



# Governance

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# Corporate governance

## Philosophy and policies

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

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

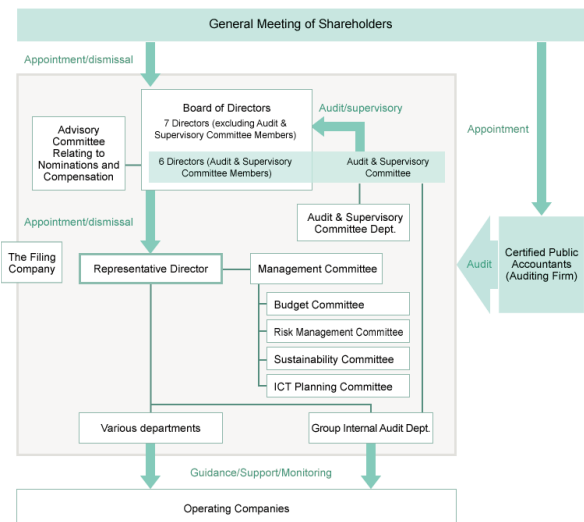
## Corporate governance report

[Corporate Governance Report PDF 807KB](#)

(Last updated: October 27, 2020)

## Corporate Governance System

Chart of Corporate Governance System



## Board of Directors

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

### Board Members

## Audit and Supervisory Committee

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

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

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

## Nomination and Compensation Advisory Committee

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

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

## Management Committee

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

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

## Other Committees

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

### [Budget Committee]

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

### [Risk Management Committee]

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

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

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

[ICT Planning Committee]

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

## Accountability of the Board of Directors

### Appointment of directors

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

### Independent external directors

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

## [Independence standards for Outside directors]

Extract from Article 14 of the Basic Corporate Governance Policy

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

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

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

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

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

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

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

### Assessing the effectiveness of the Board of Directors

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

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

## Compensation plan of Directors

### Outline of compensation plan of Directors

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

#### 〈Base compensation〉

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

#### 〈Bonus〉

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

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

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

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

#### 〈Share-based compensation〉

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

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

#### [Calculation formula of points]

##### ● PS portion

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

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

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

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥75,400 million ~ ¥105,600 million

ROE: 6.5% ~ 12.5%

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

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥70,800 million ~ ¥99,200 million

ROE: 6.5% ~ 12.5%

#### ● RS portion

The number of RS points to be granted each fiscal year is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price when the Trust acquires the Company's shares. Delaying the vesting of shares until retirement of executives of the Group incentivizes long-term contribution to the Group and improvement of corporate value.

#### 〈Payment policy for fixed and variable compensation〉

Compensation of Directors concurrently serving as Executive Officers consists of base compensation, bonuses, and share-based compensation. This works as a clear incentive to improve performance not only for the short term, but also for the medium- to long- term. The policy of each payment ratio is as shown below.

Compensation for the Chairperson of the Board of Directors (directors other than executive directors), due to their position of overseeing execution from an objective standpoint and enhancing corporate value over the long term, is composed of base compensation and the RS portion of share-based compensation, to align interests with the Company's shareholders.

Compensation for outside directors and Directors who are Audit & Supervisory Committee Members is composed only of base compensation due to their position of overseeing the business execution from an objective standpoint.

- [Compensation ratios for Directors concurrently serving as Executive Officers]

Fixed compensation: 50% (Base compensation)

Variable compensation: 50% (Bonus: 25%, Share-based compensation: 25%)

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

### Compensation for each category of executive

FY 2019

Director category	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)	Number of directors applicable
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	467	259	101	106	6
Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	—	—	3

<b>External Directors</b>	69	69	—	—	8
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\* The number of Directors (excluding Directors as Audit & Supervisory Committee Members and External Directors) is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of two Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

\* The number of Directors (Audit & Supervisory Committee Members) (excluding External Directors) is two as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of one Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

\* The number of External Directors is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of three External Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

\* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020 (including compensation in stock options recorded as an expense for the Fiscal Year ended March 2020 (3 million yen)).

Total amount of consolidated compensation, etc. for those whose total amount of consolidated compensation is 100 million yen or more

Full name	Director category	Payer	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)
Eiji Kutsukake	Director	Filing company	130	64	35	29
Seiichi Miyajima	Director	Filing company	107	55	30	21

\* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020.

## Internal control system

### Internal control system

Nomura Real Estate Holdings has established the Board of Directors, the Audit and Supervisory Committee, and the Nomination Compensation Advisory Committee for internal control.

### Risk management system

Nomura Real Estate Holdings established a Risk Management Committee to promote risk management activities within the Group. The Committee is made up of directors and executive officers of the Company and Group companies, and deliberates matters relating to risk management, compliance, and information security for the entire Group, and discusses countermeasures for when risks occur.

## Compliance System

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The Nomura Real Estate Group Code of Ethics was formulated as a guideline, as we consider compliance, such as observance of laws, regulations, and corporate ethics as one of the most important management issues. Furthermore, the Risk Management Committee and the Group Legal Compliance Department were established to promote continuous education and enlightenment activities for executives and employees as a group and provide advice, guidance and support to group companies. There has also been a whistle-blowing hotline set up for group employees to collect information on risks. The Company guarantees the anonymity of whistleblowers and prohibits the negative treatment of whistleblowers.

## Internal Audit System

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With the exception of some small companies, the Group has an internal audit department in each company. This department maintains organizational independence by setting up officers under the direct control of the president or directors who do not hold additional office in other business divisions. In addition, the Group Audit Department was established in Nomura Real Estate Holdings, which oversees, monitors, and evaluates the internal audit of the entire group in coordination with the accounting auditor. The results are reported to the Board of Directors and the Audit and Supervisory Committee.

## Audit and Supervisory Committee Audit System

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The Audit & Supervisory Committee is comprised of six members, two Audit & Supervisory Committee Members (full-time) and four Audit & Supervisory Committee Members (Independent External Directors). (Translation) 25 Of the four Audit & Supervisory Committee Members (Independent External Directors), one Member was newly elected at the 16th Ordinary General Meeting of Shareholders of the Company, held on June 23, 2020. The two full-time Members were elected to strengthen the effectiveness of audit and supervision functions through the collection of information from Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, employees, etc., attendance at important meetings and close cooperation with the Internal Audit Dept.

The Audit & Supervisory Committee holds regular meetings prior to monthly Board of Directors

meetings with all Members attending the meetings. It also holds irregular meetings as necessary. During the fiscal year ended March 2020, the Committee held 13 meetings. Each of the monthly meetings took approximately three hours. After receiving audit reports from the Internal Audit Dept., reports on important meetings, including those of the Management Committee, from the full-time Audit & Supervisory Committee Members and quarterly financial reports from the Finance & Accounting Dept., the Members of the Audit & Supervisory Committee, among other activities, exchanged opinions with Group CFO, Executive Officer and Supervisor of Management Division on a regular basis and confirmed what was discussed at meetings of the Advisory Committee Relating to Nominations and Compensation. The Company also adopts measures to enhance the effectiveness of audits, having established an Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee and appointed full-time staff dedicated to the department.

## Accounting audits

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### 1. Name of auditing firm

Ernst & Young ShinNihon LLC

The Company appointed Ernst & Young ShinNihon LLC as the Accounting Auditor pursuant to the Companies Act.

### 2. Continued auditing period

Since June 2004

### 3. Certified Public Accountants involved in auditing

CCertified Public Accountant/ Designated and Engagement Partner Shuji Kaneko

Certified Public Accountant/ Designated and Engagement Partner Toru Nakagiri

Certified Public Accountant/ Designated and Engagement Partner Natsuki Saiki

Ernst & Young ShinNihon LLC takes measures to ensure that Engagement Partners do not continue their involvement in NREH accounting audits for more than seven consecutive accounting periods (Translation) 30 (five accounting periods for Head Engagement Partners at listed companies).

### 4. Assistants involved in auditing

Certified Public Accountants: 6/ Part-qualified Accountants, etc.: 5/ Other: 8

### 5. Auditing company selection policy and reasons

The Audit & Supervisory Committee established the standards concerning the evaluation and selection of Accounting Auditors. When a need arises to select an Accounting Auditor, the Audit & Supervisory Committee chooses an appropriate audit firm after it obtains necessary information from candidates, hold interviews and make questions focused on the quality assurance systems, independence, audit execution systems and estimates for audit fees.

Furthermore, the committee discusses and determines the appropriateness of reappointment of the Company's Accounting Auditor and the team engaged in the audit each year after it obtains necessary information and receives reports from the Accounting Auditor and considers the execution conditions of its duties (including the execution conditions in the previous fiscal years), based on the above evaluation

criteria for the Accounting Auditor.

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Committee Members. In addition, notwithstanding the above, if it is recognized that the Accounting Auditor's fulfilment of appropriate auditing would be difficult due to the occurrence of reasons that compromise the eligibility or independence of the Accounting Auditor, the Audit & Supervisory Committee shall propose the dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

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

The Audit & Supervisory Committee judges it proper to reappoint the current audit firm based on the evaluation from the aspects of the audit firm's quality management conditions, independence of the audit team in charge of the Company and expression of its professional skepticism, appropriateness of audit fees, effectiveness of communication between management and the Audit & Supervisory Committee and response to fraud risks.

## Shareholder Rights and Securing Impartiality

### Cross-holding shares

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Nomura Real Estate Holdings formulated the "Basic Policy on Cross-holding Shares" within the "Basic Corporate Governance Policy" for cross-held shares.

#### [Basic Policy on Cross-holding Shares]

Excerpt from "Basic Corporate Governance Policy"

Article 4 1. The Company's policy on cross-holding shares, is that they enhance the corporate value of the Company by strengthening business relationships and aid in the creation of strategic business tie-ups.

2. While cross-holding shares, the Board of Directors annually evaluates the rationality of continuing to own said shares by regularly monitoring the state of transactions with the Group and the management status of investee companies, and seeing how they contribute to the enhancement of corporate value. Shares that do not pass this evaluation will be sold.

3. When voting on cross-held shares, the Company judges whether or not they contribute to the enhancement of the corporate value of the company through the enhancement of corporate value of the investee company.

4. In the event that a company that holds the Company's shares as cross-held shares (a cross-held share holder) has indicated its intention to sell or otherwise transfer said shares, the Company will take the appropriate measures so as to not impede the sale of shares, such as by suggesting reductions in

transactions, etc.

5. Transactions with cross-held shareholders will only be made after fully verifying economic rationality, as with other business partners.

## Performance

### Initiatives to promote

#### FY2019 Conference Results

Types of Meetings	Number of meetings held
Board of Directors	16
Audit and Supervisory Committee	13
Management Committee	41
CSR Committee(Current Sustainability Committee)/ CSR Promotion Committee	5
Risk Management Committee and Group Risk Meeting	12

\* Scope of report: Nomura Real Estate Holdings

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

	Fiscal Year ended March 2018	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Board of Directors* (%)	98.6	100	99.0
Of which external directors (%)	96.8	100	97.5
Audit & Supervisory Committee (%)	98.3	100	100
Of which external directors who serve as Audit & Supervisory Committee Members (%)	97.2	100	100

\* In the fiscal year ended March 2018, the number of times that some directors withheld attendance at the Board of Directors meeting based on the purpose of Article 369, Paragraph 2 of the Companies Act is excluded.

#### Attendance of external directors at meetings of the Board of Directors and the Audit & Supervisory Committee held in the fiscal year ended March 2020

Name	Board of Directors	Audit & Supervisory Committee
Satoko Shinohara	Attended 15 out of 16 meetings held	—
Tetsuro Higashi	Attended 13 out of 13 meetings held*	—

<b>Akira Ono</b>	Attended 15 out of 16 meetings held	Attended 13 out of 13 meetings held
<b>Yoshio Mogi</b>	Attended 13 out of 13 meetings held*	Attended 9 out of 9 meetings held*
<b>Akiko Miyakawa</b>	Attended 13 out of 13 meetings held*	Attended 9 out of 10 meetings held*

\* The meetings of the Board of Directors and the Audit & Supervisory Committee held after they were appointed as a director or Audit & Supervisory Committee Member on June 25, 2019 are included.

## Approach and Policies

The Nomura Real Estate Group has positioned compliance with laws, regulations, corporate codes of conduct, and so on as a key management issue and formulated the Nomura Real Estate Group Code of Action as a compliance guide.

In addition, Nomura Real Estate Holdings established the Risk Management Committee and the Group Legal & Compliance Department, conducts ongoing education and training for officers and employees throughout the Group, and provides advice, guidance, and support to Group companies.

Furthermore, the Group signed the UN Global Compact in May 2019 to further strengthen its compliance initiatives.

In accordance with the principles of the UN Global Compact, we will take measures to avoid extortion, bribery, and other forms of corruption.

### The Nomura Real Estate Group Code of Action

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The Nomura Real Estate Group has formulated a Code of Action to define fundamental rules that Group officers and employees must adhere to.

We review the effectiveness of the content of the Code of Action as appropriate, taking social circumstances and other factors into consideration, and any changes thereto are subject to decision by the Board of Directors.

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Article 16 (Implementation of highly transparent transactions)

Article 17 (Offering moderate entertainment or gifts for business partners)

Article 18 (Infringement of intellectual property rights and prohibition of unauthorized use)

Article 19 (Management of information on business partners)

### **Chapter 5 Relationship with officers and employees**

Article 20 (Respect for human rights of officers and employees)

Article 21 (Maintenance and improvement of work environment)

Article 22 (Prohibition of insider trading)

Article 23 (Sincere business activities)

Article 24 (Operational records and reports)

Article 25 (Management of company assets and information)

Article 26 (Reporting illegal or unethical behavior)

### **Chapter 6 Relationship with society**

Article 27 (Disclosure of corporate information)

Article 28 (Offering entertainment or gifts to public officials etc.)

Article 29 (Exclusion of anti-social forces)

Article 30 (Establishment, operation and improvement of internal controls for proper business execution)

### **Chapter 7 Miscellaneous provisions**

Article 31 (Preparation of guidelines)

Article 32 (Use of guidelines)

Article 33 (Application to overseas subsidiaries and affiliates)

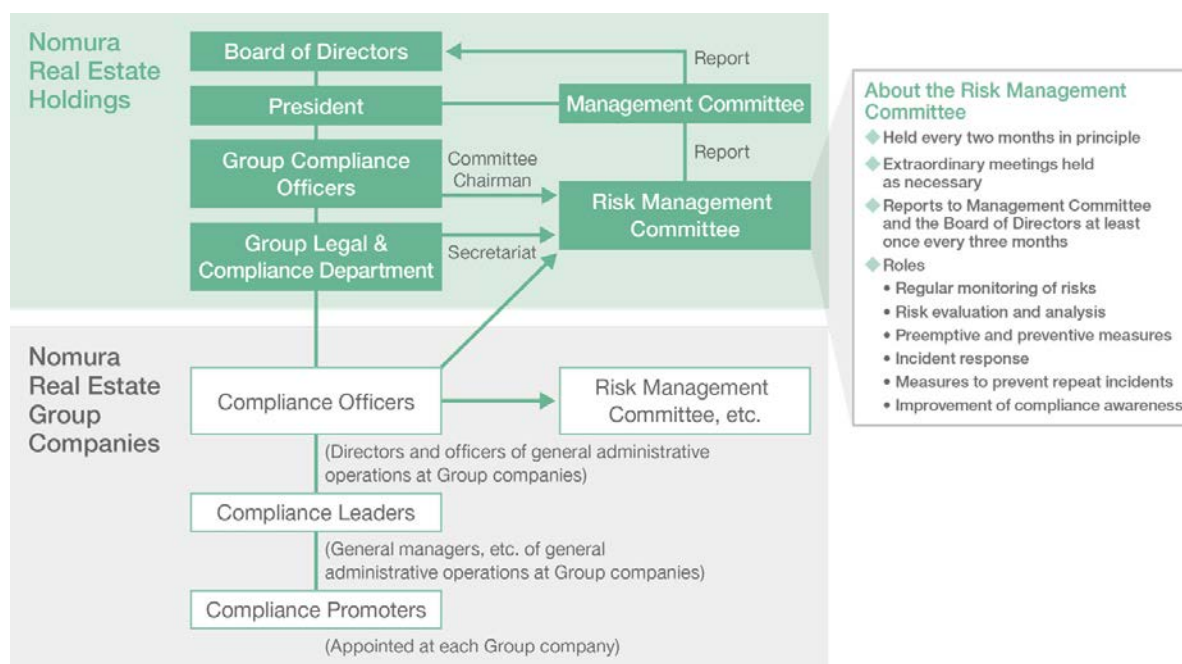
## **Management**

### **Compliance Promotion Framework**

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Nomura Real Estate Holdings has established the Risk Management Committee and the Group Legal & Compliance Department to develop and implement a framework for compliance.

In addition, Compliance Officers have been appointed at each Group company, and Compliance Leaders and Compliance Promoters have been appointed under Compliance Officers to ensure compliance throughout the Group.



## The Nomura Real Estate Group Risk Helpline

The Nomura Real Estate Group has set up the Nomura Real Estate Group Risk Helpline based on the Whistle-blowing System Operation Rules in order to secure a system for appropriately responding both to day-to-day general consultations from officers and employees, and official reporting on legal violations and misconduct committed at organizational or individual levels.

We have established internal points of contact (The Risk Management Committee Chairman and the Group Legal & Compliance Department) and external points of contact (the Company's lawyer and outsourcing contractors) to make it easy for informants and users to use the helpline.

We also protect whistleblowers such as by imposing a duty of confidentiality on those involved in helpline operations and by not prejudicially treating informants because they made a report.

In addition, in order to carry out fair transactions with corporate customers and others with whom we have a business relationship, we have established the Helpline for Business Partners for their use.

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

## Policy on Political Participation

In cases where the Group supports the activities of a political organization or makes political contributions, we act in compliance with relevant laws and regulations such as the Political Funds Control Law and the laws and regulations of each country and check our actions under the Group Code of Action.

## Policies on the Preventing Bribery and Corruption

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

Specifically, the Group Code of Action provides, with regard to receipt or provision of entertainment or gifts from or to business partners, "Nomura Real Estate Group officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense" and "No officer or employee shall use their professional position to request or accept benefits or favors from a business partner." The Group strictly implements the Code of Conduct, for instance, detailed reporting and documentation of the details of entertainment or goods provided or received by its officers and employees.

The Group also complies with the Guidelines for the Prevention of Bribery of Foreign Public Officials established by the Ministry of Economy, Trade and Industry, and has formulated its own Policy on Anti-Bribery of Foreign Public Officials, which can be found on the Group website.

In accordance with this policy, the Group formulated the Regulations on the Prevention of Bribery of Foreign Public Officials and the Anti-Bribery Guidelines and has established specific internal procedures relating to the provision of entertainment, gifts, invitations, and donations to foreign public officials and the use of agencies and so on.

When selecting a new business partner overseas, the Group also makes every effort to prevent corruption, such as conducting due diligence for bribery concerns and adopting anti-bribery clauses in contracts as required. In addition, the Group also conducts periodic training on the prevention of bribery for officers and employees involved in overseas business operations.

 [Policy on Anti-Bribery of Foreign Public Officials](#)

## Implementation of Fair Competition and Fair Trade

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The Nomura Real Estate Group Code of Action sets forth rules on maintaining fair relationships with business partners. The areas covered by the rules include the implementation of fair competition and fair trade and implementation of highly transparent trade, to ensure compliance with the Anti-Monopoly Act, the Act Against Delay in Payment, etc. to Subcontractors and other laws and regulations.

Moreover, in the selection of business partners we strive to comprehensively and fairly assess a wide range of factors, including quality, price, performance, and reliability.

## Guidelines on Social Media

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The Nomura Real Estate Group as Guidelines on the Use of Social Media state that use of social media must exhibit an awareness of the individual as position as a member of society and exemplify a high level of ethics following the norms of society at all times when posting, regardless of whether such posting is for personal or professional reasons.

As a part of our compliance training program, we implement periodic measures intended to raise awareness and provide information on areas of caution and risks relating to the posting information on social media.

## Excluding Anti-Social Forces from Business Relationships

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The Nomura Real Estate Group has established a provision within its Code of Action that prohibits business transactions with anti-social forces or related organizations. It is our strict policy to exclude anti-social forces from our business relationships.

In line with this policy, we issued a manual that details specific responses and have designated responsible departments and appointed personnel responsible for preventing improper requests to ensure organizational responses by Nomura Real Estate Holdings and each Group company.

In addition, we consult and coordinate with legal counsel, the police, and other specialized external organizations to ensure that anti-social forces are excluded from involvement in our business activities and to prevent any harm caused by such anti-social forces.

## Complying with Regulatory Requirements and Raising Awareness

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The Nomura Real Estate Group has developed a compliance program every year and provides compliance training to officers and employees all year round in a planned manner in order to ensure compliance and the penetration of compliance awareness among officers and employees.

# Performance

## Promotion Measures

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## Compliance

### **Compliance Hour:**

Distributed online every other month.

In fiscal 2019, the attendance rate for the entire Group was 99.9%.

### **Compliance Training:**

Group training for different professional ranks.

In fiscal 2019, training was conducted 33 times.

## Anti-Corruption and Anti-Bribery Measures

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In fiscal 2019, there were no significant legal violations, fines or penalties related to corruption or bribery.

# Risk management

## Approach and Policies

The Nomura Real Estate Group regards risk management as a “business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company’s risk tolerance limits.”

With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

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

〈Important risks needing to be managed among main risks〉

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

### Main Risks

Risk Category		Definition
(A)	<b>Investment risk</b>	Risk related to individual investments (real estate investment, strategic investment (M&A), etc.)
(B)	<b>External risk</b>	Risk related to external factors influencing business
(C)	<b>Disaster risk</b>	Risk caused by disasters that have a large impact on customers and business continuity
(D)	<b>Internal risk</b>	Operational risk occurring at the Company and each Group company

Risk Category		Main Risk Items		Basic Response Policies
(A)	<b>Investment risk</b>	1)	Risk associated with real estate investment	Make appropriate responses to risk items for which returns
		2)	Risk associated with strategic investment (M&A) and new businesses	

(B)	External risk	3)	Risk associated with market changes	shall be obtained according to the level of risk
		4)	Risk caused by changes in economic conditions	
		5)	Risk caused by changes in political/social conditions/systems (law, tax system, accounting, others)	Make appropriate responses to risk items that results in reduced competitiveness and lost opportunities
		6)	Risk from lagging behind innovation and changes in the social structure related to the business	
(C)	Disaster risk	7)	Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	Make appropriate responses to risk items that should be responded to and managed so that the risk does not materialize or the risk is minimized when it materializes
(D)	Internal risk	8)	Risk of violations of laws and ordinances	
		9)	Risk of quality defects	
		10)	Risk of occurrence of information system crisis	
		11)	Risk of inadequate response to matters related to human resources	
		12)	Risk of occurrence of fraud and negligence	

## Management

### Risk Management Structure

To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors.

The Management Committee, which is the integrated management body, directly monitors “A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of “C: Disaster risk” and “D: Internal risk” as well as discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence.

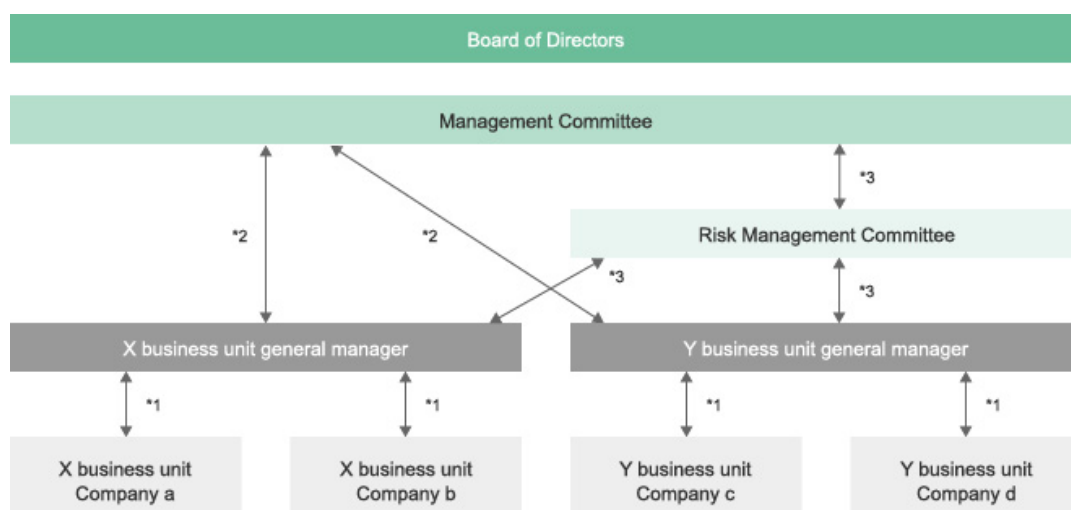
Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information

and response policies within the Group.

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

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

#### Risk Management System (conceptual diagram)



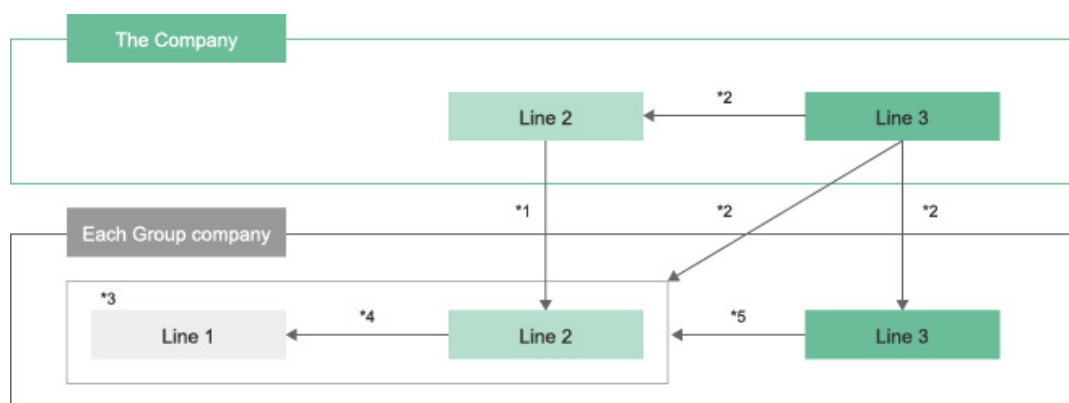
\*1. Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.

\*2. The head of each business unit reports to the Management Committee on "A: Investment risk" and "B: External risk" that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with "A: Investment risk" and "B: External risk" of each department.

\*3. The head of each business unit reports to the Risk Management Committee on "C: Disaster risk" and "D: Internal risk" that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with "C: Disaster risk" and "D: Internal risk" of each business unit.

Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit's risk management associated with "C: Disaster risk" and "D: Internal risk."

## Defense Line (conceptual diagram)



\*1 The Company's second defense line provides appropriate support and guidance for each Group company's second defense line with respect to overall risk management based on the Group's management policy and strategic objectives and monitors each Group company's second-line activities.

\*2 The Company's third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third lines of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.

\*3 The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.

\*4 The second line of each Group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.

\*5 The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

## Information Security Measures

The Group has established the Information Security Regulations, which prescribe personal information, trade secrets and other highly confidential information as important information, and which stipulate basic matters regarding the management system and handling of such information.

The regulations assign a Chief Information Security Officer, a Document Information Officer and an Electronic Information Officer as administrators to maintain and improve the level of systemic information management and security.

The Group will also strengthen its information security to keep pace with the increase in businesses using rapidly expanding digital technologies, as well as the surge in teleworking and the modal change in business due to the use of cloud computing.

## Nomura Real Estate Holdings Personal Information Protection Policy

The Group considers the appropriate protection of personal information to be an essential aspect of its business operations, and manages customer personal information with great care, in accordance with the Act on the Protection of Personal Information and related laws and regulations.

## Risk Management Relating to Society and the Environment

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The Group is also aware of risks relating to social and environmental issues.

Any major social or environmental events and issues are reported in detail to the Sustainability Committee (chaired by the Executive Vice President and Group COO of Nomura Real Estate Holdings), which is made up of directors and others from Nomura Real Estate Holdings and Group companies.

## Inquiries Desks

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Inquiries Desks have been set up at Nomura Real Estate Holdings and at each Group company in order to respond quickly and appropriately when a problem with a product or service is found.

Significant information gathered by the Inquiries Desks is reported to the Risk Management Committee and shared within the Group, and measures to prevent reoccurrence are implemented.

## Business Continuity Plan Established for Emergencies

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### BCP Formulation

The Group formulated a business continuity plan (BCP) and in anticipation of a major earthquake in the Tokyo Metropolitan region. The plan provides for the chain of command during an emergency and the allocation of duties for the continuation of business as well as the establishment of structures that can respond even at night and on days off and holidays so that the impact of a disaster can be minimized.

In addition, a disaster response headquarters establishment drill is conducted once a year with the president of Nomura Real Estate Holdings as the head and other members of the Disaster sponse Headquarters participating.

During the drills, implementation of initial responses specified in the business continuity plan (ensuring the safety of officers and employees, establishing a chain of command, and restoring business) is confirmed and other actions are taken to prepare for a disaster or other emergency.

## Measures and Response to the Global Pandemic

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Amid the globalization of its businesses, the Group has taken measures against the increasing risk of infectious diseases, such as new strains of influenza and new coronaviruses.

With respect to COVID-19 in particular, which struck in 2020, the Group formulated a basic policy for response based on the business continuity plan that had been formulated to respond to a new influenza pandemic.

The Group also established a response headquarters led by the president of Nomura Real Estate Holdings to collect information issued by the national and local governments, and to examine and implement measures to ensure business continuity while prioritizing the health of its stakeholders, customers, employees and their families.


Specifically, in response to the state-of-emergency declaration for COVID-19, which was issued by the national government on April 7, 2020, as well as to requests by prefectural governors for emergency measures, on April 8, the Group began scaling back its head office functions and some of its business activities in affected areas.

On May 25, the government decided to lift the state-of-emergency declaration nationwide. Prioritizing the safety, security and health of its customers and employees, the Group, however, has maintained working systems that include teleworking and staggered working hours.

Other responses at some stores and facilities have included suspending business or shortening business hours.

(As of June 23, 2020)

For further details, refer to the following.

 [Group Response to Spread of COVID-19 \(Japanese only\)](#)

 [“Health and Safety of Employees”](#)

Key actions taken by the Group

Stakeholders	Action
<b>Employees</b>	<ul style="list-style-type: none"><li>•Promotion of self-quarantine and teleworking</li><li>•Preservation of jobs</li><li>•Mandatory wearing of masks for hotel employees from late January</li></ul>
<b>Fixed-term and part-time workers</b>	<ul style="list-style-type: none"><li>•Guaranteed wages for caretakers, distribution of air masks and neck coolers to prevent heat stroke</li></ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"><li>•Measures for infection prevention at general meetings of shareholders</li><li>•Earnings briefings held via conference calls</li><li>•COVID-19 impact analysis in investor relations presentation materials</li></ul>
<b>Tenants</b>	<ul style="list-style-type: none"><li>•Suspension of business or shorter business hours at retail facilities</li><li>•Exemption or reduction of rent for tenants occupying above facilities</li></ul>
<b>Facility users</b>	<ul style="list-style-type: none"><li>•Suspension of business at fitness facilities</li><li>•Thorough measures for infection prevention in elderly housing</li></ul>
<b>Home buyers</b>	<ul style="list-style-type: none"><li>•Closure of sales sites</li><li>•Attention paid to infection prevention when handing over to home buyers</li></ul>

<b>Business partners and contractors</b>	<ul style="list-style-type: none"> <li>•Review of construction periods due to suspended construction by general contractors</li> <li>•Guarantee of payment to external instructors during the period of voluntary closure at sports clubs</li> </ul>
<b>Surrounding facilities and residents</b>	<ul style="list-style-type: none"> <li>•Donation of masks to hospitals and childcare support groups</li> </ul>

### Confirming the Safety of Officers and Employees

The Group introduced a safety confirmation system that uses the Internet and emails to rapidly determine the status of harm to and safety of officers and employees during emergencies, and conducts safety confirmation drills for Group officers and employees four times a year.

## Performance

Risk Management Committee and Group Risk Liaison Committee meetings held

Items	FY 2018	FY 2019
Number of meetings held	12	12

Implementation of safety confirmation drills (four times a year)

Items	FY 2018	FY 2019
Response rate (%)	100	100

# Human rights

## Approach and Policies

The Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, the Nomura Real Estate Group supports and respects international norms on human rights including the International Bill of Human Rights, which sets forth common standards to be achieved by all people including the right to life, freedom of speech and expression, right to work, right to education, and right to live a civilized life; the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), which specifies fundamental rights in labor (the freedom of association, the right to collective bargaining, prohibition of compulsory labor, effective elimination of child labor, and elimination of discrimination in employment and occupation); and the United Nations Guiding Principles on Business and Human Rights, which set guidelines for actions to be taken by companies to protect the human rights of children, and Children's Rights and Business Principles, which show the actions that should be taken by companies to protect children's rights. In addition, we aim to conduct business by complying with laws and regulations on human rights in each country in which the Group conducts business activities.

In addition, the Group has signed the UN Global Compact to further enhance its human rights initiatives. The Group supports the Global Compact's principles of "support and respect the protection of human rights" and "not to be complicit in abuse of human rights," and works to respect human rights and avoid infringing on the human rights of others.

## Management

### Management Structure

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The Nomura Real Estate Holdings executive vice president and Group COO has been put in charge of this issue for the Group and carries out measures regarding respect for human rights.

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

The Sustainability Committee annually sets targets regarding respect for human rights, and monitors progress.

## Targets

The Group has set the following two targets in order to disseminate its thinking on respect for human rights.

- Thorough human rights training for Group officers and employees
- Monitoring and education of stakeholders on human rights issues

## Human Rights Training for Group Officers and Employees

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### Rank-Specific Training

To deepen understanding on human rights, the Group makes use of opportunities such as rank-specific training to conduct human rights education.

The human rights training conducted in fiscal 2019 is described below. A total of 4,434 persons participated in this training.

In addition, the Harassment Prevention Guide is distributed to all employees to inform personnel about the prohibition of discrimination and harassment and other matters.

The Guide contains provisions requesting understanding of and consideration for LGBT\* individuals.

\* LGBT: An initialism that stands for lesbian, gay, bisexual, and transgender. A general term for sexual minorities.

## Responses to Human Rights Issues (Human Rights Due Diligence)

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### Initiatives for Respecting Human Rights

The Nomura Real Estate Group is promoting an initiative involving the creation of a framework for avoiding infringing on human rights of others, such as forced labor and child labor.

Based on its CSR Procurement Guidelines, which were formulated in fiscal 2018, the Group continues to request business partners to also respect human rights.

In fiscal 2019, the Group again participated in the Human Rights Due Diligence Study Group for a second consecutive year. In its human rights risk assessment, the Group identified two particularly important human rights issues in relation to the Group's business: Accommodating foreign technical interns, and community problems involved in the procurement of wood materials.

### Consultation/reporting on human rights issues

The Group has set up the Nomura Real Estate Group Human Rights Desk as a point of contact for consultation on human rights issues which is accessible to all employees regardless of employment status, the Sexual and Power Harassment Hotline as an external point of contact for consultation, and the Nomura Real Estate Group Risk Helpline as a point of contact for whistle-blowing and general consultation on human rights abuse and other issues prohibited in the Code of Action.

The Group also established an internal point of contact, as well as external points of contact (the Company's lawyer and outsourcing contractors).

In addition, the Group established the Helpline for Business Partners (Corporate Customers) as a point of contact for reporting on human rights abuses or possible abuses by Group employees.

Reports and consultations received through these points of contact are accepted anonymously, and the Group ensures that the content of information received is kept confidential.

If, as a result of investigation, there is a clear violation of respect for human rights, the Group takes appropriate action against the perpetrator, and protects the victim and whistleblower so that they are not treated prejudicially for having made a report.

In this way, by setting up multiple points of contact for consultation, the Group has created an environment where it is easy to seek advice, and is working for the early detection and resolution of any problems and taking measures to prevent recurrence.

In fiscal 2019, there were 26 consultation matters relating to human rights.

## Engagement with Stakeholders on Human Rights Issues

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The Group is implementing internal and external stakeholder engagement initiatives in various ways on the theme of human rights.

### Participation in the Human Rights Due Diligence Study Group

The Group participates in the Human Rights Due Diligence Study Group, which is made up of three general contractors, which are suppliers to the Group, and five real estate developers (including Nomura Real Estate Holdings).

The group was established to fulfill the responsibility of companies to "avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved" required by the Guiding Principles of Business and Human Rights.

We strive to prevent human rights abuses including forced labor in the industry as a whole.

### Exchanges of Opinion on Human Rights Issues

The Group participates in the Human Rights Due Diligence Study Group, and implements engagement initiatives with NGOs, lawyers, and other external bodies to prevent adverse impacts on human rights with respect to the acceptance of foreign technical interns and human rights issues related to its business activities.

By recognizing human rights issues that need to be considered when accepting foreign technical interns and reflecting them in future activities and plans, the Group is promoting appropriate business activities based on international norms.

### Acceptance of, and Communication with, Foreign Technical Interns

The Group's Nomura Real Estate Amenity Service accepts foreign technical interns from Indonesia and Vietnam.

Apart from covering the costs of preparing for the Japanese Language Proficiency Test, Nomura Real Estate Amenity Service also works to improve their living environment in Japan so that the trainees can work with peace of mind. There are plans to increase the number of accepted trainees going forward.

When the trainees return to their home countries, in addition to spreading the management expertise developed by the Group, there is anticipated potential for collaboration in promoting property and facility management businesses in those countries. The Group also organizes social events. In fiscal 2019, "Asian Night 2019" was held to introduce each other's culture and hometowns by singing songs, performing dances, and the like. Trainees were also offered opportunities to experience Japanese culture, such as wearing a kimono during the New Year and participating in Tanabata (Star Festival) and other festivals.



Asian Night 2019



Kimono dressing

## Performance

### Promotion Measures

In fiscal 2019, human rights training was conducted a total of 8 times throughout the Group, with 4,434 persons attending.

#### Training Conducted

Training Type	Target Participants	Participation rate* (%)	Human rights topics covered
<b>Group-wide training</b>			
<b>Group training for new employees</b>	New employees	100 (248 / 248 persons)	Solving assimilation problems
<b>Group-wide training for newly-appointed Group managers</b>	Newly-appointed managers	100 (170 / 170 persons)	Solving assimilation problems
<b>Training for new career-track employees</b>	Mid-career hires	100 (79 / 79 persons)	Preventing harassment
<b>Nomura Real Estate Development</b>			
<b>Human Rights Training</b>	Newly-appointed leaders	89 (40 / 45 persons)	Preventing harassment

<b>Human Rights Training</b>	New employees	100 (52 / 52 persons)	Preventing harassment
<b>Nomura Real Estate Life &amp; Sports</b>			
<b>Human Rights Training</b>	Newly-hired recent graduates	100 (36 / 36 persons)	Preventing harassment
<b>Human Rights Training</b>	Newly-appointed managerial employees	100 (24 / 24 persons)	Preventing harassment
<b>Human Rights Training</b>	All employees and part-time workers	100 (1,922 / 1,922 persons)	Preventing harassment

\*Participants/Target Participants

# Improved supplier management

## Approach and Policies

The Nomura Real Estate Group conducts its business in cooperation with various suppliers including design and construction companies and construction contractors in all business areas.

Because of this, the Group believes that initiatives throughout the supply chain are essential for implementing effective measures to address social and environmental issues, and we established the Nomura Real Estate Group CSR Procurement Guidelines (the "CSR Procurement Guidelines").

We request that suppliers apply the Guidelines to their business activities with regard to eight topics: compliance, respect for human rights, fair business activities, consideration for the environment, ensuring and improving quality, ensuring information security, whistleblowing systems, and creating business continuity plans.

Going forward, we will continue to improve supplier management in accordance with the Guidelines.

## Management

### Management Structure

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The Nomura Real Estate Holdings executive vice president and Group COO have been put in charge of this issue for the Group and carries out measures to improve supplier management.

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

The Sustainability Committee sets annual targets for the advancement of supplier management, and monitors progress.

### Targets

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

### Nomura Real Estate Group CSR Procurement Guidelines

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The Group formulated the CSR Procurement Guidelines (Japanese and English versions) in April 2018 and started implementation of the guidelines to all suppliers from November that year.

Business consignment agreements and purchase orders (including those for new contractors and renewed suppliers) include a provision that requests suppliers to comply with the guidelines.

#### 【Nomura Real Estate Group CSR Procurement Guidelines】

##### I .Establishment of Compliance Structures

①Respect all social norms and relevant regulations, as well as agreements and promises, in all countries and regions where business activities are carried out, and understand the requirements of the international community and conduct corporate activities based on appropriate business practices and corporate ethics.

##### II .Respect for Human Rights

②Respect the dignity and basic human rights of all people, including customers, suppliers and employees, and do not engage in discrimination or harassment for reasons of race, ethnic group, age, religion, beliefs, gender, nationality, social status, existence of disability, gender or sexual orientation, gender identity, physical features, existence of illness, or any other reason.

③In addition to ensuring equal employment opportunities, comply with labor-related laws and regulations and rules of employment, implement appropriate labor management, and work to maintain and improve sound and pleasant working environments.

④Along with carefully managing safety and health and preventing industrial accidents, endeavor to maintain physical and mental health and create well-ordered workplaces.

⑤Do not engage in unfair labor practices such as forced labor and child labor, and endeavor to take appropriate care to ensure that such unfair labor practices do not occur in suppliers.

⑥Give consideration to culture and customs as well as local residents and communities in regions where business activities are conducted.

##### III .Fair Business Activities

⑦In relationships with public employees and the like (including deemed public employees and foreign public employees), maintain sound relationships and do not provide entertainment or exchange gifts in ways that conflict with the National Public Service Ethics Act and Regulations and related national and local laws and regulations, etc.

⑧Do not request, give, or receive from suppliers entertainment or gifts that deviate from sound business customs and social norms.

⑨Exclude all relationships with anti-social forces and groups that pose a threat to social order and security or obstruct fair economic activities.

Also, resolutely challenge and totally reject any transactions with or unreasonable demands by such forces or groups.

⑩Comply with anti-monopoly, prevention of unfair competition and intellectual property rights legislation and related laws and regulations, and endeavor to treat suppliers, competitors, and others fairly, without engaging in acts constituting abuse of a dominant market position, blocking of transactions or other such conduct.

⑪Do not infringe or improperly use copyright, patents, trademark rights, design rights, or other intellectual property rights.

- ⑫ Do not participate in money laundering, embezzlement, fraud or any other form of corrupt conduct.
- ⑬ Carry out appropriate disclosure to customers and society and also endeavor to provide necessary information in an appropriate manner.

#### IV. Consideration for the Environment

- ⑭ Endeavor to make continuous improvements for reducing environmental impacts in order to build a sustainable society.
- ⑮ Comply with environmental laws and regulations in the countries and regions where business activities are carried out.
- ⑯ Endeavor to reduce emissions of greenhouse gases and contaminants and conserve resources through the life cycles of goods, products, and services.
- ⑰ Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.
- ⑱ Endeavor to reduce and appropriately manage waste.
- ⑲ Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.
- ⑳ When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources.

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

#### V. Ensuring and Improving Quality

- ㉑ Create appropriate quality management and quality assurance systems for the goods, products and services provided, and in addition to ensuring the required quality, work to constantly improve quality.
- ㉒ Correctly identify diverse needs and endeavor to provide goods and services that are friendly and beneficial to societies seeking safety and quality.
- ㉓ In providing goods, products and services, take into consideration the convenience and comfort of users through universal design and other such measures.
- ㉔ In keeping with the demands of society in relation to ethical procurement, recognize the impact that business activities in the supply chain have on the environment and society, and endeavor to disclose that information as necessary.

#### VI. Ensuring Information Security

- ㉕ Give careful consideration to the handling of personal, private and confidential information, and establish management systems to enable the appropriate management and protection of such information.

Also, avoid improper and unauthorized use and disclosure of information by taking thorough measures to prevent the leakage of information.

#### VII. Whistleblowing Systems

- ㉖ In addition to creating whistleblowing structures for the prevention or early detection of problems, protect whistleblowers' confidentiality and seek to make it widely known to employees that whistleblowers will be protected from retaliation and other disadvantageous treatment.

㊦ Make the significance and methods of use of the Helpline for Business Partners (Corporate Customers) established by the Nomura Real Estate Group widely known to all employees involved in the Group's business.

#### VIII. Creating Business Continuity Plans

㊦ Endeavor to establish risk management systems in preparation for the occurrence of disasters by creating business continuity plans (BCPs) and other measures.

### Measures for New Suppliers

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The Group explains the CSR Procurement Guidelines to all new suppliers and requests their compliance with these guidelines when signing contracts.

### Improving Supplier Capabilities and Enhancing Quality

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The Group works to enhance quality throughout the supply chain by holding Safety Conferences and study groups for suppliers that address issues such as quality and the environment.

Nomura Real Estate Development distributes Design and Construction Standards and Quality Manuals to construction companies and designers in order to achieve safety and security through appropriate quality control.

In addition, Nomura Real Estate Partners holds annual meetings of the East Japan Supplier Council Meetings on Health & Safety and West Japan Supplier Council Meetings on Health & Safety where it presents commendations to excellent companies and conducts training on health and safety.

## Performance

### Promotion Measures

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The Nomura Real Estate Group requests that all suppliers comply with the CSR Procurement Guidelines.