NOMURA BUILDING MANAGEMENT CO., LTD. (currently Nomura Real Estate Partners Co., Ltd.)
- Apr. 2014 President and Representative Director, and Chief Executive Officer of Nomura Real Estate Partners Co., Ltd.
- Jun. 2014 Representative Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Director of Nomura Real Estate Urban Net Co., Ltd. Chair and Representative Director of Nomura Real Estate Partners Co., Ltd. President and Representative Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2015 Director of MEGALOS CO., LTD. (currently Nomura Real Estate Life & Sports Co., Ltd.) (present)
- Apr. 2018 Executive Vice President and Representative Director of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2019 Executive Vice President and Representative Director of Nomura Real Estate Development Co., Ltd. (present)  
 Director of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.) (present)



#### Makoto Haga

Date of Birth: Jun. 22, 1966  
 Director and Executive Officer, Group CFO, Supervisor of Management Division, Investor Relations

Executive

- Apr. 1989 Joined Nomura Real Estate Development Co., Ltd.
- Oct. 2011 Director and Senior General Manager of Investment Management Division of Nomura Real Estate Capital Management Co., Ltd.
- Apr. 2012 Executive Officer of Nomura Real Estate Development Co., Ltd.
- May 2012 Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2015 Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2017 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd. Director of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.) Director of Nomura Real Estate Life & Sports Co., Ltd. Director of Geo Akamatsu Co., Ltd. (currently Nomura Real Estate Retail Properties Co., Ltd.) Director of PRIME X Co., Ltd. Director of Nomura Real Estate Wellness Co., Ltd.
- Jun. 2017 Director and Executive Officer of Nomura Real Estate Holdings, Inc. (present)
- Apr. 2020 Director and Senior Managing Executive Officer of Nomura Real Estate Development Co., Ltd. (present)



## Tetsuro Higashi

Date of birth: Aug. 28, 1949

Director  
Advisory Committee Relating to  
Nominations and Compensation  
Member

External Director  
Independent Director  
Non-executive

- Apr. 1977 Joined Tokyo Electron Ltd.
- Dec. 1990 Director of Tokyo Electron Ltd.
- Apr. 1994 Managing Director of Tokyo Electron Ltd.
- Jun. 1996 Representative Director, President of Tokyo Electron Ltd.
- Jun. 2003 Representative Director, Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2011 Director, Chairman of the Board of Tokyo Electron Ltd.
- Jun. 2012 Outside Director of Ube Industries, Ltd.
- Apr. 2013 Representative Director, Chairman, President & CEO of Tokyo Electron Ltd.
- Jun. 2015 Representative Director, President & CEO of Tokyo Electron Ltd.
- Jan. 2016 Corporate Director, Corporate Advisor of Tokyo Electron Ltd.
- May 2018 Outside Director of Seven & i Holdings Co., Ltd. (present)
- Jun. 2019 External Director of Nomura Real Estate Holdings, Inc. (present)  
Outside Director of Ube Industries, Ltd. (present)



## Shoichi Nagamatsu

Date of birth: Jul. 6, 1958

Director  
Advisory Committee Relating to  
Nominations and Compensation  
Member

Newly appointed  
Non-executive  
Part-time

- Apr. 1982 Joined Nomura Securities Co., Ltd.  
(currently Nomura Holdings, Inc.)
- Apr. 2004 Executive Managing Director of Nomura Securities Co., Ltd.
- Oct. 2008 Executive Managing Director of Nomura Holdings, Inc.  
Senior Managing Director of Nomura Securities Co., Ltd.
- Jun. 2010 Senior Corporate Managing Director Chief Operating Officer of Nomura Holdings, Inc.  
Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Jun. 2012 Representative Executive Managing Director and Senior Corporate Managing Director of Nomura Securities Co., Ltd.
- Apr. 2013 Executive Managing Director and Chief of Staff of Nomura Holdings, Inc.  
Executive Managing Director and Executive Vice President of Nomura Securities Co., Ltd.
- Apr. 2016 Deputy President of Nomura Securities Co., Ltd.
- Apr. 2017 Representative Executive Officer and Deputy President, and Chief of Staff of Nomura Holdings, Inc.  
Director of Nomura Securities Co., Ltd.
- Apr. 2018 Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Jun. 2018 Director, and Representative Executive Officer and Deputy President of Nomura Holdings, Inc.
- Apr. 2020 Director of Nomura Holdings, Inc.
- Jun. 2020 Director of Nomura Real Estate Holdings, Inc. (part-time) (present)



## Takao Orihara

Date of birth: Feb. 6, 1958

Director (Audit & Supervisory  
Committee Member)  
Chairman of Audit & Supervisory  
Committee

Non-executive

- Apr. 1980 Joined Nomura Real Estate Development Co., Ltd.
- Jun. 2005 Director of Nomura Real Estate Holdings, Inc.  
Director of Nomura Real Estate Development Co., Ltd.
- Apr. 2008 Director and Senior Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2009 Director and Managing Executive Officer of Nomura Real Estate Development Co., Ltd.
- Apr. 2010 Director of NREG TOSHIBA BUILDING Co., Ltd.  
(currently Nomura Real Estate Building Co., Ltd.)
- May 2012 Director and Executive Officer of Nomura Real Estate Holdings, Inc.
- Apr. 2014 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)  
Audit & Supervisory Board Member of Geo Akamatsu Co., Ltd.  
(currently Nomura Real Estate Retail Properties Co. Ltd.)  
Advisor of Nomura Real Estate Holdings, Inc.
- Jun. 2014 Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.  
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)  
Audit & Supervisory Board Member of MEGALOS CO., LTD.  
(currently Nomura Real Estate Life & Sports Co., Ltd.) (present)
- Jun. 2015 Director (Audit & Supervisory Committee member) of Nomura Real Estate Holdings, Inc. (present)  
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.)
- Apr. 2018 Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd.  
Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd.



## Yasushi Takayama

Date of birth: Feb. 1, 1964

Director (Audit & Supervisory  
Committee Member)

Non-executive

- Apr. 1988 Joined Nomura Securities Co., Ltd.  
(currently Nomura Holdings, Inc.)
- Jun. 2011 Director, Nomura Financial Products & Services, Inc.
- Oct. 2012 Managing Director and General Counsel of Nomura Securities International, Inc. (New York)
- Sep. 2013 Managing Director and General Counsel of Nomura Holding America Inc.
- Apr. 2015 Senior Managing Director and Chief Legal Officer of Nomura Holdings, Inc.  
Senior Managing Director and Chief Legal Officer of Nomura Securities Co., Ltd.
- Jun. 2016 Outside Director of Japan Securities Depository Center, Incorporated
- Apr. 2019 Audit & Supervisory Board Member of Nomura Real Estate Development Co., Ltd. (present)  
Advisor of Nomura Real Estate Holdings, Inc. (present)
- May 2019 Audit & Supervisory Board Member of UHM Co., Ltd. (present)
- Jun. 2019 Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Asset Management Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Urban Net Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Partners Co., Ltd. (present)  
Audit & Supervisory Board Member of NREG TOSHIBA BUILDING Co., Ltd. (currently Nomura Real Estate Building Co., Ltd.) (present)  
Audit & Supervisory Board Member of Nomura Real Estate Wellness Co., Ltd. (present)  
Audit & Supervisory Board Member of Nomura Real Estate Hotels Co., Ltd. (present)  
Audit & Supervisory Board Member of PRIME X Co., Ltd. (present)



## Akira Ono

Date of birth: Dec. 28, 1971

Director (Audit & Supervisory  
Committee Member)  
Advisory Committee Relating to  
Nominations and Compensation  
Member

External Director  
Independent Director  
Non-executive

- Apr. 1998 Registered with Tokyo Bar Association  
Joined Tokyo Aoyama Law Office  
(currently Baker & McKenzie [Gaikokuho Joint Enterprise])
- Mar. 1999 Joined Okinobu, Ishihara & Sei Law Office (currently Spring Partners)
- Jan. 2006 Partner of Spring Partners (present)
- Jun. 2012 External Audit & Supervisory Board Member of MEGALOS CO., LTD. (currently Nomura Real Estate Life & Sports Co., Ltd.)
- Jun. 2015 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

## Directors and Executive officers

**Yoshio Mogi**

Date of birth: Apr. 10, 1952  
 Director (Audit & Supervisory Committee Member)  
 Advisory Committee Relating to Nominations and Compensation Member

External Director  
 Independent Director  
 Non-executive

Apr. 1975 Joined Nichimen Co., Ltd. (currently Sojitz Corporation)  
 Apr. 2006 Executive Officer of Sojitz Corporation  
 Apr. 2008 Managing Executive Officer of Sojitz Corporation  
 Apr. 2012 Senior Managing Executive Officer, CFO of Sojitz Corporation  
 Jun. 2012 Representative Director, Senior Managing Executive Officer, CFO of Sojitz Corporation  
 Apr. 2014 Representative Director and Executive Vice President, CFO of Sojitz Corporation  
 Jul. 2014 Outside Director of Sojitz Infinity Inc.  
 Apr. 2017 Representative Director and Executive Vice President, CCO of Sojitz Corporation  
 Director of Sojitz REIT Advisors K.K.  
 Apr. 2018 Advisor of Sojitz Corporation  
 Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

**Akiko Miyakawa**

Date of birth: Oct. 18, 1955  
 Director (Audit & Supervisory Committee Member)

External Director  
 Independent Director  
 Non-executive

Apr. 1978 Joined Tokyo Branch of Chase Manhattan Bank (currently JPMorgan Chase Bank, N.A.)  
 Nov. 1987 Joined Marunouchi & Co. (currently Deloitte Touche Tohmatsu LLC)  
 Jan. 2000 Joined the Los Angeles Office of Deloitte US  
 Jun. 2005 Partner of Deloitte Touche Tohmatsu LLC  
 Jul. 2008 Joined the Taipei Office of Deloitte Taiwan  
 Oct. 2015 Joined Deloitte Touche Tohmatsu LLC Tokyo Office  
 Aug. 2018 Representative of Akiko Miyakawa CPA Office (present)  
 Jun. 2019 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

**Tetsu Takahashi**

Date of birth: Oct. 24, 1956  
 Director (Audit & Supervisory Committee Member)

Newly appointed  
 External Director  
 Independent Director  
 Non-executive

Apr. 1986 Registered with Tokyo Bar Association  
 Joined Miyakezaka Law Offices  
 Jul. 2003 Representative Partner of KASUMIGASEKI PARTNERS LAW OFFICE (present)  
 Mar. 2006 Outside Audit & Supervisory Board Member of Apple Japan Co., Ltd.  
 Mar. 2007 External Auditor of McDonald's Holdings Company (Japan), Ltd.  
 External Director of McDonald's Company (Japan), Ltd. (present)  
 Jun. 2007 Outside Audit & Supervisory Board Member of Gro-Bels Co., Ltd.  
 Oct. 2007 Outside Audit & Supervisory Board Member of Bit-isle Inc. (currently Bit-isle Equinox Inc.)  
 Jan. 2012 Outside Audit & Supervisory Board Member of Boox Co., Ltd.  
 Feb. 2012 Outside Audit & Supervisory Board Member of ZOOM CORPORATION  
 Jun. 2015 Outside Director (Audit and Supervisory Committee Member) of ZOOM CORPORATION (present)  
 Oct. 2016 Outside Audit & Supervisory Board Member of eBook Initiative Japan Co., Ltd. (present)  
 Jun. 2020 External Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (present)

\*Tetsuro Higashi, Akira Ono, Yoshio Mogi, Akiko Miyakawa and Tetsu Takahashi are External Directors prescribed in Article 2, Item 15 of the Companies Act.

**Executive officers** (Excluding those who are concurrently serving as Directors)**Takashi Kaku**

In charge of Overseas Business

**Koki Miura**

In charge of Investment Management

**Yoichiro Ishikawa**

In charge of Group Human Resources

**Akihiro Fukuda**

In charge of Property & Facility Management

**Tetsumi Yoshimura**

In charge of Quality Management and Architectural Design

**Toshihide Tsukasaki**

In charge of Finance & Accounting, Finance

**Shigeyuki Yamamoto**

In charge of Development Planning

**Masato Yamauchi**

In charge of Corporate Planning, ICT & Innovation Planning

**Tokuji Nakamura**

In charge of Sustainability Management,  
 Corporate Communication, Sustainability Management

**Daisaku Matsuo**

In charge of Residential Development

**Yukio Ichihara**

In charge of Internal Audit and Compliance, Group Audit,  
 Group Legal & Compliance, Group Corporate Administration,  
 Secretariat

**Kenichi Maeda**

In charge of Property Brokerage & CRE

## Corporate governance

### Basic concept of corporate governance

Nomura Real Estate Holdings believes that it must be governed in a way that continuously maximizes our Group's value over the long term, while consideration is given to the interest of shareholders and all other stakeholders of the Company. We aim to enhance the earning power of the entire Group, and while acting as a holding company in managing and supervising the business activities of our subsidiaries. Also we endeavor to build a more transparent management system in accordance with the Basic Corporate Governance Policy formulated in 2015.

 Corporate Governance  
<https://www.nomura-re-hd.co.jp/english/company/governance.html>

 Basic Corporate Governance Policy  
<https://www.nomura-re-hd.co.jp/english/company/PDF/cgpolicy.pdf>

### Characteristics of our corporate governance system

In order to strengthen audit and supervisory functions by providing directors who serve as Audit & Supervisory Committee Members with voting rights at Board of Directors' meetings and by other means, the Company transitioned to a company with an Audit & Supervisory Committee in 2015, and then established the Advisory Committee Relating to Nominations and Compensation in 2016. Inviting multiple external directors and establishing the Advisory Committee Relating to Nominations and Compensation are intended to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management. At the same time, the Company ensures the effectiveness of supervision by the Board of Directors concerning the directors' execution of duties and the executive officers' business operations by establishing the risk management system, compliance system, and internal audit system and having regularly report to the Board of Directors about initiatives of those systems. Currently, the majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors.

The Company also introduced the executive officer system to separate the business execution function from the management supervision and decision-making functions to enhance the execution function, reinforcing the management of the Group. Each executive officer selected by the Board of Directors is granted authority based on internal regulations and executes business operations pursuant to the Company's policy determined by the Board of Directors and instructions from the CEO.

### Our efforts to reinforce corporate governance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Organization	<ul style="list-style-type: none"> <li>Introduced executive officer system to separate the business execution function from the management and supervisory functions of the holding company</li> </ul>									
	<ul style="list-style-type: none"> <li>Established the Management Committee at the holding company to help strengthen Group management systems</li> </ul>									
	<ul style="list-style-type: none"> <li>Transitioned to a company with an Audit &amp; Supervisory Committee</li> </ul>									
	<ul style="list-style-type: none"> <li>Established the Advisory Committee Relating to Nominations and Compensation</li> </ul>									
Directors (No.)	6*	5	5*	8		13		12	13	
Of which External Directors (No.)	0	1	2			5				
Of which Independent External Directors (No.)	0	1		4		5				
Of which Female Directors (No.)	0			1		2		1		
The assessment of effectiveness	<ul style="list-style-type: none"> <li>Started assessment of effectiveness of the Board of Directors</li> </ul>									
	<ul style="list-style-type: none"> <li>Started assessment of effectiveness utilizing a third-party evaluation organization</li> </ul>									
Compensation	<ul style="list-style-type: none"> <li>Raised the maximum number of share acquisition rights used for stock options to increase the ratio of performance-based incentive in order to share more interest with shareholders</li> <li>Implemented performance-based stock incentive plan</li> </ul>									
Others	<ul style="list-style-type: none"> <li>Transferred authority partially from the Board of Directors to the Management Committee to speed up business execution</li> </ul>									
	<ul style="list-style-type: none"> <li>Formulated the Basic Corporate Governance Policy</li> </ul>									
	<ul style="list-style-type: none"> <li>Disclosed reason for appointment of directors</li> </ul>									
	<ul style="list-style-type: none"> <li>Reorganized and restructured the items, systems, and divisions/departments for risk management in order to strengthen the risk management system</li> </ul>									

\*Reduction due to resignation or retirement during the period is not stated.

Corporate governance

Corporate governance system

Characteristics of the governance system

- Company with an Audit & Supervisory Committee
- Chairman of the Board of Directors is a non-executive director
- Out of 13 directors, five are independent external directors
- Established the Advisory Committee Relating to Nominations and Compensation
- Majority of the members of the Audit & Supervisory Committee and the Advisory Committee Relating to Nominations and Compensation are independent external directors

1 The Board of Directors

Held 16 times during FY20/3

Roles of the 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.

Composition of the Board of Directors

The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee Members) (of which one is an external director) and six directors who serve as Audit & Supervisory Committee Members (of which four 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, five out of the 13 directors are independent external directors. The Chairman of the Board of Directors is a non-executive director.

Roles of Independent External Directors

In order to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management, one independent external director (excluding those who serve as an Audit & Supervisory Committee Member) and four independent external directors who serve as Audit & Supervisory Committee Members are appointed.

The main role of independent external directors is, based on their own knowledge, to give appropriate advice from the viewpoint of the Company's sustainable growth and improving the corporate value, to supervise management through significant decision making by the Board of Directors, to supervise conflicts of interest between the Company and management or major shareholders, etc., and to appropriately express the opinions of shareholders and other stakeholders to the Board of Directors from a standpoint independent from management.

The Company has formulated its own standards for determining the independence of independent external directors, in addition to the independence standards for "independent directors" set out by the Tokyo Stock Exchange.

Independence standards for Independent External Directors: Article 14 of the Basic Corporate Governance Policy  
<https://www.nomura-re-hd.co.jp/english/company/pdf/cgpolicy.pdf>

3 The Advisory Committee Relating to Nominations and Compensation

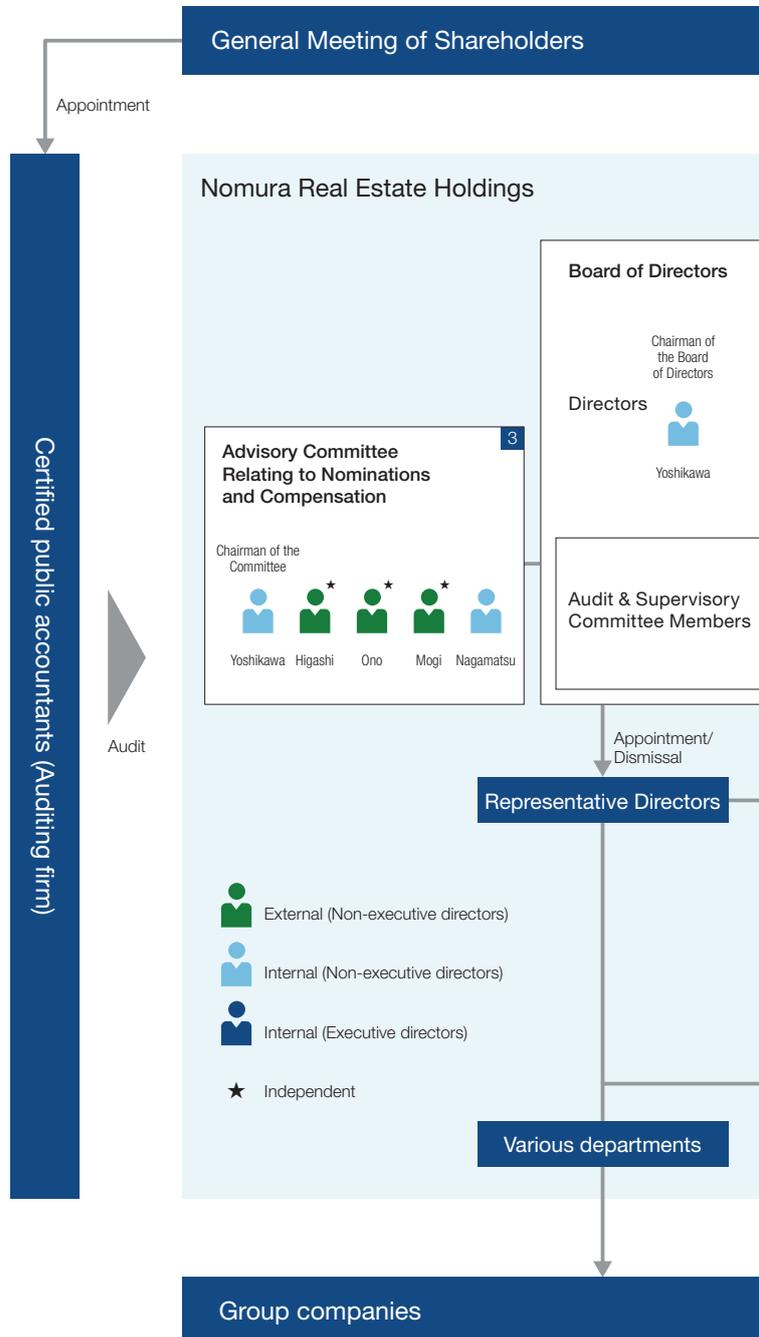
Held 7 times during FY20/3

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 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. Currently, the Advisory Committee Relating to Nominations and Compensation consists of five members, of which three are independent external directors. The Advisory Committee Relating to Nominations and Compensation meets as necessary to discuss matters relating to the nomination of and compensation of directors and executive officers and reports the outcome to the Board of Directors.

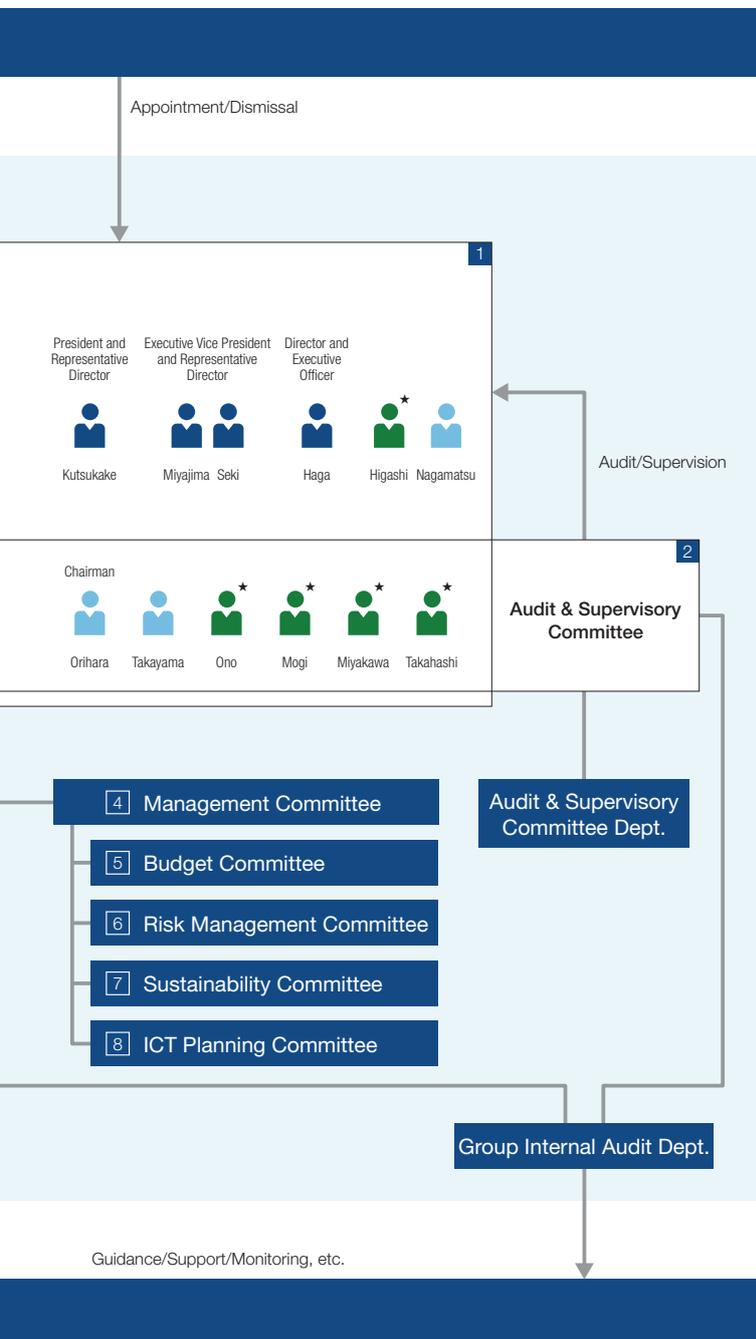
Group governance

As a holding company, the Company manages its Group companies under various regulations such as Regulations regarding Group Organizational Management and Group Internal Audit. Also, its directors (excluding those who serve as Audit & Supervisory Committee Members) and executive officers also hold the post of director, etc. or directors who serve as Audit & Supervisory Committee Members also act as Audit & Supervisory Board Members in major Group

Corporate governance system



companies to strengthen the Group management. Furthermore, the Company has built systems for risk management, compliance, and internal audits within the Company itself and the entire Group, with the Board of Directors regularly receiving reports on each of the systems, for an effective monitoring of Group management.



## 2 The Audit & Supervisory Committee

Held **13** times during FY20/3

### Roles of Audit & Supervisory Committee

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.

### Composition of the Audit & Supervisory Committee

The majority of Audit & Supervisory Committee Members comprises independent external directors; and at least one of the members, who also serves as a director, possesses appropriate knowledge of finance and accounting. The Audit & Supervisory Committee consists of six members, of which two are Audit & Supervisory Committee Members (full-time) and four are Audit & Supervisory Committee Members (independent external directors).

### Main initiatives taken by Audit & Supervisory Committee

Main matters on the agenda at the meetings of the Audit & Supervisory Committee include the consent to the election bill of directors who act as Audit & Supervisory Committee Members, drawing up audit plans, the consent to the internal audit plan by the Audit & Supervisory Committee Dept., preparing audit reports, evaluating on the reappointment of the Accounting Auditor, giving consent to compensation for the Accounting Auditor and making decision for appointment and compensation, etc. of the directors except for Audit & Supervisory Committee Members. The full-time Audit & Supervisory Committee Members attend important meetings of the Company and request for reports from operating divisions as necessary to gather information on the Company's business execution status.

## 4 Management Committee

Held **41** times during FY20/3

The Committee, which is comprised of the Chief Executive Officer 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.

## 5 Budget Committee

Held **10** times during FY20/3

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

## 6 Risk Management Committee

Held **6** times during FY20/3

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 as a subordinate organization of the Management Committee. The Committee is mainly comprised of directors and executive officers of the Company and Group companies who have been appointed by the Board of Directors.

## 7 Sustainability Committee

Held **3** times during FY20/3\*

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

## 8 ICT Planning Committee

Held **12** times during FY20/3

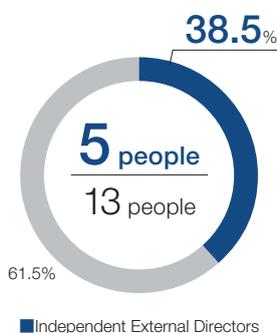
The Committee discusses investment plans and other matters for preparing the ICT base and establishing information systems with the aim of improving the ICT environment and its effective use as a subordinate organization of the Management Committee.

\*Number of the CSR Committee (currently the Sustainability Committee) meetings held

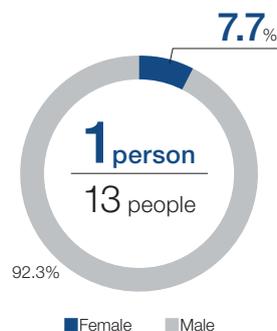
## Corporate governance

## Status of Directors

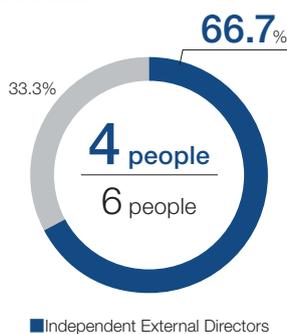
Percentage of Independent External Directors on the Board of Directors



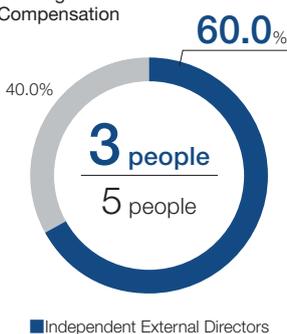
Percentage of Female Directors on the Board of Directors



Percentage of Independent External Directors on the Audit & Supervisory Committee



Percentage of Independent External Directors on the Advisory Committee Relating to Nominations and Compensation



Gender	Name (date of birth)	Position/Responsibilities	Executive/External/Independent/New	Term of office <sup>*1</sup>	Attendance rate at meeting of Board of Directors (number of attendances/holdings)	Audit & Supervisory Committee Member <sup>*2</sup>	Advisory Committee Relating to Nominations and Compensation Member <sup>*2</sup>
Male	Atsushi Yoshikawa (April 7, 1954)	Director and Chairman of the Board of Directors	Non-executive	3 years	100% (16/16)		◎
Male	Eiji Kutsukake (September 12, 1960)	President and Representative Director, Group CEO	Executive	6 years	100% (16/16)		
Male	Seiichi Miyajima (August 3, 1958)	Executive Vice President and Representative Director, Group COO	Executive	6 years	100% (16/16)		
Male	Toshiaki Seki (March 27, 1958)	Executive Vice President and Representative Director, Business Unit Manager of Commercial Real Estate Business Unit	Executive	6 years	100% (16/16)		
Male	Makoto Haga (June 22, 1966)	Director and Executive Officer Group CFO, Supervisor of Management Division, Investor Relations	Executive	3 years	100% (16/16)		
Male	Tetsuro Higashi (August 28, 1949)	Director	External Independent Non-executive	1 year	100% (13/13) <sup>*4</sup>		○
Male	Shoichi Nagamatsu (July 6, 1958)	Director (Part-time)	Newly appointed Non-executive	—	(Appointed on June 23, 2020)		○

Gender	Name (date of birth)	Position/Responsibilities	Executive/External/Independent/New	Term of office <sup>*1</sup>	Attendance rate (number of attendances/holdings) Board of Directors meeting (upper)/ Audit & Supervisory Committee meeting (lower)	Audit & Supervisory Committee Member <sup>*2</sup>	Advisory Committee Relating to Nominations and Compensation Member <sup>*2</sup>
Male	Takao Orihara (February 6, 1958)	Director (Member of the Audit & Supervisory Committee) (Full-time)	Non-executive	5 years	100% (16/16) 100% (13/13)	◎	
Male	Yasushi Takayama (February 1, 1964)	Director (Member of the Audit & Supervisory Committee) (Full-time)	Non-executive	1 year	100% (13/13 <sup>*4</sup> ) 100% (9/9 <sup>*4</sup> )	○	
Male	Akira Ono (December 28, 1971)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	5 years	94% (15/16) 100% (13/13)	○	○
Male	Yoshio Mogi (April 10, 1952)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	1 year	100% (13/13 <sup>*4</sup> ) 100% (9/9 <sup>*4</sup> )	○	○
Female	Akiko Miyakawa (October 18, 1955)	Director (Member of the Audit & Supervisory Committee)	External Independent Non-executive	1 year	100% (13/13 <sup>*4</sup> ) 100% (9/9 <sup>*4</sup> )	○	
Male	Tetsu Takahashi (October 24, 1956)	Director (Member of the Audit & Supervisory Committee)	Newly appointed External Independent Non-executive	—	(Appointed on June 23, 2020)	○	

<sup>\*1</sup> Years as director as of June 23, 2020

<sup>\*2</sup> ◎: Committee Chairman

<sup>\*3</sup> Knowledge of capital markets and business experience in capital procurement, etc.

<sup>\*4</sup> Number of meetings held in the fiscal year ended March 31, 2020 since assuming the position of Director on June 25, 2019

Fields of expectation for directors							Reason for appointment
Corporate management	Finance <sup>*3</sup>	Finance and audit	Legal and audit	Overseas business	Architectural design	ICT	
●	●			●			Atsushi Yoshikawa has extensive business and management experience in the Nomura Group as well as experience as Chairman of the Board of Directors of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●	●						Eiji Kutsukake has extensive business and management experience in the Nomura Group as well as experience as President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial management experience and knowledge.
●					●		Seiichi Miyajima has extensive business and management experience in the Group as well as experience as Executive Vice President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development, architecture, and other operations.
●							Toshiaki Seki has extensive business and management experience in the Group as well as experience as Executive Vice President of the Company. He has been appointed because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on property development, property & facility management, and other operations.
●	●	●			●		Makoto Haga has extensive business and management experience in the Group as well as experience as a director of the Company. He has been appointed because it is expected that he will continue contributing to a strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on substantial experience and knowledge he has accumulated on corporate planning and financial and capital policies of the Group, and other operations.
●	●			●		●	Tetsuro Higashi has been appointed for an external director because it is expected that he will continue contributing to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager.
●	●	●					Shoichi Nagamatsu has extensive business and management experience in the Nomura Group. He has been appointed because it is expected that he will contribute to strengthening the supervisory function of the Board of Directors and achieving sustained growth and increased corporate value of the Company by drawing on his substantial experience and knowledge he has accumulated on management.

Corporate management	Finance <sup>*3</sup>	Finance and audit	Legal and audit	Overseas business	Architectural design	ICT	Reason for appointment
●	●	●					Takao Orihara has extensive business experience in the Group as well as experience as a director and an Audit & Supervisory Board Member. He has been appointed as a director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning finance and accounting will continue to contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure.
	●	●	●	●			Yasushi Takayama has extensive business experience in the Nomura Group. He has been appointed as a director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge concerning legal affairs 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.
			●				Akira Ono has great knowledge, experience, and profound insights as a legal expert acquired through his many years working as a lawyer. He has been appointed as an external director as an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will continue to 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 he has no experience in the management of a company.
●	●	●		●			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 appointed as an external director as an 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.
		●		●			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 appointed as an external director as an 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.
			●				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 appointed as an external director as an 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.

## Corporate governance

### Improvement of the effectiveness of the Board of Directors

For continuous improvement of the effectiveness of the Board of Directors, we repeatedly perform a cycle of assessment of the effectiveness of the Board of Directors and the Board of Directors' determination and implementation of appropriate policies based on the assessment results.

Details of the assessment of effectiveness of the Board of Directors in the fiscal year ended March 2020 are as follows:

Details of the implementation	Results of analysis and assessment		
	Highly regarded points	Issues and future improvement measures	
<ul style="list-style-type: none"> <li>Conduct the questionnaires of all directors (including those who serve as Audit &amp; Supervisory Committee Members) and their interview through a third-party assessment organization.</li> <li>Conduct analysis and assessment and determine the policy for response through deliberation by the Board of Directors based on the above results.</li> </ul>	[Composition]	The size of the Board of Directors and the ratio of independent external directors are generally appropriate.	—
	[Discussions]	Directors have free and active discussions beyond their positions based on their knowledge and experience. Particularly in the fiscal year ended March 2020, the Board of Directors aimed to enhance their discussions through insight provided by newly appointed external directors.	—
	[Operation]	Initiatives to improve operations continuously implemented, including the thorough prior provision of meeting materials, were assessed as fair for generally contributing to improve the effectiveness of the Board of Directors.	There is still room for improvement of operation such as clarification of issues in the explanation and materials for the agenda. By pursuing the thorough improvement of operation continuously, we will pursue the further effectiveness of the Board of Directors.
	[Matters for discussion]	By narrowing down the agenda to be discussed in the meetings of the Board of Directors and continuously improving operations such as providing discussion opportunities other than the regular meetings of the Board of Directors, they enriched discussions of management issues.	In the fiscal year ending March 2021, we will enrich the strategic discussion to further increase corporate value and improve corporate governance.

In the future, by assessing the effectiveness of the Board of Directors each year, the Company will regularly grasp the status of improvement and will further improve the effectiveness of the Board of Directors.

### Main discussions of the Board of Directors

Main matters approved by or reported to the Board of Directors in the fiscal year ended March 2020 are as follows:

Categories	Main themes
Business strategy, business plan	<ul style="list-style-type: none"> <li>Annual budget, policy for shareholder returns, fund procurement (Borrowings, Bonds, etc.)</li> <li>Financial results</li> <li>Investor trends/IR strategy</li> <li>Overseas business strategy</li> <li>Examination of M&amp;A</li> <li>Promotion of sustainability</li> <li>Promotion of wellness management</li> </ul>
Corporate governance	<ul style="list-style-type: none"> <li>Evaluating the effectiveness of the Board of Directors</li> <li>Policy for responding to Audit &amp; Supervisory Committee audit findings</li> <li>Advisory matters to Advisory Committee Relating to Nominations and Compensation</li> <li>Policy for strategic shareholdings</li> <li>Monthly monitoring of response status to various management issues</li> </ul>
Risk management, compliance, audits	<ul style="list-style-type: none"> <li>Improvement of risk management (Review of risk management framework and operation method)</li> <li>Report of Risk Management Committee</li> <li>Risk monitoring report in overseas business</li> <li>Formulation of annual compliance program</li> <li>Report on the results of the group internal audit plan</li> </ul>
Individual businesses	<ul style="list-style-type: none"> <li>Business progress report of Shibaura 1-chome District Project</li> <li>Vietnam Ho Chi Minh City Residential Development Project</li> </ul>

In addition to the above items to be deliberated by the Board of Directors, directors hold meetings to exchange opinions among them to deepen discussions.

Categories	Main themes	Number of meetings
Directors opinion exchange sessions	<ul style="list-style-type: none"> <li>ESG investment (opinion exchange with investors)</li> <li>Policy to respond to the assessment of effectiveness of the Board of Directors</li> <li>M&amp;A strategy</li> <li>Overseas business strategy</li> <li>Digital strategy</li> </ul>	3

### Information provision and support for external directors

The Company reinforces information provision and support required for the execution of the external directors' duties.

Items	Specific details	Number of meetings
Preparatory briefing of the Board of Directors	In order to activate discussions by the Board of Directors, members of the Corporate Planning Department provide briefings on the agenda items to external directors prior to the meeting of the Board of Directors.	12
Development property inspection by external directors	External directors regularly inspect business sites in Japan and overseas to deepen understanding about the wide range of businesses of the Group. In the fiscal year ended March 2020 newly appointed external directors inspected the sites of residential developments, office buildings, retail facilities, logistics facilities, hotels, and large-scale mixed-use development projects.	1

### Main matters discussed and deliberated by the Audit & Supervisory Committee

In the fiscal year ended March 2020, the Audit & Supervisory Committee mainly discussed and deliberated the following matters:

Categories	Main discussions
Composition and operation of the Committee	<ul style="list-style-type: none"> <li>Agreement on a proposal for election of a director who serves as an Audit &amp; Supervisory Committee Member</li> <li>Election of Committee Chairman and Committee Members (full-time)</li> </ul>
	<ul style="list-style-type: none"> <li>Formulation of the basic audit plan</li> <li>Agreement on the internal audit plan of Group Internal Audit Department</li> <li>Preparation of audit report</li> </ul>
Accounting auditor	<ul style="list-style-type: none"> <li>Agreement on accounting auditor's compensation, etc.</li> <li>Revision of criteria for the assessment and election of an accounting auditor</li> <li>Determination of whether to reappoint the accounting auditor based on assessment</li> </ul>
	<ul style="list-style-type: none"> <li>Determination of opinions regarding the nominations and compensation of directors excluding those who serve as Audit &amp; Supervisory Committee Members</li> </ul>

## Compensation of directors

### Outline of the system

Compensation of the Company's directors (excluding Audit & Supervisory Committee Members and external directors) consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. Policy on the payment ratio of fixed and variable compensation and details of compensation are as follows.

#### ►Base compensation

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

#### ►Bonuses

The amount of bonuses is determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals. The individual evaluation is used to evaluate the progress of initiatives for single-year and the medium- to long term, the performance concerning sustainability and ESG for which achievements are difficult to measure based only on financial results.

	FY19/3	FY20/3
Business profit	¥79,623 million	¥82,833 million
Year on year	—	+4.0%

\*Business profit = Operating profit + Share of profit (loss) of entities accounted for using equity method + Amortization of intangible assets associated with corporate acquisitions

#### ►Share-based compensation

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

This share-based compensation system is expected to have an effect that it will function as an incentive to improve corporate value in the medium to long term and align interests with the Company's shareholders by linking Directors' compensation to the Company's share price.

Also, this share-based compensation system adopts the system of executive compensation BIP (Board Incentive Plan) trust (the "Trust"). The number of shares, etc. to be delivered, etc. is set at one Company's share per one point according to the number of points calculated based on the below formula.

[Purpose of the introduction of the share-based compensation plan]

	Characteristics
Performance-based (PS) portion	Fluctuates depending on the three-year performance Clearer incentive for medium-term performance improvement
Non-performance-based (RS) portion	Delivery, etc. is deferred to the retirement of an executive Incentive for long-term contribution and corporate value improvement

#### ►Calculation formula of points

##### •Performance Share (PS) portion

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

The range of management benchmarks was determined by the Board of Directors as shown in the table below based on the Mid- to Long-term Business Plan and the like after passing through the deliberation process of the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are Independent External Directors.

[The ranges for the fiscal year ending March 2021, the third year from the start of the system in the fiscal year ended March 2019]

	Range	Results
Achievement-linked coefficient	0 – 200%	—
Business profit	¥75,400 million – ¥105,600 million	—
ROE	6.5 – 12.5%	—

[The ranges for the fiscal year ending March 2022, the third year from the start of the system in the fiscal year ended March 2020]

	Range	Results
Achievement-linked coefficient	0 – 200%	—
Business profit	¥70,800 million – ¥99,200 million	—
ROE	6.5 – 12.5%	—

##### •Restricted Share (RS) portion

The number of points (the "Number of RS Points") to be granted to target directors, etc. for each fiscal year during the covered period is calculated by dividing the amount of predetermined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. By delaying the delivering, etc. of shares until retirement of each Director, etc. from the Group, this portion creates incentives to contribute to the Group and enhance corporate value over the long-term.

## Corporate governance

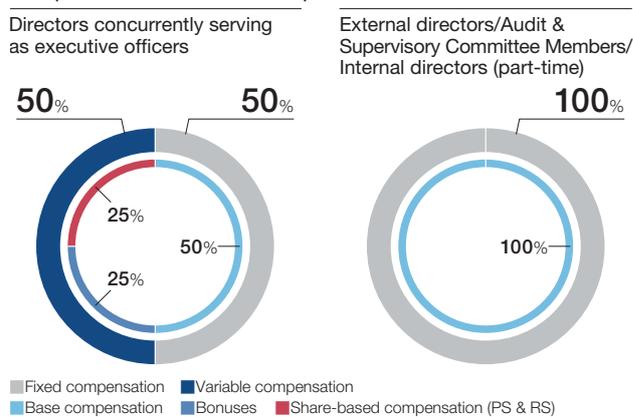
### ►Policy on payment ratio of fixed and variable compensation

Compensation of directors concurrently serving as executive officers (executive director) consists of base compensation, bonuses, 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 mid- to long-term. The policy for the ratios of the compensation items is shown on the right.

Compensation of the Chairman, who is a non-executive director and Chairman of the Board of Directors, is made up of the base compensation and the RS portion of share-based compensation, taking into account the sharing of interests with shareholders based on holding a role of supervising execution of business from an objective standpoint and also holding a role of enhancing long-term corporate value.

Also, compensation of external directors, directors as Audit & Supervisory Committee Members and internal directors (part-time) consists only of base compensation due to their role of overseeing the business execution from an objective standpoint.

### Composition of Director's compensation



\*1. The ratios above indicate a basic model when the Company pays 100% of its standard variable compensation amount.

\*2. Compensation of the Chairman of the Board of Directors is comprised of base compensation and share-based compensation (RS portion).

### Breakdown of compensation of directors

Compensation	Fixed compensation	Variable compensation		
	Base compensation	Cash compensation	Share-based compensation	
Evaluation/Criteria	Criteria for each position	Bonuses	PS	RS
	<ul style="list-style-type: none"> <li>Performance such as consolidated business profit</li> <li>Progress of initiatives, etc. for a single-year and the mid to long term</li> <li>Performance in terms of sustainability/ESG</li> </ul>	<ul style="list-style-type: none"> <li>Achievement-linked evaluation after three years</li> <li>Evaluation indicator: Business profit and ROE</li> </ul>	<ul style="list-style-type: none"> <li>Range of FY22/3</li> <li>Achievement-linked coefficient: 0 – 200%</li> <li>Business profit: ¥70,800 million to ¥99,200 million</li> <li>ROE: 6.5 – 12.5%</li> </ul>	Criteria for each position
Timing of payment/Delivery	Monthly	Annually	After three years from the beginning of the applicable fiscal year	When a director resigns

### Compensation, etc. by category of director (FY20/3)

Category	Total compensation, etc. (millions of yen)	Total compensation, etc. by type (millions of yen)			Number of directors applicable
		Base compensation	Bonuses	Share-based compensation	
Directors (excluding Audit & Supervisory Committee Members and external directors)	467	259	101	106	6
Directors (Audit & Supervisory Committee Members) (excluding external directors)	102	102	—	—	3
External directors	69	69	—	—	8
Total	639	431	101	106	17

\*1. As of the end of the fiscal year ended March 2020, there are five directors (excluding Audit & Supervisory Committee Members) (excluding external directors). The reason for the difference in the number of directors applicable in the above table is that one director who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 is included.

\*2. As of the end of the fiscal year ended March 2020, there are two directors (Audit & Supervisory Committee Members) (excluding external directors). The reason for the difference in the number of directors applicable in the above table is that one director (Audit & Supervisory Committee Member) who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 is included.

\*3. As of the end of the fiscal year ended March 2020, there are five external directors. The reason for the difference in the number of directors applicable in the above table is that three external directors who retired at the end of the Ordinary General Meeting of Shareholders held on June 25, 2019 are included.

\*4. The payment amount in the Share-based compensation in the above table is the amount recorded in the expenses for the fiscal year ended March 31, 2020 (including the compensation amount of stock option (¥3 million)).

### Total amount of consolidated compensation, etc. of those who received a total amount of ¥100 million or more in compensation, etc.

Name	Category	Total compensation, etc. by type (millions of yen)			Total compensation, etc. (millions of yen)
		Base compensation	Bonuses	Share-based compensation	
Eiji Kutsukake	Director	64	35	29	130
Seiichi Miyajima	Director	55	30	21	107

\*The payment amount in the Share-based compensation in the above table is the amount recorded in the expenses for the fiscal year ended March 31, 2020.

### Decision-making process for director's compensation, etc.

#### ►Compensation frame

The maximum amount of compensation, etc. for Directors (excluding Directors as Audit & Supervisory Committee Members) is limited to up to ¥550 million per year in a separate framework from the share-based, etc. according to a resolution at the Ordinary General

Meeting of Shareholders held on June 26, 2018. The number of directors (excluding Directors as Audit & Supervisory Committee Members) at the time of the resolution was eight (including two external directors).

Furthermore, as for the share-based compensation, the maximum amount of money to be contributed to the trust by

the Company during the covered period (three fiscal years) is ¥730 million, and the maximum number of Company shares to be delivered, etc. to directors of the Company is 423,000 shares according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors who were subject to this system at the time of the resolution was six (excluding two external directors).

The maximum amount of compensation, etc. for directors as 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).

#### ▶Amount of compensation for each director

The amount of compensation for each director excluding a director who is an Audit & Supervisory Committee Member is determined at the Board of Directors following discussions at the Advisory Committee Relating to Nominations and Compensation, for which the majority of committee members are independent external directors, and the amount of compensation for each director who is an Audit & Supervisory Committee Member is determined by consultation between Audit & Supervisory Committee Members, within the maximum amount resolved at the aforementioned Ordinary General Meetings of Shareholders.

#### ▶Operation of compensation plan, etc.

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 deliberation by the Advisory Committee Relating to Nominations and Compensation and reporting to the Board of Directors.

The Advisory Committee Relating to Nominations and Compensation held in the fiscal year ended March 2020 carried out periodic monitoring of the compensation plan of directors and deliberates on general matters concerning the compensation for directors. Furthermore, in reviewing the appropriateness of the compensation level and the content of the share-based compensation system that has been introduced at present, the Company makes a determination on the basis of factors such as the size of the Company and business characteristics, after obtaining advice from an external compensation consultant.

### Compliance with Japan's Corporate Governance Code

Our reasons for not implementing two of the 78 principles of Japan's Corporate Governance Code, "Explain," non-compliance, as of June 2020 are provided below.

#### Proper supervision of successor plans for CEO, etc. (planning)

The Company believes that the appropriate appointment process of its CEO, i.e., one that is carried out in line with the Company's corporate philosophy and management strategies and which also considers external candidates, is important for realizing sustainable growth. As for the plan for the CEO's successor, based on the respective appointment criteria for officers and for the CEO, the Company established its training policy and the process up to the CEO's election. Going forward, in addition to the Advisory Committee Relating to Nominations and Compensation providing regular monitoring and reporting to the Board of Directors, the Company will strive for the further enhancement of the structure

and content of training, to ensure that the training of successor candidates in relation to the aforementioned established successor plan goes as planned.

[Supplementary Principle 4-1-3] Proper Supervision of Successor Plans for CEO, etc. (Planning)

#### Training policy for directors

The Company provides training that takes into consideration the Company's corporate philosophy and management strategies. The Company also regularly provides opportunities for all directors to receive training from guest lecturers from outside the Company, to improve their knowledge of topics such as finance and corporate governance. Also, when external directors assume office, they are provided with an explanation regarding topics, such as the Group's history, business framework, and business model, to deepen their understanding of said topics. Then after the external directors' tenures begin, in addition to ensuring regular opportunities for training, the Company also provides opportunities for them to tour the Company's properties inside and outside Japan. Going forward, the Company will continue to investigate the aforementioned topics, mainly through the Advisory Committee Relating to Nominations and Compensation, in order to further enhance the structure and content of training primarily for directors.

[Principle 4-14, Supplementary Principle 4-14-2] Training Policy for Directors

### Strategic shareholdings policy

The Board of Directors annually verifies the rationality of the Group's continuous holding of shares of listed companies held for reasons other than pure investment purposes (strategic shareholdings), and based on which it sells off shares with low rationality for holding as the basic policy in consideration of the market environment.

With regard to the strategic shareholdings, for each stock name, the Company regularly checks the transaction status with the Group and the business conditions of the investee companies. The Board of Directors verifies the rationality of continuous holding from the viewpoint of whether it contributes to the enhancement of the Company's corporate value.

As of the end of March 2020, holding of shares by Nomura Real Estate Development, which posted the largest amount of equity investments on the balance sheet compared to the Company and other consolidated subsidiaries, is as shown below. Incidentally, the Company has not held shares subject to cross-shareholdings.

#### Status of shareholdings

Number of companies and total amount recorded on balance sheet

Category	Number of companies	Total amount on balance sheet (millions of yen)
Non-listed shares	11	165
Shares other than non-listed shares	1	237

Number of shares by company, information of the amount recorded on the balance sheets and other data

Company	FY20/3		Purpose of holding, quantitative holding effects	Whether the shares of the Company are held or not
	Number of shares	Amount recorded on the balance sheets (millions of yen)		
Onward Holdings	500,000	237	Enhancement of corporate value by strengthening business ties can be expected. Continuous transactions are made mainly by the Property Brokerage & CRE Business Unit.	Not holding

\*The description of quantitative holding effects is difficult, because individual transaction conditions cannot be disclosed.

## Risk management

The Group recognizes that ensuring the soundness of management through appropriate risk management and operation is an important management issue. To further strengthen our risk management system, the Group organized and restructured risk management items, systems, and management departments in April 2020. At the same time, we revised “the Risk Management Regulations,” which stipulates basic matters regarding risk management.

In the rapidly changing social environment, we will identify risks and opportunities for the Group from a mid- to long-term perspective and take appropriate actions in order to provide new value and achieve sustainable growth.

### Basic policy for risk management

The 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 risks within the company’s risk tolerance limits.”

With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations. As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely “A: Investment risk,” “B: External risk,” “C: Disaster risk,” and “D: Internal risk.” Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

### Important risks needing to be managed among main risks

- Risks that could have a major impact on the Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems including litigations, etc.
- Other major risks that should be managed by the Group

### 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,

#### Risk management system (conceptual diagram)



\*1 Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.  
 \*2 The head of each business unit reports to the Management Committee on “A: Investment risk” and “B: External risk” that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with “A: Investment risk” and “B: External risk” of each department.  
 \*3 The head of each business unit reports to the Risk Management Committee on “C: Disaster risk” and “D: Internal risk” that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with “C: Disaster risk” and “D: Internal risk” of each business unit. Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit’s risk management associated with “C: Disaster risk” and “D: Internal risk.”

provide necessary guidance and advice to each of business units and Group companies while regularly reporting details to the Board of Directors.

The Management Committee, which is the integrated management body, directly monitors “A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation, and analysis of “C: Disaster risk” and “D: Internal risk” as well as discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information and response policies within the Group.

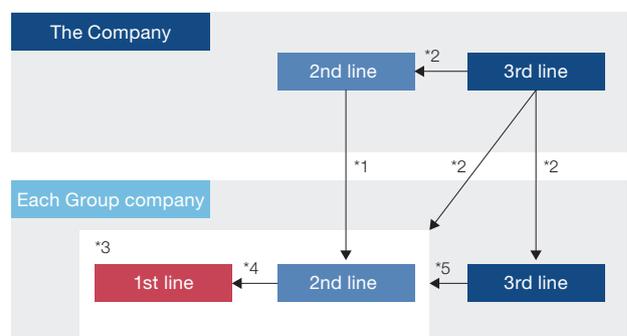
With regard to risk management, each business unit manager will supervise the risk management of their affiliated business units and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each Group company (the head of each division at Nomura Real Estate Development) are responsible for reporting risk management matters to the business unit manager in a timely and appropriate manner.

In addition, we have introduced a three-line management system (three defense lines) in tune with the restructuring of the risk management system to clarify the role of each business unit in the risk management.

We have defined the organization in charge of business in each Group company as the “first line” of risk management, the organization in charge of corporate operations at the Company and each Group company as the “second line” of risk management, and the organization in charge of internal audits at the Company and each Group company as the “third line” of risk management. With each “line” playing its role in risk management, for example, the “second line” and “third line” of the Company providing support, guidance, and cooperation to the “second line” and “third line” of Group companies, respectively, we have established an appropriate defense line.

In the event of a major problem requiring urgency, the Chair of the Risk Management Committee decides the basic policies such as countermeasures upon consulting with the executives responsible for relevant departments in accordance with the Risk Management

#### Defense line (conceptual diagram)



\*1 The Company’s second defense line provides appropriate support and guidance for each Group company’s second defense line with respect to overall risk management based on the Group’s management policy and strategic objectives and monitors each Group company’s second-line activities.  
 \*2 The Company’s third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third line of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.  
 \*3 The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.  
 \*4 The second line of each Group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.  
 \*5 The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

Regulations and reports to the President (Group CEO) and provides instructions such as response in accordance with the basic policy.

### Details of main risk items and responses

The following are regarded as main risks that could make a significant influence on the financial position, business performance, and cash flows of the Group.

Matters concerning the future and the recognition of risks in the text are those determined by the Group as of the date of the submission of the Financial Report (June 23, 2020). The Report,

however, does not cover all risks. Risks that are unpredictable or deemed insignificant at this point in time could have an impact on businesses in the future.

In the fiscal year ended March 31, 2020, many events occurred that were related to main risk item (7) "Risks caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity." These included storm and flood damage caused by typhoons No. 15 and No. 19 and the spread of COVID-19.

The details of each major risk items and main initiatives are as follows.

Risk categories (definition)	Main risk items	Basic response policies	
(A) Investment risk  Risk related to individual investments (real estate investment, strategic investment (M&A), etc.)	① Risk associated with real estate investment	Make appropriate responses to risk items for which returns shall be obtained according to the level of risk	
	② Risk associated with strategic investment (M&A) and new businesses		
(B) External risk  Risk related to external factors influencing business	③ Risk associated with market changes		Make appropriate responses to risk items that result in reduced competitiveness and lost opportunities
	④ Risk caused by changes in economic conditions		
	⑤ Risk caused by changes in political/social conditions/systems (laws, tax system, accounting, others)		
(C) Disaster risk  Risk caused by disasters that have a large impact on customers and business continuity	⑦ Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	Make appropriate responses to risk items for which that should be responded to and managed so that the risk does not materialize or the risk is minimized when it materializes	
(D) Internal risk  Operational risk occurring at the Company and each group company	⑧ Risk of violations of laws and ordinances		
	⑨ Risk of quality defects		
	⑩ Risk of occurrence of information system crisis		
	⑪ Risk of inadequate response to matters related to human resources		
	⑫ Risk of occurrence of fraud and negligence		

Details of major risk items and initiatives are as follows.

#### (A) Investment risk Risk related to individual investment (real estate investment, strategic investment (M&A), etc.)

Risk	① Risk associated with real estate investment
Risk details	In the real estate investment and development business carried out by the Group, there are cases in which business does not proceed as planned due to such factors as unexpected soil pollution, delays in obtaining permits and licenses, and the need for additional construction. In such cases, the occurrence of changes in the initial business schedule, delays in completion and recognition timing, and additional costs could affect the Group's financial position and business performance.
Main initiatives	Decisions on the real estate investment/development business are made at the meetings such as the Management Committee or the Board of Directors of the Company or of Group companies upon identifying, analyzing and evaluating risk in advance and considering risk taking or risk avoidance policies. In particular, for soil pollution the Company implements a historical survey and a pollution survey in advance, and if pollution is confirmed the Company will cease the acquisition of the land or have the pollution removed by an external specialist. Moreover, following the acquisition of the land for development, the department in charge of the business ascertains the risk of any schedule delay and the state of construction costs. Should an especially important event occur, the department shall report this to the Management Committee or the Board of Directors of the Company or Group companies when necessary and respond to the issues.
Risk	② Risk associated with strategic investment (M&A) and new businesses
Risk details	The Group positions M&A as one of its growth strategies and aims to enhance the corporate value of the Group by implementing M&A for which synergies can be expected. However, the inability to achieve profit growth from the M&A target companies and synergies expected could affect the Group's financial position and business performance. The Group goes beyond the existing business domains to explore opportunities in new businesses as well as examines and makes investments in new asset types. However, the inability to execute business according to original plans or achieve synergies with Group companies could affect the Group's financial position and business performance.
Main initiatives	In executing M&A, the main investment targets and investment purposes shall be defined. At the same time, factors such as the synergies with the Group's existing businesses, business plans, financial details, and contract-related matters shall be carefully examined and considered and M&A shall be implemented when it is determined that this will contribute to the Group's business results in the future. In addition, after the M&A is executed, the Board of Directors or the Management Committee shall regularly monitor the status of the integration process between the target company and the Group, management issues, and response policies. In considering new businesses, the Company carefully investigates and examines the synergies with the Group's existing businesses as well as business plans. A new business is commenced when judgement is made that it will contribute to the business performance of the Group in the future. After entering a new business, its performance is regularly monitored, and if deemed necessary to make modifications or a re-start, it will put to deliberation by the Board of Directors or Management Committee.

## Risk management

**(B) External risk**  Risk related to external factors that has an influence on business

Risk	③ Risk associated with market changes
Risk details	<p>The Group carries out a variety of real estate-related businesses and any changes in the business environment or market conditions in each business could have an impact on the Group's business performance. In addition, changes in economic conditions or the occurrence of disasters could have an impact on the business environment or market conditions of real estate-related businesses.</p> <p>In the Residential Development Business Unit, a decline in customer desire to purchase leads to a decrease in sales prices and an increase in inventories and this could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories held are recorded. In the Commercial Real Estate Business Unit, a decline in rent levels, a rise in vacancy rates, and increase in the CAP rate that leads to a decline in asset prices could result in a situation whereby expected profits under the business plan cannot be secured and valuation losses on inventories and non-current assets held are recorded. In addition, a decline in demand in the real estate transaction market, a share price decline in the REIT market, a decline in demand for investment funds, and a rise in construction costs, could have an impact on the Group's financial condition and business performance.</p>
Main initiatives	<p>The Group regularly updates its awareness of the external environment of each business and works to ascertain impacts on business results, monitor the progress of business, and improve precision.</p> <p>When making investment decisions in the real estate investment/development business, our basic policy is to understand and forecast the current and future market conditions and confirm past market trends and curb to a certain extent the impact from changes in market conditions. Moreover, we formulate an investment budget upon undertaking risk assessment to secure a certain shareholders' equity ratio even if market conditions change rapidly.</p> <p>Since the impact of COVID-19 on the real estate-related business environment and market emerged from the last part of this fiscal year ended March 31, 2020, the Group has continued to verify the impact on each business according to each business' characteristic. In addition, when making investment decisions at each Group company, we are reviewing the operation of certain internal business' rules such as investment standards and responding to risk arising from market changes.</p>
Risk	④ Risk caused by changes in economic conditions
Risk details	<p>Domestic and overseas economic recessions, an increase in funding costs due to rising market interest rates, fluctuations in yen-denominated investments and recovered amounts, or amounts of foreign currency assets and liabilities on the consolidated financial statements due to fluctuations in exchange rates could have an impact on the Group's financial condition and business performance.</p>
Main initiatives	<p>Regarding changes in economic conditions, the Group regularly updates its awareness of the external environment and works to ascertain impacts on business results. In addition, since the emergence of the impact of COVID-19, we are paying particularly close attention to trends in corporate earnings, personal income, and consumption. In our funding through borrowings, we respond to the risk of rises in short-term interest rates by using mainly long-term and fixed-rate borrowings. For foreign exchange fluctuation risk, we have established a foreign exchange hedging policy that considers the types of businesses we undertake overseas and we operate in accordance with this policy.</p>
Risk	⑤ Risk caused by changes in political/social conditions and systems (laws, taxation, accounting, and others)
Risk details	<p>Various types of laws and regulations in Japan and overseas are applicable to each of the Group's businesses. For example, in addition to the Real Estate Brokerage Act and the Building Standards Act, other real estate-related laws and regulations as well as the Financial Instruments and Exchange Act are applicable in Japan. In case there are changes or additions to these laws and regulations or other laws and regulations become applicable due to an expansion in the business scope in the future they could have an impact on the Group's financial position and business performance.</p> <p>Also, in the case of changes to various tax systems and accounting systems in Japan and overseas that have an impact on the real estate business, the resulting increased costs for acquiring, holding, and selling assets, a decline in customer desire to purchase, a shift in corporate facility strategy, and revision of investment plans could have an impact on the Group's financial position and business performance.</p> <p>Overseas, there are risks specific to each country's social situations and risks related to laws, regulations and tax laws different from those in Japan. In the case of changes in social situations or changes or the establishment of laws, regulations, and tax laws that have been unexpected at the beginning of conducting business in each country, the occurrence of new obligations, and expenses as well as obstacles to promote business could have an impact on the Group's financial position and business performance.</p>
Main initiatives	<p>We collect and analyze information on trends in various laws and regulations, tax systems and accounting systems, from industry groups, external experts and business partners and consider responses at each of the Company's respective organizations on the "second line" and discuss those matters expected to have a significant impact at the Board of Directors or the Management Committee depending on the details. During the fiscal year ended March 31, 2020, we held discussions on "Response to the Revision of the Japanese Civil Code (Law of Obligations).</p> <p>Moreover, in overseas business, we set up a country-specific investment limit in accordance with the Group's financial risk allowance after conducting investigations and analyses of each country's social situations. In addition, we seek the knowledge of external experts regarding applicable laws, regulations, and tax laws when starting a business overseas, and after starting a business we regularly confirm the state of changes to important related laws and regulations that have an impact on business strategy, revenue, and expenditures, as well as proceed in countries where we do business. In the case there are any changes, discussions are carried out at the Board of Directors or the Management Committee upon evaluating the impact and discussing response policies.</p>
Risk	⑥ Risk from lagging behind innovation and changes in the social structure related to the business
Risk details	<p>Should technological innovation or the emergence of innovative new participants in a variety of real estate-related businesses that the Group engages in result in a large change in the industrial structure or business environment and the Company is late in responding to changes in customer needs accompanying changes in the social structure, the Company's competitive advantage could decline and this could have an impact on the Group's financial position and business performance.</p>

Main initiatives	Amid the changing business environment, the Group has created unique new value and provided this to society and our customers by leveraging our strengths that include real estate development capabilities based on the market-in approach and our commitment to the quality in urban development and real estate-related services. To further enhance this strength, we have established the ICT & Innovation Planning Department and this department is undertaking R&D in new business domains and planning, promoting and supporting the emergence of innovation and ICT digital strategies. We have also established the Business Idea Proposal System that enables employees of each Group company to make proposals on new businesses that transcend the framework of their everyday work and promote new businesses and the commercialization of new products and services. Moreover, we will make efforts to create a corporate culture that takes on the challenge of realizing value creation by promoting reforms and strengthen Group collaboration through the Nomura Real Estate Group Award, an award system within the Group. We are also making efforts to create new business by collaborating with venture companies possessing innovative technologies and services through corporate venture capital.
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**(C) Disaster risk**  Risk caused by disasters that have a large impact on customers and business continuity, etc.

Risk	⑦ Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity, etc.
Risk details	<p>Large earthquakes, storms, and flood damage and infectious disease epidemics could make it difficult for the Company and its business partners to undertake normal business and there could be cases of the occurrence of the risk of loss of earnings and the risk of delay of earnings.</p> <p>Risk of loss of earnings include decreases in leasing revenue and operational revenue due to the suspension of operations or restrictions on facilities that the Group owns and operates and a decrease in income due to the loss of business opportunities.</p> <p>Moreover, risk of delay of earnings include changes in the sales recording period due to the suspension of operations for housing sales and changes in the timing of sales recording/completion due to the extension of construction periods owing to such factors as suspension of construction by contractors and these could have an impact on the Group's business results and financial condition. In addition, natural disasters such as earthquakes, fires, storms, and floods, or sudden accidents, could result in damage or loss of real estate owned, operated, or managed by the Group and this could have an impact on the Group's financial condition and business performance.</p>
Main initiatives	<p>The Group recognizes an increase in occurrence of various disasters as an important social issue. Based on various information transferred from central and local governments, we are working to ensure the safety and security in the event of a disaster. If a disaster occurs, we engage in disaster prevention activities so that its impact is minimized and the Group and its employees can continue business and a normal life. At the same time, we have formulated a business continuity plan (BCP) and action plan and engage in initiatives related to the Group's business continuity.</p> <p>In preparing for an earthquake that directly hits under the Tokyo Metropolitan Area, we have established a BCP, set up an emergency chain of command, and assigned duties to ensure business continuity, and established a system to minimize the impact of disasters. Furthermore, once per year we hold Disaster Task Force Establishment Drills to confirm responses prescribed in the BCP (assuring the safety of the lives of executives and employees, establishing a chain of command system, and restoring businesses) as we prepare for emergencies.</p> <p>Regarding an occurrence of earthquakes, fires, storms, floods, or other sudden accidents, we have set up regulations on how to respond to torrential rain and flooding, formulated a disaster prevention response manual, and created a disaster prevention guidebook for distribution to residents, management associations, tenants, and facility users in the properties we own to ensure their safety and bring them peace of mind when a disaster occurs.</p> <p><b>&lt;Matters related to COVID-19&gt;</b> Based on the BCP that had been formulated to respond to a new influenza outbreak, we established a basic policy for the Group's countermeasures and continuously update it. We have established a task force chaired by the Group CEO, gathered information from government and administrative authorities, and considered and implemented measures that place top priority on ensuring the health of customers, employees, and their families and preventing the spread of infection while considering and implementing countermeasures for business continuity. From the perspective of preventing the spread of infection, we suspended the operation of fitness clubs and deferred or reduced rent payments to a certain level to provide support for the business continuity of tenants who were impacted by the closure of retail facilities at the government's and local authorities' request. Including the hotel business, which was directly affected by a significant decrease in the number of tourists, many businesses are experiencing a temporary decline in revenue. However, these corporate actions align with our approach to promote the Company's sustainability efforts, which are to resolve social issues through business activities and respond to customer needs, and therefore contribute to enhance corporate value in the mid to long term.</p>

**(D) Internal risk**  Operational risk occurring at the Company and each Group company

Risk	⑧ Risk of violations of laws and ordinances
Risk details	In the real estate brokerage business, the main business of the Group, there are cases when the Company receives administrative sanctions from government authorities due to a violation of laws or ordinances such as an error in explaining important matters to customers, misrepresentation, or non-disclosure of disadvantageous facts. Also, in the case the Group violates the Building Standards Act, the Financial Instruments and Exchange Act, Companies Act, Act on the Protection of Personal Information, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other laws and ordinances related to the Group's business, the loss of the Group's credibility and the imposition of fines could have an impact on the Group's business performance.
Main initiatives	The Company has formulated the Nomura Real Estate Group Code of Action that defines the basic code of actions for executives and employees, including complying with laws and regulations and acting with higher ethical standards, and prescribed internal rules. We are making efforts to familiarize employees with the Code of Action and internal rules through periodic training, promote education on an ongoing basis, and facilitate enlightenment. For primary laws such as the Real Estate Brokerage Act, we formulate a business work flow specific to each law to ensure legal compliance, ensure a thorough awareness through training and on-the-job training (OJT), and implement regular voluntary inspections for compliance.

## Risk management

Risk	⑨ Risk of defective quality
Risk details	In case of deficiencies such as design and construction defects in the Group's real estate development business or in the case of a management deficiency in the properties for leasing or under management, the loss of trust in the Group, unexpected costs, and delays in development plans and operation plans could have an impact on the Group's business performance.
Main initiatives	In the real estate development business, to secure quality in design and construction upon placing an order for the design and construction work of a building with a third party who has a certain level of creditability and technical capabilities, the Group prescribed the Design and Construction Standards (structure, construction, equipment, and electrical) and the Quality Manuals and ensures thorough compliance from the parties with which we order design and construction work while also checking the state of construction and carrying out quality inspections as the ordering party. Regarding leased and managed properties, we will prepare business standard documents related to property management and safety and temporary construction guidelines for repair work as we undertake business. We will also provide property insurance for damages in the unlikely event of deficiency or accident.

Risk	⑩ Risk of occurrence of information system crisis
Risk details	To achieve sustainable growth as the diversity of products and services provided to customers increases, the Group believes it must further improve productivity and work efficiency and is actively utilizing the benefits of the Internet (the Cloud) (speed, flexibility, cost) for establishing an ICT environment and promoting DX to achieve these improvements. In addition, the Group handles a large volume of personal information in each business due to necessity in executing business. For this reason, in the unlikely case the Company's system cannot be used normally or in case personal information is leaked to the outside due to unexpected circumstances such as cyberattacks and unauthorized access, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	As we actively promote initiatives that utilize information systems and ICTs, we believe that ensuring information security will be of unprecedented importance, and we have strengthened measures to restrict access via Internet connections as well as measures for log management and the loss of information devices and are progressing with the establishment of an ICT environment in preparation for cyberattacks and information leakage. The Company is also striving to comply with relevant laws and regulations for personal information and to ensure proper handling of this information. Moreover, with the aim of realizing organized management of information and maintaining and improving security levels within the Group, we have prescribed the Information Security Regulations and the Information Handling Guidelines, regularly provide education and enlightenment to our employees, protect the rights and interests of our customers, and ensure the stable operation of an ICT environment within the Group. In addition, the Company has cyber insurance in preparation for an unlikely accident such as an information leakage.

Risk	⑪ Risk of inadequate response to matters related to human resources
Risk details	We regard human resources as our largest asset and the source of new value creation for the sustainable growth of the Group. Therefore, in the event that the working hours of Group executives and employees are not properly ascertained and long working hours damage the health of executives and employees and we receive administrative sanctions from government authorities because our personnel system and its operation do not comply with labor standards and related laws and regulations, the outflow of the Group's human resources, the loss of trust, and the imposition of fines could have an impact on the Group's business performance. In terms of personnel and labor management at overseas bases, there is risk of administrative sanctions by government authorities for introducing or operating a system that violates local labor customs, the risk of losing know-how due to the retirement of local employees, and a risk that the health of overseas employees will be damaged due to the lack of systems to provide appropriate support for living in a foreign country.
Main initiatives	The Group prescribes "working with vigor and achieving wellness" as its action guideline. The Group aims to provide "wellness management" so that all its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. To properly grasp working hours, we have introduced and operate an attendance management system and for particularly long working hours, this situation is monitored regularly. Furthermore, the compliance of our personnel system and its operation is regularly verified by outside experts to prevent the emergence of risks. Moreover, overseas there are local laws, cultures, and customs. Therefore, we utilize the knowledge of external experts to build personnel/labor systems, establish consultation desks for staff stationed overseas, and provide services to help, and provide support for visits to, medical institutions.

Risk	⑫ Risk of occurrence of fraud or negligence
Risk details	Within the Group, risk could occur due to fraud perpetrated by executives and employees, information leakage due to improper management of information, and operational negligence. In the case the relevant risk materializes, the loss of credibility and the resulting decrease in sales and damage compensation costs could have an impact on the Company's business performance.
Main initiatives	The Group executives and employees comply with laws and ordinances as well as with the Company rules and regulations formulated by each of Nomura Real Estate Group companies. Furthermore, establishing "the Nomura Real Estate Group Code of Action with the aim of acting in accordance with even higher ethical standards," we continuously provide education and enlightenment to our executives and employees.

## Internal controls, compliance/Information disclosure

### Compliance systems

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.

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  
<https://www.nomura-re-hd.co.jp/english/csr/base/compliance.html>

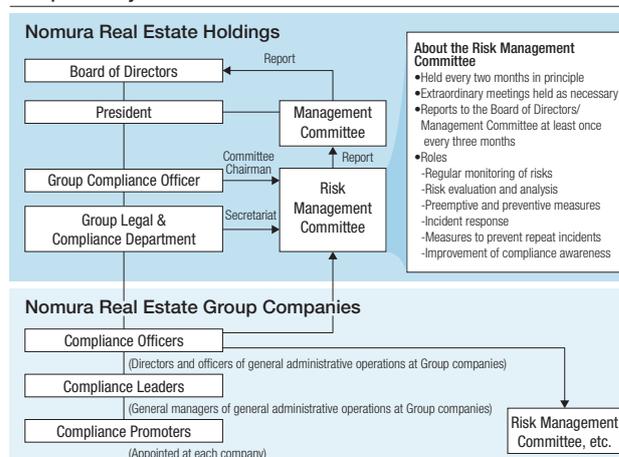
### Appropriate information disclosure and transparency

The Company strives to disclose information about the Group's management strategy, financial condition, risk management, and internal control system, etc., in a fair, timely, and appropriate manner based on the provisions of the Companies Act and the Financial Instruments and Exchange Act, as well as other laws and the listing rules of the Tokyo Stock Exchange. Specifically, as our timely disclosure system (on the right) indicates, the Executive Officer in charge of the Corporate Communications Department collects information about the Company through the Corporate Planning Department from each business unit and Group company. As for the information requiring timely disclosure, the Information Disclosure Screening Team made up of general managers, executive officers, and others responsible in related departments will screen the matter and report the results to the President. Company information found to require timely disclosure will be disclosed in a timely manner by Corporate Communications Department at the instruction of the Executive Officer in charge of the Corporate Communications Department. The Group Internal Audit Department carries out the monitoring of operations under the aforementioned timely disclosure system. Audit & Supervisory Committee Members attend Board of Directors' and other important Company meetings as well as receive reports from directors and view relevant documents to investigate whether the timely disclosure system is functioning properly.

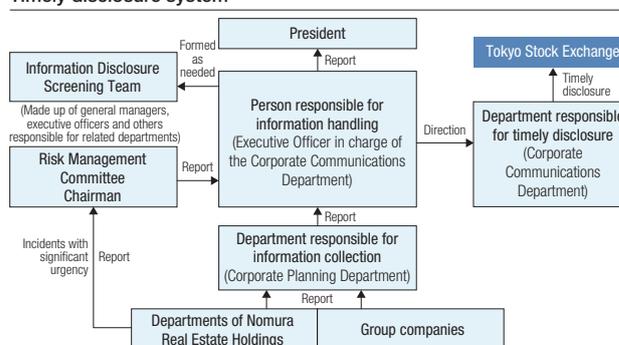
### Shareholder engagement

The Company conducts proactive and constructive engagement with shareholders based on established systems and policy on initiatives to promote greater engagement. The director in charge of Investor Relations (The Group CFO) takes the lead in engaging with shareholders, while the Investor Relations Section of the Corporate Communications Department supports these efforts. At the financial results briefings, the Group CEO explains business results and future strategies. The Investor Relations Section meets with internal departments and shares information on a daily basis to gather information and promote engagement with shareholders. The director in charge of Investor Relations reports the views and concerns of shareholders found during the engagement to the

### Compliance system



### Timely disclosure system



executive management team, and regularly reports to the Board of Directors, which discusses this information. We established Regulations Concerning the Prevention of Insider Trading to ensure the fairness of information disclosures and prevent leakages of information that affect our stock price. We manage insider information appropriately according to these regulations, and a silent period was also established.

### Current status of investor relations activities

In order to attract more shareholders and prospective investors, we strive to enhance understanding of the Group's business activities and growth strategy through direct and indirect communications with both institutional and individual investors.

#### Major IR activities during FY20/3

IR activities for institutional investors	Number of times held
Financial results briefings	2
Conference calls on financial results announcement days	3
Meetings with investors and analysts (including the following meetings)	346
CEO small meetings	1
Overseas IR activities (in Europe, U.S., and Asia) (including overseas conferences)	8
Conferences organized by securities companies (Japan) (including video and telephone conferences)	6
Property tours	4
SR meetings	12

IR activities for individual investors	Number of times held
Conferences for individual investors	2
Company information session organized by securities companies	1
Company information session via the Internet	1

 For further details and the latest information, visit the IR site.  
<https://www.nomura-re-hd.co.jp/english/ir/>

# Sustainability

The Group implements sustainability initiatives in all its business activities to address social issues that require consideration while meeting the expectations of stakeholders. In line with the framework of the four key themes and two promotion foundations set out under the Nomura Real Estate Group's Policy on CSR/ESG, the Group has now set qualitative and quantitative goals linked to the SDGs or business activities to push ahead with sustainability activities through the steady implementation of the plan-do-check-act (PDCA) cycle.

## Sustainability management structure

The Group organizes the Sustainability Committee (chaired by the Executive Vice President, Representative Director and Group COO) to further strengthen and promote sustainability activities. The Committee consists of Directors and Executive Officers appointed by the Board of Directors of the Company and is mainly responsible for deliberating and determining policies and activity plans for sustainability. Results of deliberation by the Committee are reported to the Management Committee and the Board of Directors and reflected in its business plans and business activities.

In April 2020, we further established the Sustainability Management Department to strengthen sustainability initiatives more linked with business.



## Materiality determination process

The Group selected its four key themes in the fiscal year ended March 2016. In the fiscal year ended March 2018, we advanced step 5 through 7 and formulated the Nomura Real Estate Group's Policy on CSR/ESG and determined the Group's material issues. (Report to the Board of Directors was made in the fiscal year ended March 2019)

### Key social issues for the Group

Decline of urban function, increased natural disasters, climate change, diversification of lifestyles, etc.



STEP 1	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
	Examine social issues extensively	Identify key themes for the Group	Identify key themes for stakeholders	Finalize four key themes	Identify activities and business related to each key theme	Evaluate and discuss issues	Determine and approve policies and materiality
	Identify and select social issues highly relevant to business by identifying social issues referring to international frameworks, such as the GRI Guidelines and ISO 26000	Identify key themes via CSR Committee (currently the Sustainability Committee) meetings, such as the impact on the Company's business, relevance, and degree of risk	Identify key themes via questionnaires and feedback from stakeholders pertaining to expectations for the Company and social issues that we must address	Identify four key themes by allocation based on importance from the perspectives of stakeholders and the Company	Determine policies and priorities for each key theme to promote CSR activities. Identify activities and business for each key theme via the CSR Promotion Council	Conduct evaluations and hold discussions based on policy trends and international frameworks, such as the SDGs and the SASB	Determine policies and material issues after the CSR Committee (currently the Sustainability Committee) and the CSR Promotion Council conclude discussions and submit to the Board of Directors for approval

## Contribution to achieving the Sustainable Development Goals (SDGs)

The 17 goals included in the Sustainable Development Goals (SDGs) which were adopted by the United Nations summit in September 2015 are global common goals, and the Group also recognizes the importance of contributing to their achievement. The Group will contribute to achieving the SDGs through initiatives to address the four key themes of Safety/Security, Environment, Community and Health and Well-being as well as the material issues.

### Related key SDGs defined by the Group



For further details and the latest information, refer to the CSR report at the link below.  
<https://www.nomura-re-hd.co.jp/english/csr/>

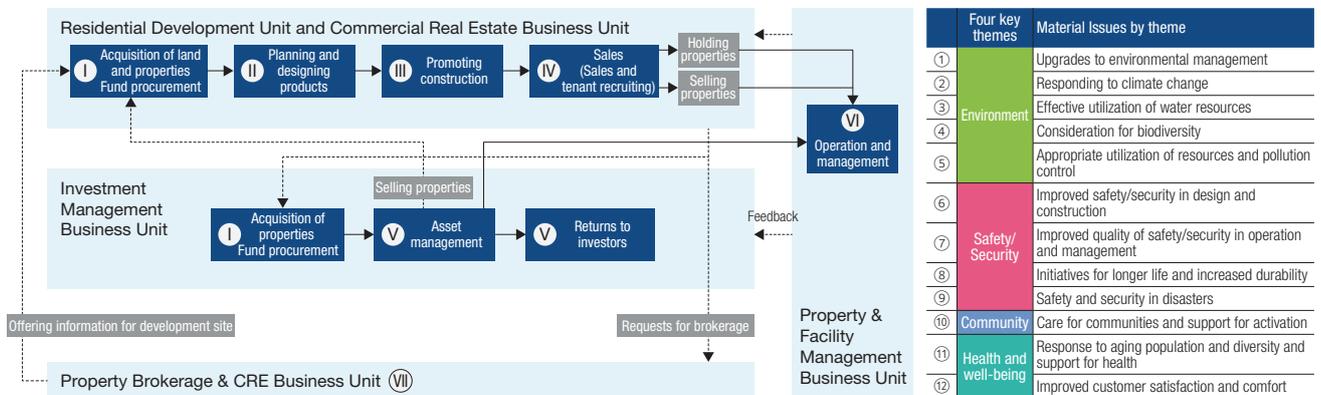
## Nomura Real Estate Group's policy on CSR/ESG

The Sustainability Committee is mainly responsible for confirming progress of the policy on CSR/ESG and its goals described below and deliberating and determining activity plans.

		Material issues	Group targets/Indicators	Related SDGs	
E	Environment P72-73 →	Upgrades to environmental management	Acquiring of advanced environmental management certifications (DBJ Green Building, LEED, CASBEE, etc.)		
		Responding to climate change	Reducing CO <sub>2</sub> emissions Promoting solar power generation Reducing energy use		
		Effective utilization of water resources	Reducing water usage		
		Consideration for biodiversity	Acquiring biodiversity certifications (ABINC/JHEP/SEGES)		
	Safety/Security P74-75 →	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals		
		Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service		
		Initiatives for longer life and increased durability	Providing of long life and high durability products and services		
		Safety and security in disasters	Expanding disaster preparedness		
	Community P74-75 →	Care for and activation of communities	Expanding planning and design for activation of communities Supporting activation of communities in operations and management		
		Health and Well-being P74-75 →	Promoting universal design Supporting health and increasing healthy life expectancy Promoting communication to improve customer satisfaction Improving comfort		
	S	Human resources P76-79 →	Health and safety of employees	Preventing work-related accidents Promoting thorough physical and mental health management Promoting taking of paid leave Preventing overwork	
			Promotion of diversity	Promoting active participation by women Supporting childcare and nursing care Promoting hiring of seniors and persons with disabilities	
Creation of fair and rewarding workplaces			Implementing fair assessment and compensation Improving employee satisfaction		
Improvements to human capital			Enhancing cultivation of human resources		
Supplier safety			Complying with CSR Procurement Guidelines Ensuring supplier safety		
Corporate governance			Ensuring diversity in Board of Directors		
G	Management structure P44-69 →	Compliance	Observing compliance requirements		
		Risk management	Implementing thorough risk management		
		Human rights	Implementing thorough human rights training		
		Improved supplier management	Compliance with CSR Procurement Guidelines		

## Value chain and sustainability material issues

In all business activities, the Nomura Real Estate Group implements sustainability initiatives to address social issues that require consideration and meet the expectations of stakeholders.



Business activity	Main stakeholders	Related material issues	Business activity	Main stakeholders	Related material issues
I	Sellers, brokers, financial institutions, investors, real estate appraisers, etc.	⑩	V	Investors, customers, financial institutions, property management companies, etc.	① ② ③ ⑤ ⑦ ⑨ ⑩
II	Customers, local communities, NPOs, design companies, administrative bodies, etc.	① ⑥ ⑧ ⑨ ⑩ ⑪ ⑫	VI	Customers, local communities, business owners, service outsourcing companies, construction companies, etc.	② ③ ⑤ ⑦ ⑨ ⑩ ⑪ ⑫
III	Customers, local communities, construction companies, etc.	② ③ ④ ⑤ ⑥ ⑨ ⑩	VII	Customers, brokers, financial institutions, real estate appraisers, etc.	⑩ ⑪ ⑫
IV	Customers, local communities, NPOs, judicial scriveners, etc.	⑪ ⑫			

# Environment

## Environment

The Group is aware of climate change, natural resource depletion, and ecosystem destruction as important social issues. Therefore, we will contribute to the realization of sustainable society through environmentally-friendly urban development including initiatives for an energy-saving and low-carbon society while using renewable energy and engaging in the appropriate utilization of resources. We also comply with environmental laws and regulations to implement an appropriate environmental management. Recognizing the following five items as particularly important issues, we will work to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers.

Environment	
Material issues	Group targets/Indicators
Upgrades to environmental management	Acquiring of advanced environmental management certifications (DBJ Green Building, LEED, CASBEE, etc.)
Responding to climate change	Reducing CO <sub>2</sub> emissions
	Promoting solar power generation Reducing energy use
Effective utilization of water resources	Reducing water usage
Consideration for biodiversity	Acquiring biodiversity certifications (ABINC/JHEP/SEGES)
Appropriate utilization of resources and pollution control	Reducing waste discharge
	Promoting use of domestic and FSC certified timber

**Results of main initiatives in FY20/3**

- Acquisition environmental management certifications for newly built properties for sales (excluding rental housing): 100% (No. of properties: 14)
- Acquired ZEH-M oriented certification\*1 (PROUD TOWER Kameido Cross, etc.)
- Analyzed and disclosed climate change related risks and opportunities
- Responded to CDP's climate change questionnaire ("B" score)
- Announced PROUD Kanda Surugadai, a high-rise condominium with structural elements made from wood materials (domestic timber)

**Main challenges and future initiatives**

- Strengthen environmental measures at various properties (including acquiring environmental management certifications)
- Strengthen analysis of risks and opportunities for climate change (including response to TCFD\*2 recommendations)
- Implement PDCA cycle steadily across the Group and investigate expansion of numerical targets (for Scope 3\*4 and SBT approval\*3)
- Further strengthen information disclosure and further improve ESG rating

## The Company's awareness of environmental issues

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

In our real estate business and urban development, the Group enjoys various benefits from the natural environment, but at the same time, imposes certain burdens on the environment in our business activities. In addition, the Group interacts with various customers including residents, tenant corporations, and facility users over the long term, and consequently we are aware that responding to environmental problems associated with our products and services is an important duty of the Group.

We consider the above five items (environmental management,

climate change, water resources, biodiversity, use of resources and pollution control) are particularly important, and we are working to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers on supply chains of procurement, our own operations, and products and services.

We signed the United Nations Global Compact (UNGC) in May 2019 and announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)\*2 in September 2020 to realize the Nomura Real Estate Group Environmental Philosophy and further promote responses to these priority matters. We will continue to support a precautionary approach to climate change mitigation, and other environmental problems, and proactively fulfill our responsibility to address such environmental problems.

### [Nomura Real Estate Group Environmental Philosophy]

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

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

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



For information about initiatives other than "Response to Climate Change," refer to the CSR report.  
<https://www.nomura-re-hd.co.jp/english/csr/environment/>

\*1: Net Zero Energy House: Residences designed to achieve a net zero annual primary energy consumption (air conditioning, hot-water supply, lighting, and ventilation) by increase in thermal insulation and energy saving performance, while creating energy by solar power generation, etc.  
 \*2: Task Force on Climate-related Financial Disclosures: Established to develop recommendations for climate-related information disclosures and response to these disclosures by financial institutions  
 \*3: Science Based Targets: Initiative requiring companies to set science-based reduction targets to limit the rise in global average temperature to "less than 2 degrees Celsius"  
 \*4: Scope : Scope of calculation and reporting of CO<sub>2</sub> emissions by companies  
 Scope 1: Direct emissions from fuel burning, etc.  
 Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company  
 Scope 3: Indirect emissions other than those for Scope 1 and 2 (use of products sold, employees' commuting and business trips, etc.)

## Response to climate change

The Group uses land and other natural resources and energy in the course of conducting business activities, and we are fully aware that responding to climate change is a major management issue. For example, increased natural disasters resulting from climate change and stricter environmental regulations could cause increase in costs and impede the continuation of business. On the other hand, we believe that low-carbon/decarbonized products and services will lead to new business opportunities. After organizing the risks and opportunities related to climate change, we are collaborating with stakeholders to promote various initiatives.

### Targets

- Reducing CO<sub>2</sub> emissions
- Promoting solar power generation
- Reducing energy use

### Example of main initiatives

#### • Initiatives for product development

We believe that low-carbon/decarbonized products and services including net zero energy house (ZEH) will lead to new business opportunities, and we actively engage in such products and services.

#### • Numerical targets to reduce CO<sub>2</sub> emissions

The Group has set the following targets to advance a response to climate change in March 2019 and is taking various initiatives to achieve them.

Indicator	Target	Performance in FY20/3
CO <sub>2</sub> emissions per unit area of real estate held by the Group (Scope 1 and 2 <sup>4</sup> )	Compared to FY14/3 Reduce by 30%	Reduced by 16%

We are also examining how to set reduction targets for total CO<sub>2</sub> emissions in the entire business including Scope 3<sup>4</sup>.

## Analysis of risks and opportunities for responding to climate change and our responses

### Risks

#### Market:

Changes in customer needs for real estate

#### Technology:

Increase in the development cost for CO<sub>2</sub> emissions reduction technologies

#### Physical:

Increase in damage to buildings due to increasing frequency of localized severe rain and flooding, and resulting changes in asset value and quality of real estate

#### Evaluation:

Negative feedback in ESG evaluation by stakeholders

### Opportunities

#### Products and services:

Expanded customer needs for low-carbon products and services

#### Resource efficiency:

Expanded utilization of high energy efficient buildings and properties

#### Energy sources:

Expanded utilization of renewable energy, etc.

#### Evaluation:

Acquisition of high ESG evaluation from stakeholders

### Our responses

#### Market and services:

Confirmation and grasp of future scenarios (IPCC Fifth Assessment Report)

Grasp of customer needs (implementation of customer satisfaction surveys)

#### Products and technology:

Development of ZEH-M in condominiums

Environmental performance assessments during product planning and design (including developing and exploring new technologies)

#### Resource efficiency:

Development of real estate securing of high environmental performance and energy efficiency including PMO and others and the acquisition of environmental management certifications

#### Physical:

Confirmation of hazard maps released by each local governments during real estate development, and implementation of severe rain and flooding countermeasures

#### Evaluation :

Ongoing communication with all shareholders

Continued enhancement of ESG information disclosures and investigation into improving of ESG evaluation

### Main initiatives

- Acquisition of ZEH-M oriented certification (PROUD TOWER Kameido Cross, etc.)
- Development of high-rise condominium with structural elements made from wood materials (PROUD Kanda Surugadai)
- Certification as a top-level office under the Tokyo Metropolitan Environmental Security Ordinance (Nihonbashi Muromachi Nomura Building)
- Implementation of disaster-preparedness concept: Advances in Disaster Preparedness in Housing
- Set up of disaster preparedness centers for tenant businesses

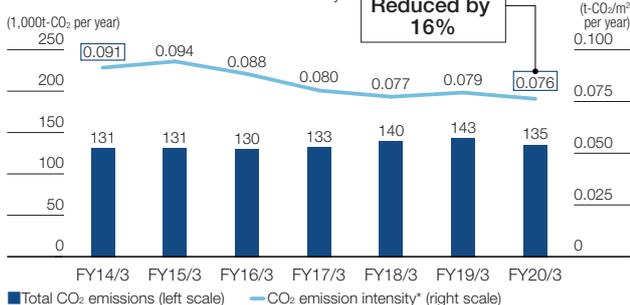


PROUD Kanda Surugadai, a high-rise condominium with structural elements made from wood materials

## Performance

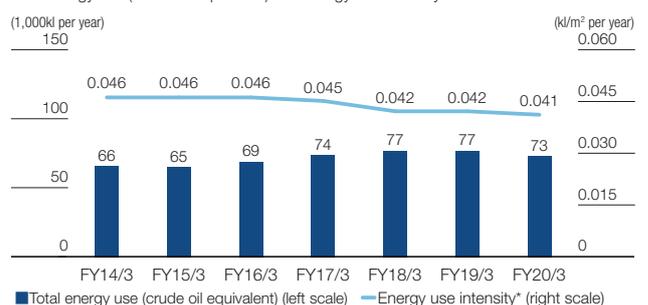
### GHG (CO<sub>2</sub>) emission performance

Total CO<sub>2</sub> emission and CO<sub>2</sub> emissions intensity



### Energy use performance

Total energy use (crude oil equivalent) and energy use intensity



\*Intensities are calculated by dividing the total amount of CO<sub>2</sub> emissions and energy use by the gross floor area of the target facility. Some figures for CO<sub>2</sub> emissions, energy use, and their intensities before FY19/3 are different from the figures shown in the *Integrated Report 2019* due to some changes in the calculation method.

## Safety/Security, Community, Health and Well-being

### Safety/Security

### Community

### Health and Well-being

The Group has identified Safety/Security, Community, and Health and Well-being as priority themes for social (S) initiatives. For example, on the theme of Safety/Security, the Group is aware that the aging and obsolescence of buildings and infrastructure and increases in natural disasters are important social issues and is working to increase building lifespan. On the theme of Community, the Group is cognizant of important social issues such as dysfunction and stagnation of local community resulting from the low birthrate, aging of society, increases in vacant residences, and other factors, and we are implementing a range of initiatives aimed at activating communities. Meanwhile, on the theme of Health and Well-being, the Group is making an approach to help various people to live healthy and comfortable lives regardless of their characteristics and attributes as lifestyles are becoming more diverse.

#### Safety/Security

Material issues	Group targets/Indicators
Improved safety/security in design and construction	Complying with design and construction standards and quality manuals
Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service
Initiatives for longer life and increased durability	Providing of long life and high durability products and services
Safety and security in disasters	Expanding of disaster preparedness

#### Results of main initiatives in FY20/3

- Formulated Design and Construction Standards and Quality Manuals for newly developed assets (small offices with services, etc.)
- Properties covered by the “re:Premium” service, which is designed to lengthen large-scale repair cycles, were recognized for “good condominium management” under the long-life quality housing renovation promotion project supported by Ministry of Land, Infrastructure, Transport and Tourism

#### Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues, targets, and indicators for Safety/Security
- Ensure compliance with Design and Construction Standards and Quality Manuals and develop Design and Construction Standards and Quality Manuals for newly developed assets (retail facilities)
- Push ahead with projects under large-scale repair work plans focusing on “re:Premium” service

#### Community

Material issues	Group targets/Indicators
Care for and activation of communities	Expanding planning and design for activation of communities Supporting activation of communities in operations and management

#### Results of main initiatives in FY20/3

- Activated communities open to everyone through urban development in harmony and together with the surrounding community based on the “BE UNITED concept”  
→1st project of ACTO: Started operation at Hiyoshi  
→2nd project of ACTO: Prepared for operation at Inagi Minamiyama and Kameido
- Engaged in communication within communities in which projects are underway  
(Held Christmas events in collaboration with regional development section of administrative body, etc.)

#### Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues for Community
- Strengthen collaboration to resolve community issues at ACTO Hiyoshi, where facilities went into operation in July 2020, and to generate a sustainable urban growth
- Consider expansion of various events to mitigate negative impacts in communities where projects are underway

#### Health and Well-being

Material issues	Group targets/Indicators
Response to aging population and diversity and support for health	Promoting universal design Supporting health and increasing healthy life expectancy
Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction Improving comfort

#### Results of main initiatives in FY20/3

- Acquired CASBEE-Wellness Office certification for some properties
- Publicly disclosed the results of customer satisfaction surveys for various assets
- Started introduction of the “Yukai-full” underfloor air-conditioning system for healthy, comfortable living  
\*Received the FY20/3 Nomura Real Estate Group Awards (→P79)
- Launched HUMAN FIRST LAB to research the nature of offices for increasing creativity and well-being

#### Main challenges and future initiatives

- Formulate action plans for each business unit in line with material issues for Health and Well-being
- Make it a basic policy to acquire CASBEE-Wellness Office certification for all newly developed office buildings
- Expand coverage of disclosure of customer satisfaction surveys and strengthen initiatives to improve satisfaction
- Increase properties with “Yukai-full” underfloor air-conditioning system
- Consider actual contents to be researched at HUMAN FIRST LAB, etc.

For further details and the latest information, refer to the CSR report at the link below.  
<https://www.nomura-re-hd.co.jp/english/csr/>

## Safety/Security

### Main targets

- Providing long life and high durability products and services
- Expanding disaster preparedness, etc.

### Example of main initiatives

- Initiatives for extension of large-scale repair work cycles

“re:Premium” is a product designed to extend large-scale repair work cycles, at completed PROUD condominiums. The collection of a repair reserve fund is important for proper maintenance and management of the condominiums, but is often in shortage. Responding to this social issue, “re:Premium” extends the cycle for large-scale repairs, which is normally planned for every 12 years, to 16 to 18 years. As a result, ultra-long-term repair plans extending up to 60 years after the completion of construction can be formulated. The service enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on residents can also be reduced by substantially cutting lifecycle costs.

### Results in FY20/3

- Number of completed large-scale repairs that adopt the “re:Premium”:  
17 (3.4 times the number year-on-year)

#### Social issue

Of around 6 million units of condominiums nationwide, just 40% of condominiums are able to carry out repair works as scheduled (Source: The Ministry of Land, Infrastructure, Transport and Tourism’s Result of General Survey on Condominiums Fiscal 2013)



#### Social value

Helps decrease residents’ burden through reduction of repair cost and create high quality housing stock

#### Economic value

Number of completed large-scale repairs that adopt the “re:Premium”:  
**29 (cumulative)**

\*Plan to gradually expand to cover 750 completed PROUD properties

## Community

### Main targets

- Expanding of planning and design for activation of communities
- Supporting activation of communities in operations and management

### Example of main initiatives

- Activation of communities based on the “BE UNITED concept”

The “BE UNITED concept” is urban development which nurtures “civic pride” through residents’ fondness for and pride in their city. Through this concept, we aim to achieve urban development in harmony and together with the surrounding community based on cooperation with condominium residents and active members of the community. We have labeled the activities necessary to realize the “BE UNITED concept” as ACTO. As a first project, we introduced these activities at PROUD CITY Hiyoshi. Taking advantage of our relationships with administrative bodies, educational institutions, neighborhood associations, and other community members, we have begun community activities, which have been well received and condominium sales are also brisk.

### Results in FY20/3

- Facilities that contribute to local communities: 6\*1 (double the level year-on-year)
- Number of community social events held: 138 (down 10% year-on-year\*\*2)

\*1. Nursery schools, cafes, etc. built together with residential developments, which were recorded for the fiscal year ended March 2020.

\*\*2. Some events were cancelled due to the spread of COVID-19.

#### Social issue

Dysfunction in communities as a result of the low birthrate and aging population, increases in vacant residences, and other factors

#### Social value

Helps activate local communities and nurture residents’ fondness for and pride in their city



Events related to ACTO

#### Economic value

Urban development incorporating ACTO makes properties more competitive

- Number of contracts concluded at PROUD CITY Hiyoshi: Approx. 550 units (as of end of March 2020)
- Sales of PROUD Season Inagi Minamiyama progressed steadily. (41 units out of total units sold out quickly)
- Sales of PROUD TOWER Kameido Cross progressed steadily. (150 units out of total units sold out quickly)

For further details and the latest information on ACTO, visit the following link:  
<http://www.acto-nreg.jp> (in Japanese)

## Health and Well-being

### Main targets

- Supporting health and increasing healthy life expectancy
- Improving comfort, etc.

### Example of main initiatives

- Development of OUKAS elderly housing with supportive services to increase healthy life expectancy

OUKAS elderly housing aims to help seniors maintain and improve their health and achieve autonomy in their day-to-day lives. The housing incorporates support systems which enable seniors to live with peace of mind, including unique wellness programs covering exercise, diet, and sleep for maintaining a healthy routine and a 24-hour monitoring service. OUKAS Funabashi, our first OUKAS project, has a high occupancy rate exceeding approximately 90%.

### Results in FY20/3

- Development of OUKAS elderly housing (cumulative units completed)  
382 units (3.5 times the level year-on-year)

#### Social issue

Increase in social security costs due to increasing of aging population

#### Social value

Helps independent elderly persons who do not require nursing care stay healthy and contributes to curbing social security costs by providing unique health promotion programs

#### Economic value

Secures development and operation projects of a total of 6 properties with a total of around 830 units

Funabashi	Kaihin-Makuhari	Kichijoji
Hiyoshi	Shiki	Sengawa

For further details and the latest information on OUKAS elderly housing, visit the following link:  
<https://nomura-re-wn.co.jp/brand/> (in Japanese)

For more detailed information about targets, initiatives, and performance for each topic, refer to the CSR report.  
<https://www.nomura-re-hd.co.jp/english/csr/social/>

## Human resources

### Human resources

The Group recognizes that employees are the most important business resources for a company and fostering human resources is essential for a company to achieve sustainable growth. The Group aims to provide Wellness Management so that all of its executives and employees can work energetically in good physical and mental health, which leads to sustainable corporate growth. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that innovations through diversity are indispensable for the continuous creation of new value, the Group works to promote diversity and create fair and rewarding workplaces so that employees with a variety of perspectives and ways of thinking, regardless of their social attributes, can fully demonstrate their individualities and capabilities.

Human resources		Results of main initiatives in FY20/3	Main challenges and future initiatives
Material issues	Group targets / Indicators		
Health and safety of employees	Preventing work-related accidents	<ul style="list-style-type: none"> <li>Each company implemented initiatives to promote work style reforms with their own quantitative targets</li> <li>The Group CEO and COO held Wellness Promotion Meetings with employees</li> <li>Partial introduction of one-on-one meetings</li> <li>Considered how to operate CSR Procurement Guidelines</li> <li>Gained understanding of human rights issues through study meetings with other companies (issues regarding of foreign technical interns, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Examine new ways of working in response to COVID-19</li> <li>Evaluate effectiveness of each company's quantitative targets</li> <li>Hold one-on-one meetings on a group-wide basis</li> <li>Start considering formulation of human rights policy</li> <li>Start actually operating CSR Procurement Guidelines</li> <li>Conduct further research on human rights issues and examine policy for addressing issues (issues regarding foreign technical interns, etc.)</li> </ul>
	Promoting thorough physical and mental health management		
	Promoting taking of paid leave		
	Preventing overwork		
Promotion of diversity	Promoting active participation by women		
	Supporting childcare and nursing care		
	Promoting hiring of seniors and persons with disabilities		
Creation of fair and rewarding workplaces	Implementing fair assessment and compensation		
	Improving employee satisfaction		
Improvements to human capital	Enhancing cultivation of human resources		
Supplier safety	Complying with CSR Procurement Guidelines		
	Ensuring supplier safety		

## Wellness Management

The Group is promoting initiatives to realize Wellness Management. In April 2017, the Nomura Real Estate Group Work Style Reform Promotion Committee was established, comprising Nomura Real Estate Holdings and Group company directors and others, and is chaired by the Executive Vice President and Group COO. The Committee discussed issues and measures, approved targets, and monitored the results of activities for wellness management, including enhancing employees' happiness and a sense of purpose

in life and maintaining and improving health, and reported to the Board of Directors twice a year. Furthermore, in the fiscal year ending March 2021, the Group launched the Group Wellness Promotion Committee chaired by the President and Group CEO, aiming to further develop the Work Style Reform Promotion Committee and promote wellness, work style reform, and diversity in an integrated fashion.

### Overview of wellness management



## Health and safety of employees

The Group is aware that the physical and mental health and safety of employees are essential for a company's business to grow continuously and sustainably. Based on this understanding, we made working with vigor and achieving wellness a part of the Nomura Real Estate Group Action Guideline, "What We Value," and we think that the basis of everything is that employees can work energetically in good physical and mental health.

### Targets

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

### Examples of main initiatives

#### • Management of work time over statutory working hours

Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms the status of compliance with the Article 36 Agreement of each Group company. In addition, each month, information on working hours and the status of employees taking vacation for each business unit is reported and any issues are shared.

#### • Prevent overwork

As a part of the work style reforms that the Group initiated in the fiscal year ended March 2018, we have implemented a variety of programs intended to prevent overwork by employees.

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

#### Main measures

- Working hours made visible
- No Overtime Days designated
- Clock-out time declaration program
- PCs turned off at 8 p.m.
- Various measures to encourage employees to take vacation time such as allowing employees to take the day off on their birthday

#### • Enhancement of health management

The Group requires employees to undergo thorough annual medical checkups and established the "Physical and Mental Health Consultation Hotline," to provide access to outside specialists for consultations, and the "Health Consultation Office," which is staffed by full-time physicians and nurses, within the Group. In the fiscal year ended March 2020, the rate of employees undergoing annual medical checkups at Nomura Real Estate Development was 100%.

#### • Health and safety risk management

At Nomura Real Estate Development, general managers and senior managers who supervise employees based on stress checks share information regarding employees who require health care with the responsible officers and officer responsible for the Human Resources Department. In addition, the responsible officers take measures to determine the health and safety status of the above-mentioned general managers and senior managers and share information regarding issues with the Human Resources Department.

### Comment by General Manager of the Group Human Resources Department



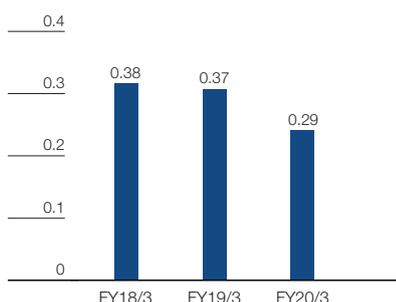
Tadadataka Yano  
General Manager  
of the Group  
Human Resources  
Department

I believe the fact that all Group executives and employees already shared the understanding that "the wellness of employees comes first" was hugely significant in responding to COVID-19. We were able to promptly introduce a range of crisis measures, such as the decision of stand by at or working from home in consideration of employees' family situations and other measures in relation to customers and people using the facilities without spending time on discussion. The Group can not grow unless safety and health are ensured for our employees and stakeholders. Moving forward, we will all go about our activities based on this common understanding. And we have also begun examining measures for new working styles based on the lessons learned from this experience.

## Performance

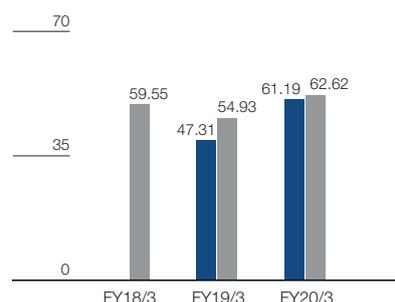
### Preventing work-related accidents

Absentee rate (%)



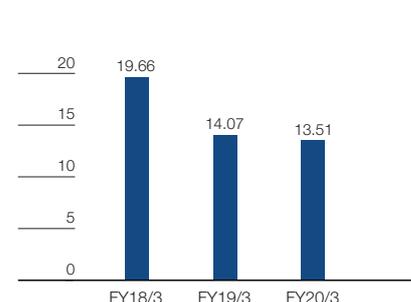
### Promoting taking of paid leave

Paid vacation acquisition rate (%)



### Preventing overwork

Average work time over statutory working hours (hours per person/month)



\*Absentee rate: Total number of lost days due to absence/ (Predetermined working days×Number of employees)

■ The Group ■ Nomura Real Estate Development only

Human resources

Promotion of diversity/Creation of fair and rewarding workplaces

The Group established the Nomura Real Estate Group Code of Action, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. We also conduct diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities. We also promote the creation of fair workplace environments where employees can work with reassurance, and we are implementing various work style reforms aiming to be a company in which each employee can actively work and is kept motivated.

Targets

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

Examples of main initiatives

- Initiatives for promoting active participation by women

The Group is working to promoting active participation by women in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value. Nomura Real Estate Development held “Health Seminars for Women” for all female employees in 2019.



Booklet distributed at the seminar



Scene of the seminar

- Supporting childcare and nursing care

The Group has instituted personnel programs that make it possible for employees to continue working even after certain life events such as childbirth or the need to provide childcare or nursing care. We provide information on and raise awareness of these programs through the Group intranet, etc., and are working to create workplace environments that encourage the use of these programs.

Main measures

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

- Promotion of work style reforms and diverse work styles

The Group discusses and promotes work style reforms and various systems and programs at the Group Wellness Promotion Meeting.

Main programs

Promoting diverse work styles	<ul style="list-style-type: none"> <li>• Establishing teleworking programs (including working from home)</li> <li>• Securing satellite offices</li> <li>• Expanding flex time working programs</li> </ul>
Encouraging employees to take vacation	<ul style="list-style-type: none"> <li>• Setting regular days off at sales offices</li> <li>• Encouraging employees to take leave such as making employee birthdays a day off</li> </ul>
Raising awareness regarding shorter working hours	<ul style="list-style-type: none"> <li>• Working hours made visible</li> <li>• Clock-out time declaration program</li> <li>• Establishing “No Overtime Days”</li> <li>• Introducing productivity assessments</li> <li>• PCs turned off at 8 p.m.</li> </ul>

- Initiatives to promote active participation of diverse human resources

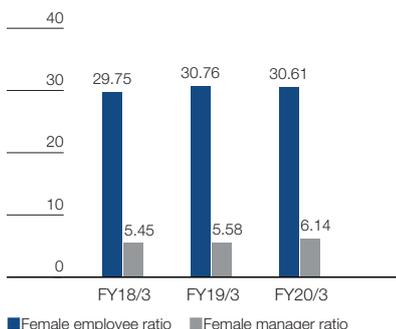
The Group believes that utilizing diverse perspectives in business is essential to create new corporate value and is working to promote the active participation of diverse human resources regardless of gender, age, or nationality. Also, in terms of hiring foreign human resources, Nomura Real Estate Amenity Service has hosted a total of 39 foreign technical intern trainees to date. We are also promoting the employment of persons with disabilities.



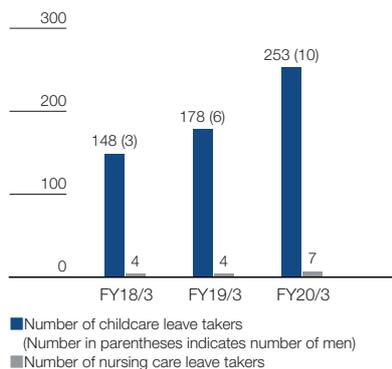
Asian Night 2019 social event

Performance

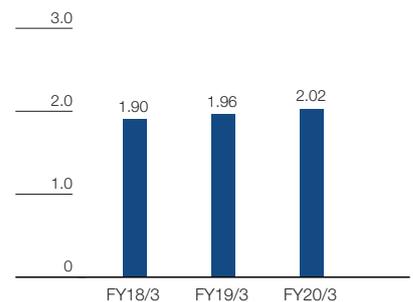
Promoting active participation by women  
Female employee ratio and female manager ratio (%)



Promoting diverse work styles  
Childcare leave takers and nursing care leave takers (persons)



Hire and utilize diverse human resources  
Rate of employment of persons with disabilities (%)



## Improvements to human capital

The Group seeks to carry out the Nomura Real Estate Group Action Guideline “What We Value” and works to improve human capital. We offer programs to enhance the qualifications and capabilities of each Group employee so that they can perform their work as a professional with a high degree of specialization.

### Targets

- Enhancing cultivation of human resources

### Examples of main initiatives

- Skill development program

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

- Business idea proposal program

The Group has the Business Idea Proposal Program, which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work. There have been 60 entries in total (including 12 entries in the fiscal year ended March 2020), of which seven ideas are currently being examined and four ideas are already materialized.

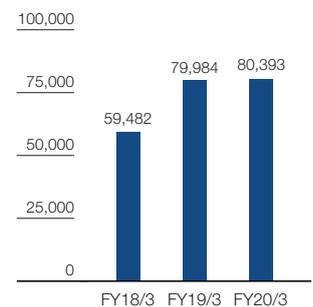
- The Nomura Real Estate Group Awards

The Group believes that fostering a corporate culture which encourages challenges is essential for achieving the work-style reforms goal of “becoming a corporate group that contributes to employee growth and satisfaction” and the diversity goal of “building an environment where each person can maximize their abilities.” As part of this belief, we have held the Nomura Real Estate Group Awards since the fiscal year ended March 2017.

### Performance

#### Enhancing cultivation of human resources

Investment in training per employee (yen)



Selection criteria	Comments of the First Place Award winner
<ol style="list-style-type: none"> <li>1: Reform and innovation</li> <li>2: Improvement in customer satisfaction</li> <li>3: Group synergy</li> <li>4: CSR activities and social contribution</li> <li>5: Continuity and perseverance</li> </ol>	<div style="text-align: center;">  <p>First Place Award winner of the Group Award 2020: “Yukai-full,” an underfloor air-conditioning system for a healthy, comfortable life</p> </div> <div style="text-align: center;">  <p>Yasuhiro Yoshida Residential Development Division, Nomura Real Estate Development</p> </div> <p>The “Yukai-full,” underfloor air-conditioning system, which won this year’s award, provides around the clock air conditioning for the reduction of CO<sub>2</sub> emissions and a healthy, comfortable life. We encountered various problems along the way, and I am proud that we overcame these obstacles as a team. The fact that we have this award system to properly recognize employees’ efforts increases employees’ motivation.</p>

## Ensuring supplier safety

### Targets

- Ensuring supplier safety, etc.

### Examples of main initiatives

- Inspections at construction sites in accordance with the Construction Safety and Security Measures Guidelines

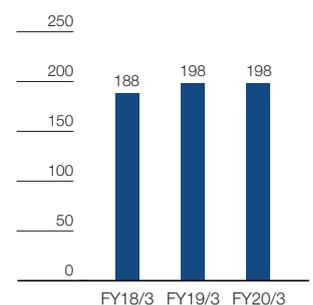
Nomura Real Estate Development has established its original Construction Safety and Security Measures Guidelines to prevent accidents and disasters at demolition and new construction sites. The Group conducts health and safety training for construction contractors to raise awareness, and performs inspections in major building construction processes to ensure the safety not just of suppliers, but also of neighboring residents and local community members.

- Safety and health initiatives by Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply

With the aim of implementing comprehensive safety management systems and raising awareness regarding health and safety, Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply regularly hold briefing sessions on health and safety for business partner companies who are their suppliers.

### Performance

Number of suppliers attending the Meeting on Health and Safety Council organized by the property management companies\*



\*Nomura Real Estate Partners and Nomura Real Estate Heating and Cooling Supply

## Topic: Response to COVID-19

# TOPIC Response to COVID-19

### Basic approach to COVID-19

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



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

#### Measures for employees and parties concerned, suppliers, etc.

#### Basic approach

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

#### Specific initiative examples

- Special paid leave for employees with children whose schools are closed
- A selection of training programs for employees to enhance their skills while they remain at home
- Guaranteed pay for condominium resident managers
- Flexible rescheduling of projects under development and giving maximum consideration to the safety and security of contractors



A Group employee working from home during school closure



General manager/branch manager meeting held with social distancing

### Management meeting safety & health standards

#### Measures taken in our hotel business



**Akira Kawatsuji**  
Commercial Real Estate Development & Management Division II  
Nomura Real Estate Development

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

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

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

**About our hotel business**  
We have arranged a collaborative scheme between NOHGA HOTEL, our directly managed hotel brand established in 2018, and HOTEL NIWA TOKYO and Tokyo Green Hotel Korakuen, both of which joined the Group in 2019, to provide unique added value including bonds forged with the local communities and Japanese-style hospitality.



SAFEGUARD Label (valid for six months; renewal available)



Serving customers while wearing a face mask



Performing thorough disinfection

## Maintaining residents' healthy lifestyles

### Initiatives at OUKAS, elderly housing with supportive services

**OUKAS**

人生を、謳歌する住まい。  
今日より健康な、明日を。



#### About OUKAS

OUKAS aims at enabling its residents to lead healthy lives and prolong their healthy life expectancy. To this end, a wide range of services are provided, including exercise programs run by dedicated trainers and dietary management.



Yasutomo Nakamura

OUKAS Funabashi Manager  
Nomura Real Estate Wellness

Amid COVID-19, we are giving top priority to providing a safe and secure living environment for our residents, while focusing especially on maintaining their healthy lifestyle. Specifically, to prevent the spread of infection, we thoroughly disinfected our facility, ensured ventilation, prohibited face-to-face seating in the dining room, and changed our health management service from group-based programs to individual programs, while providing healthy meals and an environment for getting some exercise. In addition, we divided our operation staff into two teams in an effort to reduce the risk of infection, giving full consideration to the health of our employees.

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



Online broadcasting within the facility  
Online yoga lesson

#### Residents' comments



I can go about my daily life with peace of mind because the facility is always thoroughly disinfected.



I can stay healthy because I'm able to exercise within the facility.



I'm grateful for being able to enjoy different dishes every day without having to go out.



It's reassuring to have someone to turn to whenever I have concerns about my medical condition, exercising, and daily life.

## Pursuit of well-being

### Initiatives at MEGALOS fitness clubs

**MEGALOS**

美しく、強く。



#### About MEGALOS

MEGALOS fitness clubs pursue well-being, namely, a favorable physical, mental, and social condition that allows for a fulfilling life as a human being and strives to provide the best service possible.



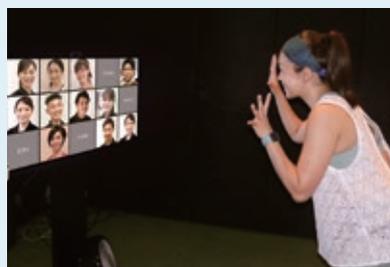
Asami Yamazaki

MEGALOS Soka Manager  
Nomura Real Estate Life & Sports

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

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

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



Introduced online lessons



Instructors and junior members sent letters to each other

