



# Sustainability Report 2021

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## Top Message (the Sustainability Committee Chairman)



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

**Eiji Kutsukake**

### Nomura Real Estate Group's "Significance and Vision"

We have formulated and instilled Our Group Vision "New Value, Real Value" to customers and society. This vision represents our strong desire to connect people's lives and their work through real estate development, as well as real estate-related services and to connect an affluent society and people with the future.

Through that we will contribute to providing high-quality services and development that offers safe, secure, healthy, and comfortable life for a long time. At the same time, we will contribute to creating a sustainable society. These are the Nomura Real Estate Group's significance and what we will build together with our stakeholders.

The Group is currently promoting wide-ranging discussions about what kind of company the Group should aspire to be as we look ahead to 2030 and 2050. These discussions are centered around numerous young and mid-career employees who will lead the Group in the future, including its management. Using a planning method called backcasting, we are formulating a new Mid- to Long-term Business Plan that considers what actions must be taken now with a clear vision of our aspired shape in the future. Subjects that constantly arise during these discussions include the happiness of people and the importance of the community, the Group's approach to connect closely with individuals, and enhancing services for the future that utilize DX together with people and communities. Although stages vary by country, the same trend is increasing in overseas cities as well.

We aspire to be a group that achieves continuous growth by contributing to people-focused sustainable urban development and the advance of society.

## Importance of Sustainability

The main reason for the Group's focus on sustainability/ESG is to mitigate future risks as well as to expand business opportunities. As our starting point, we have identified Four key themes for sustainability that are deeply linked to people's lives, namely Safety/Security, Environment, Community, and Health and Well-being. We will strive to discover new business opportunities and the Group's significance through initiatives to solve social issues and create new value through business activities. From this perspective, sustainability should be integrated with business management. I assumed the duties of the Group CEO and the Chairman of the Sustainability Committee from April 2021. This shows our determination to completely align our business strategies with the direction of our sustainability.

We aim to formulate a new Sustainability Policy whereby all present Group employees strongly share this long-term orientation and regard it as their own personal matter, or in other words, a policy that will serve as a pillar for the entire Group to unite around and demonstrate their comprehensive strengths for our next growth phase.

## Specific Sustainability Initiatives

As a corporate group involved in real estate development, the Group is working on environmental initiatives as an important management issue. Toward the realization of carbon neutrality by 2050 set by the Japanese government, we are promoting various efforts to achieve the Science Based Targets (SBT)<sup>\*1</sup> initiative target of "attaining 35% reductions in total greenhouse gas (CO<sub>2</sub>) emissions for Scope 1 and Scope 2 as well as Scope 3, respectively, by the year ending March 2031 compared with the fiscal year ended March 31, 2020."

As specific measures, in addition to accelerating our decarbonization initiatives such as Net Zero Energy Houses (ZEH) and Net Zero Energy Building (ZEB), we are working to create renewable energy using the logistics facility Landport and to reduce CO<sub>2</sub> at construction sites in collaboration with suppliers. Furthermore, we will enhance information disclosure in accordance with the Task Force on Climate-related Financial Disclosures (TCFD)<sup>\*2</sup>, with which we have already announced our agreement.

Regarding the social side, we formulated the Nomura Real Estate Group Human Rights Policy in July 2021. This policy was established based on the Group Vision "New Value, Real Value" and the Nomura Real Estate Group Code of Action that stipulates we should act with respect for the dignity and basic human rights of all people. From now on, we will carry out all our business activities in compliance with this policy.

We have already implemented on a trial basis the Nomura Real Estate Group Procurement Guidelines for engagement with suppliers and will establish a system for full-scale application of the Guidelines in the future as we contribute to solving human rights issues together with stakeholders.

Turning to governance, we are expanding the diversity of directors, who now include persons with experience in corporate management and women. In addition to the improvement of the effectiveness of the Board of Directors, I am still planning to move forward to make further advances.

## To Conclude

Established in 1957 and listed in 2006, the Group has a relatively short history in the real estate industry and has been a challenger possessing a venture spirit and I would like to maintain this posture. In the future as well, we will continue our uncompromising commitment to providing real estate development and services that have an approach to connect closely with individuals, centered on our market-in approach, and we will achieve growth through unique value creation, inheriting the DNA to cultivate new markets with a clear vision. I would like to ask all our stakeholders to look forward to it and your further support for the Group.





## The Nomura Real Estate Group's Stance on Sustainability

Our Group Vision represents the Nomura Real Estate Group's corporate philosophy. It was determined by the Board of Directors in order to set out the goals that the Group aims to achieve under its mid- to long-term business plan entitled “New Value, Real Value.” In addition, the Group set the Four Key Themes for Sustainability: “Safety and Security,” “Environment,” “Community,” and “Health and Well-being;” two Promotion Foundations: “Human Resources and “Management Structure.” Based on these, the Group promotes management strategies and sustainability in an integrated manner.

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# The Nomura Real Estate Group’s Stance on Sustainability

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[Sustainability Management >](#)

Learn about the Group’s management structure and policies.

[Materiality Determination Process >](#)

Learn about the process used for formulating the Group’s material issues.

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## Dialogue with Stakeholders



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Learn about the Group's engagement with stakeholders.

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## Special Features in the Past



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Find articles featured in the Group's past sustainability Reports.

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## Business and Sustainability



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

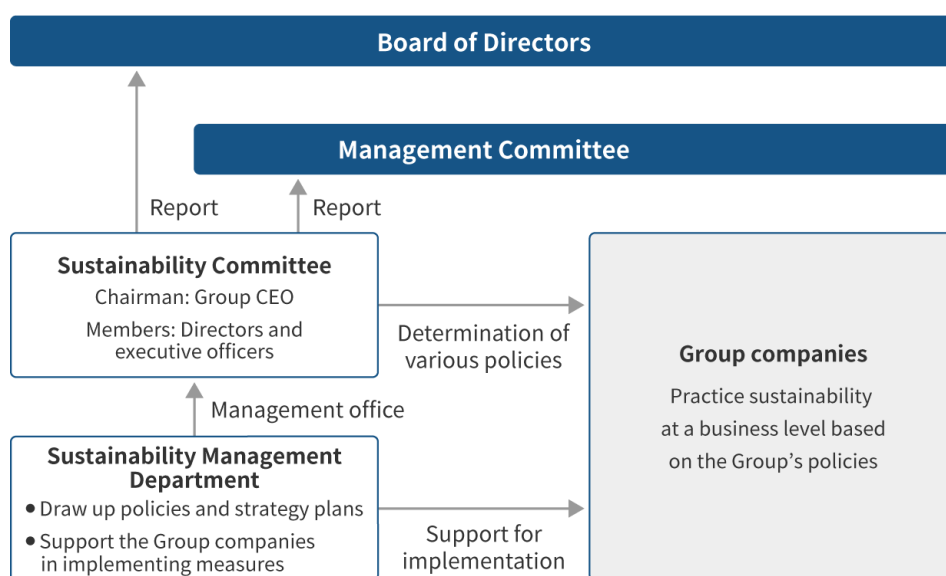


# Sustainability Management

## Sustainability Management and Sustainability Policies and Objectives

In April 2020, the Group established the Sustainability Management Department to strengthen and promote its sustainability activities. In addition, after reviewing the meeting system, we established the Sustainability Committee in April 2020, and it has been chaired since April 2021 by the president and Group CEO of Nomura Real Estate Holdings. The committee checks progress on the initiatives for Sustainability Policies and the Objectives and deliberates and makes decisions on activity plans. In fiscal 2020, the Sustainability Committee discussed the Group's Sustainability Policy, response to climate change and Human Rights Policy. The results are reported to the Board of Directors and the Management Committee twice a year before being reflected in management plans and business activities.

The Sustainability Committee met three times in fiscal 2020, while the Sustainability Subcommittee, a group set up to stimulate internal discussion, the Environmental Subcommittee and the Human Rights Subcommittee had 13 meetings in total. The Sustainability Management Department continues to promote the Group's sustainability activities and to improve each of them through PDCA cycles.



## Nomura Real Estate Group's Policy on Sustainability

	Sustainability Theme	Group Policy	Material Issues	Group Targets / Indicators	Related SDGs
Environment	Environment	The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewable energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.	Enhancement of environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)	7
			Responding to climate change	Reducing CO <sub>2</sub> emissions	12
				Promoting solar power generation	13
			Effective utilization of water resources	Reducing energy use	15
			Consideration for biodiversity	Reducing water usage	15
	Safety/Security	The Nomura Real Estate Group recognizes that building and infrastructure deterioration and obsolescence, reduced urban functions, and increased natural disasters are important social issues. It contributes to the realization of the safety and security of customers and local communities through the provision of products and services based on appropriate quality management and sustainable urban development. It also promotes the creation of work and living environment in which business and daily living can continue even in times of energy.	Appropriate utilization of resources and pollution control	Acquiring biodiversity certification (ABINC / JHEP / SEGES)	9
				Reducing waste discharge	12
				Promoting use of domestic and FSC certified timber	13
			Improved safety/security in design and construction	Complying with design and construction standards and quality manuals	9
			Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service	12
			Initiatives for longer life and increased durability	Proving of long life and high durability products and services	13
			Safety and security in disasters	Expanding of disaster preparedness	13
Society	Community	The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization and contributing to the realization of a cooperative society.	Care for and activation of communities	Expanding of planning and design for revitalization of communities	8
				Supporting revitalization of communities in operations and management	16
	Health and Well-being	The Nomura Real Estate Group recognizes that the declining birth rate and aging population, globalization, and the diversification of individual values and lifestyles are important social issues. It communicates with stakeholders and provides products and services for a healthy and comfortable life to all sorts of people, regardless of their attributes. In that way, it respects diversity and contributes to the realization of a healthy and vigorous society.	Response to aging population and diversity, and health support	Promoting universal design	3
				Supporting health and increasing healthy life expectancy	5
			Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction	10
				Improving comfort	10
	Human Resources	The Nomura Real Estate Group aims to provide wellness management so that all its executives and employees can carry out their work energetically and in good physical and mental health, which leads to sustainable corporate growth. In this way, it contributes to the realization of a sustainable society, the continuation of business activities, and increased corporate value. The Group also promotes the occupational safety and health maintenance of its employees and suppliers, recognizing that those matters are important management issues. Also, recognizing that the innovations brought about by diversity are important for the continued creation of new value, the Group works to promote diversity and create fair and rewarding workplaces to that human capital with a variety of perspectives and ways of thinking, regardless of their attributes, can fully demonstrate their personalities and capabilities.	Health and safety of employees	Preventing work-related accidents	3
				Promoting thorough physical and mental health management	3
				Promoting taking of paid leave	3
			Promotion of diversity	Preventing overwork	5
				Promoting active participation by women	5
				Supporting childcare and nursing care	5
			Creation of fair and rewarding workplaces	Promoting hiring of seniors and people with disabilities	8
				Implementing fair assessment and compensation	8
Governance	Management Structure	The Nomura Real Estate Group promotes the strengthening of compliance as well as risk management and corporate governance, recognizing that they are important management issues for the realization of a sustainable society, the continuation of business activities, and increased corporate value. It also conducts its business activities with respect for the human rights of all people, including customers, local communities, employees, and suppliers.	Improvements to human capital	Improving employee satisfaction	5
			Supplier safety	Enhancing cultivation of human capital	10
				Complying with CSR procurement guidelines	16
				Ensuring supplier safety	16
			Corporate Governance	Ensuring diversity in Board of Directors	5
			Compliance	Observing compliance requirements	10

## Reflecting Sustainability and ESG Perspectives in Director Compensation

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

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



# Materiality determination process

## Process of Determining the Four Key Themes

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



### Step 1. Examine social issues extensively

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

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

### Step 2. Identify key themes for the Group

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

### Step 3. Identify key themes for stakeholders

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

Themes believed to be important to stakeholders were identified.

Major Stakeholders	Reasons for Selection	Opportunities for Dialogue	Main Topics
Customers	The trust of customers is essential for the Group to promote sustainable business activities. The Group is committed to listening to customers and meeting their expectations.	<ul style="list-style-type: none"><li>• Explanation of products and services</li><li>• Opinion exchange</li><li>• Questionnaires</li><li>• Installation of special counters</li></ul>	<ul style="list-style-type: none"><li>• Safety/Security</li><li>• Quality enhancement</li><li>• Community revitalization</li><li>• Universal design</li></ul>

<b>Employees</b>	Employees are the basis of all business activities. The Group recognizes that having employees engage I their work with enthusiasm and in good physical and mental health is a source of growth for the Group's business activities and for the employees themselves.	<ul style="list-style-type: none"> <li>• Interview with the Human Resources Division and supervisors</li> <li>• Labor-management talks</li> <li>• Group/Company newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity</li> <li>• Work style reform</li> <li>• Mi- to long-term careers</li> </ul>
<b>Local Communities</b>	The Group believes that working with local communities is important for promoting sustainable business. It also recognizes he importance of confronting the issues faced by local communities and engaging in dialogue with them to encourage community revitalization.	<ul style="list-style-type: none"> <li>• Opinion exchange</li> <li>• Questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>• Community revitalization</li> <li>• Environmental conservation</li> </ul>
<b>Government</b>	Being engaged in the development business, it is essential for the Group to have partnerships with the government, including in the area of permits and approvals. To build urban areas for the future (tomorrow), the Group will promote its business activities while maintaining communication with the government.	<ul style="list-style-type: none"> <li>• Opinion exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Community revitalization</li> <li>• Environmental conservation</li> <li>• Compliance</li> </ul>
<b>Suppliers</b>	All of the Group's business activities are supported by suppliers. The Group recognizes its mission as creating healthy and pleasant working environments for all suppliers.	<ul style="list-style-type: none"> <li>• Opinion-sharing on the Procurement Guidelines</li> <li>• Safety Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and design of products and services</li> <li>• Quality control</li> <li>• Compliance</li> </ul>
<b>Shareholders and Investors</b>	The Group recognizes that the understanding and trust of its shareholders and investors is essential for conducting sustainable business activities. It will promote appropriate information disclosure and communication.	<ul style="list-style-type: none"> <li>• General shareholder meeting</li> <li>• IR meeting</li> <li>• Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Settlement and financial status</li> <li>• Mid- to long-term business strategies</li> </ul>

#### Step 4. Finalize four key themes

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



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

Safety/Security	
Stakeholders	Employees, suppliers, customers, local communities
Major Social Issues	Obsolescence and aging of buildings and infrastructure, deterioration of urban functions, increase in natural disasters
Primary Reasons	<ul style="list-style-type: none"> <li>■ The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity</li> <li>■ In addition to improving the aging and obsolescence of buildings, it is necessary to increase life spans and enhance durability into the future</li> </ul>
The Group's Approach	<ul style="list-style-type: none"> <li>■ Contribute to the realization of safety and security for customers and local communities through the provision of products and services based on appropriate quality control and sustainable community development.</li> <li>■ Promote the development of work and living environments that allow for business continuity and normal life activities during emergencies.</li> </ul>
Environment	
Stakeholders	Employees, suppliers, customers, local communities
Major Social Issues	Global warming, climate change, depletion of natural resources, degradation of ecosystems
Primary Reasons	<ul style="list-style-type: none"> <li>■ As the Group's business uses large amounts of natural resources and energy, environmental issues significantly impact business continuity</li> <li>■ Environmental problems are major issues that affect not only the Group's business, but also the livelihoods and businesses of stakeholders</li> </ul>
The Group's Approach	<ul style="list-style-type: none"> <li>■ Contribute to the realization of sustainable societies through urban development with environmental care such as initiatives toward energy efficient and low carbon society, renewable energy use, and appropriate use of resources.</li> <li>■ Comply with environmental laws and regulations and promote the implementation of appropriate environmental management.</li> </ul>
Community	
Stakeholders	Employees, suppliers, customers, local communities
Major Social Issues	Community failure, decline in dynamism, and weakening of ties due to declining birth rate, aging population, or increasing number of vacant homes



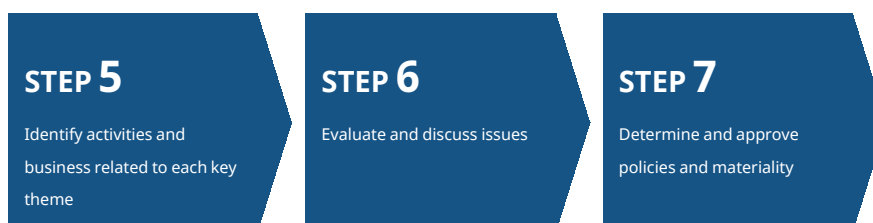
<b>Primary Reasons</b>	<ul style="list-style-type: none"> <li>■ Sound functions of and independent actions by communities are essential for sustainable urban development</li> <li>■ Developing sound communities requires support in the form of design and services</li> </ul>
<b>The Group's Approach</b>	<ul style="list-style-type: none"> <li>■ Support community development by encouraging connections between customers and local society through our building design measures and operation services.</li> <li>■ Contribute to the creation of harmonious societies by promoting effective mutual assistance in emergencies as well as neighborhood and community revitalization.</li> </ul>
<b>Health and Well-being</b>	
<b>Stakeholders</b>	Employees, suppliers, customers, local communities
<b>Major Social Issues</b>	Declining birth rate, aging population, globalization, diversification of individual values and lifestyles
<b>Primary Reasons</b>	<ul style="list-style-type: none"> <li>■ The health and comfort of each individual is important for cities and communities to be sustainable</li> <li>■ Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably</li> </ul>
<b>The Group's Approach</b>	<ul style="list-style-type: none"> <li>■ Leverage communication with stakeholders to provide products and services that enable people to live healthy and comfortable lives regardless of their diverse attributes.</li> <li>■ Contribute to the realization of a healthy and vibrant society with mutual respect for diversity.</li> </ul>

We sorted the relevance of four key themes for sustainability with four value creation initiatives, which have been determined by the Mid- to Long-term Business Plan (from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2028)

	<b>Safety and Security</b>	<b>Environment</b>	<b>Community</b>	<b>Health and Well-being</b>
<b>(1) Realization of enriched lifestyles and workstyles</b>	Develop new asset brands (shared offices, hotels, etc.) that ensure high quality.	Achieve both environmental friendliness and spatial warmth by promoting switch to timber for buildings with use of domestic materials.	Realize a community that accepts diverse lifestyles and workstyles.	Provide products and services designed to increase healthy lifespan and urban development with consideration given to diversity.
<b>(2) Multifunctional urban development aiming for exceptional convenience, comfort, and safety</b>	Improve the safety and security of buildings including disaster responses and thoroughly implement quality control.	Provide comfortable spaces that can adapt to changes in the environment such as global warming and respond to natural disasters.	Multifunctional urban development providing convenience such as urban compact towns.	Urban development that allows diverse people including seniors to lead healthy and comfortable lives.

<b>(3) Urban development and community building concerning the future of the global environment and local communities</b>	Enhance repair construction and maintenance to extend building lifespans and durability.	Enhance the environmental performance, acquire green building certification, and improve environmental consciousness and customer services through energy-related businesses.	Build systems and expand products and services to create sustainable communities.	Provide various programs to local residents by creating an open community based on the BE UNITED concept.
<b>(4) Global expansion of high-quality products and services</b>	Globally expand high-quality products and services that realize safety/security.	Globally expand buildings with high environmental value and operation business.	Globally expand urban development with consideration to communities and leveraging knowledge related to community revitalization.	Globally expand urban development that allows diverse people to lead healthy and comfortable lives.
<b>Corresponding GRI Standards</b>	Effluents and waste, customer health and safety	Energy, water, biodiversity, emissions, effluents and waste, supplier environmental assessment	Indirect economic impact, local communities, supplier social assessment	Diversity and equal opportunity
<b>Main Related SDGs</b>	<div> <div>   </div> <div>   </div> </div> <div> <div>   </div> <div>   </div> </div> <div> <div>   </div> <div>  </div> </div>			

## Process of Determining the Sustainability Policies and Objectives



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

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

#### Step 6. Evaluate and discuss issues









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

#### Step 7. Determine and approve policies and materiality

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

 [Nomura Real Estate Group's Policy on Sustainability](#)

## Results of The Sustainability Policies and Objectives

Sustainability Theme	Material Issues	Group Targets / Indicators
Four Key Themes		
Environment	Enhancement of environmental management	Acquiring of advanced environmental management certification (DBJ Green Building, LEED, CASBEE, etc.)  <a href="#">Enhancement of environmental management</a>
	Responding to climate change	Reducing CO <sub>2</sub> emissions  <a href="#">Responding to climate change</a>
		Promoting solar power generation  <a href="#">Responding to climate change</a>
		Reducing energy use  <a href="#">Responding to climate change</a>
	Effective utilization of water resources	Reducing water usage  <a href="#">Effective utilization of water resources</a>
	Consideration for biodiversity	Acquiring biodiversity certification (ABINC / JHEP / SEGES)  <a href="#">Consideration for biodiversity</a>
	Appropriate utilization of resources and pollution control	Reducing waste discharge  <a href="#">Appropriate utilization of resources and pollution control</a>
		Promoting use of domestic and FSC certified timber  <a href="#">Appropriate utilization of resources and pollution control</a>

Safety/Security	Improved safety/security in design and construction	Complying with design and construction standards and quality manuals ☐ Improved safety/security in design and construction
	Improved quality of safety/security in operation and management	Improved management quality and expanding after-sales service ☐ Improved quality of safety/security in operation and management
	Initiatives for longer life and increased durability	Proving of long life and high durability products and services ☐ Initiatives for longer life and increased durability
	Safety and security in disasters	Expanding of disaster preparedness ☐ Safety and security in disasters
Community	Care for and activation of communities	Expanding of planning and design for revitalization of communities ☐ Care for and activation of communities
		Supporting revitalization of communities in operations and management ☐ Care for and activation of communities
Health and Well-being	Response to aging population and diversity, and health support	Promoting universal design ☐ Response to aging population and diversity, and health support
		Supporting health and increasing healthy life expectancy ☐ Response to aging population and diversity, and health support
	Improved customer satisfaction and comfort	Promoting communication to improve customer satisfaction ☐ Improved customer satisfaction and comfort
		Improving comfort ☐ Improved customer satisfaction and comfort
Two promotion foundations		
Human Resources	Health and safety of employees	Preventing work-related accidents ☐ Health and safety of employees
		Promoting thorough physical and mental health management ☐ Health and safety of employees
		Promoting taking of paid leave ☐ Health and safety of employees
		Preventing overwork ☐ Health and safety of employees
	Promotion of diversity	Promoting active participation by women ☐ Promotion of diversity
		Supporting childcare and nursing care ☐ Promotion of diversity

		Promoting hiring of seniors and people with disabilities ☐ Promotion of diversity
	Creation of fair and rewarding workplaces	Improving employee satisfaction ☐ Creation of fair and rewarding workplaces
	Improvements to human capital	Enhancing cultivation of human capital ☐ Improvements to human capital
	Supplier safety	Ensuring supplier safety ☐ Supplier safety
Management Structure	Improved supplier management	Compliance with CSR procurement guidelines ☐ Improved supplier management






# Dialogue with Stakeholders

## Approach and Policies

We serve a wide range of stakeholders through the Group's products and services, and our mission is to operate the organization sustainably. Our responsibility, therefore, is to achieve the SDGs and resolve social and environmental issues that could pose risks to the Group's business. We enhance our communication with stakeholders to listen and respond better to requests and expectations from all of them, and we strive to earn their trust toward attaining a prosperous co-existence and co-creating shared value.

## Overview of Stakeholder Engagement

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

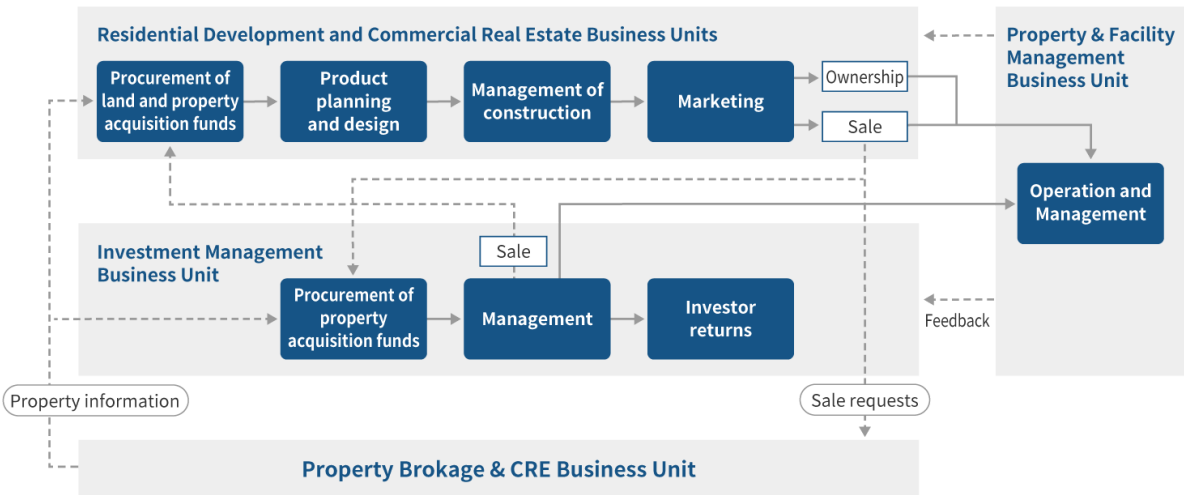
 Means for Dialogue	 Main Issues Raised	 Responses
<b>Customers</b>		
<ul style="list-style-type: none"> <li>- Explanation of products and services</li> <li>- Opinion exchange</li> <li>- Questionnaires</li> <li>- Installation of special counters</li> </ul>	<ul style="list-style-type: none"> <li>- Revitalize communities and improve the image among residents of neighboring communities</li> <li>- Give consideration to ecosystems and select highly sustainable materials</li> </ul>	<ul style="list-style-type: none"> <li>- Revitalization of communities based on the BE UNITED initiative</li> <li>- Acquisition of biodiversity certification</li> <li>- Proactive use of domestic/FSC certified lumber</li> <li>- Incorporation of questionnaire results in operations and services</li> </ul>
<b>Employees</b>		
<ul style="list-style-type: none"> <li>- Interview with the Human Resources Division and supervisors</li> <li>- Labor-management talks</li> <li>- Group/Company newsletters</li> </ul>	<ul style="list-style-type: none"> <li>- Revitalize communities to give rise to new services and businesses</li> <li>- Provide healthcare facilities and comfortable spaces for the growing number of senior citizens</li> </ul>	<ul style="list-style-type: none"> <li>- Revitalization of communities based on the BE UNITED initiative</li> <li>- Promotion of barrier free/universal design</li> <li>- Reinforcement of business targeting senior citizens</li> </ul>

Suppliers		
<ul style="list-style-type: none"> <li>- Opinion-sharing on the Procurement Guidelines</li> <li>- Safety Conference (once a year)</li> </ul>	<ul style="list-style-type: none"> <li>- Safety and security are the foundation of real estate as social infrastructure</li> <li>- Community development initiatives accompanied by health and well-being Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Observance of the Design and Construction Standards and the Quality Manual</li> <li>- Observance of the Building Management Quality Assessment Guidelines</li> <li>- Deeper imprinting of the Procurement Guidelines</li> </ul>
Shareholders and Investors		
<ul style="list-style-type: none"> <li>- General shareholder meeting</li> <li>- IR meeting</li> <li>- ESG meeting</li> <li>- Reports</li> </ul>	<ul style="list-style-type: none"> <li>- Safe and secure real estate is a need of society and customers</li> <li>- Develop vibrant communities</li> </ul>	<ul style="list-style-type: none"> <li>- Provision of Nomura Real Estate's facilities for disaster victims</li> <li>- Observance of the Design and Construction Standards and the Quality Manual</li> <li>- Revitalization of communities based on the BE UNITED initiative</li> </ul>
CSR experts (on socially-responsible investment, environmental issues, etc.)		
<ul style="list-style-type: none"> <li>- Third-party opinions</li> <li>- Questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>- Seek both environmental and economic performance</li> <li>- Nomura Real Estate's focus on safety and security will further raise corporate value</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancement and promotion of the structure and activities for sustainability management</li> <li>- Enhancement of financial and non-financial KPIs</li> </ul>
NPOs and NGOs (on environment, community, architecture, etc.)		
<ul style="list-style-type: none"> <li>- Opinion exchange</li> <li>- Questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>- Expecting initiatives for senior citizens' households to be implemented as the number of senior citizens increases</li> <li>- Environmental impact from building construction and demolition activities is significant</li> </ul>	<ul style="list-style-type: none"> <li>- Reinforcement of the business targeting senior citizens</li> <li>- Design development for revitalizing communities</li> <li>- Use of materials with high durability and equally durable methods for new construction, and prolongation of the large-scale repair work cycle</li> </ul>

# Business and Sustainability

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

## Business Activities of the Nomura Real Estate Group



Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Acquisition of Land and Properties, and Capital Procurement	<ul style="list-style-type: none"> <li>Investigation of properties</li> <li>Real estate appraisal</li> <li>Environmental assessment</li> <li>Negotiation and bidding</li> <li>Contract execution</li> <li>Capital procurement etc.</li> </ul>	<ul style="list-style-type: none"> <li>Sellers</li> <li>Brokers</li> <li>Financial institutions</li> <li>Investors</li> <li>Real estate appraisers</li> <li>Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>Care for and Activation of Communities</li> <li>Improved Supplier Management</li> </ul>

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
<b>Planning and designing products</b>	<ul style="list-style-type: none"> <li>• Administration of questionnaires to customers and local communities</li> <li>• Planning of products</li> <li>• Design etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Local communities</li> <li>• NPOs</li> <li>• Design companies</li> <li>• Government agencies</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of Environmental Management</li> <li>• Improved Safety and Security in Design and Construction</li> <li>• Initiatives for Longer life and increased Durability</li> <li>• Safety and Security in Disasters</li> <li>• Care for and Activation of Communities</li> <li>• Response to the Aging Population and Diversity and Support for Health</li> <li>• Improved Customer Satisfaction and Comfort</li> <li>• Improved Supplier Management</li> </ul>
<b>Managing construction</b>	<ul style="list-style-type: none"> <li>• Supervising construction</li> <li>• Quality control</li> <li>• Cost management</li> <li>• Briefings for local residents etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Local communities</li> <li>• Construction companies</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to Climate Change</li> <li>• Effective Utilization of Water Resources</li> <li>• Consideration for Biodiversity</li> <li>• Appropriate utilization of resources and pollution control</li> <li>• Improved Safety and Security in Design and Construction</li> <li>• Safety and Security in disasters</li> <li>• Care for and Activation of Communities</li> <li>• Supplier Safety</li> <li>• Improved Supplier Management</li> </ul>
<b>Sales and tenant recruiting</b>	<ul style="list-style-type: none"> <li>• Marketing</li> <li>• Preparing website and pamphlets</li> <li>• Advertising</li> <li>• Offering explanations of material matters</li> <li>• Contract execution etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Local communities</li> <li>• NPOs</li> <li>• Judicial scriveners</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Response to Aging Population and Diversity and Support for Health</li> <li>• Improved Customer Satisfaction and Comfort</li> </ul>

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
<b>Investments and Investor Returns</b>	<ul style="list-style-type: none"> <li>• Fund formation</li> <li>• Property management</li> <li>• Asset management etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Investors</li> <li>• Customers</li> <li>• Financial institutions</li> <li>• Property management companies</li> <li>• Local communities</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of Environmental Management</li> <li>• Responding to Climate Change</li> <li>• Effective Utilization of Water Resources</li> <li>• Appropriate utilization of resources and pollution control</li> <li>• Improved Quality of Safety and Security in Operation and Management</li> <li>• Safety and Security in Disasters</li> <li>• Care for and Activation of Communities</li> <li>• Improved Supplier Management</li> </ul>
<b>Operations and management</b>	<ul style="list-style-type: none"> <li>• Property management</li> <li>• Asset management</li> <li>• Management and repair works, operation of sports clubs and elderly housing with supportive services etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Local communities</li> <li>• Business owners</li> <li>• Service providers</li> <li>• Construction companies</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to Climate Change</li> <li>• Effective Utilization of Water Resources</li> <li>• Appropriate utilization of resources and pollution control</li> <li>• Improved Quality of Safety and Security in Operation and Management</li> <li>• Safety and Security and in Disasters</li> <li>• Care for and Activation of Communities</li> <li>• Response to Aging Population and Diversity and Support for Health</li> <li>• Supplier Safety</li> <li>• Improved Supplier Management</li> </ul>
<b>Brokerage and CRE</b>	<ul style="list-style-type: none"> <li>• Investigation of properties</li> <li>• Real estate appraisal</li> <li>• Environmental assessment</li> <li>• Offering explanations of material matters</li> <li>• Contract execution etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Brokers</li> <li>• Financial institutions</li> <li>• Real estate appraisers</li> <li>• Judicial scriveners</li> <li>• Employees etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Care for and Activation of Communities</li> <li>• Response to Aging Population and Diversity and Support for Health</li> <li>• Improved Customer Satisfaction and Comfort</li> </ul>

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

Our response to social issues relating to human resources and management structure serves as the basis of our promotion foundation for sustainability and therefore affects all of the Group's business activities.

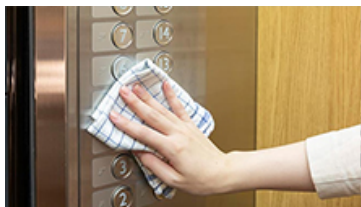
## Provision of Sustainable Products and Services

We deliver sustainable products and services that help society overcome challenges.

Important Issues	Products and Services
 Environment	<a href="#">Introduction of the “YUKAFULL” floor air-conditioning system</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Development of net zero energy homes (ZEH) in condominiums</a> <a href="#">News Release (Japanese only) (Initiatives of Residential Development Business)</a> <a href="#">News Release (Japanese only) (Initiatives of Commercial Real Estate Business)</a>
	<a href="#">Proactive use of wood materials made in Japan</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Urban development for reducing CO<sub>2</sub> emissions in Proud City Hiyoshi</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Provision of re:Premium, a service designed to lengthen large-scale repair work cycles at PROUD condominiums</a> <a href="#">News Release (Japanese only)</a>
 Safety and Security	<a href="#">Announcement of Attractive 30, a service designed to lengthen the cycle of large-scale repair work for condominiums and provide long-lasting safety and security</a> <a href="#">News Release (Japanese only)</a>
	Initiatives to provide customers and residents with safety and security against COVID-19 <a href="#">Special Feature: Response to COVID-19</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Revitalization of communities based on the BE UNITED Initiative</a> <a href="#">News Release (Japanese only)</a>
 Community	
 Health and Wellbeing	<a href="#">Development of Health-conscious Senior Rental Housing with the Aim of Extending Healthy Lifespans</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Kodomo Mirai Project promotes sports activities and community revitalization and was designed to nurture spiritually rich children</a> <a href="#">News Release (Japanese only)</a>
	<a href="#">Promoting increases in healthy lifespan through the Fitness Business</a> <a href="#">News Release (Japanese only)</a>

# Special Feature Archives

FY2020



## Response to COVID-19

Measures taken in response to COVID-19





## TCFD

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

Increased natural disasters resulting from climate change and stricter environmental regulations will impede the continuation of business and lead to higher material procurement costs and construction expenses. It is also possible that operating costs, including electricity fees and insurance premiums, will increase, which could have a major impact on society as a whole. Meanwhile, low-carbon and decarbonized products and services, including net zero energy homes (ZEH), will lead to new business opportunities.

Based on this understanding, the Group is working with stakeholders to promote the reduction of CO<sub>2</sub> emissions and the use of renewable energy across its supply chains.

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# Responding to the Task Force on Climate-related Financial Disclosures (TCFD)



## Approach and Policies on Climate Change

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

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Based on this understanding, the Group is working with stakeholders to promote the reduction of CO<sub>2</sub> emissions and the use of renewable energy across its supply chains.

## Understanding Climate Change

Climate change is currently recognized as one of the most significant threats to the sustainable development of global society. The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), released over the course of 2013 and 2014, states that human activities are “extremely likely” (at least 95%) to be the main cause of global warming and climate change. Subsequently, the IPCC Sixth Assessment Report, released in August 2021, states that it is “unequivocal” that human activities are the main cause of global warming and climate change.

Based on these scientific views, a debate on how to deal with climate change has raged in society as a whole and across the world. At the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, the Paris Agreement was adopted to pursue efforts to “limit global warming to well below 2, preferably to 1.5°C,

compared to pre-industrial levels.”

Under the Paris Agreement, countries have set targets for reducing Greenhouse Gas (GHG) emissions and are implementing a variety of climate change-related measures. For example, in Japan, where our Group mainly operates, the government declared its goal in October 2020 to achieve carbon neutrality by 2050.

The impact of climate change on the global economy and corporate activities is becoming increasingly severe with each passing year. Accordingly, shareholders and investors are facing a growing urgency to assess how the businesses and plans of each company will be affected by climate change. Recognizing the need for a common global framework that facilitates an appropriate assessment of the risks and opportunities of climate change for each company, the TCFD was established to promote disclosure of information on climate change responses in response to requests from the G20 and national central banks. It released its final report in June 2017 and has been encouraging companies to disclose information on climate change.

Given this environment, we recognize that addressing social and environmental issues is essential for the sustainable growth of our company. We clearly stated “urban development and community building concerning the future of the global environment and local communities” as one of the four value creation themes for our Mid- to Long-term Business Plan, released in April 2019.

#### ▣ Mid- to Long-term Business Plan

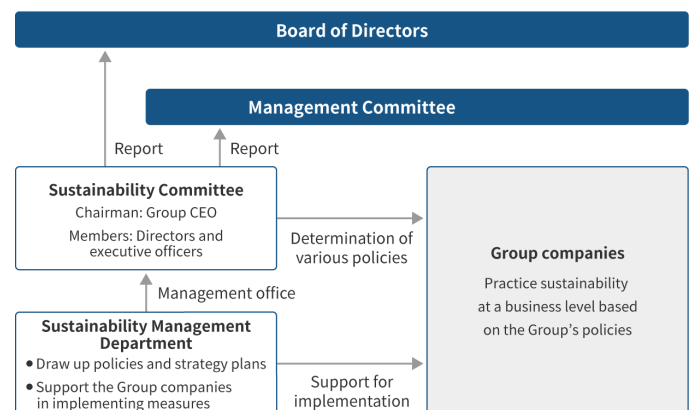
In carrying out sustainability activities, the Group considers the environment and climate change as vital management concerns. We have also defined the four key themes of “Safety and Security,” “the Environment,” “Community,” and “Health and Well-being” and positioned responding to climate change as a key area under “Environment.”

## Governance

The Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others, and is chaired by the Nomura Real Estate Holdings President and Group CEO, deliberates Group-wide policies and targets related to climate change. The committee is positioned as a subordinate committee of the Management Committee and holds at least three to four meetings each year. It reviews risks and opportunities associated with climate change and examines and monitors the Group’s GHG reduction targets.

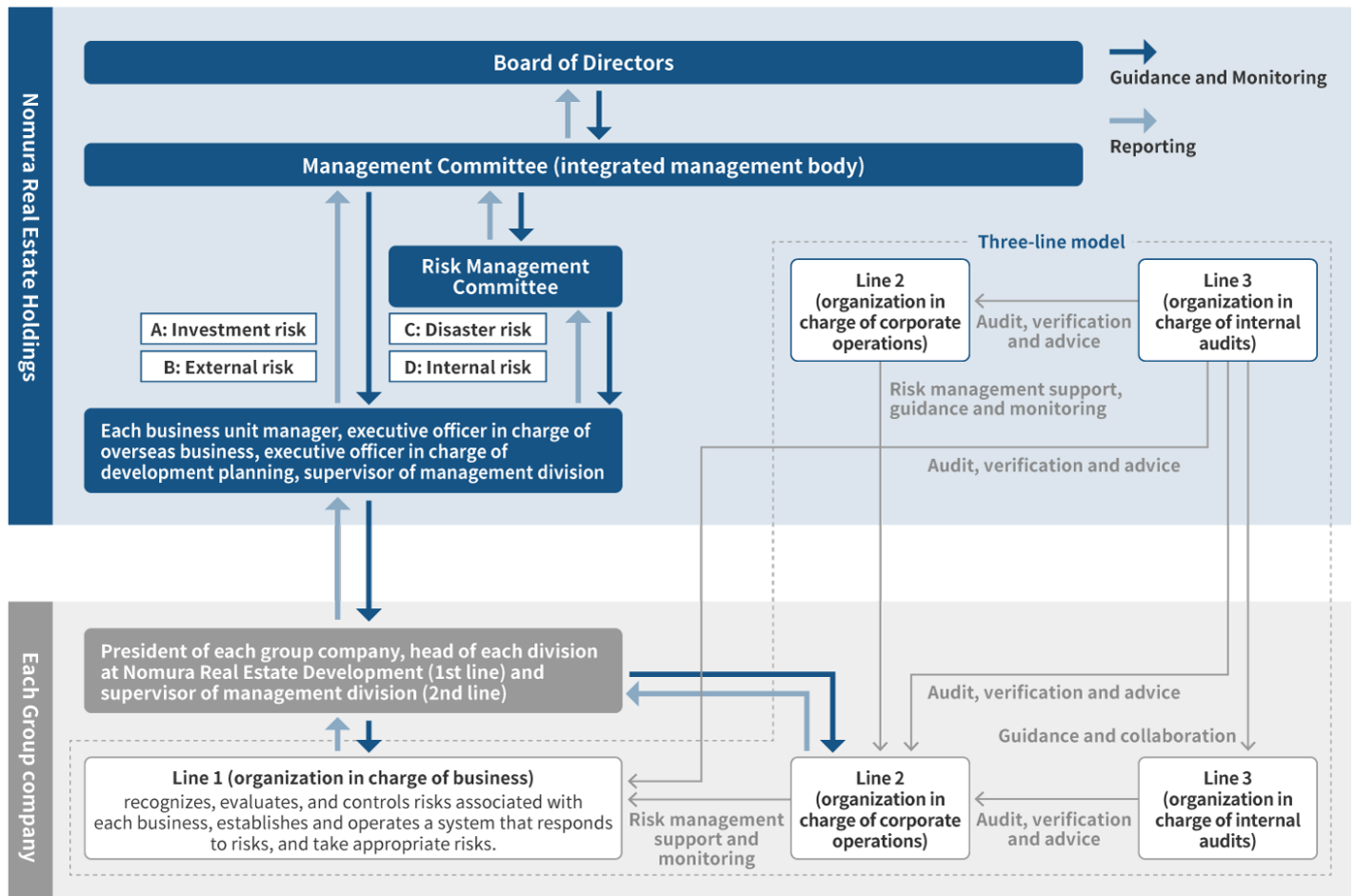
Details of deliberations made by the committee are reported to the Board of Directors and the Management Committee at least twice a year. In addition, any key matters related to the Group’s management are reported to the Board of Directors and Management Committee as necessary.

As mentioned above, the Nomura Real Estate Holdings President and Group CEO is responsible for promoting measures to address sustainability and climate change throughout the Group. The Group CEO is the chief executive officer of the Board of Directors and the Executive Committee and is responsible for making the best decisions to achieve the sustainable growth of the Group as a company, including addressing sustainability and climate change, and for executing key related operations.



#### ▣ Sustainability Management System

In addition, our risk management system also manages climate change-related risks.



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 and discusses basic response policies regarding risk prevention, responses when risk occurs, and prevention of recurrence. Risks related to climate change are positioned under the following categories managed as part of our business risks: risk from lagging behind innovation and changes in the social structure related to the business (risk category B: external risk) and 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 (risk category C: disaster risk).

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>	Risks related to external factors influencing business
(C)	<b>Disaster risk</b>	Risks generated by disasters that have a large impact on customers and business continuity
(D)	<b>Internal risk</b>	Operational risks occurring at the company and each Group company



Each business unit closely monitors social trends related to climate change, such as changes in customers and markets and revised regulations. They also identify risks and opportunities in climate-related issues and examine and implement associated actions at the operational, business, and product levels. One example is the planning of Net Zero Energy House (ZEH) and Net Zero Energy Building (ZEB) based on changes in the market and customer needs, technology trends, and other factors. Of these initiatives undertaken by each business unit, those deemed particularly important to management are reported to the Sustainability Committee, Risk Management Committee, Management Committee, and Board of Directors as needed.

In addition, since fiscal 2019, the Group has been requiring that directors, including the CEO, maintain a strong awareness of the need to adapt to changes in society and the needs of the times under their selection criteria, and has also incorporated the sustainability and ESG perspectives, such as climate change, into decisions on director compensation. In our director compensation system, the degree of achievement of sustainability targets, including measures to respond to climate change, in the business areas under the control of each director is incorporated into evaluation criteria. Also, the system calculates variable compensation according to the degree of achievement of roles related to sustainability and ESG assigned to each director.

 [Director Compensation System](#)

## Strategies

In formulating climate change strategies, the Group conducted a qualitative analysis using scenarios based on the Fifth Assessment Report of the IPCC\* and the Paris Agreement. We examined the risks and opportunities that climate change may present to the Group, and then we planned and implemented strategies and measures to manage them.

※ The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) released in August 2021 will also be used for analysis for future fiscal years.

### Scope of Analysis

The Group consists of the Residential Development Business Unit (development and sales of condominiums and detached houses), Commercial Real Estate Business Unit (development, leasing, and sales of office buildings, commercial facilities, logistics facilities, and hotels), Investment Management Business Unit (management of REIT and private funds), Brokerage and CRE Unit (real estate brokerage), Operations and Management Unit (real estate management), and others (overseas), which are all included in the scope of analysis.

As for the calculation scope of GHG emissions, all of scopes 1, 2, and 3 of the Group are covered.















### Scenario Setting

The scenario analysis adopted the 2°C scenario with an eye to achieving the goals of the Paris Agreement and realizing a decarbonized society. In this analysis, we also consider the 4°C scenario as a situation in which climate change measures fail to make sufficient progress and natural disasters consequently become more severe. In developing the world image for each scenario, we referred to the following documents. We are also separately working on the 1.5°C scenario.

- Representative Concentration Pathway (RCP) 2.6 and 8.5 scenarios in the UN IPCC Fifth Assessment Report
- Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS) in the IEA World Energy Outlook (2020)





## Possible changes to the global environment under each scenario

Under each scenario, we have established an image of the world in 2050 for the 2°C and 4°C scenarios. (The 1.5°C scenario is also examined separately.)



Items	2°C scenario	4°C scenario
Sea level rise	0.3–0.5 m 	0.4–0.8 m 
Typhoon	Increase (Japan) 	Significant increase (Japan) 
Flood	Increase (Japan: about two times as much) 	Significant increase (Japan: about four times as much) 
Midsummer days	Increase (Japan: by about 10 days) 	Significant increase (Japan: by about 50 days) 
Laws and regulations	Progress in enforcing extremely strict regulations 	Limited regulatory impact 
Technology	Progress in the adoption of decarbonization technologies, ZEH and ZEB, and renewable energies 	No progress in the adoption of decarbonization technologies, ZEH and ZEB, and renewable energies 
Customers	About 50% reduction in energy consumption in offices where the adoption of ZEH, ZEB, and renewable energies is progressing 	Limited adoption of ZEH, ZEB, renewable energies, etc. About 20% reduction in energy consumption in offices 

## Identification of Risks (and Opportunities)

The TCFD recommendations classify climate change risks into transition risks (policy and legal, technology, market, and reputation) and physical risks (acute and chronic). The Group has accordingly identified the impacts of these risks on the Group. This section describes the representative impacts of each risk category.

Category		Impact on the Group	Our understanding
Large	Small		
Transition risks	<b>Policy and legal</b> 	<p>Enforcement and strengthening of GHG reduction regulations on a business and property basis (Scopes 1 and 2)</p> <p><b>Potential consequences</b></p> <ul style="list-style-type: none"> <li>• Stricter regulations in Japan and overseas (Energy Conservation Act, Tokyo Metropolitan Government's Ordinance on Environmental Preservation, emissions trading system, carbon tax, etc.)</li> <li>• Expansion of subsidy programs (energy-saving technologies, ZEH and ZEB, etc.)</li> </ul>	Risks Opportunities
	<b>Market</b> 	<p>Delay in the improvement of energy efficiency of buildings (buildings, houses, etc.) and the development and introduction of decarbonization technologies</p> <p><b>Potential consequences</b></p> <ul style="list-style-type: none"> <li>• Higher development costs for real estate</li> <li>• Investment in decarbonization technologies and energy-saving equipment</li> <li>• Introduction of renewable energies</li> </ul>	Risks Opportunities
	<b>Reputation</b> 	<p>Increased demand from customers for functions related to the environment, energy conservation, and disaster prevention</p> <p><b>Potential consequences</b></p> <ul style="list-style-type: none"> <li>• Changes in the needs of customers, including tenants of buildings, buyers of houses, and REIT</li> <li>• Higher customer evaluation of ZEH and ZEB</li> <li>• Impact on the appraisal of real estate we own</li> </ul>	Risks Opportunities
	<b>Technology</b> 	<p>Risk of the Group's initiatives and businesses not being well received by investors and consumers.</p> <p><b>Potential consequences</b></p> <ul style="list-style-type: none"> <li>• Changes in the credibility and brand value of our businesses and products</li> <li>• Impact on funding due to evaluation by shareholders, investors, financial institutions, etc.</li> </ul>	Risks Opportunities



Physical risks	<b>Acute</b> 	Losses due to the occurrence of disasters, such as typhoons, floods, and torrential rains <b>Potential consequences</b> <ul style="list-style-type: none"> <li>• Damage to or suspension of functions of our buildings due to the occurrence of a disaster</li> <li>• Interruption or delay in construction projects for real estate under development due to the occurrence of a disaster</li> </ul>	Risks
	<b>Chronic</b> 	Impact on businesses due to rising average temperatures Impact on real estate appraisal due to rising sea level <b>Potential consequences</b> <ul style="list-style-type: none"> <li>• Impact on the wellbeing of customers, employees, and business partners due to an increase in the number of midsummer days</li> <li>• Damage to real estate values in coastal areas, etc.</li> </ul>	Risks

## Risk Management

Matters related to climate change, including risk management, are overseen by the Board of Directors and the Management Committee and are discussed in detail by the subordinate committees, the Sustainability Committee, and the Risk Management Committee. In addition, individual business matters, including business planning and product planning, are managed by each business unit.

The Sustainability Committee deliberates Group-wide policies and targets on climate change and discusses the risks and opportunities of climate change for the entire Group.

In addition, risks related to climate change are also managed within the risk management system of the Group. To discuss various risks related to Group management, we have designated the Management Committee as the integrated risk management body and operate a system to regularly monitor, evaluate, and analyze the state of major risks while periodically reporting details to the Board of Directors.

Business units also individually investigate and grasp risks related to the market (client companies and consumers) and laws and regulations on construction and real estate, and they reflect the results of their investigations in the planning of businesses and products as needed. Of the matters examined, those that have a significant impact on the Group as a whole are reported to the Board of Directors, Management Committee, Sustainability Committee, and Risk Management Committee as appropriate, depending on specific content.

 [Sustainability Management System](#)

 [Risk Management System](#)

## Metrics and Targets

The Group has set the following three targets to promote its response to climate change and has also identified the indicators described below for greenhouse gases.

## Reduction of Greenhouse Gases (GHG and CO<sub>2</sub>)

**Medium- to Long-term Targets\*** ※Certified by the SBT (Science Based Targets) Initiative in November 2020

**Reduce the total amount of GHG emissions from Scopes 1, 2, and 3 (Categories 1 and 11)\* by 35% by 2030 compared to the FY2019 level.**

### Short-term Target

**Reduce the total amount of emissions from Scopes 1, 2, and 3\* (Categories 1 and 11) by 15% by 2025 compared to the fiscal 2019 level.**

※ Scope 1: Direct emissions such as fuel combustion, Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company, Scope 3: Indirect emissions other than those in Scopes 1 and 2

※ Scope 3 targets cover Categories 1 (products and services purchased) and 11 (use of products sold). The GHG emissions of Category 1 cover approximately 94% of the total emissions of Scope 3. (FY2019)

The Group will in principle promote measures to respond to climate change by collecting data on GHG (CO<sub>2</sub>) emissions for all properties owned and sold by the Group as a whole and reducing the GHG emissions of the entire Group by compiling and monitoring the results. We will also look into setting an ultra-long-term target to achieve carbon neutrality by 2050. For the results related to climate change, please refer to the following.

## Results for Medium- to Long-term Targets (2030 Targets)

(Unit: t-CO<sub>2</sub>)

	FY2019 (base year)	FY2020	
			Reduction rate (compared to FY2019)
Scope1	23,627	20,119	- 14.8%
Scope2	126,960	112,087	- 11.7%
Scopes 1 and 2 total	150,588	132,206	- 12.2%
1: Purchased products and services	969,704	453,707	- 53.2%
11: Use of products sold	2,203,005	834,184	- 62.1%
Scope 3 total Note: Targeted only	3,172,709	1,287,891	- 59.4%

## Third Party Assurance

We have asked Lloyd's Register Quality Assurance Ltd. to provide assurance on the GHG emissions and energy use data for the entire Group.

## Reference: Performance on Other Climate Change-Related Issues

### (1) GHG emissions performance in Scopes 1 and 2

(Unit: t-CO<sub>2</sub>)

	FY2018	FY2019 (base year)	FY2020
Scope1	24,018	23,627	20,119
Scope2	136,569	126,960	112,087
Scopes 1 and 2 (total)	160,586	150,588	132,206

### (2) GHG emissions performance by all items in Scope 3

(Unit: t-CO<sub>2</sub>)

	FY2019 (base year)	FY2020	
			Reduction rate (compared to FY2019)
1: Products and services purchased	969,704	453,707	- 53.2%
2: Capital goods	71,164	97,862	+ 37.5%
3: Fuel- and energy-related activities that are not included in Scopes 1 and 2	27,473	24,854	- 9.5%
4: Transportation and delivery (upstream)	4,081	3,164	- 22.4%
5: Waste generated by businesses	6,858	5,317	- 22.4%
6: Business trips	1,421	936	- 34.1%
7: Employers' commuting	2,395	2,409	+ 0.5%
8: Lease assets (upstream)	—	—	—
9: Transportation and delivery (downstream)	—	—	—
10: Processing of products sold	—	—	—
11: Use of products sold	2,203,005	834,184	- 62.1%
12: Disposal of products sold	62,603	19,605	- 68.6%
13: Lease assets (downstream)	19,011	14,025	- 26.2%
14: Franchise	—	—	—
15: Investments	—	—	—
Scope 3 total	3,367,714	1,456,063	- 56.7%

### (3) Energy use performance in properties subject to reporting under the Act on the Rational Use of Energy

	FY2018	FY2019	FY2020
Energy use (MWh/year)	445,772	422,490	381,817
Energy use intensity* (MWh/m <sup>2</sup> /year)	0.224	0.208	0.184

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

### (4) Implementation of the solar power generation business

The Group is promoting the Solar Power Generation Business. As of the end of March 2021, solar panels were installed on a total of 18 buildings at Landport logistics facilities, with annual output of 21.926 thousand kWh/year for fiscal 2020.

	FY2018	FY2019	FY2020
Solar power generating facility installation rate at Landport logistics facilities (%)	92.9%	94.7%	90.0%
Electric power generated at Landport logistics facilities (thousand kWh/year)	12,081	15,194	21,926

### (5) Use of renewable energy

All of the electricity procured for all Noga Hotels operated by Nomura Real Estate Hotels, one of the Group's businesses, Garden Hotels operated by UHM, a Group company, and MEFULL, a commercial facility specializing in services developed by Nomura Real Estate Development (3.47 GWh in FY2020) is practically 100% renewable under the Zero CO2 Plan provided by NF Power Service, a retail electricity provider and affiliate of the Group. In fiscal 2020, a total of 3,732,000 kWh of renewable energy was procured. In addition, we purchase one million kWh of green electricity per year for the Nihonbashi Muromachi Nomura Building.

### (6) ZHE initiatives

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

In fiscal 2020, the PROUD Tower Kameido Cross Gate Tower was adopted as a Ministry of Economy, Trade and Industry Superhigh-rise ZEH-M Demonstration Project, and the Kagurazaka Fukuromachi Plan (tentative name) and Musashiurawa Station Plan (tentative name) were adopted as a Ministry of the Environment High-rise ZEH-M Support Project.



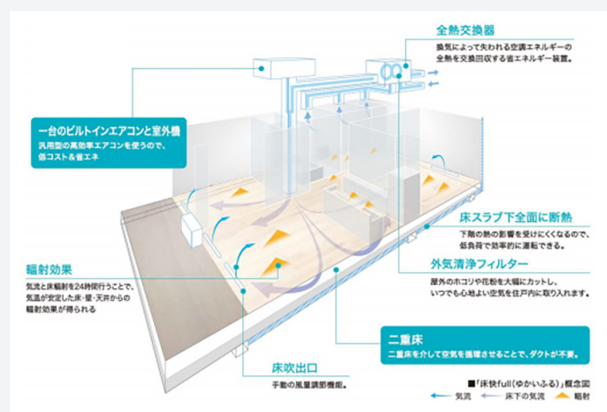
※ ZEH (Net Zero Energy House)

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

 [ZEH Condominium Initiatives \(Japanese only\)](#)

## “Yukai full” Offering Both Environmental Performance and Healthy, Comfortable Living

In order to deliver the energy-saving performance of ZEH-M, we have adopted “Yukai full” in PROUD Takadanobaba and PROUD Tower Kameido Cross. The “floor full” system uses the double floor as a pathway for heating, cooling, and ventilation, sending air conditioner breezes and fresh outside air throughout the entire dwelling, keeping the entire dwelling comfortable 24 hours a day, 365 days a year. This contributes to maintaining the overall health of the residents by reducing the risk of heat stress and heatstroke. In addition, the system can be operated at a lower temperature setting than usual when residents are out of the house, thereby saving energy while maintaining comfort and improving energy efficiency.



Conceptual diagram of PROUD Takadanobaba and PROUD Tower Kameido Cross

### (7) Initiatives for the Shibaura 1-chome Project

The Shibaura 1-chome Project is a phased reconstruction project of a large-scale complex of offices, commercial facilities, hotels, and other facilities in Minato-ku, Tokyo, and it has been approved as a national strategic special zone.

Under the theme of creating a city for healthy and comfortable living, the project aims to realize both the ideal state of the next generation of tenant buildings and CO<sub>2</sub> reduction by realizing a Wellness Office, achieving ZEB Oriented through various energy-saving measures and ultimately becoming carbon neutral by introducing electricity derived from renewable energy sources in the future. In recognition of this plan, the project was selected by the Ministry of Land, Infrastructure, Transport and Tourism for the leading projects program for sustainable buildings (CO<sub>2</sub> reduction type) in 2021.



### (8) Other individual initiatives

#### (8-1) Initiatives for obtaining green building certifications

The Group seeks to obtain environmental, green building certifications for new construction and owned properties including DBJ Green Building<sup>\*1</sup>, LEED<sup>\*2</sup>, CASBEE<sup>\*3</sup>, and BELS<sup>\*4</sup>.

**Quantified target: acquisition rate of green building certifications for newly constructed fixed assets and income-producing properties (excluding rental housing): 100%**

※1 DBJ Green Building

A certification program developed by the Development Bank of Japan to promote real estate development that contributes to the environment and society.

※2 LEED

A system developed and operated by the U.S. Green Building Council for granting certification to environmentally conscious buildings.

※3 CASBEE

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

※4 BELS

Building-Housing Energy-efficiency Labeling System, established by the Ministry of Land, Infrastructure, Transport and Tourism. With this system, a third-party evaluation organization evaluates and certifies energy conservation performance of a building.

## **(8-2) Environmental performance assessment during product planning and design**

The Group provides products and services that address climate change in accordance with the Design and Construction Standards and the Quality Manual. Thermal insulation performance rating\* of level 4 (the highest level), double-glazed windows (end panel eco-glass), LED lighting fixtures, and other features are set as standard specifications for PROUD condominiums, and Environmental Assessment and Challenge Sheets are used to improve the environmental performance.

※ A housing performance evaluation system pursuant to the Housing Quality Assurance Act. Levels indicate performance in the thermal environment.

## **(8-3) Helping customers to save energy**

The Group not only strives to reduce CO<sub>2</sub> emissions from buildings; it also helps condominium residents and tenant companies to save energy. Specifically, the Group provides a system that calculates total energy consumption and a system that makes it possible to visualize the amount of energy used, realizes energy savings using the enecoQ system, and provides eco-information via a member newsletter.

## **(8-4) Reduction of chlorofluorocarbons**

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

## (8-5) Sustainable finance initiatives

In response to the needs of investors, financial institutions, and other stakeholders, we implement sustainable finance initiatives to promote initiatives related to sustainability and climate change throughout the Group.

### [Implementation of Sustainability Linked Loans](#) (July 2021)

With the support of The Chiba Bank, Ltd., Nomura Real Estate Holdings established the Comprehensive SLL Framework for sustainability linked loans (SLL). On July 30, 2021, Nomura Real Estate Holdings raised funds from nine banks participating in the TSUBASA Alliance, a broad regional bank alliance, as the first procurement based on this framework. The SLL requires coordination and agreement on individual requirements, such as Sustainability Performance Targets (SPTs). This framework provides a preferential interest rate based on the SBT certified **mid- to long-term targets for 2030 (35% reduction in total GHG emissions in FY2030 compared to FY2019)** set as SPTs, and if they are met by 2030.

To ensure the credibility of this framework, we have obtained a third-party evaluation from Rating and Investment Information, Inc. on compliance with the Sustainability Linked Loan Principles and the rationality of the SPTs set.

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

### [Issuance of Sustainability Bonds](#) (February 2021)

In February 2021, Nomura Real Estate Holdings issued ten billion yen of Sustainability Bonds as a means of procuring funds to be used for measures and projects that contribute to addressing both environmental and social issues.

When issuing the bonds, we formulated the Nomura Real Estate Group Sustainability Bond Framework and allocated the funds raised under the framework to eligible projects that contribute to addressing environmental and social issues.

To ensure the credibility of the framework, we have obtained third party evaluations from Vigeo Eiris, Japan Credit Rating Agency, Ltd. (JCR), and Rating and Investment Information, Inc. (R&I) on the compliance with the principles of the International Capital market Association (ICMA) Sustainability Bond Guidelines, etc.

 [News Release 1 \(Japanese only\)](#)  [News Release 2 \(Japanese only\)](#)

[For past special features, click here.](#)





## Key Themes of Materiality

# Safety/Security

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

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## Group Policy

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



## Management

The safety and security of Group design and construction are overseen by the officer responsible for quality management and architectural design. Under this officer, the general manager of the Quality Control Department of the Residential Development Division and the General Manager of the Engineering Management Department of the Commercial Real Estate Business Division oversee the management of workplace quality control for housing and non-housing projects, respectively. 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 president and Group CEO, deliberates on and decides related policies and action plans. The Sustainability Committee sets annual targets and monitors progress regarding improvement in safety and security across design and construction, operation and management, and response to disasters.

### Improved Safety and Security in Design and Construction

- Approaches and Policies
- Management
- Targets and Results
- Initiatives

### Improved Quality of Safety and Security in Operation and Management

- Approaches and Policies
- Management
- Targets and Results
- Initiatives

## Initiatives for Longer Life and Increased Durability



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Approaches and Policies

Management

Targets and Results

Initiatives

## Safety and Security in Disasters



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Approaches and Policies

Management

Targets and Results

Initiatives

# Improved Safety and Security in Design and Construction

## Approaches and Policies

### Group Policy (Safety and Security)



We intend to improve the quality of safety and security under the Group Policy and in collaboration with design and construction companies and other suppliers as well as governmental agencies, by complying strictly with Design and Construction Standards and Quality Manuals and implementing rigorous quality control.

## Management

### Management(Safety and Security)



## Targets and Results

### Targets

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

### Results

#### Design and Construction Standards and Quality Manuals

	FY2018	FY2019	FY2020
Compliance with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit (%)	100%	100%	100%

**Compliance with Design and Construction Standards and Quality Manuals in the Commercial Real Estate Business Unit (%)**

100%

100%

100%

※ Specific products include condominiums, detached housing, rental housing, office buildings, retail facilities, logistics facilities, and hotels.

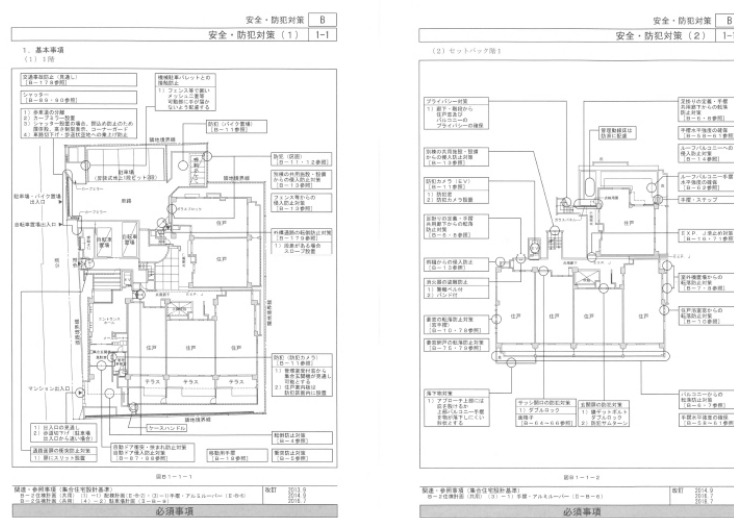
## Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, other applicable laws and regulations, or the internal quality standards, necessary responses will be implemented rapidly. In fiscal 2020, there were no significant safety-related violations of relevant laws and regulations or internal standards.

## Initiatives

### Comply with Design and Construction Standards and Quality Manuals

To ensure the quality of safety and security in building design and construction, the Group has formulated Design and Construction Standards (structures, architecture, equipment, electrical) and Quality Manuals and has established designs and specifications for the series of products developed by the Residential Development Business Unit and the Commercial Real Estate Business Unit. The Standards and Manuals are distributed to suppliers, including design and construction companies and are strictly complied with. The Group also reviews the Standards and Manuals as needed to further improve safety and security.



PROUD Design and Construction Standards (excerpts)

### Requesting Customers and Partner Companies to Implement thorough Quality Control

The Group has specified practices for ensuring and improving quality at construction sites in the Nomura Real Estate Group Procurement Guidelines and requests the cooperation and understanding of customers and partner companies in implementing these measures.

In 2021, we began surveying supplier compliance with the Nomura Real Estate Group Procurement Guidelines. This effort is intended to identify and proactively address supplier risks to ensure that consistent quality control is practiced throughout the design and construction process.

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

### Implementation of Quality Control

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

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



Quality control inspection at a construction site

## Training on Design and Construction

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Both the Residential Development Business Unit and the Commercial Real Estate Business Unit are working hard to improve their skills and procedures to safeguard the quality of safety and security in design and construction.

Passing on skills to the next generation has become a vital issue for ensuring quality with the ongoing aging of the workforce in the construction industry, and Group construction sites are no exception. We are therefore also focusing on securing and training young workers.

### Training on Quality Control Technologies

The Group holds the PROUD Quality Conference in the Residential Development Business Unit and the Engineers' Conference in the Commercial Real Estate Business Unit once a year for sharing and improving quality control technologies. These conferences provide a forum for imparting knowledge and expertise to younger workers by exchanging information or updates related to the Design and Construction Standard and Quality Manuals, issues related to design and construction, and advanced

case studies. In fiscal 2020, architectural and quality control personnel gathered from around the country with approximately 230 participating in the PROUD Quality Conference and about 130 attending the Engineers' Conference.

### **Supporting the Development of First-Class Architects**

The Group supports the acquisition of the first-class architect qualification, to ensure safety and security. As of April 1, 2021, Nomura Real Estate Development had 199 employees with first-class architect qualifications, comprising 9.5% of all employees.

# Improved Quality of Safety and Security in Operation and Management

## Approach and Policies

### Group Policy (Safety and Security)

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The Nomura Real Estate Group adheres to the Group Policy and collaborates with suppliers to improve the quality of safety and security in operation and management by raising management quality and enhancing after-sales services.

## Management

### Management (Safety and Security)

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## Targets and Results

### Targets

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

### Results

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**Rate of conformance with Building Management Quality Assessment Guidelines and Sign-up rate for NEXT PASS10**



	FY2018	FY2019	FY2020
<b>Rate of conformance with Building Management Quality Assessment Guidelines at managed properties*1 (%)</b>	86	—*2	70
<b>Sign-up rate for NEXT PASS10 (%)</b>	80	77	75

※1 Conformance rate: We extract several properties and conduct a survey on the number of conforming items in the assessment items listed in the guidelines. In fiscal 2020, we significantly increased the number of assessment items and raised conformance to ensure that higher management quality can be maintained and improved based on the revisions of related laws.

※2 In fiscal 2019, the conformance rate survey was not conducted in order to help contain the spread of the COVID-19.

### Responses to Safety Issues

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

In fiscal 2020, there were no significant safety-related violations of relevant laws and regulations or internal standards.

📄 For details, please see the ESG data collection (governance).

## Initiatives

### Compliance with Building Management Quality Assessment Guidelines

The Group formulated Building Management Quality Assessment Guidelines at managed properties. The guidelines contain more than 400 items that pertain to topics such as quality control, legal compliance, and internal audits. In fiscal 2020, the Group significantly increased the number of assessment items to approximately 750 and raised conformance to ensure that higher management quality can be maintained and improved based on the revisions of related laws. The conformance rate for the same fiscal year was 70%.

### Enhancing Quality by Acquiring ISO Certifications

The Group is promoting the acquisition of international specifications for quality management. In addition, our internal audits are conducted by employees who have taken internal auditor training courses provided by external organizations.

### ISO 9001 Certification Status

Certified organizations	Scope
<b>Nomura Real Estate Development Co., Ltd.</b>	Activities of obtaining feedback and ensuring the reflection of such feedback in the PMO series of office buildings
<b>Nomura Real Estate Partners Co., Ltd.</b>	41 properties in the office building segment (planning and provision of comprehensive management services for buildings) 22 complexes in the condominium segment (provision of facility management, cleaning, security, and maintenance services for properties under patrol management, or treasury/accounting and management services for condominium management associations) 3 properties in the data center segment (facility management, cleaning, and integrated management services)

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

## Improving Safety and Security after Sales

### Convening a quality improvement conference for persons in charge of after-sales service

We hold the National Customer Conference once each year to improve the quality of after-sales service in PROUD condominiums. The conference is attended by about 40 persons responsible for after-sales service from around the country to share information on issues that occurred during the fiscal year, responses to the issues, and roll out examples of the measures taken.






National Customer Conference Held

### Products and Services to Provide Safety and Security for New Tenants

To ensure that new tenants feel safe and secure with their purchases, we put significant effort into enhancing our post-sales products and services. Our products incorporate the results of customer satisfaction surveys and feedback from residents obtained through the board of directors of condominium management associations. This is made possible by our system whereby development, sales, and management are integrated, which was born from our corporate culture that encourages collaboration among organizations. In principle, under this system no management services are outsourced, so we are able to gain more opportunities to interact directly with customers, which ultimately enables us to provide products and services that meet their needs.

Services	Overview
<b>After-sales services</b>	In addition to providing customary after-sales services to repair any defects, we support residents in addressing problems after taking up occupancy, such as after-sales support provided by a condominium life adviser (for one month after taking up occupancy)

<b>Installation of Living Q Call</b>	<p>A service providing residents convenient and reliable support to respond to their problems, such as “I have a problem with the condo. What should I do?”</p> <p>Provision of an emergency help service and a daily living support service</p>  <p> <a href="#">LIVING Q CALL</a></p>
<b>NEXT PASS 10</b>	<p>A program that provides a 10-year repair warranty for defects and malfunctions in condominiums, as well as the NEXT PASS 15, which extends the warranty by an additional five years</p> 
<b>Repair and warranty services for transactions of existing residences</b>	<p>Provision of repair and warranty services to encourage liquidity of existing residences and provide safety and security to customers after a purchase, such as providing repair and replacement warranty for defects in main equipment within one year after purchase of a property</p>

## Training in operation and management

The Property & Facility Management Business Unit is working hard to improve the skills and procedures to safeguard the quality of safety and security in operation and management. Nomura Real Estate Partners Co., Ltd., which is in charge of this unit, conducts training for engineers through general meetings, including responses to revisions in laws and regulations, about once a year, and participants share what they have learned with their own units to prevent any violations. In fiscal 2020, about 190 people participated in the training. In addition, each division within Nomura Real Estate Partners Co., Ltd. conducts its own training programs for young employees and also encourages its employees to acquire related qualifications.

**Nomura Real Estate Partners Co., Ltd.: Number of Employees who Acquired Main Qualifications  
(as of March 31, 2020)**

<b>Qualification name</b>	<b>Number of persons</b>	<b>Qualification name</b>	<b>Number of persons</b>
Registered architect (first class, second class)	170	Condominium manager	130
Chief electrical engineer (first class, second class, third class)	304	Building manager	641
Building operation and management engineer (first class, second class)	205	Real estate broker	474
Electrical work operation and management engineer (first class, second class)	150	Building sanitation engineer	548
Plumbing work operation and management engineer (first class, second class)	189	Condominium maintenance and repair engineer	285
Civil engineering work operation and management engineer (first class, second class)	29	Condominium renovation manager	14
Landscape gardening work operation and management engineer (first class, second class)	20		

# Initiatives for Longer Life and Increased Durability

## Approach and Policies

### Group Policy (Safety and Security)



With rising concerns regarding the aging and obsolescence of buildings and infrastructure, expanded needs for repairs and remodeling, and increased frequency of natural disasters such as large-scale earthquakes, providing buildings and spaces that are safe and secure throughout their entire life cycle is an important responsibility of the Group. Based on this awareness, the Group works with suppliers such as design and construction companies to increase the lifespans and durability of buildings.

## Management

### Management (Safety and Security)



## Targets and Performance

### Target

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

### Results

#### Provide products and services with long lifespans and high durability

	FY2018	FY2019	FY2020
<b>Number of completed properties that offer the re:Premium service</b>	5	17	9
<b>Number of properties that adopted the Attractive30 service</b>	11 (1,384)	23 (3,211)	23 (2,390)

※ Numbers in parentheses indicate the number of units sold.

# Initiatives

## Measures to Lengthen Cycles for Large-Scale Repair Work

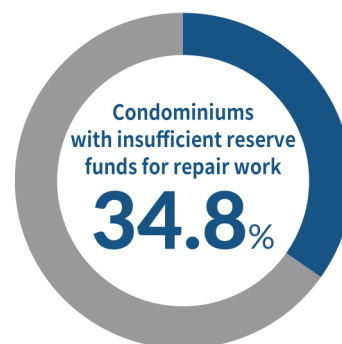
In order to reduce the economic and psychological burdens on condominium residence and management associations, the Group offers products and services intended to lengthen large-scale repair work cycles in order to reliably carry out large-scale repair plans.

## Measures at Completed Condominiums

Due to the aging of the population and the increase in vacant dwelling units, about 35% of condominiums are unable to accumulate sufficient reserves for repairs as scheduled (source: data by Ministry of Land, Infrastructure, Transport and Tourism). The re:Premium service offered by the Group is designed to extend the cycle for large-scale repair work for PROUD condominiums that have already been completed. The service can extend the typical 12-year cycle for large-scale repair work to 16 to 18 years and result in ultra-long-term improvement plans of up to 60 years after the completion of construction. It also enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on customers are also able to be reduced by substantially cutting lifecycle costs. For these reasons, the Group is striving to expand the scope of properties that adopt the re:Premium service.

In fiscal 2020, drainage pipe repair work in the common use areas for replacing older pipes made of different materials with plastic pipes all at once to improve performance and reduce lifecycle costs for the Coop Nomura Higashi Rokugo, which is under Group management, was certified as a model project for extending the life of condominium stock with the support of the Ministry of Land, Infrastructure, Transport and Tourism.

[News Release](#)



Source: Ministry of Land, Infrastructure and Transport, 2018 Condominium general survey result report

## Measures at Newly-Constructed Condominiums

In fiscal 2018, the Group launched the Attractive30 service, which seeks to increase the lifespans and durability of newly-constructed condominiums. The adoption of high-durability materials and construction techniques and introduction of the re:Premium service will enable lengthening of the cycle of large-scale repair work.

[News Release](#)

# Safety and Security in Disasters

## Approach and Policies

### Group Policy (Safety and Security)



As abnormal weather and natural disasters increase in frequency, taking measures to ensure safety and security during emergencies has become an important responsibility of the Group. Based on this understanding, the Group collaborates with fire departments, governmental bodies, disaster preparedness experts, and others, to ensure safety and security in times of disaster and prepare for and prevent disasters, so that we can minimize harm in the event of a disaster.

## Management

### Management (Safety and Security)



## Targets and Results

### Targets

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

### Results

#### Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY2018	FY2019	FY2020
Disaster preparedness drill implementation rates at managed properties (%)	94	93	94




<b>Number of facilities, etc. that can take in persons who are unable to return home during a disaster (properties)</b>	7	8	10
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※ Unless otherwise indicated, the reporting scope is the Group.

## Initiatives

### Design and Construction in Preparation for Disasters

The Group has developed the Quality Manual for design and construction companies and incorporates it into construction plans while taking into consideration the risks of earthquake, fire, flood, and other disasters. In addition, we ensure the safety of our buildings by conducting a ground survey of the land prior to construction and preparing a specific construction plan for the location.

 <b>Earthquake</b>	Ground survey is conducted during construction planning, and verification results are incorporated into the structural design. Appropriate countermeasures are taken for liquefaction, seismic isolation, and vibration.
 <b>Fire</b>	<p>In accordance with the Fire Service Act, indoor fire extinguishing systems are installed in common areas, and fire extinguishers and automatic fire alarm systems are installed in exclusive areas.</p> <p>※ Type of equipment installed and installation location vary by condominium.</p>
 <b>Flood</b>	<p>After reviewing the records of past flooding and the risk of damage on local hazard maps, appropriate countermeasures are implemented, such as setting the lowest floor level of the building and placing seawalls and sandbags. Hazard maps are attached to the statements of material matters provided to purchasers of residences.</p> <p>※ Countermeasures vary by condominium and are not implemented in areas that are not prone to flooding.</p>

### Disaster Preparedness Concept: Advances in Disaster Preparedness in Housing

The Group has established Disaster Preparedness in Housing as its disaster preparedness policy for residential properties. Under the disaster preparedness concept of “A condominium should be housing that is prepared for disasters,” Nomura Real Estate Development develops disaster prevention measures against earthquakes, fire disasters and flood disasters,





from the time of planning condominiums to after residents take up occupancy. Moreover, we place emphasis on increasing disaster awareness by promoting the formation of communities where residents can help each other in time of emergency.

#### Disaster Preparedness in Housing

### Disaster Response Headquarters Establishment Drills

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

#### Business Continuity Plan (BCP)

### Implementation of Emergency Communication Drills and Disaster Response Headquarters Establishment Drills

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



Disaster response headquarters establishment drills

#### 【Overview of Disaster Response Headquarters Establishment Drills】

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

## Supporting Disaster Preparedness at Managed Properties

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

### 【Main Support】

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




Rendered drawing of displayed emergency suppliers at a location that is readily visible to residents

### At-Home Sheltering with the Display and Stockpiling of Emergency Supplies

Partly due to the impact of the COVID-19 pandemic, local governments\* are increasingly encouraging people in the event of a disaster to take shelter at their homes when it is safe to remain there.

Recognizing that some of our condominium residents are not aware of the location and content of emergency supplies available in their buildings, we will be launching an Easy-to-See initiative to make disaster preparedness more accessible to residents.

※ Reference:  Disaster Preparedness Tokyo compiled by the Tokyo Metropolitan Government

 Disaster preparedness through the display and stockpiling of emergency supplies

## Established Emergency Shelter for Tenant Companies

The Group established N-FORT (located in Chuo-ku, Tokyo) as a hub for disaster preparedness and business continuity planning for PMO (Premium Midsize Office) office buildings. N-FORT provides manned responses and an emergency power generator that can operate for 72 hours and is equipped with emergency food for 2,000 persons. The facility reinforces BCP throughout the PMO series of office buildings.



Emergency supplies stored at N-FORT

 Disaster preparedness measures for PMO office buildings

## Taking in Stranded Persons in the Event of a Disaster

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In addition to improving the disaster preparedness of condominiums and facilities, we are working to strengthen our emergency connections with local governments and communities. For example, we are making buildings and units owned by the Group available, and its funds and facilities operated by the Group can be used for and as emergency community shelters.

Major examples of disaster prevention initiatives for local communities

- Emergency shelters: Establishing temporary shelters for those stranded by a disaster, including the provision of temporary rest areas, water, toilets, and information
- Emergency supply storage: Stockpiling emergency supplies in condominiums
- Emergency access to well water: Made available when the water supply is interrupted due to a disaster
- Manhole toilets: Made available when the water and sewage supply is interrupted due to a disaster)
- Bench-type cooking stove: Made available when the gas supply is interrupted due to a disaster

Taking in Stranded Persons in the Event of a Disaster

## Key Themes of Materiality

## Environment

The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, water shortages, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewal energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.

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# Environment

## Group Policy

The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, water shortages, and the collapsing of ecosystems are important social issues. It contributes to the realization of a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewal energy and appropriate utilization of resources. It also complies with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.



## Management

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

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 president and Group CEO, deliberates on and decides related policies and action plans. The Sustainability Committee sets environmental targets and monitors progress for environmental management, climate change, efficient use of water resources, consideration for biodiversity, appropriate resource use and pollution prevention.

Furthermore, an [environmental subcommittee](#) has been established as the Sustainability Committee’s subordinate organization under the supervision of the officer responsible for quality management and architectural design. The subcommittee consists of members from business units related to environmental themes and holds meetings as needed. In fiscal 2020, it held two meetings to mainly discuss the reduction of CO<sub>2</sub> emissions and the use of renewable energy, which led to company-wide initiatives.

### Enhancement of Environmental Management

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

### Responding to Climate Change

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

Effective Utilization of  
Water Resources



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Approach and Policies  
Management  
Targets and Results  
Initiatives

Consideration for Biodiversity



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Approach and Policies  
Management  
Targets and Results  
Initiatives

Appropriate Utilization of  
Resources and Pollution Control



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Approach and Policies  
Management  
Targets and Results  
Initiatives

# Enhancement of Environmental Management

## Approach and Policies

### Group policy (Environment)

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Given the understanding set forth in the Group Policy, we are working to raise awareness regarding environmental problems throughout the Group and reduce environmental impact by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications.

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

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

We also signed the UN Global Compact in May 2019 to further promote responses in these material matters. Based on the principles of the UN initiative, we will support a precautionary approach, such as climate change mitigation, to environmental problems, and proactively fulfill our responsibility to address environmental problems.

## Management

### Management (Environment)

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## Targets and Results

### Targets

The Group acquires environmental, green building certifications, including DBJ Green Building<sup>\*1</sup>, LEED<sup>\*2</sup>, CASBEE<sup>\*3</sup>, and BELS<sup>\*4</sup>, for new construction and owned properties and meets the following two quantitative targets.

#### Quantified Targets

Acquisition rate for newly-constructed properties for sale (except for rental housing): 100%

Target percentage of properties owned by Nomura Real Estate Master Fund, Inc. (NMF) with green certification (three stars or more or equivalent to): 70% (by FY2030)

### Results

#### Acquisition Rate of ISO 14001 (coverage rate: 18.6%\*)

Company name	Name of branches/offices	Scope of registered activities	Certification organization	Certification acquisition date
Nomura Real Estate Partners Co., Ltd.	Yokohama Office Yokohama Business Park offices (A1, A2, A3, C1, C2, and C3 buildings)	Planning and provision of comprehensive building management services (facility management, cleaning, and security)	Japan Quality Assurance Organization (JQA)	March 5, 2004 (JQA-EM3815)

※ The net lettable area of the Group as of the end of fiscal 2020, which is 827,737 m2, was used as the denominator, and the floor area of the relevant offices of the Yokohama Business Park, which is 154,103 m2, was used as the numerator.

#### Acquisition of Green Building Environmental Certification

Type	FY2018	FY2019	FY2020
------	--------	--------	--------



Acquisition rate by business properties for sale (including new development and pending application)	100%	100%	100%
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#### List of Environmental Certifications Acquired (FY2020)

Certification name	Property	
DBJ Green Building Certification	Office buildings	PMO Kanda Iwamoto-cho II PMO Hamamatsu-cho II PMO Shibuya II H1O Hirakawa-cho H1O Shibuya Jinnan H1O Kanda
	Retail facilities	MEFULL Urawa GEMS AOYAMA CROSS GEMS Kawasaki GEMS Nakameguro MEFULL Chitose Karasuyama (scheduled to be acquired in fiscal 2021) GEMS Hiroo (scheduled to be acquired in fiscal 2021) SOCOLA Yoga (scheduled to be acquired in fiscal 2021)
	Logistics facilities	Landport Ome III (warehouse building) Landport Shinonome

#### Acquisition of Energy Rating

Type	FY2018	FY2019	FY2020
Number of certifications acquired	Nine properties	14 properties	17 properties (including three for which certifications are scheduled to be acquired in fiscal 2021)

Certification name	Property
BELS (Building-Housing Energy-efficient Labeling System)	15 properties mentioned above + 2 properties (NOHGA HOTEL Akihabara Tokyo, lease type hotel Kyoto Horikawa)

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

※2 LEED: A system developed and operated by the U.S. Green Building Council for granting certification to environmentally conscious buildings.

- ※3 CASBEE, or Comprehensive Assessment System for Built Environment Efficiency, includes the certification program administered by the Institute for Building Environment and Energy Conservation (IBEC) and independent local municipality assessment programs.
- ※4 BELS stands for Building-Housing Energy-efficiency Labeling System, which was established by the Ministry of Land, Infrastructure, Transport and Tourism. With this system, a third-party evaluation organization evaluates and certifies energy conservation performance of a building.

### Percentages of properties owned by NMF with green certification (three stars or more or equivalent to)

Type of certification	Number of properties (buildings)	Total floor area (m <sup>2</sup> )	Ratio (%)
Green certification (three stars or more)	60	1,320,739.36	56.3
Total	283	2,347,464.97	100

※ Note: Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher). The figure is calculated based on the floor area of NMF's properties, excluding land. The acquisition status (all figures) is as of August 31, 2021.

### Environmental Compliance

In fiscal 2020, the Group did not commit any violations of environmental laws and regulations (including pollution and water use) in the manufacture, sale, or management of its products and services. The Group also did not receive any external indications of violations.

## Initiatives

### Environmental Management System

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

The Yokohama Office of Nomura Real Estate Partners Co., Ltd. and Yokohama Business Park Offices (A1, A2, A3, C1, C2, and C3 buildings) acquired ISO 14001 certification for their environmental management system and are carrying out various initiatives including waste reduction, resource recycling, and energy-saving measures. At certified offices, annual internal audits as well as audits by external certification organizations are conducted to ensure their compliance with the EMS and environmental laws and regulations and the effectiveness of measures for controlling environmental pollution.

### Environmental Management at Suppliers

The Group established the Nomura Real Estate Group Procurement Guidelines and is working to resolve environmental issues with suppliers. In particular, we conduct supplier risk assessments on ten major suppliers to reduce environmental risks through interviews on their compliance with our procurement guidelines. In fiscal 2020, no suppliers were found to pose environmental risks. Going forward, we will expand the scope of assessment to about 300 suppliers to further strengthen our efforts to reduce environmental risks.

### **Nomura Real Estate Group Procurement Guidelines (excerpts of environmental sections)**

#### **Consideration for the Environment**

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

### **Environmental Responses in the Design and Construction Stages**

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

 [Click here for details of the Design and Construction Standards and the Quality Manual](#)

### **Assessment of Environmental Performance in Newly Developed Properties**

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When developing PROUD condominiums in the Residential Development Business Unit, the Group requires project implementers to submit Environmental and Product Planning Sheets and to improve residential environmental performance and quality. Similarly, when developing office buildings,

commercial facilities and logistics facilities in the Commercial Real Estate Development Unit, the Group requires project implementers to submit Sustainability Assessment Sheets and to quantify the environmental performance and quality of each development project.

#### Environmental and Product Planning Sheets (excerpt)

- Description of U-value<sup>※1</sup>, and BEI-value<sup>※2</sup>
- Description of environmental certification status, energy-saving equipment, and energy-creating equipment
- Comprehensively cover safety and security, the environment, community, and health and well-being
- Promotion of community design and universal design

※1 U-value: Insulation performance of concrete, thermal insulation materials, sashes, etc.

※2 BEI-value: Energy-saving performance of the entire building, including thermal performance of building envelopes as well as equipment, such as heating and cooling systems and hot water supply systems

#### Redevelopment of Densely-built Areas of Wooden Houses

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

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

#### Environmental Education

In addition to providing environmental education to all employees every year as part of the rank-specific training programs (the Group's new employee and key employee training programs), we also publish our environmental initiatives in internal newsletters to promote environmental awareness among our employees. In addition, our Environmental Subcommittee, which consists of the persons in charge of architecture, product design and technology at each Group company, shares information on environmental issues and the latest environmental technologies.

Environmental Subcommittee (as of April 2021)

##### Officers in charge

Officers in charge of Quality Management and Architectural Design,  
Nomura Real Estate Holdings, Inc.

<b>Departments in charge</b>	Residential Product Planning & Marketing Dept., Quality Management Dept., Engineering Management Dept., Architectural Design Office, Architectural Design Management Dept., Nomura Real Estate Development Co., Ltd., Environmental Engineering Dept., Nomura Real Estate Partners Co., Ltd.
<b>Secretariat</b>	Sustainability Management Dept., Nomura Real Estate Holdings, Inc.

# Responding to Climate Change

## Approach and Policies

### Group Policy (Environment)

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To address the social issues identified in the Group Policy, we will work with our stakeholders to promote the reduction of energy consumption and CO<sub>2</sub> emissions, the use of renewable energy, and the provision of low-carbon and decarbonized products and services across our supply chains.

## Management

### Management (Environment)

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## Targets and Results

### Targets ---

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

**Target 1. Reduce CO<sub>2</sub> emissions**

Mid- to long-term target

35% reduction in the Group’s total CO<sub>2</sub> emissions in [Scopes 1 and 2](#), and [Scope 3 \(Categories 1 and 11\)](#) \*by 2030 from the fiscal 2019 baseline (approved by the Science Based Targets initiative (SBTi) in November 2020)

Short-term target

15% reduction in the Group’s total CO<sub>2</sub> emissions in [Scopes 1 and 2](#), and [Scope 3 \(Categories 1 and 11\)](#) by 2025 from the fiscal 2019 baseline.

- ※ Scope 1: Direct emissions from fuel combustion, etc.,  
Scope 2: Indirect emissions associated with use of electricity and heat purchased by the Company, Scope 3: Indirect emissions other than those in Scopes 1 and 2
- ※ In Scope 3, Category 1 (emissions from construction of buildings, etc.) and Category 11 (emissions from use of sold products, etc.) are targeted, which cover approximately 88.45% of the Scope 3 emissions recorded in fiscal 2020.

## Target 2. Reduce Energy Use

## Target 3. Promote Solar Power Generation

### Results

#### Result 1. Reduce CO<sub>2</sub> emissions

Scopes 1 and 2 (Nomura Real Estate Group)

(Unit: t-CO<sub>2</sub>) (Nomura Real Estate Group)

	FY2018	FY2019	FY2020
<b>Scope 1</b>	24,018	23,627	20,119
<b>Scope 2</b>	136,569	126,960	112,087
<b>Scope 1 + 2</b>	160,586	150,588	132,206
<b>Scope 1 + 2 Intensity (kg-CO<sub>2</sub>/m<sup>2</sup> per year)</b>	80.70	74.06	63.56

※ Scopes cover 190 facilities with a gross floor area of 1,989,974 m<sup>2</sup> for FY2018, 183 facilities with 2,033,422 m<sup>2</sup> for FY2019, and 191 facilities with 2,079,952 m<sup>2</sup> for FY2020.

#### Scopes 1 and 2 Gross Floor Area by Use

	FY2019	FY2020
<b>Total (m<sup>2</sup>)</b>	<b>2,033,422</b>	<b>2,079,952</b>
<b>Offices</b>	1,423,113	1,447,598
<b>Fitness facilities</b>	127,295	130,130
<b>Commercial facilities</b>	347,445	362,504
<b>Hotels</b>	64,469	68,620
<b>Logistics facilities</b>	49,547	49,547
<b>Parking lots</b>	17,141	17,141
<b>Training centers</b>	654	654
<b>Heating and cooling center</b>	3,758	3,758

#### Number of facilities aggregated for Scopes 1 and 2

	FY2019	FY2020
<b>Total (buildings)</b>	<b>183</b>	<b>191</b>
<b>Offices</b>	104	110

<b>Fitness facilities</b>	45	48
<b>Commercial facilities</b>	15	13
<b>Hotels</b>	12	13
<b>Logistics facilities</b>	1	1
<b>Parking lots</b>	4	4
<b>Training centers</b>	1	1
<b>Heating and cooling center</b>	1	1

### Scope 3 (Nomura Real Estate Group)

(Unit: t-CO<sub>2</sub>)

Category		FY2019	FY2020
1	Products and services purchased	969,704	453,707
2	Capital goods	71,164	97,862
3	Fuel- and energy-related activities that are not included in Scopes 1 and 2	27,473	24,854
4	Transportation and delivery (upstream)	4,081	3,164
5	Waste generated by businesses	6,858	5,317
6	Business trips	1,421	936
7	Employers' commuting	2,395	2,409
8	Lease assets (upstream)	-	-
9	Transportation and delivery (downstream)	-	-
10	Processing of products sold	-	-
11	Use of products sold	2,203,005	834,184
12	Disposal of products sold	62,603	19,605
13	Lease assets (downstream)	19,011	14,025
14	Franchise	-	-
15	Investments	-	-
<b>Total</b>		<b>3,367,714</b>	<b>1,456,063</b>

※ Calculation for Category 8 is included in Scopes 1 and 2.

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

## Result 2. Reduce Energy Use

### Energy Consumption Performance (Nomura Real Estate Group)

	FY2018	FY2019	FY2020
<b>Energy consumption (MWh/year)</b>	445,772	422,490	381,817
<b>Energy consumption intensity (MWh/m<sup>2</sup> per year)</b>	0.224	0.208	0.184



※ Scopes cover 190 facilities with a gross floor area of 1,989,974 m<sup>2</sup> for FY2018, 183 facilities with 2,033,422 m<sup>2</sup> for FY2019, and 191 facilities with 2,079,952 m<sup>2</sup> for FY2020.

### Result 3. Promote Solar Power Generation

Solar Power Generating Facility Installation Rate and Electric Power Generated at Landport Logistics Facilities

	FY2018	FY2019	FY2020
<b>Solar power generating facility installation rate at Landport logistics facilities (%)</b>	92.9	94.7	90.0
<b>Electric power generated at Landport logistics facilities (million kWh/year)</b>	12,081	15,194	21,926

## Initiatives

### Approved by Science Based Targets initiative (SBTi)

Nomura Real Estate Holdings, Inc.'s CO<sub>2</sub> emissions reduction targets were approved by the SBTi on November 24, 2020.



### Agreed to Recommendations Made by the Task Force on Climate-related Financial Disclosures (TCFD)

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



📄 [Special Feature: TCFD](#)

## Climate Change Risk Management

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We manage climate change risks based on the TCFD. Matters related to climate change, including risk management, are overseen by the Board of Directors and Management Committee and are discussed as required by their subordinate organizations, the Sustainability Committee and the Risk Management Committee.

The Sustainability Committee discusses matters on Group-wide policies and targets related to climate change and climate change risks as well as opportunities.

The Risk Management Committee manages risks in accordance with the Risk Management Regulations, formulated to ensure the appropriate management and operation of risks. Identifying risks associated with changes in the business environment due to climate change, as well as those risks associated with natural disasters as major risks, the Risk Management Committee deliberates and discusses countermeasures.

Contents of deliberations of both committees are reported to and overseen by the Board of Directors on a regular basis.

In addition, we assess and manage supplier risks through interviews on their status of compliance with our procurement guidelines to reduce environmental risks in the supply chain.

[!\[\]\(a870788d6ed9b8fd294b7654a8c8526b\_img.jpg\) Environmental Management](#)

[!\[\]\(de95854c7ee024cfadc48187bbb781b2\_img.jpg\) Details of the Risk Management System](#)

## Responding to Physical Risks

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The Group is working to address the physical risks of climate change, including increased frequency of natural disasters, by identifying the impact of these risks on the Group. The Group has identified losses following the occurrence of disasters, such as typhoons, floods and torrential rains and the impact of rising temperatures on real estate valuations.

To address these risks when developing real estate, the Group confirms hazard maps, which show expected damage areas released by each local government, and implements localized severe rain and flooding countermeasures in accordance with the Quality Manual. We also take measures to minimize damage and ensure the safety and security of customers during disasters in accordance with business continuity plans (BCP).

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

## ZEH Initiatives

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

In fiscal 2020, the Proud Tower Kameido Cross Gate Tower was adopted as a Ministry of Economy, Trade and Industry Superhigh-rise ZEH-M Demonstration Project, and the Kagurazaka Fukuromachi Plan (tentative name) and Musashiurawa Ekimae Plan (tentative name) were adopted as a Ministry of the Environment High-rise ZEH-M Support Project.

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

### ZEH Condominium Initiatives (Japanese only)

## Environmental Performance Assessments During Product Planning and Design

---

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

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

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

### Assessment of Environmental Performance in Condominiums

## Reduction of Chlorofluorocarbons

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

## Procuring and Supplying Power Efficiently

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

## Independent Third-Party Assurance Report

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We have asked Lloyd's Register Quality Assurance Ltd. (hereinafter LR) to provide assurance on the environmental data.

Please refer to the following Independent Assurance Statement for detail.

[!\[\]\(23d9fc146e83b5c3013cfa32c784f8d5\_img.jpg\) LR Independent Assurance State](#)

## Smart Community Collaboration and Cooperation

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Nomura Real Estate Development has entered into an agreement regarding smart community collaboration on Proud City Hiyoshi with Kanden Realty & Development, Panasonic Homes, Kansai Electric Power and Tokyo Gas. In this project, we are able to reduce CO<sub>2</sub> emissions and supply electric power during disasters by implementing the energy management in the entire area.



Proud City Hiyoshi (rendered image)

## “Yukai full” Enables Condominiums to Reduce CO<sub>2</sub> Emissions

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Nomura Real Estate Development developed an air-conditioning system, “Yukai full”, that makes it possible to reduce CO<sub>2</sub> emissions and realize a healthy and comfortable life, and has installed it in more than 1,000 units.

Yukai full was selected as one of the best 100 products in the 2020 Good Design Awards in recognition of its simple air conditioning system and technology that combines temperature control with standardized comfort.

[!\[\]\(626ce8ac21792b9405bfddfea8e0c96a\_img.jpg\) News Release \(Japanese only\)](#)

## Use of Renewable Energy

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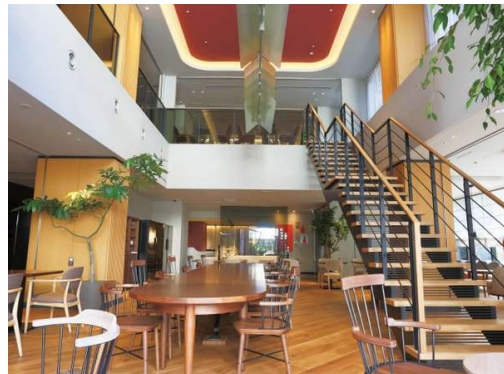
The Group is promoting renewable energy utilization through the solar power generation business. As of March 2021, solar panels were installed on a total of 18 buildings at Landport logistics facilities, with annual output of 21.926 million kWh/year for the entire portfolio.

In addition, each hotel of the Nomura Real Estate Group (NOHGA HOTEL UENO TOKYO, NOHGA HOTEL AKIHABARA TOKYO, and HOTEL NIWA TOKYO) has acquired the Eco Mark certification from the Eco Mark Office and is promoting the use of green power by procuring all of its electricity from renewable energy sources.

### Global Environmental Initiatives of NOHGA HOTEL UENO TOKYO



Lanport Kashiwa Shonan



NOHGA HOTEL UENO TOKYO

## Helping Customers to Save Energy

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The Group not only strives to reduce CO<sub>2</sub> emissions from buildings, but also helps condominium residents and tenant companies to save energy.

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

## Participation in Initiatives Related to Climate Change

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

### **The UN Global Compact**

The Group signed the UN Global Compact in May 2019.

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

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

In accordance with the voluntary action plan on the environment established by the Real Estate Companies Association of Japan, the Group endorsed the environmental targets in the real estate industry, and it promotes measures to respond to climate change by working to achieve CO<sub>2</sub> emissions reductions that exceed the statutory required standards.

# Effective Utilization of Water Resources

## Approach and Policies

### Group Policy (Environment)

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Increased costs for imported materials due to water shortages and water pollution as well as difficulties in procuring water as a result of climate change and abnormal weather patterns may significantly affect our future businesses. This is a key management concern for the Group, which uses large amounts of water resources in its business activities in Japan and overseas including the real estate business, urban development, and sports club operation.

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

## Management

### Management (Environment)

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## Targets and Results

### Targets

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The Group is working to reduce its water use.

### Volume of Water Intake, Discharge and Use (m<sup>3</sup> per year)

	FY2018	FY2019	FY2020
<b>Water intake</b>	2,062,756	2,287,731	1,698,073
<b>Surface water</b>	1,784,612	2,017,367	1,395,108
<b>Recycled water</b>	101,750	103,768	161,533
<b>Ground water</b>	176,393	166,596	141,432
<b>Water use intensity (m<sup>3</sup>/m<sup>2</sup> per year)</b>	1.03	1.01	0.71
<b>Water discharge (sewage water)</b>	1,938,782	2,179,558	1,398,456
<b>Water use</b>	123,974	108,173	299,617

※ Scopes cover 190 facilities (2,010,041 m<sup>2</sup>) for FY2018, 190 facilities (2,261,122 m<sup>2</sup>) for FY2019, and 205 facilities (2,406,444 m<sup>2</sup>).

## Initiatives

### Introduction of Water-saving Devices Upon New Construction and When Performing Renovations

Water and hot water saving devices have been made standard equipment when developing housing, office buildings, retail facilities, logistics facilities, and other structures in accordance with its design and construction standards and quality manuals. In addition, fixtures are systematically replaced with water-saving devices when performing renovations.

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



# Consideration for Biodiversity

## Approach and Policies

### Group Policy (Environment)



The social issues and loss of biodiversity recognized in the Group Policy pose risks of harming the living and business environments of stakeholders including customers (residents, tenant companies, and facility users). The Group works with design and construction companies and other suppliers to minimize impacts on biodiversity through real estate development and material procurement that achieves harmony with nature.

## Management

### Management (Environment)



## Targets and Results

### Targets

In order to promote sustainable initiatives with due consideration of biodiversity, the Group specifies areas that require special attentions and seeks to acquire biodiversity certifications.

### Results

#### Number of Biodiversity Certifications Acquired (ABINC, JHEP, SEGES)

	FY2018	FY2019	FY2020
Number of Certifications Acquired for Newly Developed Properties	2	0	2

# Initiatives

## Initiatives and the Certification Status for Biodiversity

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

In fiscal 2019, The group agreed to the Declaration with the Keidanren Biodiversity Declaration Initiatives. We are aware that initiatives for biodiversity are important management issues for the Group which is engaged in real estate and urban development. Therefore, we will promote these initiatives, taking into consideration the natural environment and ecosystems.

### **Acquisition of Biodiversity Certification**

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

※1 ABINC (Association for Business Innovation in harmony with Nature and Community) certification: A program that assesses and certifies apartment buildings, office buildings, and other structures regarding efforts to create biodiversity friendly green areas in accordance with the Guidelines for Sustainable Business Sites prepared by the Japan Business Initiative for Biodiversity (JBIB).

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

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

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

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The Group established the Nomura Real Estate Group Procurement Guidelines and informed approximately 4,600 suppliers about the guidelines and asked them to give due consideration to biodiversity. Based on the likelihood of human rights and procurement risks occurring and the level of relationship with the Group, we selected ten suppliers and conducted risk assessments and analyses on the status of their recognition and operation of the guidelines through monitoring interviews. Drawing upon the results, we plan to establish policies for full-scale operation of the guidelines, expand the scope to about 300 companies, accounting for 50% of total transaction value, in fiscal 2021, and conduct a web-based survey in accordance with the guidelines. Going forward, we will continue to encourage suppliers to consider biodiversity.

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

Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity. When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources. In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

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

## Green Areas and Tree Planting in Consideration of the Surrounding Environment

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The Group implements building site plans and tree planting plans in its real estate development and urban development activities giving consideration not only to the comfort of customers and local residents, but also to the surrounding environment and ecosystems. In all development projects, the Group requires project managers to submit Environmental and Product Planning Sheets for residential development projects and Sustainability Assessment Sheets for commercial real estate development projects, which include consideration for biodiversity.

Examples of key assessment points on the Environmental and Product Planning Sheet

- Acquisition of biodiversity certification
- Ingenuity and consideration in tree selection (e.g., use of existing trees)
- Ingenuity and consideration in the landscape of the roadside and surrounding areas (e.g., continuity with roadside trees)
- Creating green roofs and walls

## Promoting Acquisition of Biodiversity Certification

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To promote sustainable initiatives that take biodiversity into consideration, the Group is actively working to acquire ABINC certification, a biodiversity certification system. For PROUD Kokubunji, which was the Group's first ABINC certification acquired in the condominium version, we surveyed the green areas on the site and worked to preserve and restore them as the Musashino Forest in accordance with the ABINC certification standards.

We have also created a site plan for PROUD Tower Meguro MARC that takes into consideration the local vegetation, securing an open space ratio of about 82% of its vast lot of approximately 2.0 hectares. We will continue to develop real estate projects in harmony with nature.

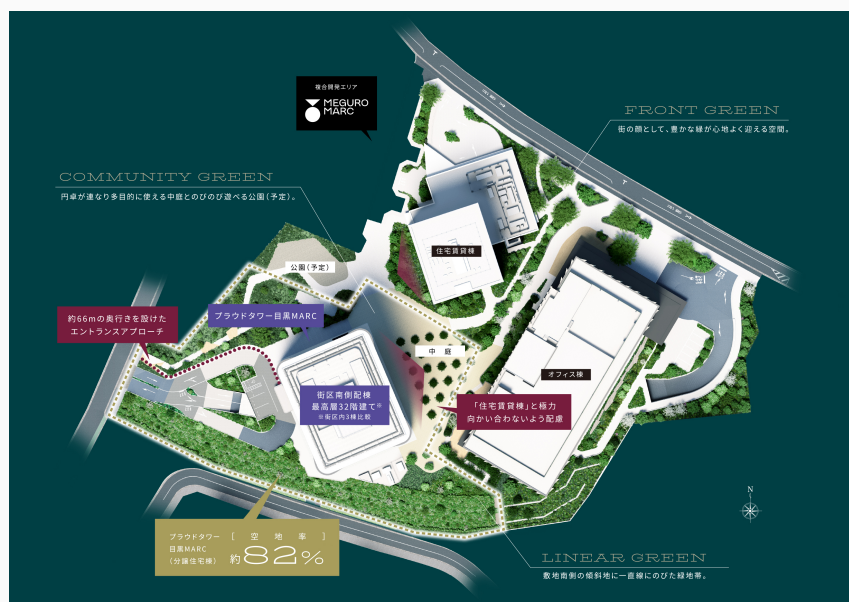
## ABINC Certifications Acquired

Year of certification	Certified facilities/condominiums
<b>FY2014</b>	Yokohama Business Park (urban/SC version)
<b>FY2015</b>	PROUD Kokubunji (condominium version)
	Roka Koen The Residence <sup>*1</sup> (condominium version)
	PROUD City Musashino Mitaka (condominium version)
<b>FY2017</b>	PROUD City Kichijoji <sup>*1</sup> (condominium version)
	PROUD Tower Musashi Koganei Cross <sup>*1</sup> (condominium version)
	PROUD Season Inagi Minamiyama (detached housing complex version)
	Project for Noritake Shinmachi 3-chome, Nishi-ku, Nagoya-city (condominium version)
<b>FY2018</b>	HARUMI FLAG <sup>*1</sup> (acquired ABINC ADVANCE certification <sup>*2</sup> )
	The Gardens Ota Tamagawa <sup>*1</sup> (condominium version)
<b>FY2020</b>	PROUD Tower Meguro MARC (urban/SC version)
	Minamiyama Club House (detached housing complex version)

※1 Application by multiple vendors

※2 ABINC ADVANCE certification: Certification for long-term projects covering a wide area

### Site plan of the entire premise of PROUD Tower Meguro MARC



Site plan of the entire premise of PROUD Tower Meguro MARC

## Project to Create Firefly Habitats in the Yokohama Business Park

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The Group has been conducting an exhibit of Urban Design for Firefly Habitats, aimed at conservation of biodiversity, every year since 2008 at the Yokohama Business Park (YBP) (Yokohama City, Kanagawa Prefecture), an office building and commercial facility that it owns, in cooperation with Yokohama National University and tenant companies. (In fiscal 2020 only, no exhibit was conducted to help contain the spread of the COVID-19 pandemic.)

Firefly observation events for local residents and hands-on rice planting programs for local elementary school students are offered, and the business park has become a site for considering and learning about biodiversity and environmental problems together with local residents.

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



A nature observation program for local children

# Appropriate Utilization of Resources and Pollution Control

## Approach and Policies

### Group Policy (Environment)

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Under the values set forth in the Group Policy, the Group regards the depletion of natural resources and the pollution caused by waste in urban development business activities as urgent social issues and is working in cooperation with relevant stakeholders to reduce its impact on the environment and improve the resource use efficiency through waste reduction, appropriate management of chemical substances, and sustainable resource use.

## Management

### Management (Environment)

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## Targets and Results

### Targets

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

**Target 1. Reduce Waste Discharge**

**Target 2. Promote the Use of Domestic/FSC Certified Lumber**

**Results 1. Waste Discharge (Nomura Real Estate Group)**

	FY2018	FY2019	FY2020
<b>Waste discharge (tonnes per year)</b>	6,832	6,593	5,112
<b>Discharge intensity (kg/m<sup>2</sup> per year)</b>	4.867	5.159	3.047

※ Data covers 125 facilities (1,403,672 m<sup>2</sup>) for FY2018, 125 facilities (1,278,147 m<sup>2</sup>) for FY2019, and 106 facilities (1,677,683 m<sup>2</sup>) for FY2020.

**Result 2. Promote the Use of Domestic/FSC Certified Lumber**

To reduce the risk of disrupting the ecological balance and impact on local communities due to illegal logging, the Group established the Nomura Real Estate Group CSR Procurement Guidelines, which stipulate the sustainable use of resources and methods of use of wood materials.

## Initiatives

### Responses Regarding Substances of Environmental Concern

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

**Response to Soil Contamination/Water Pollution**

When acquiring land, the Group investigates the history of land use of the site and, if soil contamination is suspected, hires specialists to conduct soil surveys. If soil contamination is detected, we take appropriate measures including removal and containment of the contaminated soil in accordance with the Soil Contamination Countermeasures Act and other relevant laws and regulations. Similarly, we take appropriate measures if a problem with water pollution is detected.

**Proper Management and Reduced Usage of Chemicals**

When developing residences, office buildings, commercial facilities, and so on, the Group uses construction materials with four-star ratings (highest rating) for formaldehyde emissions in accordance with its Design and Construction Standards and Quality Manuals. In addition, we require that construction companies submit quality control check sheets and measure the five substances designated as specified measurement substances under the Housing Quality Assurance Promotion Act (formaldehyde, toluene, xylene, ethylbenzene, and styrene) when construction is completed.

**Appropriate Asbestos Measures and Ongoing Monitoring**

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

## Reduction and Appropriate Management of Waste Discharge

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

### Attractive 30 service, re:Premium service

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

📄 [Measures to Lengthen Large-Scale Repair Cycles](#)

### Restoring Condominiums

The Group is working to restore old condominiums into homes with new value. We expanded PROUD Uehara Forest, which was established more than 30 years ago, by utilizing its excess floor space with the latest technologies while improving its livability. As a result, it was certified as excellent long-term housing for the first time as an old condominium built by a private developer. It was also certified as having a service life of 65 years by a third-party evaluation agency.

📄 [News Release \(Japanese only\)](#)

### Reduction and Reuse of Waste

The NOHGA Hotel, operated by the Group, is working to reduce and reuse waste through such efforts as reducing the use of plastics by eliminating single-use toiletries and using biodegradable bamboo straws derived from plant fibers. It is also using name plates and handkerchiefs made from reused scraps of leather and Japanese clothing.



Eliminating single-use toiletries



Name plate made from reused leather scraps

📄 [NOHGA HOTEL's Environmental Management](#)



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

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

Endeavor to appropriately manage hazardous chemicals and reduce the amounts used. Endeavor to reduce and appropriately manage waste. When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources. In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as recycled wood and certified wood.

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

## Use of Domestic Lumber

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Nomura Real Estate Development is proactively deploying domestic and FSC-certified lumber as part of its efforts to conserve biodiversity and achieve sustainable use of resources. In our future construction projects, we plan to apply domestic lumber for the interiors of common areas in PROUD condominiums and introduce a wooden hybrid structure in our office building brand H<sup>1</sup>O.

Domestic lumber not only allows us to provide a more comfortable living environment for our customers but also leads to the reduction of CO<sub>2</sub> emissions and prevention of natural disasters by preserving the recycling of forest resources.

☞ [News Release \(initiatives of the residential development business\) \(Japanese only\)](#)

☞ [News Release \(initiatives of the commercial real estate business\) \(Japanese only\)](#)



Asukayama Residence's common use building made of domestic lumber (rendered image)



H<sup>1</sup>O Gaenmae (rendered image)



## Key Themes of Materiality

# Community

The Nomura Real Estate Group recognizes that community dysfunction and reduced vitality, and the related weakening of communities due to factors such as the declining birth rate and aging population and the increase in the number of vacant dwellings are important social issues. The Group fosters connections with customers and local communities and supports the nurturing of communities by means of building design initiatives and operational services. Through these measures, it is promoting smooth mutual assistance in emergencies and community revitalization, and contributing to the realization of a cooperative society. In addition, when conducting real estate and urban development, we take into consideration the impact on the living and business environments of people in the local communities and endeavor to create ongoing and trusting relationships with our stakeholders.

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# Care for and Activation of Communities

## Group Policy

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In addition, when conducting real estate and urban development, we take into consideration the impact on the living and business environments of people in the local communities and endeavor to create ongoing and trusting relationships with our stakeholders.

## Management

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to consider and support the revitalization of communities. In addition, the Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings president and Group CEO, deliberates on and decides related policies and action plans. The Sustainability Committee sets targets each year regarding consideration of and support for the revitalization of communities, and is monitoring progress.

## Targets and Results

### Targets

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

**Target 1: Expand and Improve Plans and Designs that Revitalize Communities**

**Target 2: Operation and Management that Supports Community Revitalization**

## Results

### Result 1: Expand and Improve Plans and Designs that Revitalize Communities

	FY2018	FY2019	FY2020
Newly constructed residential properties with facilities that contribute to local communities (properties)	3	6	5

### Result 2: Operation and Management that Supports Community Revitalization

	FY2018	FY2019	FY2020
Number of community ACTO opened (cumulative total)	-	2	2
Number of preoccupancy housewarming events held at residential properties (events)	56	27	-(*)
Number of companies that participated in tenant networking events at mid-sized office brand PMO	101	27	-(*)

※ To help contain the spread of COVID-19 in fiscal 2020, no events were held.

For more information about ACTO, please click [here](#).

## Initiatives

### Plans and Designs that Care Communities

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

#### 100 Design Techniques for Condominium Communities

The Group formulated the 100 Design Techniques for Condominium Communities (the “100 Design Techniques”) through an industry-academia joint research project with the



graduate school of Japan Women's University and reflects them in condominium product planning. The 100 Design Techniques organize plans and designs for revitalizing communities based on the results of surveys on the status of use of common areas in condominiums developed by the Group and surveys of livability satisfaction. The objective is to create comfortable communities where residents respect individual lifestyles of others and can support one another during emergencies such as in the event of a disaster.

☐ [100 Design Techniques](#)

☐ [Disaster Preparedness in Housing](#)



An inner courtyard designed based on the 100 Design Techniques

### **Tenant-Only Community Floor NEON**

At the Shinjuku Nomura Building (where our headquarters and several Group companies locate, in Shinjuku-ku, Tokyo) and the Hamamatsucho Building (located in Minato-ku, Tokyo), the Group created community floors for the exclusive use by officers and employees of tenant companies and the Group. The aim is to increase options for places for internal and external interactions and working, and the spaces are used for dining, coworking, and holding events.



Community floor NEON

### **H'O, a Small Office with Support Services**

Common areas of buildings of the new H'O series, which are being developed by the Group, provide spaces that are designed to enable people to switch on and off from work. H'O will not only provide places with aroma air conditioning and shower rooms (for some properties) where a person can take a rest and relax but also provide healthy foods and organize various training and events in order to promote community formation among tenant workers.



H'O Nihonbashi Muromachi

### **Flow Planning for Common Areas Where a Community Is Naturally Formed**

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



Dining room



Large communal bath



Karaoke room

## Operation and Management that Supports Community

The Group also holds social events for residents and tenant companies, issues newsletters and engages in other initiatives to help customer communities function in a healthy manner over the long term after taking up occupancy. In fiscal 2019, we held 27 pre-occupancy housewarming events at residences. We also held tenant networking events at three PMO office buildings and 27 tenant companies participated. (In fiscal 2020, these events were not held due to the COVID-19 pandemic).



A networking event for PMO tenant companies

### Condominium Community Guide Released

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

### Holding Events for Condominium Residents

The Group holds events for residents in condominiums managed by the Group, where residents (families, etc.) can deepen interactions while enjoying food and farming through harvesting experiences in spacious fields surrounded by rich nature. In fiscal 2019, a total of 406 persons participated for two days. (In fiscal 2020, these events were not held due to the COVID-19 pandemic).



Event for Condominium Residents: Partners Farm Autumn Vegetable Harvesting Experience

## Development of Communities with Local Ties

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

### Activation of Communities Based on the BE UNITED Initiative

The Group will promote urban development based on the BE UNITED initiative with the aim of creating towns that people want to continue to live in and visit by developing multigenerational and circulatory communities while fostering ties with local communities and people. Following the first project of the initiative, ACTO Hiyoshi, the BE UNITED initiative has been introduced to condominiums in various areas, such as ACTO Minamiyama and ACTO Kameido.

 [ACTO](#)

## Communication with the Community and Customers

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The Group, as a business entity that develops businesses involved in the community, places emphasis on implementing engagement with stakeholders. The Group promotes exchanges between the Group and customers as well as between the Group and community residents. It also facilitates communication between customers and communication between customers and municipalities and government when community events such as summer festivals and Christmas events are held at office buildings and commercial facilities. In addition, we set up suggestion boxes at commercial facilities and inquiry counters for customers to make inquiries when they have problems, in order to facilitate easy communication.

### **Ties Between OUKAS Funabashi and Local Communities**

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



Community café (OUKAS Funabashi)

### **Ties of Fitness Clubs with Local Communities and Schools**

We believe that sports have an immense impact on developing the abilities of growing children, especially if there is a focus on non-cognitive skills, such as self-esteem, perseverance and cooperation. To help children develop non-cognitive skills, our Megalos fitness club created the Kodomo Mirai Project (project for children's futures), which connects Megalos with local communities, actively provides a place to develop children's non-cognitive skills, and contributes to creating stronger communities.

To successfully implement a project designed for children, Megalos must maintain and strengthen its ties with the local community, kindergartens, nursery schools and schools, which play an important role in children's growth. For that reason, Megalos is making various efforts, such as holding swimming and physical education classes at its location, conducting lessons at schools, and renting out swimming pools. In recognition of these efforts, the club has received the Good Design Award.

 [Kodomo Mirai Project](#)

 [Contributions to Local Communities and Society](#)

## Establishing Relationships of Trust with Local Communities

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When conducting real estate and urban development, we focus on building consensus and relationships of trust with local governments, landowners and residents in the areas where we operate.

### **Neighborhood Briefings**

The Group states in its human rights policy that it aims to coexist in harmony with local communities in the countries and regions in which it operates. In each of these locations, the Group shall foster and support sustainable communities that continue to attract a diverse group of people. The Group shall also respect human rights related to the lives and health of local residents affected by its business activities by ensuring the safety of its buildings and taking into consideration the impact of construction work on the surrounding environment, including noise, vibration, and dust. We understand that construction often causes concerns for local residents, particularly about the possible deterioration of water quality and landslides, noise, vibration and debris as well as accidents caused by falling objects. To clearly and sincerely respond to these concerns, we hold neighboring briefings at development sites and place top priority on the safety and security of nearby residents during construction.

## Giving Consideration to Ease of Access to Public Transportation Services

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

## Employment and Procurement from Communities

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

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





## Key Themes of Materiality

# Health and Well-being

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

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# Health and Well-being

## Group Policy

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



## Management

Nomura Real Estate Group initiatives in response to the aging and diversifying population, and to increase customer satisfaction while making their lives healthier and more comfortable, are led by the officer responsible for each business unit. 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 president and Group CEO, deliberates on and decides related policies and action plans. The committee also sets targets for these actions on an annual basis and monitors progress.

### Response to Aging Population and Diversity and Support for Health

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

### Improved Customer Satisfaction and Comfort

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

# Response to Aging Population and Diversity and Support for Health

## Approach and Policies

### Group Policy (Health and Well-being)

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To address the social issues mentioned in the Group Policy, the Group bears a key responsibility for providing products and services that facilitate healthy and comfortable living regardless of the varied attributes of users. The Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to respond to the aging and diversifying population, support peoples’ health and lengthen their healthy lifespan.

## Management

### Management (Health and Well-being)

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## Targets and Results

### Targets

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

**Target 1: Promote Barrier Free/Universal Design**

**Target 2: Promote Health Support Services**

## Results

### Result 1: Promote Barrier Free/Universal Design

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

### Result 2: Promote Health Support Services

	FY2018	FY2019	FY2020
<b>Development results of Health Promoting Senior Rental Housing* (units)</b>	125	125	382

※ Cumulative total based on the opening dates

	FY2018	FY2019	FY2020
<b>Number of CASBEE Wellness Office Assessment Certifications acquired</b>	—	4	3

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

## Initiatives

### Initiatives to Promote Barrier Free/Universal Design

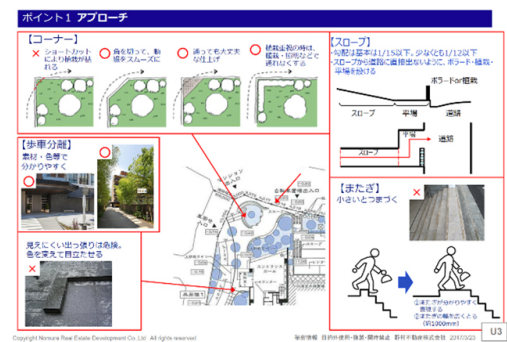
In addition to complying with laws and regulations such as the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc., the Group established barrier free and universal design standards to supplement its Design and Construction Standards and Quality Manuals and complies with these standards at all of its developed properties. The Group promotes universal design with the aim of providing products and services that can easily be used by a wide range of individuals irrespective of not only disability, but also differences in age, body, and language.

☐ [Compliance with Design and Construction Standards and Quality Manuals](#)

#### Seven Principles of Universal Design

- Equity: Facilities are equally usable by everyone
- Diversity: Facilities can be used in a variety of ways
- Simplicity: Methods of use are easy to understand

- **Perceptible information:** Information is easily conveyed
- **Safety:** Facilities do not pose any risks
- **Efficiency:** Facilities can be easily used with low physical effort
- **Operability:** Facilities are easy to operate



Examples of Universal Design

## Encouraging Use of Barrier Free and Quality of Life Guidebook

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

 [Barrier Free and Quality of Life Guidebook](#)



An example of dwelling caring for seniors and wheelchair users

## Distribution of Resident Manuals for Foreign Residents

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



Chinese edition

Korean edition

## Initiatives to Promote Health Support Services

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

## Development of OUKAS health promoting senior rental housing with the Aim of Extending Healthy Lifespans

The Group is undertaking development of OUKAS health promoting senior rental housing with support services to promote extension of the healthy lifespan of seniors and reduce social security costs. The OUKAS health promoting senior rental housing is characterized by its (1) location with convenient access to transportation, (2) its building that makes residents feel proud to live in and various common spaces and residential units that enrich residents' daily lives, and (3) the OUKAS Wellness Program<sup>\*1</sup>, which offers services intended to help residents maintain and improve both physical and mental health. OUKAS health promoting senior rental housing helps residents and their family members enjoy daily life with a sense of security and safety while incorporating these mechanisms that enable them to maintain their physical and mental health every day. As of July 2021, three buildings with 382 units have already opened and three more buildings with 451 units are scheduled to open.

### Features of OUKAS Wellness Program

- (1) Exercise: A unique exercise program jointly developed with Nomura Real Estate Life & Sports that operate the Megalos sports clubs
- (2) Diet: Well-balanced, delicious meals prepared by nutritionists
- (3) Community: About 50 community events per month<sup>\*2</sup> for residents
- (4) Medical and welfare: Support from staff with experience in medical and nursing care



OUKAS Wellness Program (won a Good Design Award 2019)

※1 Won a Good Design Award 2019.

※2 2018–2019 results

## Promoting Increases in Healthy Lifespan through the Fitness Business

At Megalos sports clubs, the Group is implementing the following initiatives to promote longer, healthier lives for senior citizens.

Initiatives	Details
<b>REBORNS FUN</b>	A new program developed under the theme of “We want people to regain their healthy, functional and physical youthfulness, and based on that, to improve their basic physical fitness for new challenges, and enjoy life.” The program sets six themes on a month-by-month basis: joint pain prevention, metabolic syndrome, immunity, prevention of falls, prevention of lifestyle-related diseases, and posture, and it is comprised of various exercises suited to each theme.

<p><b>Healthy personal muscle training for adults aged 65 and over</b></p>	<p>A personalized training program for seniors designed under the supervision of Professor Tsuneji Kanaoka of Waseda University, Faculty of Sport Sciences, which was the first attempt for a general sports club.</p>
<p><b>Collaboration with the Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology</b></p>	<p>Entered into an academic agreement with the Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology to realize a society in which seniors can extend their healthy life expectancy through exercise and feel a sense of purpose in life. Services to prevent secondary health problems will be developed by conducting and analyzing the <b>results</b> of a health survey on physical and mental functions and vitality status during the COVID-19 pandemic. Going forward, efforts will continue for developing new service models for seniors, including exercise programs for seniors and app-linked health management systems.</p>



REBORNS FUN



Healthy Personal

## Comprehensive Collaboration Agreement Entered into with a Local Government with Regard to Health Promotion

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

In collaboration with 12 residents' associations within the City, we will hold a variety of events such as health seminars and physical fitness measuring events to support the fitness projects within the community. We will also implement initiatives such as physical fitness measuring events at retail premises in collaboration with the community.

## Acquisition of CASBEE Wellness Office Assessment Certification

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To contribute to the maintenance of stakeholder health and comfort, the Group has adopted the policy of acquiring CASBEE Wellness Office Assessment Certification for all newly developed office buildings. This certification program was first established in 2019 to evaluate specifications and performance of buildings, initiatives that support maintenance and improvement of the health and well-being of building users as well as factors contributing to improvement of intellectual productivity and performance regarding safety and security. As of the end of July 2021, seven properties have acquired certification.



# Improved Customer Satisfaction and Comfort

## Approach and Policies

### Group Policy (Health and Comfort)

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To address the social issues recognized in the Group Policy, the Group bears a key responsibility to communicate with stakeholders and provide products and services that reflect their needs. The Group cooperate with suppliers, universities, healthcare institutions, NPOs, and other organizations to improve customer satisfaction and comfort.

## Management

### Management (Health and Comfort)

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## Targets and Performance

### Targets ---

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

**Target 1. Improve Communication to Improve Customer Satisfaction and Comfort**

**Target 2. Enhance the Comfort of Customers**

### Results ---

#### **1. Improve Communication to Improve Customer Satisfaction and Comfort**

In fiscal 2019, the following questionnaires were conducted.

Residential Development Business Unit		
• Livability Satisfaction Survey	• After-Contract Survey	• After-Delivery Survey
• After-Sales Services Survey	• Leased Condominium Residents Survey	
Commercial Real Estate Business Unit		
• Tenant Company Satisfaction Survey	• Fitness Satisfaction Survey	
Property & Facility Management Business Unit		
• Condominium Board of Directors Survey		
Property Brokerage Business Unit		
• Contracting Party Satisfaction Survey		

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

	FY2017	FY2018	FY2019	FY2020
<b>Livability Satisfaction Survey one year after residents take up occupancy of PROUD</b>	3.9 (36)	3.9 (25)	3.8 (36)	3.8 (31)
<b>Post-contract survey on housing</b>	—	—	4.0 (27)	4.1 (29)
<b>Post-delivery survey on housing</b>	—	—	3.8 (33)	3.8 (34)
<b>Questionnaires for residents in leased condominiums (PROUD FLAT)</b>	—	—	4.2 (41)	4.1 (58)
<b>Questionnaires for residents in office buildings (PMO)</b>	—	4.1 (24)	4.2 (46)	4.3 (28)
<b>Questionnaires on fitness satisfaction</b>	—	3.4	3.4	3.4

※ Figures in parentheses indicate survey response rates (%).

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

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

Reference: External Evaluation

	FY2017	FY2018	FY2019	FY2020
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<b>Nikkei Condominium Brand Questionnaires*</b>	No. 1	No. 1	No. 1	No. 1
<b>ORICON Customer Satisfaction Survey on new condominiums Tokyo metropolitan area after-sales follow-up</b>	No. 1	No. 1	No. 1	No. 1
<b>SANKEI LIVING SHIMBUN's Women Research: Fitness Club Satisfaction selected by women</b>	—	—	No. 1	No. 3
<b>ORICON Customer Satisfaction Survey on real estate brokerage (Sale: detached housing)</b>	No. 1	No. 1	No. 1	No. 1
<b>SumaiSurfin: Management Company Satisfaction Survey Ranking</b>	No. 1	No. 1	No. 1	No. 1

※ Indicates a first-place ranking given for most of the 10 question items in the questionnaire.

## Result 2. Enhance the Comfort of Customers

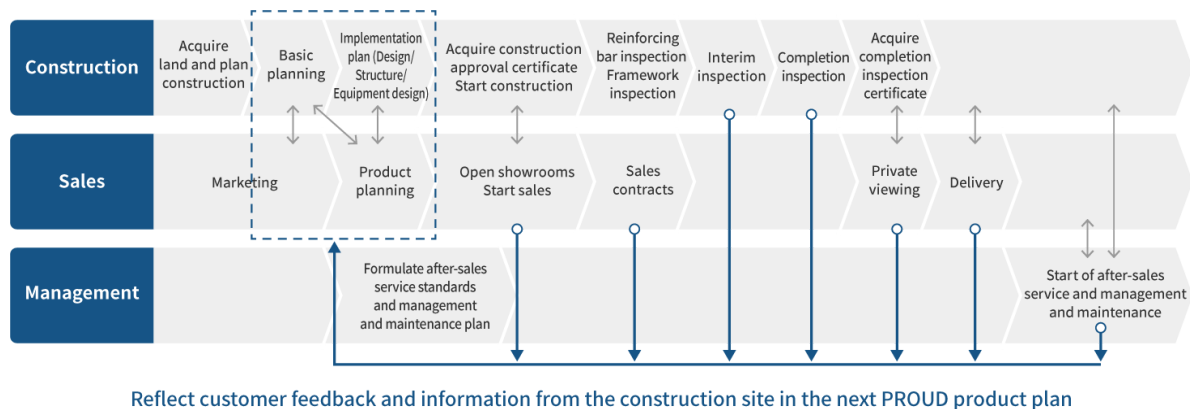
	FY2017	FY2018	FY2019	FY2020
<b>Number of Good Design Awards won (properties)</b>	8	9	12	10

📄 For more details, see the ESG data (Society).

## Initiatives

### Integrated Development, Sales, and Management System

In an effort to provide high-quality products and services and raise customer satisfaction, the Group has integrated development, sales, and management and provides integrated services including land acquisition, architectural design, marketing and sales, and post-occupancy management and after-sales services. The opinions of customers are reflected in business improvements and product planning.



## Communication for Improving Customer Satisfaction

The Group communicates with customers through questionnaires and interviews. The results of questionnaires are used in business improvements and the next generation of products and services.

## Disclosure of Information on Safety and Security

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



Site for Contract Holders

## Implementation of a Livability Satisfaction Survey and Other Surveys

Every year, the Group conducts the Post-contract Surveys and Post-delivery Surveys in the residential development business as well as a Livability Satisfaction Survey of PROUD condominium residents one year after moving in.

## Results of Livability Satisfaction Survey Reflected in Products and Services

The Group investigated improvement measures based on the opinions and requests expressed in the Livability Satisfaction Survey, and some opinions and requests relating to design were reflected in Design and Construction Standards and Quality Manuals. In fiscal 2020, we received opinions and requests regarding exclusive areas and common areas such as storage and common facilities overall, and we are considering improvement measures based on the opinions and requests.

## Carrying out Tenant Company Satisfaction Surveys


Every year, the Group conducts a Tenant Company Satisfaction Survey relating to the Group's services among tenants of retail facilities owned by the Group. The survey includes questions related to safety management (performance of security and security guards) and the working environment (air conditioning, smoking areas, and restrooms). We use the results of the survey to consider and implement improvement measures.

## Measures Towards Good Design Award

The Group strives to provide socially and environmentally sustainable products and services. As part of this, it undertakes measures encouraged by the Good Design Award\*, which leads to improved customer comfort. The Good Design Awards are evaluated from the perspective of whether a design can enrich lives and society.

In fiscal 2020, Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Partners, and Nomura Real Estate Life & Sports collectively won 10 Good Design Awards, marking the 19th consecutive year in which the Group won Good Design Awards.

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

Award-Winning Projects	
■ Nomura Real Estate Holdings	
• Sports co-creation program, Machi-Oni	
■ Nomura Real Estate Development	
• Yukai full won the BEST 100 Award	
• PROUD Uehara Fores	
• PROUD City Shinonome Canal Marks	
• PROUD Kohoku Center Kita	
• PROUD City Sendai Uesugiyama-dori	
• Cotonoma	
• Makuhari Bay-Park Area Management (B-Pam)	
■ Nomura Real Estate Development and Nomura Real Estate Partners	
• Attractive 30	
■ Nomura Real Estate Life & Sports	
• Kodomo Mirai Project	

 [News Release](#)

## Design Review Contest

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Every year, the Group invites outside architects in residential development to conduct a design review. The architects look over the detached residences completed the previous fiscal year and also conduct a 360-degree review of the design, management, community, and other factors of several representative properties toward improving customer satisfaction. In fiscal 2020, the construction project of the wooden common building at PROUD City Hiyoshi was shared and reviewed, which subsequently contributed to setting standards for wooden construction projects.



Wooden Building of PROUD City Hiyoshi

### Evaluation Points

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



## Promotion Foundations

# Human Resources

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

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# Human resources

## Group Policy

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



## Management

In July 2020, for the purpose of promoting wellness, work style reforms and diversity in an integrated manner, the Group established the Group Wellness Promotion Council, which comprises Nomura Real Estate Holdings and Group company presidents and others and is chaired by the Nomura Real Estate Holdings president and Group CEO. Each Group company will also establish a similar council. The Group will create a system under which Nomura Real Estate Holdings and each company will discuss wellness measures and work together so that a unified Group message can be delivered and each company's efforts can be shared.

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 president and Group CEO, deliberates and decides on policies and action plans related to safety and health, promotion of diversity, creation of fair and rewarding workplaces, and improvements to human capital and supplier safety and reports to the Board of Directors. The committee also sets annual targets and monitors progress for diversity, supplier safety and other goals.



## Health and Safety of Employees



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Approach and Policies  
Management  
Targets and Results  
Initiatives

## Promotion of Diversity



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Approach and Policies  
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Targets and Results  
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## Creation of Fair and Rewarding Workplaces



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Approach and Policies  
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## Improvements to Human Capital



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## Supplier Safety



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Approach and Policies  
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# Health and Safety of Employees

## Approach and Policies

### Group Policy (Human Resources)

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To realize the Wellness Management set forth in the Group Policy, the Nomura Real Estate Group Action Guideline provides the statement “working with enthusiasm and achieving wellness.” In addition, the Nomura Real Estate Group Code of Action provides that the Group will strive to maintain and improve sound and pleasant workplace environments. Accordingly, we implement comprehensive health and safety management and take measures to prevent excessive workloads, long working hours, and occupational accidents.

## Management

### Management (Human Resources)

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With regard to safety and health, in accordance with the Health Management Regulations, a health management body, such as a group of occupational health physicians, has been established, a health committee is formed, regular medical checkups including complete physical examinations are thoroughly carried out, measures are taken to protect the health of employees whose overtime work exceeds a certain number of hours, and external audits (legal examinations) are conducted once every three years. In this manner, safety and health management measures are being strictly implemented. No Group office has obtained the ISO 45001 certificate, which is a standard for occupational health and safety systems.

# Targets and Results

## Targets

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

### Target 1. Preventing Overwork

**Target 2. Promoting the Taking of Paid Leave**.....Rate of employees to take paid vacation 60% (12 days a year) \*Application for Nomura Real Estate Development only

**Target 3. Promoting thorough Physical and Mental Health Management**.....Rate of employees who underwent medical examinations and checkup 100%

**Target 4. Preventing Work-related Accidents**.....Absentee rate 0%

※ The above quantitative targets are set to be achieved by FY2030.

## Results

### Result 1. Preventing Overwork

Items		FY2017	FY2018	FY2019	FY2020
Average statutory overtime work (per person: hours/month)	Group	19.66	14.07	13.51	9.99
	Nomura Real Estate Development*1	—	12.1	10.45	12.06

### Result 2. Promoting the Taking of Paid Leave

Items		FY2017	FY2018	FY2019	FY2020
Rate of paid leave taken (%)	Group	—	47.31	61.19	56.14
	Nomura Real Estate Development*1	59.55	54.93	62.62	60.58

### Result 3. Promoting thorough Physical and Mental Health Management

Items		FY2020
Rate of employees who underwent medical examinations and checkups (%)	Nomura Real Estate Development*1	100

## Result 4. Preventing Work-related Accidents

Items	FY2017	FY2018	FY2019	FY2020
Number of work-related accidents resulting in death of an employee	1	0	0	0
Number of work-related accidents resulting in death of a contractor	—	—	0	2
LTIFR*2	—	0*1	1.29	3.43
LTIR*3	—	—	0.60	1.34
Absentee rate (%) (Target: 0.0%)	0.38	0.37	0.29	0.41

※1 Results at Nomura Real Estate Development (excluding contractors)

※2 (Number of occupational accidents resulting in lost days/Total work time) × 1,000,000

※3 (Number of fatalities and lost-days injured persons/Total work time) × 1,000,000 (excluding contractors)

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

## Initiatives

### Measures for Health and Safety Improvements by Management

The Group provides opportunities on a regular basis where the Nomura Real Estate Holdings president and executive vice president meet directly with employees to share workplace issues regarding the work climate and their employment and to improve workplace environments. In fiscal 2020, 11 meetings were held to discuss reducing working hours, raising productivity, and helping employees to achieve a good work-life balance. We examined proposals and opinions expressed at these meetings and improved the personnel system. In this manner, these meetings are promoted as measures to ensure the health and safety of employees.

### Work-Related Risk Management and Legal Compliance

The Group complies with work-related laws and regulations in each country and is establishing a system for managing and improving situations. In particular, with regard to working hours, the Group strives to reduce overtime work. Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms the actual situation of overtime and status of compliance with the Article 36 agreement

(an agreement made pursuant to Article 36 of the Labor Standards Act regarding overtime work and work on rest days) of each Group company. Regarding companies and cases with pending issues related to compliance with the Article 36 agreement, we consider responses and take improvement measures. In addition, the Nomura Real Estate Development Board of Directors receives reports each month on working hours and the status of employees taking leave in each division and shares information on related issues while also taking improvement measures.

## Prevent Overwork

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The Group is implementing a variety of programs intended to prevent overwork by employees.

### Main Measures

- Reduce work and implement outsourcing based on operational reviews
- Make use of AI and RPA
- Promote the introduction of mobile PCs
- Promote telecommuting programs, staggered work shift, and flextime programs
- Promote the use of satellite offices
- Set time limits on computer use
- Send overtime alerts

These measures are important for preventing overwork.

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.

## Enhancement of Health Management

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The Group has adopted several initiatives for detecting employee health risks at an early stage and helping them maintain their health and safely perform their duties.

### Further Improvement of the Medical Checkup System

人 The Group requires that all employees undergo complete physical examinations and medical checkups. We encourage those who may need a second checkup arrange for one and follow up on the status of their checkup. In fiscal 2020, the rate of physical examinations and medical checkups of Nomura Real Estate Development was 100%. In the coming fiscal years, we will continue striving to achieve a 100% physical examination and medical checkup rate across the Group to safeguard the health of our employees.

## Implementation of Stress Check Tests

The Group regularly monitors the mental health status of its employees through stress check tests and provides mental health training to help reduce stress levels.

Items	FY2019	FY2020	FY2021
<b>Stress check response rate (%)</b>	88.5	88.7	87.5
<b>Main training programs (including e-learning)</b>	Wellness training Wellness seminar Stress coping seminar Line care training for managerial employees	Mindfulness seminar Mental health training	Mindfulness seminar Mental health training Self-management training for new employees

## Strengthening the Harassment and Health Consultation System

The Group established a physical and mental health consultation hotline as well as a power harassment and sexual harassment hotline that provide employees access to outside specialists for consultations in addition to the Health Consultation Office within the Group, which is staffed by full-time physicians and nurses. The consultation service is available to employees and their family members.

### Physical and mental health consultation hotline

Consultations on issues related to the workplace, family, women's health, and LGBT issues can be arranged with external counselors by phone or email.

### Power harassment and sexual harassment hotline

Consultations on harassment within the company can be made with outside counselors by phone. Consultations can also be made anonymously.

## Information Sharing and Training on Health and Safety

The Group holds monthly Group Personnel Division Meetings attended by persons in charge of human resources at Group companies. At the meetings, participants share information on relevant laws and regulations including the Labor Standards Act, working conditions of each Group company, and the importance of labor management and safety and health. In addition, we provide safety and health training, such as explanations on the Labor Standards Act and other relevant laws and regulations and methods of labor management, on many occasions including during the training of newly promoted managerial employees.

## Response to the COVID-19 Pandemic

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

- The Group places priority on ensuring the safety and security of customers, business partners, and officers as well as employees and their family members.
- To fulfill our responsibilities for providing goods and services necessary for daily life, as well as our corporate social responsibilities, the Group maintains business activities after taking action to reduce infection risks.

The Group has implemented measures for employees to contain the spread of infection, including staggered commuting, working from home, telecommuting, online conferences, and thorough measures to prevent the spread of infection within the office, such as social distancing seating arrangements.

(As of the end of August 2021)

For more details, refer to:

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

## 2021 Health & Productivity Management Award (Large Enterprise Category)

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Wellness Management, promoted by the Group has been highly regarded, and as a result, Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Asset Management, Nomura Real Estate Urban Net (currently, Nomura Real Estate Solutions Co., Ltd.), and Nomura Real Estate Life #38; Sports were recognized as 2021 Certified Health #38; Productivity Management Outstanding Organizations (large enterprise category), which are selected jointly by the Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi. In addition, Nomura Real Estate Solutions, Nomura Real Estate Holdings, Nomura Real Estate Development, and Nomura Real Estate Capital Management were also recognized among the White 500 enterprises (large enterprise category) in the 2021 Certified Health #38; Productivity Management Outstanding Organization Recognition Program. This program recognizes enterprises that have implemented outstanding initiatives to promote health and productivity management based on efforts to address local health issues and health improvement initiatives promoted by Nippon Kenko Kaigi.



## Responses to Incidents


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In 2017, the Nomura Real Estate Development head office and four regional offices (Kansai, Nagoya, Sendai, and Fukuoka branches) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees. We take this matter extremely seriously and are conducting comprehensive labor-management while taking measures to improve workplace environments so that this type of incident does not occur again. Nomura Real Estate Development is implementing the following measures for appropriate labor management and improving workplace environments.

1. Complying thoroughly with laws and regulations
2. Top management and directors are sharing issues with employees and striving to establish relationships of trust and improve workplace environments
3. Implementing the following measures to ensure health:
  - (1) Raising awareness of health issues of officers and employees
  - (2) Officers and supervisors are thoroughly monitoring the health condition of employees
  - (3) Further improvements are being made to systems for health consultation and medical checkups

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

For further details, refer to the following.

 [Our actions regarding appropriate employment management and improvement of working environment](#)



# Promotion of Diversity

## Approach and Policies

### Group Policy (Human Resources)

To facilitate the creation of innovation generated by diversity, as recognized in the Group Policy, we established the Nomura Real Estate Group Code of Action\* as a means of promoting diversity management that allows all employees to fully demonstrate their individuality and unique capabilities. In addition, the Nomura Real Estate Holdings Basic Corporate Governance Policy provides that the Board of Directors shall be made up of diverse directors with varied knowledge, experience, and skills.

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

## Management

### Management (Human Resources)

## Targets and Results

### Targets

The Group has set the following three targets regarding diversity.

**Target 1. Promote the Empowerment of Women**.....**Manager and junior manager ratio 20%**

**Target 2. Promote Diverse Work Styles**.....**Childcare leave ratio 100%** \* Including the Group's own holiday system

**Target 3. Hire and Utilize Diverse Human Resources**.....**Employment of persons with disabilities ratio 2.4%**

※ The above quantitative targets are set to be achieved by FY2030.

## Result 1. Promote the Empowerment of Women

Items	FY2016	FY2017	FY2018	FY2019	FY2020
Female employee ratio (%)	28.60	29.75	30.76	30.61	31.83
Manager and junior manager ratio*1 (%)	—	—	10.05	10.33	11.19
Manager ratio (%)	5.38	5.45	5.58	6.14	6.78
Junior manager ratio (%)	14.8	15.08	16.07	15.87	18.27
Ratio of female new graduates hired*2 (%)	32.79	34.38	36.82	44.77	41.97

※1 Manager and junior manager ratio : Female manager and junior manager / All manager and junior manager.

※2 Figures indicate the number of employees hired during each fiscal year (employees who have joined the company by April of the following calendar year).

## Result 2. Promote Diverse Work Styles

Items	FY2016	FY2017	FY2018	FY2019	FY2020
Childcare leave takers (men)	119 (2)	148 (3)	178 (6)	253 (10)	289 (28)
Rate of reinstatement after childcare leave (men) (%)	—	92.59	91.46	92.08	96.23 (100)
Nursing care leave takers	2	4	4	7	6

## Result 3. Hire and Utilize Diverse Human Resources

Items	FY2016	FY2017	FY2018	FY2019	FY2020
Number of foreign employees*1	7	14	16	114	140
Rate of employment of persons with disabilities (%)*2	1.97	1.90	1.96	2.02	2.05

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

※2 The rates of employment of persons with disabilities for fiscal 2017 and thereafter are as of June 1 of the following fiscal year. Other rates are as of April 1 of the following fiscal year. The rate covers Group companies subject to the Employment Rate System for Persons with Disabilities.

📄 For more details, see the ESG data (Society).

# Initiatives

## Initiatives for Empowering Women

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

### **Female Managers**

We are striving to raise the ratio of female managers to increase opportunities for female employees so that they play more active roles and to establish an organization that incorporates diverse perspectives. As of March 31, 2020, the ratio of female managers was 6.78%.

### **Holding Seminars for Female Employees**

The Group conducts a seminar for newly promoted managerial employees as key personnel to develop a work environment that takes into consideration health issues specific to women and promotes appropriate management. In fiscal 2020, the seminar was held online with the participation of 135 people. In addition, the Group holds a health seminar for female employees to help them gain knowledge about their health so they can appropriately deal with health issues that may arise. In fiscal 2020, the seminar was not held due to the COVID-19 pandemic, but approximately 780 people participated in fiscal 2021.

In addition, Nomura Real Estate Development has been conducting Women's Life & Career Training (work-life balance training) for female career-track employees (professional level 1) under the age of 30 since fiscal 2020, with a total of 15 people participating. Every year, Nomura Real Estate Development and Nomura Real Estate Solutions each send one female specialist employee to join the Wagaku (Japanese studies) introductory course, organized by the Wano Kokoro Forum, to broaden their knowledge and heighten their cultural literacy so they can work with new perspectives.



Seminar pamphlet



Seminar for Female Employees

## Support for Childcare and Nursing Care

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

We have recently been designing these programs to allow female as well as male employees to freely take childcare or other leaves and smoothly return to work afterward. In fiscal 2020, the male to female ratio of the 102 employees who returned to work after childcare leave was 100% for males and 95.06% for females.

### Main Programs that Support Childcare and Nursing Care

<b>Childcare leave</b>	Regardless of gender, employees can take leave for childcare until their child turns three years old (also available to those with less than one year's service).
<b>Reduced working hours for childcare</b>	Regardless of gender, employees can work a reduced number of hours until their child is in the third grade of elementary school.
<b>Nursing care leave</b>	Employees can take a leave in installments of up to a total of three years to care for a family member requiring nursing care.
<b>Reduced working hours for nursing care</b>	Employees can work reduced hours for up to three years to care for a family member who requires nursing care.
<b>Holiday childcare support*1</b>	Assistance for covering childcare costs on weekends and holidays is available for employees who need to work on weekends and holidays.

<b><u>Paternity leave programs for male employees</u></b> <sup>*2</sup>	Male employees can use their annual paid leave to take a five-day leave of up to six months after the birth of their child.
<b><u>Maternity bonus</u></b> <sup>*2</sup>	A maternity bonus is paid from the Welfare Mutual Aid Association.

Underlined text: Statutory programs

※1 Applicable to Nomura Real Estate Development and some other Group companies

※2 Applicable to Nomura Real Estate Development only

## Hiring Seniors and Supporting Work Styles

To provide opportunities for senior employees to continue applying their wealth of experience and skills as a driving force of business growth, the Group provides employment extensions based on the reemployment program for those who have reached retirement age and wish to continue working. It ensures employment opportunities up to the age of 65 at the employee's request. Moreover, some Group companies have established employment programs in which employees can work even after the age of 65 at the employees' request, supporting work styles that meet the needs of seniors.

## Promoting the Hiring of Persons with Disabilities

As of June 1, 2021, the rate of employment of persons with disabilities was 2.05%. Since fiscal 2021, the Group has been cooperating with a company that supports the employment of persons with disabilities to provide opportunities to work at an indoor farm facility. In this way, we strive to be more proactive when hiring these individuals. For fiscal 2021, we have set our target rate of employment of persons with disabilities at 2.4%, which is higher than the legally mandated rate of 2.3%, and are thereby strengthening our readiness to hire them.



Working at An Indoor Farm Facility, IBUKI

## Promoting the Understanding of LGBTQ Issues

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As part of diversity management, the Group supports initiatives for better understanding LGBT people and fosters a corporate culture that recognizes diverse values.

In December 2020, we held a panel discussion entitled “LGBT in the Workplace” for all Group executives and general managers of Nomura Real Estate Development to develop an awareness from the perspective of psychological safety in the workplace.

We will improve our workplace environment so that LGBT people can bring their authentic selves and work with peace of mind.

## Hiring Diverse Human Resources

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When hiring, the Group ensures that no disadvantages are directed at any one’s personal background or beliefs, including race, ethnicity, nationality, age, gender, sexual orientation, gender identity, disability, religion, creed, or social status. We also accommodate employees’ religious practices and conduct within a certain framework. In addition, we hire and support human resources who can effectively engage at a global level regardless of nationality, race, religion, or other personal characteristics so that human resources with diverse values can demonstrate their individual abilities to the fullest and spark new value. We are actively hiring local human resources especially in China, Hong Kong, Thailand, Singapore, and Vietnam, where Group companies are located, to strengthen our overseas strategies so that we can quickly and accurately identify and reflect the different needs of each country and region in our business operations.

### Representative Major Efforts to Secure Diverse Human Resources

<b>Hiring global human resources</b>	<ul style="list-style-type: none"><li>• Hiring local human resources at overseas subsidiaries</li><li>• Participating in recruitment events for international students</li><li>• Holding job fairs and screenings for international students from overseas universities</li></ul>
<b>Hiring female employees</b>	<ul style="list-style-type: none"><li>• Holding events for female students by female employees of the Group on the theme of work styles and career development</li></ul>
<b>Hiring persons with disabilities</b>	<ul style="list-style-type: none"><li>• Collaboration with a company that supports employment of persons with disabilities</li></ul>

# Creation of fair and rewarding workplaces

## Approach and Policies

### Group Policy (Human Resources)



To create fair and rewarding workplace environments as outlined in the Group Policy, we pursue fair employee evaluations, remuneration including a guarantee of living wages, and equitable social benefits, and respect fundamental rights, such as the freedom of association and the right to collective bargaining. Furthermore, we signed the UN Global Compact in May 2019 to enhance the protection of employees' rights and make work more fulfilling for employees. We will comply with the four labor principles of the UN Global Compact and take additional measures.

## Management

### Management (Human Resources)



## Targets and Results

### Targets

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

### Results

### Improvement in Employee Satisfaction

Nomura Real Estate Development: Results of Employee Satisfaction Survey

Items	FY2017	FY2018	FY2019	FY2020
Employee satisfaction level (five-point scale)	3.81	4.03*	4.05	3.96

<b>Number of responses/number of eligible employees</b>	1,930/2,028	2,013/2,066	2,067/2,113	2,209/2,259
<b>Response rate (%)</b>	95.1	97.4	97.8	97.8

※ Beginning in fiscal 2018, “Satisfaction with the workplace” is used as the reference index.

## Turnover Rates

Items	FY2017	FY2018	FY2019	FY2020
<b>Turnover rates (total)* (%)</b>	3.85	3.99	5.13	4.78
<b>Male (%)</b>	3.57	2.49	4.69	4.84
<b>Female (%)</b>	4.46	6.57	5.99	4.79
<b>Turnover rates for personal reasons (%)</b>	3.40	3.54	4.43	3.88

※ Turnover rates include the number of employees retired at the mandatory retirement age.

## Average Tenure of Employees\*

Items	FY2019	FY2020
<b>Average tenure of employees (total) (years)</b>	—(12.40)	10.42 (11.88)
<b>Male (years)</b>	—(14.71)	11.53 (13.90)
<b>Female (years)</b>	—(8.42)	7.90 (8.56)

※ Figures in parentheses indicate the performance of Nomura Real Estate Development.

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

# Initiatives

## Fair Evaluations and Remuneration

To ensure equity in working conditions, the Group does not differentiate remuneration on the basis of gender. Moreover, it operates fair employee evaluation and remuneration programs by creating mechanisms whereby the opinions of employees can be heard by human resource divisions and supervisors and for communicating with employees. As for wages, the Group complies with laws and regulations that set minimum wages in each country and pays reasonable salaries that allow employees to maintain a certain standard of living in accordance with the consumer price index of their country or region. In fiscal 2020, the average annual salary of Nomura Real Estate Holdings was 10.12 million yen.



## **Target Management System**

The Group introduced a target management system so that employees can take the initiative in their jobs and work with managers and supervisors toward achieving their targets. Every six months, all employees set their own targets with advice from supervisors, and bonuses are paid based on the degree of achievement of those targets. In addition, reviews of the abilities and conducts that serve as the basis for promotions and raises are also conducted regularly to maintain fairness and strengthen employee motivation.

## **Evaluation of Superiors**

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

## **Creating Fair Work Environments**

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### **Labor-Management Dialogues**

The Group respects employees' freedom of association and the right to collective bargaining, and even at Group companies that do not have labor unions, labor representatives and officers responsible for human resource divisions hold periodic meetings and work to improve the workplace environment. As of April 1, 2021, Nomura Real Estate Development, Nomura Real Estate Partners, UHM, and some overseas subsidiaries have labor unions, and the labor union membership rate among Group employees is 49.58%.

### **Understanding and Disseminating Policies on Labor Standards**

To ensure that all employees can gain an accurate understanding of company policies regarding labor standards, the Group provides documents or explanations regarding employment rules, personnel evaluation systems, and social benefits in Japanese, or in English, if necessary, to employees, including those of overseas Group companies, during their initial training.

## **Promoting the Hiring of Local Human Resources and Ensuring They Play Active Roles**

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Considering business characteristics, the Group places emphasis on connections with local communities across the country and carries out recruitment activities in those places. Some Group companies have also established programs where the workplace can be selected from across the country or locally so that employees can choose diverse work styles based on their work-life balance.

## Provision of Social Benefits

The Group has established and is working to enhance employee social benefit programs, such as childcare and family care support and an employee shareholding program, so that employees can enjoy their lives as members of society with peace of mind at every stage of their lives so they can develop fulfilling life plans.

### Main Social Benefits Provided by Nomura Real Estate Development

Social Benefits	Overview
<b>Maternity leave</b>	Six weeks prior to childbirth (14 weeks in the case of a multiple pregnancy) and eight weeks after childbirth (with pay*)
<b>Childcare leave</b>	Until the child reaches the age of three years
<b>Family care leave to care for children</b>	Preschool children: five days/year for one child and ten days/year for two or more children
<b>Family care leave</b>	Up to one year in total
<b>Volunteer leave</b>	Five days for volunteer activities related to a severe natural disaster
<b>Mental health support</b>	Health Consultation Office, Physical and Mental Health Consultation Office, appointment of an industrial physician of psychosomatic medicine
<b>Measures to ensure good health</b>	Appointment of nurses and industrial physicians, implementation of personnel interviews and medical examinations
<b>Rehiring elderly workers</b>	Up to age 65 (one-year extensions)
<b>Retirement benefit program*</b>	Payment of retirement benefits pursuant to a defined benefit pension plan (Nomura Real Estate Development's contract-type defined benefit pension plan), payment of contributions by Nomura Real Estate Development, at no cost to employees
<b>Health insurance association</b>	High medical expenses, lump-sum childbirth benefit, injury and disease benefit, comprehensive medical examinations, etc.
<b>Allowances</b>	Family allowance, reassignment allowance, reassignment without family allowance, housing subsidies, etc.

※ Only career-track employees are eligible.

## Implementation of Employee Satisfaction Survey

Nomura Real Estate Development conducts an employee satisfaction survey every year. The survey collects suggestions to management and employee opinions on work and the workplace. Satisfaction is measured on a five-point scale with regard to (1) sense of fulfillment concerning work, (2) satisfaction with the workplace, (3) satisfaction with superiors, (4) loyalty to the company, (5) development in the market, and (6) sense of being stuck in the same routine at work, as well as regarding the understanding and practice of work style reform and wellness management. In fiscal 2020, the response rate was 97.8% (2,209 out of 2,259 eligible employees responded). Issues regarding employee satisfaction and work style reforms, which were obtained from the survey, are reported to officers and higher-level management at each headquarters conference and provided individually to a supervisor so that the results are actively used.

## Fostering a Corporate Culture that Encourages Challenges

### Nomura Real Estate Group Awards Presented

The Group has presented the Nomura Real Estate Group Awards every year since 2016 to foster a corporate culture in which employees are willing to tackle the challenges of value creation through innovation, strengthen Group synergy, and raise individual and organizational motivation. Under this program, exceptional businesses, products and services of the year are recognized. In fiscal 2010, award winners included a promotional YouTube video created in the Residential Development Business Unit as a means for raising brand recognition among young people.

#### Evaluation Criteria

- Reform and innovation
- Improvement in customer satisfaction
- Group synergy
- Sustainability
- Continuity and perseverance



Grand Prize Winning Team

### Business Idea Proposal Program

Beginning in 2017, the Group launched the Business Idea Proposal Program (commonly called “NEXPLORER” within the Group), which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work at any time. There has been a total of 60 entries (including nine in 2020), with six projects under consideration and five having already been commercialized or realized. TOMORE and PRE KITCHEN, which are currently in service, are primary examples that have been realized through this program.

# TOMORE

トモア

A shared house and office business that offers a new real and virtual space where people work, live and enjoy time with their friends in an age where more and more people are open to different ways of working.

Click here for details on [☐ TOMORE](#)  
(Japanese only)

# PRE KITCHEN

プリキッチン

A side-dish service offered at a fixed price and using the common use areas of condominium buildings to meet the residents' needs. The concept of the service is to enrich the minds of child-rearing families through daily meals.

Click here for details on [☐ PRE KITCHEN](#)  
(Japanese only)

## Responses to Legal and Other Violations

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In 2017, the Nomura Real Estate Development head office and four regional offices (Kansai, Nagoya, Sendai, and Fukuoka branches) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees. We take this matter extremely seriously and are conducting comprehensive labor-management while taking measures to improve workplace environments so that this type of incident does not occur again. We will continuously promote measures to improve workplace environments in fiscal 2018 and thereafter.

For further details, refer to the following.

- [☐ Our actions regarding appropriate employment management and improvement of working environment](#)
- [☐ Health and Safety of Employees](#)

# Improvements to Human Capital

## Approach and Policies

### Group Policy (Human Resources)



To promote the Wellness Management set forth in the Group Policy, the Group seeks to carry out the “What We Value” Nomura Real Estate Group Action Guideline and works to improve human capital. We offer human development programs to enhance the qualifications and capabilities of each Group employee so every employee can perform his or her work as a professional with a high degree of specialization.

#### Nomura Real Estate Development Basic Human Development Policies

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

#### Qualities and Skills Nomura Real Estate Development Looks For

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

## Management

### Management (Human Resources)



## Targets and Results

### Targets

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

Results for Training Participation\*<sup>1</sup>

Items	FY2020
Training hours per employee* <sup>2</sup> (hours)	9.87
Total training hours* <sup>2</sup> (hours)	20,063
Investment in training per employee (yen)	70,462
Total training expense (thousand yen)	143,180
Return on investment in employee skill development* <sup>3</sup> (%)	1.56
Return on investment of human resources* <sup>4</sup> (100 million yen)	10.42

※1 Performance for Nomura Real Estate Holdings and Nomura Real Estate Development

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

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

※4 Return on investment of human resources = (Operating revenue – (Selling and general administrative expenses – Personnel expenses))/Personnel expenses.

## Group-wide Training Performance

	Training title	Subject ranks	Number of training hours	Number of implementing companies	Number of participants
1	New employee introductory training	Newly-hired employees	28	8	297
2	New employee follow-up training	New employees	14	8	297
3	Second-year training	Employees in their second year	14	7	234
4	Third-year training	Employees in their third year	14	7	221
5	Training for newly promoted managers	Managers*	14	8	135
6	Training for newly promoted senior managers	Senior managers	14	8	28
7	Training for newly promoted general managers	General managers	70	5	10

※ After 13 years of service (generally)

**Reference: Performance of Nomura Real Estate Development's Training Other Than Group-wide Training**

	Training title	Subject employees	Number of training hours	Number of participants
(1)	Fourth-year training	Employees in their fourth year	7	55
(2)	Fourth-year career design training	Employees in their fourth year	11	55
(3)	Fourth-year career management training	Employees in their fourth year holding section chief positions	7	55
(4)	Professional level 1 training	Professional level 1 positions <sup>*1</sup>	7	48
(5)	Women's career and life training	Professional level 1 positions	4	15
(6)	Leader training	Leaders <sup>*2</sup>	7	47
(7)	Second-year leader career design training	Leaders in their second year	12	53
(8)	Second-year leader career management training	Leaders in their second year holding section chief positions	7	53

※1 After 7 years of service (generally)

※2 After 9 years of service (generally)

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

## Initiatives

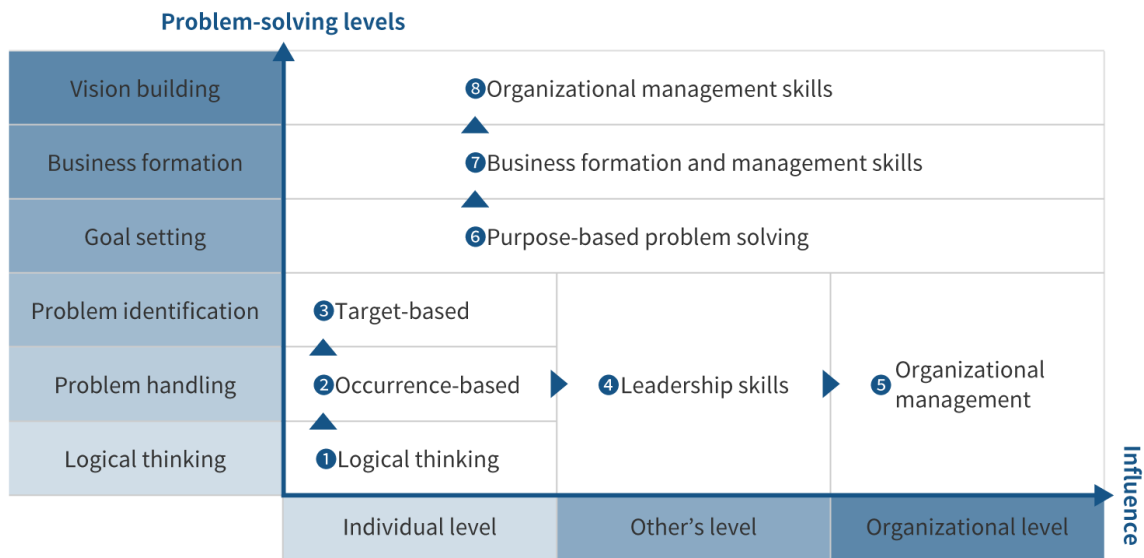
### Group Personnel Division Meetings Held

The Group holds monthly Group Personnel Division Meetings attended by officers responsible for human resources and managers of human resource divisions of Group companies. Participants exchange information and opinions regarding the personnel system, human development, and each company's recruitment situation and wellness measures, and they share best practices in order to implement Group-wide measures for improvements to human capital.

## Training Framework

In terms of human resource development, the Group has implemented personnel systems and development programs that promote growth. For some rank-specific training programs, according to qualification grade and stage, training is carried out on a Group-wide basis.

Nomura Real Estate Development has established N-COLLEGE, a self-skills development system for employees, which provides programs to study for real estate-related certifications for professionals, such as real estate notaries, real estate appraisers, and first-class architects, and programs covering general business skills such as those related to finance and language study. In addition, the Residential Development Division provides specialized training and knowledge sharing opportunities regarding product strategies and quality control for technical employees, including Building Knowledge Courses, Landscape Workshops, and the PROUD Quality Conference, so that each employee can perform higher level duties and acquire a broad range of knowledge and experience.





## ■ Training Programs for Career-track Employees

Position levels	Target year	Training details	Program for selected employees/open
General management position	Newly appointed	Management skills training, discussion on set themes, and presentation to management ⑦⑧	
Senior management position	Newly appointed	Organizational management (practical application level) ⑤ Purpose-based problem solving (introductory level, practical application level) ⑥	
Management position	Newly appointed	Organizational management (introductory level) ⑤ Target-based problem solving (practical application level) ③	
Leader position	2nd year leader	Career training: career mindset development	
	9th year leader	Leadership skill (practical application level) ④ Environmental analysis ⑦⑧	
Professional position level 1	7th year	Target-based problem solving (practical application level) ③ Leadership skill (introductory level) ④	
Professional position level 2	4th year	Target-based problem solving (practical application level) ③ Career training: career mindset development	
Professional position level 3	3rd year	Problem-solving dialogue ④	
	2nd year	Occurrence-based problem solving ②	
	First year follow-up	Logical presentation ①	
	New employee introduction training	Logical writing ①	

■ Implementation for Group    ■ Implementation for Nomura Real Estate Development only

## ■ Training Programs (Career-track Personnel in Administrative Jobs)

Position levels	Training Details	
	Critical thinking skills	Practical business skills
High-level personnel	Occurrence-based problem solving ②	PC skills training
Employee Level 1	Logical thinking and writing ①	PC skills training

## ■ Training Programs (Specialist Personnel/Particular Specialist Personnel)

Position levels	Training Details
Particular Specialist Personnel	Required: Target-based problem solving (introductory level) ③
Stage 3	Optional: Target-based problem solving (advanced level) ③ Optional: Target-based problem solving (introductory level) ③ Required: Problem-solving dialogue ④
Stage 2	Required: Occurrence-based problem solving ② Required: Logical presentation ① Optional: Logical thinking and writing ①
Stage 1	

## ■ Training Programs (Operations Personnel)

Position levels	Training Details		
	Thinking skills	Practical business skills	
Stage 3	Occurrence-based problem solving ②		PC skills training
Stage 2	Logical thinking and writing ①		PC skills training
Stage 1		Prevention of operational errors, development and improvement of workflows, productivity improvement	

## Incentive from a Long-Term Perspective

The Nomura Real Estate Group introduced ESOP Trust for Granting Stock for employees of Nomura Real Estate Holdings and Group companies from fiscal 2019. The aim is to foster a sense of belonging to, and involvement in the management of the Group among the Group employees so as to enhance their enthusiasm and morale to improve performance and increase share price over the long term. The Group encourages the purchase of treasury stock through this program.

 [News Release](#)

# Supplier Safety

## Approach and Policies

### Group Policy (Human Resources)

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Under the policies set forth in the Group Policy, the Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, we are aware that ensuring the safety of suppliers at construction sites is an important issue and we take measures to prevent accidents and disasters by raising awareness regarding health and safety, performing checks, and implementing preventive measures. In addition, the Nomura Real Estate Group Procurement Guidelines (the “Procurement Guidelines”) provide that suppliers shall “carefully manage health and safety and prevent industrial accidents, endeavor to maintain physical and mental health, and create well-ordered workplaces,” and we require suppliers to implement comprehensive health and safety management. Furthermore, the health and safety standards set forth in the Procurement Guidelines are equivalent to those applied to employees of the Group.

 [Nomura Real Estate Group Procurement Guidelines](#)

## Management

### Management (Human Resources)

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## Targets and Results

### Targets

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

### Number of Supplier Safety Conferences Held

Items	FY2017	FY2018	FY2019	FY2020
Number of companies attending the Supplier Council Meeting on Health & Safety and the Supplier Conference on Safety	188	198	198	12*

※ In fiscal 2020, some of the meetings were cancelled or significantly downsized and held online to help contain the spread of the COVID-19 pandemic.

### Violations by Suppliers

In fiscal 2020, with regard to ensuring supplier safety, which is monitored by the Sustainability Committee, there were no significant incidents of violations of laws and regulations.

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

## Initiatives

### Ensuring Safety of Construction Sites

The Group established the Construction Safety and Security Guidelines to prevent accidents and disasters at demolition and new construction sites in the residential development and commercial real estate businesses. Moreover, the Group obtains a construction plan and a Safety and Security Check Sheet based on the guidelines from construction contractors as its suppliers and confirms that the safety and security of project workers has been adequately safeguarded. The Group is also working to ensure the safety not just of suppliers but also of neighboring residents and local community members by holding construction briefings for construction companies prior to construction, raising awareness of health and safety issues, and performing inspections in major building construction processes.

#### Outline of the Construction Safety and Security Guidelines

- Prompt reporting duties
- Pre-construction confirmation
- Temporary work plan checks
- Accident prevention measures for demolition work
- Accident prevention measures for heavy machinery work
- Precautions by type of construction work (building frames, finishing work and installation work)
- Safety and Security Check Sheet

## Supplier Council Meetings on Health & Safety Held

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

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

Nomura Real Estate Partners annually holds the East Japan Supplier Council Meetings on Health & Safety and the West Japan Supplier Council Meetings on Health & Safety. In fiscal 2020, Council Meetings were held online by the executive companies due to the COVID-19 pandemic, with seven and five companies in attendance, respectively, to report on the results of joint safety patrols and share safety and quality initiatives (note: 183 companies attended these meetings in fiscal 2019).

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

Nomura Real Estate Heating and Cooling Supply Co., Ltd. holds an annual Supplier Conference on Safety where outstanding business partners are presented awards and the Health and Safety Management Plan for the current year is explained. In fiscal 2020, the conference was not held, as a countermeasure against COVID-19 (note: 15 companies attended the conference in fiscal 2019).



Promotion Foundations

## Management Structure

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

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# Management structure

## Group Policy

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



## Management

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

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

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

### Corporate Governance



- Approach and Policies
- Corporate Governance Report
- Corporate Governance System
- Accountability of the Board of Directors
- Compensation plan of Directors
- Internal Control System
- Results

### Compliance



- Approach and Policies
- Management
- Results
- Initiatives

## Risk Management



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Approach and Policies  
Management  
Results  
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## Human Rights



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Approach and Policies  
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Initiatives

## Improved Supplier Management



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Approach and Policies  
Management  
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# Corporate Governance

## Philosophy and Policies

### [Group Policy \(Management Structure\)](#)



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

[Basic Corporate Governance Policy](#)

## Corporate Governance Report

[Corporate Governance Report](#)

(Last updated: January 31, 2022)

## Results

### Meetings in FY2020

Types of Meetings	Number of meetings held	Types of Meetings	Number of meetings held
Board of Directors	15	Budget Committee	9
Audit and Supervisory Committee	14	Risk Management Committee	7
Advisory Committee Relating to Nomination and Compensation	11	Sustainability Committee	3
Management Committee	50	DX Strategy Committee	13

※ reporting scope: Nomura Real Estate Holdings

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

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

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

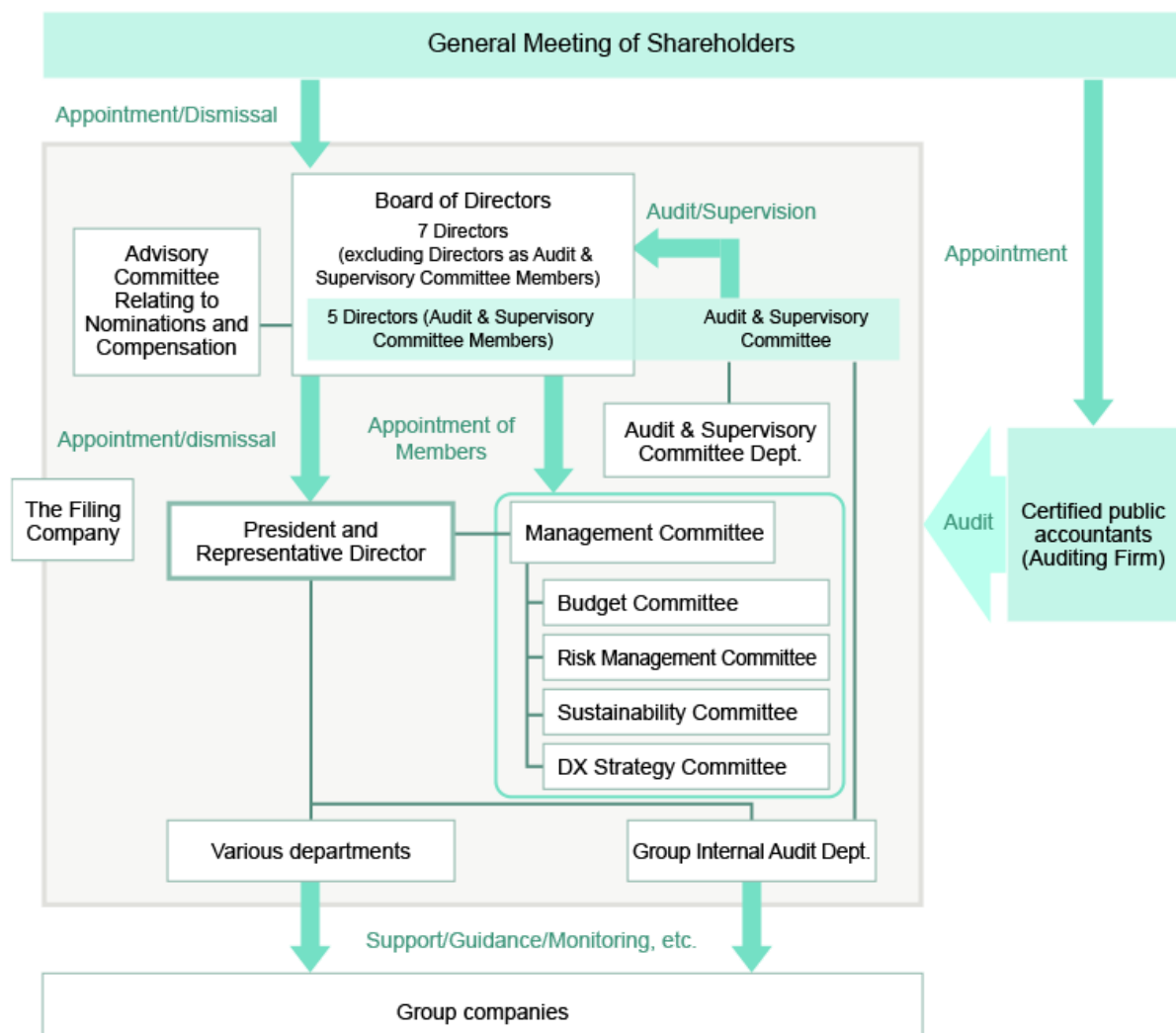
## Attendance of external directors at meetings of the Board of Directors and the Audit & Supervisory Committee held in fiscal 2020 (current external directors only)

	Board of Directors	Audit & Supervisory Committee	Advisory Committee Relating to Nomination and Compensation
<b>Tetsuro Higashi</b>	Attended 15 out of 15 meetings held	—	Attended 11 out of 11 meetings held
<b>Katsura Ito</b>	—	—	—
<b>Yoshio Mogi</b>	Attended 15 out of 15 meetings held	Attended 14 out of 14 meetings held	Attended 11 out of 11 meetings held
<b>Akiko Miyagawa</b>	Attended 15 out of 15 meetings held	Attended 14 out of 14 meetings held	—
<b>Tetsu Takahashi</b>	Attended 10 out of 10 meetings held	Attended 9 out of 9 meetings held	—

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

# Corporate Governance System

Chart of Corporate Governance System



Details of the corporate governance system are provided in the Integrated Report.

[Integrated Report 2021](#)

## Board of Directors

The Board of Directors bears the responsibility of realizing effective corporate governance for all shareholders, and through this, achieving sustainable growth of the Company and working to maximize long-term corporate value. To fulfill this responsibility, the role of the Board of Directors is to ensure the fairness and transparency of management by fully supervising management, and make the best decisions for the Company through important business execution decisions, etc. The Company's Board of Directors comprises seven directors (excluding directors who serve as Audit & Supervisory Committee

Members) (of which two are external directors) and five directors who serve as Audit & Supervisory Committee Members (of which three are external directors). The Company appoints diverse directors with various knowledge, experience, and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, five out of the 12 directors are independent external directors.

#### Board Members

### Audit and Supervisory Committee

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

Audit and Supervisory Committee (5 Members, Including 3 Independent External Directors)	
<b>Chairperson</b>	Hiroyuki Kimura (full-time)
<b>Members</b>	Hiroyuki Kimura (full-time)
	Yasushi Takayama (full-time)
	Yoshio Mogi (independent external director)
	Akiko Miyagawa (independent external director)
	Tetsu Takahashi (independent external director)

### Advisory Committee Relating to Nominations and Compensation

The Company established the Advisory Committee Relating to Nominations and Compensation, as an advisory body to the Board of Directors, where the majority of members are comprised of independent external directors, to strengthen the objectivity and independence of functions of the Board of Directors in relation to nomination and compensation of the directors and executive officers. The committee will discuss matters relating to the nomination of and compensation for directors and executive officers, successor plan, policy for training, etc., and shall report the outcome of discussions to the Board of Directors.

Advisory Committee Relating to Nominations and Compensation (5 Members, Including 3 Independent External Directors)	
<b>Chairperson</b>	Tetsuro Higashi (independent external director)
<b>Members</b>	Tetsuro Higashi (independent external director) Shoichi Nagamatsu (chairperson of the Board of Directors) Yoshio Mogi (independent external director and Audit & Supervisory Committee member) Tetsu Takahashi (independent external director and Audit & Supervisory Committee member) Shoichi Nagamatsu (part-time director)

## Management Committee

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

The Management Committee, which is comprised of the chief executive officer, the executive vice president and executive officers, determines certain matters regarding the execution of business at overall Group companies. The chairman of the Board of Directors and Directors who are Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

## Other Committees

Under the Management Committee, the following committees discuss such matters as the Group's management policies and issues to be dealt with.

### a. 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 as a subordinate organization of the Management Committee.

### b. Risk Management Committee

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

### c. Sustainability Committee

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

#### d. DX Strategy Committee

The Committee discusses matters on DX strategy and investment plans for preparing the ICT base and building information systems to establish policies and plans regarding the promotion of DX, and to improve the ICT environment and to use it effectively.

## 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. The average tenure of directors is 1.75 years (as of June 24, 2021).

### Criteria for Determining Impartiality of Independent External Directors

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

Excerpt from Article 14 of the Basic Corporate Governance Policy

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

- (1) Individuals who execute business for any other company with which the Company or our subsidiaries have a reciprocal employment relationship as each other's External Directors;
- (2) Individuals who are employees of the Company's or our subsidiaries' major business partners<sup>\*1</sup> or who are employees at companies that consider the Company or our subsidiaries to be their major business partner<sup>\*1</sup> (or individuals involved in the execution of business if such business partner is a corporation);
- (3) Consultants, accounting experts, or legal experts who receive money, or other property gains in excess of ¥10 million in addition to Directors compensation from the Company or subsidiaries during the most recent business year;

- (4) Individuals affiliated to companies, etc., that provide professional services such as law firms, accounting firms, and consulting companies that receive large sums of money or other property gains<sup>\*2</sup> from the Company or subsidiaries;
- (5) Individuals who are or were involved in the execution of business at one of the Company's major shareholders (individuals who are or were involved in the execution of business at such corporation if the major shareholder is a corporation), or lead managing underwriter; or
- (6) Close relatives of individuals stated in (1) to (5).

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

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

Full name	Reason for appointment	Main activities
<b>Tetsuro Higashi</b>	Mr. Higashi has been selected as an external director because it is expected that he will 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 Nomura Real Estate Holdings, 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 15 out of 15 meetings of the Board of Directors held in fiscal 2020, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
<b>Katsura Ito</b>	Ms. Ito has been selected as an External Director because it is expected that she will contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on her wealth of knowledge, experience, and profound insights related to ICT and the digital field in her long career in executive roles at IT companies. Furthermore, based on her attributes and relationship with Nomura Real Estate Holdings, it was determined that there is no potential conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating her as an independent director.	

<p><b>Yoshio Mogi</b></p>	<p>Mr. Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He has been selected as an external director 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 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, 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 15 out of 15 meetings of the Board of Directors and 14 out of 14 meetings of the Audit &amp; Supervisory Committee held in fiscal 2020 and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.</p>
<p><b>Akiko Miyagawa</b></p>	<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. She has been selected as an external director as Audit &amp; Supervisory Committee member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure, although she has no previous experience directly involved in the management of a company other than as an external officer. Furthermore, based on her attributes and relationship with Nomura Real Estate Holdings, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating her as an independent director.</p>	



**Tetsu Takahashi**

Mr. 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 external director, however he has been selected as an external director as Audit & Supervisory Committee member because it is expected that his extensive experience and knowledge as a representative of a law firm and an external director and external Audit & Supervisory Board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with Nomura Real Estate Holdings, we 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.

Mr. Takahashi attended all 10 meetings of the Board of Directors and all 9 meetings of the Audit & Supervisory Committee held after he assumed the position on June 23, 2020; he consistently asked questions and expressed opinions on proposals, deliberations and other matters as necessary.

## Assessing the Effectiveness of the Board of Directors

For the assessment of the effectiveness of the Board of Directors in FY2020, as was the case in the previous fiscal year, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee members) through a third-party evaluation organization. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

	Results of analysis and assessment	
	Highly regarded points	Issues, future improvement measures
Composition	The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.	—

Discussions	Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each director. In particular, discussions were enhanced through the opinions, etc., from external directors.	—
Operation	The introduction of executive summaries and 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.	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 work for improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.
Matters for discussion	The progress of the initiatives established to address various issues is tracked using a “Priority Issue List” set up for monitoring by the Board of Directors, and the Company makes efforts to enhance governance and upgrade discussions to bring about improvements to risk management and other functions.	<p>The Board of Directors must further strengthen strategic discussions that take into account mid- to long-term perspectives on the Company’s business strategy for the post-COVID-19 world, digital strategy, promotion of sustainability, etc.</p> <p>For the fiscal year ending March 2022, enhancing strategy discussions and optimizing governance have been designated priority measures, and the Company will promote initiatives aimed at further improving corporate value and strengthening corporate governance.</p> <p>Main strategic discussion themes to be envisioned:</p> <ul style="list-style-type: none"> <li>• Post-COVID-19 Business Strategy /New Mid- to Long-Term Business Plan (including Business Portfolio Strategy)</li> <li>• Digital strategy</li> <li>• Human resources strategy (DX, overseas business, etc.)</li> <li>• Overseas business strategy</li> <li>• Promotion of sustainability and related considerations</li> </ul>

We will continue to conduct annual evaluations of the effectiveness of the Board of Directors in order to regularly monitor improvement and further increase the board’s effectiveness.

# Compensation Plan of Directors

## Outline of Compensation Plan of Directors

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

The Board of Directors has confirmed that the decision-making method for the details of compensation, etc., and the determined compensation details, etc., for each director for fiscal 2020 are consistent with the relevant decision-making policy, and it has determined that the details are also consistently aligned. The overviews of the decision-making policy regarding the details of compensation, etc., for each director are as follows.

### (1) Basic policy

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

(2) Policy on determining the ratio of each type of compensation by individual

- i. The ratio of the compensation for each director concurrently serving as executive officer shall be determined in accordance with (1) 2 and 4 above.
- ii. The ratio of compensation for the chairperson of the Board of Directors shall be determined in accordance with (1) 2 and 4 above.
- iii. The compensation for part-time internal directors and external directors shall consist solely of "basic compensation" based on (1) 2 and 6 above.

(Reference) Approximate ratio of compensation of Directors concurrently serving as executive officers under the current system

Fixed compensation: 50% (base compensation)

Variable compensation: 50% (bonus: 25%, share-based compensation: 25%)

※ The above ratio is a basic model in the case that variable compensation of 100% of the Company's set base amount is paid.

(3) Policy on determining the amount of fixed compensation (basic compensation) of individual compensation (including policy on determining the timing and conditions for granting compensation)

- i. The amount shall be determined in accordance with the role and specific type of director position.
- ii. The amount shall be paid on a monthly basis.

(4) Policy on determining the details of and calculation method for the amount or number of variable compensation components (bonus and share-based compensation) of individual compensation (including policy on determining the timing and conditions for granting compensation)

Bonus:

1. It shall be determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals.
2. The individual evaluations shall assess the progress of single-year and the medium- to long-term initiatives, for which achievements are difficult to measure based only on financial results.
3. The degree of achievement of sustainability initiatives shall be evaluated, including climate change and other environmental and social issues.
4. It shall be paid at a certain time after the end of each fiscal year.

Share-based compensation:

1. The performance-based compensation adopts performance-sharing ("PS") providing incentive for enhancement of medium- to long-term performance by delivering the Company's shares and payment of an amount equivalent to the proceeds of converting the Company's shares ("the Company's shares, etc.") into cash ("delivery, etc.") after three years of the commencement of each business year.
2. 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.

3. 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 directors for each fiscal year during the covered period is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price as of the acquisition of the Company’s shares by the Trust. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each fiscal year by the achievement-linked coefficient determined based on the level of performance three years after the beginning of the applicable fiscal year. For the achievement-linked coefficient, the target ranges (0-200%) are set based on the “business profit” from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, out of the management benchmarks listed in the Mid- to Long-term Business Plan.

● RS portion

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

■ Compensation System for Directors

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

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

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

(6) Other important matters concerning individual compensation

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

## Compensation for Each Category of Executive

FY2020

Director category	Total amount of compensation, etc. (millions of yen)	Base compensation (millions of yen)	Bonus (performance-based incentives, etc.) (millions of yen)	Share-based compensation (non-monetary compensation, etc.) (millions of yen)		Number of directors applicable
				Performance-based compensation (millions of yen)	Non-performance-based compensation (millions of yen)	
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	494	278	97	42	75	6
Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	—	—	—	2
External Directors	76	76	—	—	—	6

1. The number of external directors is five as of the end of the Fiscal Year ended March 2021. The reason for the difference with the number of directors applicable shown above is the inclusion of one director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
2. The compensation amount ("base compensation" and "bonus") of directors has been set as no greater than ¥550 million per year for directors (excluding directors as Audit & Supervisory Committee members) according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2018, and at the time of the resolution, the number of directors (excluding directors as Audit & Supervisory Committee members) was eight (of which, two were external directors). Furthermore, the compensation amount of directors (Audit & Supervisory Committee members) is limited to up to ¥170 million per year according to a resolution at the Ordinary General Meeting of Shareholders held on June 23, 2020. The number of directors as Audit & Supervisory Committee members at the time of the resolution was six (including four external directors). The compensation amount of Directors is shown as the amount recorded by the Company as an expense during the fiscal year ended March 2021 regardless of whether it was paid during the fiscal year ended March 2021.

3. Separately from the compensation amount of Directors shown in 2. above, the Company introduced a performance-based stock incentive plan for directors (excluding external directors and directors as Audit & Supervisory Committee members) in accordance with a resolution approved at the Ordinary General Meeting of Shareholders held on June 26, 2018. Under the terms of the Plan, the Company's contribution to a trust as compensation for directors (excluding external directors and directors as Audit & Supervisory Committee members) is limited to an amount of not more than ¥730 million over the relevant period of three fiscal years, and the number of directors (excluding directors as Audit & Supervisory Committee members) who were subject to the Plan at the time of the resolution was six (excluding two external directors). The amount paid as "share-based compensation, etc. (non-monetary compensation, etc.)" above includes performance-based stock incentive recorded as an expense for the fiscal year ended March 2021.
4. The amount paid as "non-performance-based compensation" of "share-based compensation, etc. (non-monetary compensation, etc.)" above includes the compensation amount in the form of stock options recorded as an expense during the fiscal year ended March 2021 (¥870 thousand for five directors (excluding external directors and directors as Audit & Supervisory Committee members)). Compensation in the form of stock options is paid within the annual maximum amount of ¥650 million according to a resolution at the Ordinary General Meeting of Shareholders held on June 26, 2015, prior to the introduction of the compensation plans shown in 2. and 3. above, and the number of directors (excluding directors as Audit & Supervisory Committee members) who were subject to the Plan at the time of the resolution was six, excluding two external directors. The Company has determined to abolish the current stock options system and stop granting new stock options after granting stock options as compensation for directors for the fiscal year ended March 2018.
5. With respect to the performance-based compensation, the details of factors including the performance indicators that pertain to bonuses, which are monetary compensation, the calculation method of such bonuses and the reasons for selecting these indicators are as stated in "Outline of Compensation Plan of Directors". The actual results that pertain to performance indicators are as presented in the table below.

	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Business profit	¥79,623 million	¥82,833 million	¥76,448 million
Year-on-year change	—	+ 4.0%	-7.7%

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

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

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

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

	Range		Performance
Performance-based coefficient	0%~200%	⇒	—
Business profit	70,800 million~99,200 million yen		—
ROE	6.5%~12.5%		—

(The ranges for the fiscal year ending March 2023, the third year from the start of the system in the fiscal year ending March 2021)

	Range		Performance
Performance-based coefficient	0%~200%	⇒	—
Business profit	66,600 million~93,400 million yen		—
ROE	4.5%~10.5%		—

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



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

Name	Director category	Payer	Total amount of compensation, etc. (millions of yen)	Base compensation (millions of yen)	Bonus (performance-based incentives, etc.) (millions of yen)	Share-based compensation (non-monetary compensation, etc.)	
						Performance-based compensation (millions of yen)	Non-performance-based compensation (millions of yen)
Eiji Kutsukake	Director	Filing company	133	64	33	20	15
Seiichi Miyajima	Director	Filing company	110	57	28	10	13

※ The payment amount in "Share-based compensation (Non-monetary compensation, etc.)" is the amount recorded as an expense for the fiscal year ended March 2021.

## Internal control system

### Internal control system

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

### Risk management system

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

[Click here for more details](#)

## Compliance System

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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.

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## 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 functions of the entire Group in coordination with the accounting auditor. The results are reported to the Board of Directors and the Audit and Supervisory Committee.

## Audit and Supervisory Committee Audit System

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The Audit & Supervisory Committee is comprised of five members, two Audit & Supervisory Committee members (full-time) and three Audit & Supervisory Committee members (independent external directors). Of two Audit & Supervisory Committee members (full-time), one member was newly elected at the 17th Ordinary General Meeting of Shareholders of the Company, held on June 24, 2021. 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 2021, the committee held 14 meetings.

Each of the monthly meetings took approximately three hours. After receiving audit reports from the Internal Audit Dept., reports on important meetings, including those of the Management Committee, from the full-time Audit & Supervisory Committee members and quarterly financial reports from the Finance & Accounting Dept., the members of the Audit & Supervisory Committee, among other activities, exchanged opinions with Group CFO, executive officer and supervisor of the Management Division on a regular basis and confirmed what was discussed at meetings of the Advisory Committee Relating to Nominations and Compensation. The Company also adopts measures to enhance the effectiveness of audits, having established an Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee and appointed full-time staff dedicated to the department.

## Accounting Audits

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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

Certified Public Accountant/Designated and Engagement Partner Shuji Kaneko

Certified Public Accountant/Designated and Engagement Partner Toshihiro Morishige

Certified Public Accountant/Designated and Engagement Partner Natsuki Saiki

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

### 4. Assistants involved in auditing

Certified Public Accountants: 6, Part-qualified Accountants, etc.: 4, Other: 9

### 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, and then conduct evaluations 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 or 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. With such verification, the Company will sell shares that have low rationality in holding while taking into consideration the market environment and other factors.
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.

## Approach and Policies

### Group Policy (Management Structure)

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

Furthermore, 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

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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.

#### **Table of Contents of the Code of Action**

##### **Chapter 1 General provisions**

Article 1 (Purpose)

Article 2 (Positioning)

Article 3 (Definitions)

Article 4 (Revision or abolition)

##### **Chapter 2 Basic position**

Article 5 (Awareness and behavior as a member of society)

Article 6 (Respect for basic human rights)

Article 7 (Observance of compliance)

Article 8 (Consideration for the global environment)

Article 9 (Corporate social responsibility)

### **Chapter 3 Behavior that gains customer trust**

Article 10 (Providing highly safe, high-quality products and services)

Article 11 (Description of and risks relating to goods and services)

Article 12 (Response to consultations and complaints from customers)

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

Article 14 (Management of customer information)

### **Chapter 4 Maintaining a fair relationship with business partners**

Article 15 (Implementation of fair competition and fair trade)

Article 16 (Implementation of highly transparent transactions)

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

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

Article 19 (Management of information on business partners)

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

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

Article 21 (Maintenance and improvement of work environment)

Article 22 (Prohibition of insider trading)

Article 23 (Sincere business activities)

Article 24 (Operational records and reports)

Article 25 (Management of company assets and information)

Article 26 (Reporting illegal or unethical behavior)

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

Article 27 (Disclosure of corporate information)

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

Article 29 (Exclusion of anti-social forces)

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

### **Chapter 7 Miscellaneous provisions**

Article 31 (Preparation of guidelines)

Article 32 (Use of guidelines)

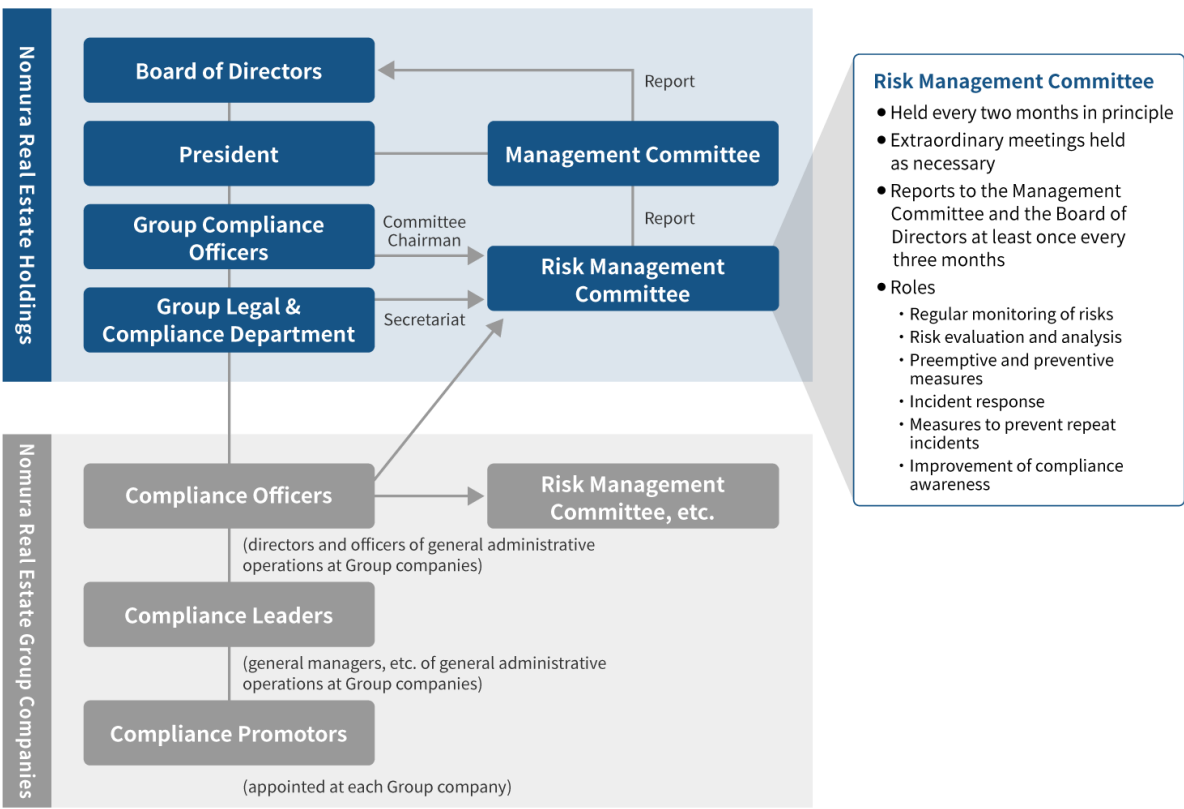
Article 33 (Application to overseas subsidiaries and affiliates)

# Management

## Management (Management Structure)

### Compliance Promotion Framework

Nomura Real Estate Holdings has established the Risk Management Committee and the Group Legal & Compliance Department to develop and implement a framework for compliance. In addition, Compliance Officers have been appointed at each Group company, and Compliance Leaders and Compliance Promoters have been appointed under Compliance Officers to ensure compliance throughout the Group.



# Results

## Results

The results of compliance promotion in fiscal 2020 are as follows.

### Compliance Hours



Distributed online every other month.

In fiscal 2020, the attendance rate for the entire Group was 100%.

### Compliance Training

Group training for different professional ranks.

In fiscal 2020, training was conducted 27 times. The total number of participants was 1,311.

#### Main Training

Target Participants	Number of Events	Number of Participants
All officers of the Group	1	145
Compliance officers	1	14
All Group supervisors and compliance promoters	13	783
Employees working at overseas offices	10	49
Newly promoted managerial employees of the Group	1	135
Mid-career hires of the Group	1	185

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

### Anti-Corruption and Anti-Bribery Measures

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In fiscal 2020, there were no significant legal violations, fines or penalties related to corruption or bribery including facility payments. Also, no employees were disciplined for violating the Anti-Corruption and Anti-Bribery Policy.

### Compliance with the Anti-Monopoly Act, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and other laws and regulations

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Over the past four years since the end of March 2021, the Group has not been subject to any administrative penalties (fines or settlement payments) for violations of the Anti-Monopoly Act or the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.

 [ESG Data](#)

# Initiatives

## Policy on Political Participation

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

## Preventing Bribery, Graft, and Corruption

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The Group prohibits the provision of entertainment or gifts to business partners incompatible with social common sense and to public officials (including foreign public officials) in pursuit of self-interest. 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 social 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 Risk Management Committee, a sub-organization of the Management Committee, regularly monitors, evaluates and analyzes risks such as legal and regulatory violations. It also deliberates on basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence. In addition, a compliance promotor has been assigned to each department, office and branch, and a system has been established to enhance the effectiveness of compliance activities in every workplace.

Moreover, the Group has set up whistleblowing systems that includes helplines exclusively for its Group employees and business partners.

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

## Bribery Prevention Initiatives in Overseas Business

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The Group complies with the Guidelines for the Prevention of Bribery of Foreign Public Officials established by the Ministry of Economy, Trade and Industry, and has formulated its own Policy on Anti-Bribery of Foreign Public Officials, which can be found on the Group website. In 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 such as prior application and recording relating to the provision of entertainment, gifts, invitations, and donations to foreign public officials and the use of agencies and so on.

The above regulations also prohibit the payment of small amounts (facility payments) for the sole purpose of facilitating official procedures.

When selecting a new business partner overseas, the Group makes every effort to prevent corruption, such as by 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.

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

### **Chapter 1 General Provisions**

Article 1 Purpose

Article 2 Conduct Related to Duties

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

Article 3 Notes on Entertainment and Gifts

Article 4 Acceptable Entertainment and Gifts

Article 5 Entertainment and Gifts at Joint Ventures

Article 6 In-house Socializing at Joint Ventures

### **Chapter 3 Invitation**

Article 7 Notes on Invitations

Article 8 Acceptable Expenses for Invitations

### **Chapter 4 Donations**

Article 9 Notes on Donations

### **Chapter 5 Use of Agencies, etc.**

Article 10 Notes on the Use of Agencies, etc.

### **Chapter 6 Cases Not Involving Bribery**

Article 11 Emergency Response

### **Chapter 7 Special Notes**

Article 12 Special Notes

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



## 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 of Subcontract Proceeds, 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, track record, and reliability.

## Excluding Anti-Social Forces from Business Relationships

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The Nomura Real Estate Group has established Article 29 within its Code of Action that prohibits business transactions with anti-social forces or related organizations. It is our strict policy to exclude anti-social forces from our business relationships. In line with this policy, we issued a manual that details specific responses and have designated a department to ensure organizational responses by Nomura Real Estate Holdings and are collaborating with Group companies. We have appointed personnel responsible for preventing improper requests at each Group company. In addition, we consult and coordinate with legal counsel, the police, and other specialized external organizations to ensure that anti-social forces are excluded from involvement in our business activities and to prevent any harm caused by such anti-social forces.

## Guidelines on Social Media

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In accordance with the Guidelines on the Use of Social Media, the Nomura Real Estate Group stipulates 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. The Group's Social Media Policy has been disclosed.

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.

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

## 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. The Group also distributes the Nomura Real Estate Group Procurement Guidelines to its business partners and requests their compliance with fair business practices. In fiscal 2020, it monitored 10 major suppliers, including general contractors, and it will continue to work closely with suppliers to ensure compliance.

 [Procurement Guidelines](#)

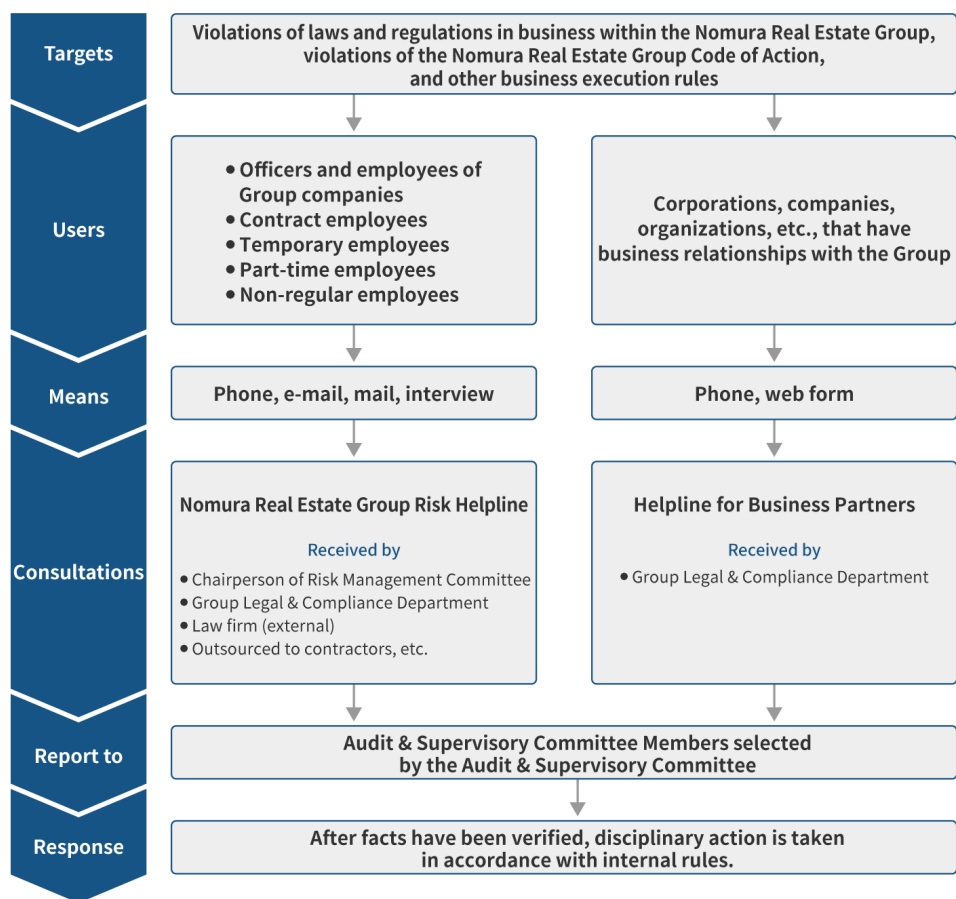
## The Nomura Real Estate Group Risk Helpline

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The Nomura Real Estate Group has set up the Nomura Real Estate Group Risk Helpline based on the Whistle-blowing System Operation Rules in order to establish a system for appropriately responding both to consultations and reports on legal violations 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 (lawyers and outsourcing contractors) to make it easy for informants and users to use the helpline. For overseas offices, we have a system for responding to consultations and reports in the language of the relevant countries. We also protect whistleblowers such as by imposing a duty of confidentiality on those involved in helpline operations and by not prejudicially treating informants because they made a report.

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



# Risk management

## Approach and Policies

### Group Policy (Management Structure)



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 Nomura Real Estate Group has established the Risk Management Regulations, in addition to the Group Policy.

As its basic policy in the Risk Management Regulations, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, 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. In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group is promoting the management of and response to climate related risks.

Important risks needing to be managed among main risks:

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

### Main Risks

Risk Category		Main Risk Items
A: Investment risk	Risks related to individual investments (real estate investment, strategic investment (M&A), etc.)	1. Risk associated with real estate investment
		2. Risk associated with strategic investment (M&A) and new businesses
B: External risk	Risks related to external factors influencing business	3. Risk associated with market changes

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

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

## Management

### Management (Management Structure)



#### 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.

**A: Investment risk**  
**B: External risk**

Directed, monitored and provided guidance by the Management Committee, which is the integrated management body.



**C: Disaster risk**  
**D: Internal risk**

Regularly monitored, evaluated and analyzed by the Risk Management Committee, and established as a subordinate organization of the Management Committee. Basic response policies regarding risk prevention, response when risk occurs, prevention of recurrence, etc., are discussed by the Risk Management Committee.

## Risk Management Committee

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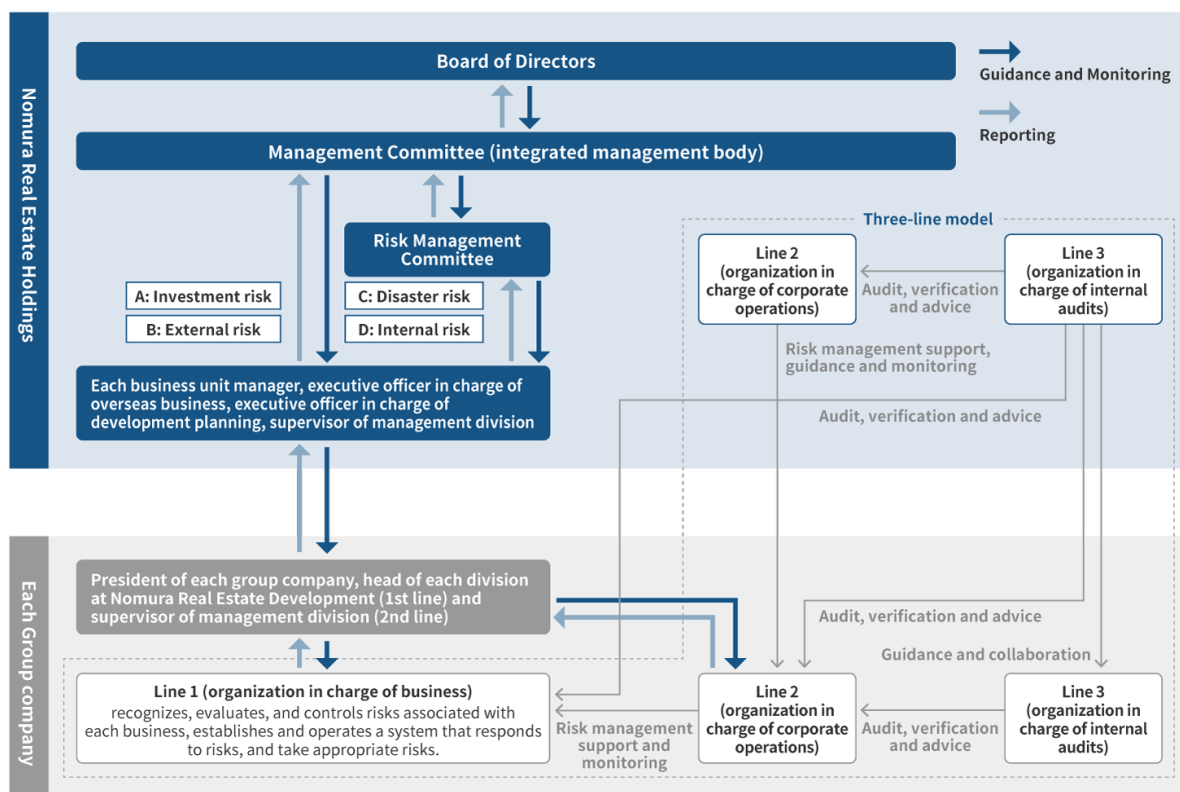
The Risk Management Committee, a subordinate body of the Management Committee, consists of directors and executive officers of Nomura Real Estate Holdings and each Group company appointed by the Board of Directors and is chaired by the officer in charge of the Group Legal Compliance Department (an executive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

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

### **Risk Management System (conceptual diagram)**

With regard to risk management, each business unit manager will supervise the risk management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the 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, we have established an appropriate defense line.

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



For further details, refer to pages 10 to 20 of Financial Report.

## Results

### Risk Management Committee and Group Risk Liaison Committee meetings held

Item	FY2018	FY2019
Number of meetings held	12	12

Risks of particular focus (in fiscal 2021) in the risk categories are as follows.

Risk Category	Specific Risks
<b>A: Investment risk</b>	<ul style="list-style-type: none"> <li>Deterioration of profitability and delay in the real estate development business</li> <li>Delays in the recovery of businesses substantially impacted by COVID-19 (fitness clubs business, hotel business, and other business)</li> </ul>

<b>B: External risk</b>	<ul style="list-style-type: none"> <li>• Changes in the real estate trading market and stock market</li> <li>• Changes in people's behavior due to COVID-19</li> <li>• Changes in the economic and real estate markets of overseas countries</li> <li>• slowness in taking advantages of continuously evolving digital technology</li> </ul>
<b>C: Disaster risk</b>	<ul style="list-style-type: none"> <li>• Increase in natural disasters such as severe torrential rains</li> <li>• Impact of COVID-19 epidemics on business continuity</li> </ul>
<b>D: Internal risk</b>	<ul style="list-style-type: none"> <li>• Occurrence of designs and construction defects in the real estate development business</li> <li>• Occurrence of information leakage, business dela, damage, etc. due to cyber attacks</li> <li>• Delays in the establishment of a human resources systems securing diverse personnel</li> </ul>

## Initiatives

### Information Security Measures

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

The regulations assign a chief information security officer (concurrently held by the chairperson of the Risk Management Committee), a document information officer and an electronic information officer (head of each department in charge) 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 customers' 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. The details are reported to the Sustainability Committee (chaired by the president and Group CEO of Nomura Real Estate Holdings), which is made up of directors and others from Nomura Real Estate Holdings and Group companies. Important issues are reported to the Board of Directors, which deliberates on how to deal with them.

 [Sustainability Management](#)

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

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There were no significant provisions at the end of March 2021 related to fines and settlements incurred in the future arising from cases prior to fiscal 2020.

## 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 at 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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The Group formulated a business continuity plan (BCP) 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 Response 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 an earthquake and other emergencies.

## 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 and the prevention of the spread of COVID-19.

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, 2021)

For further details, refer to the following.

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

 [Health and Safety of Employees](#)

## Confirming the Safety of Officers and Employees

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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.

## Approach and Policies

### Group Policy (Management Structure)



The Nomura Real Estate Group acts with respect for the dignity and fundamental human rights of all stakeholders, including employees. In doing so, the Group supports and complies with the following international norms on human rights and strives to conduct business by complying with laws and regulations on human rights in each country in which it conducts business activities. We also formulated the Nomura Real Estate Group Human Rights Policy to clarify the Group’s responsibility to respect human rights, and we will comply with this policy throughout all our business activities and ensure that our business partners are fully aware of this stance.

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.

#### International norms that the Group supports and respects

##### International Bill of Human Rights (United Nations)

Common standards to be achieved for 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.

##### Declaration on Fundamental Principles and Rights at Work (International Labor Organization (ILO))

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)

##### Guiding Principles on Business and Human Rights (United Nations)

A global standard applicable to all countries and businesses, consisting of three pillars: state duty to protect human rights, corporate responsibility to respect human rights, and a remedy for victims of business-related abuses.

##### Children’s Rights and Business Principles (UNICEF, UN Global Compact, and Save the Children)

Guidelines on actions that should be taken by companies to protect children’s rights.

## Management

### Management Structure

The Human Rights Subcommittee has been established as the Sustainability Committee's subordinate organization under the supervision of the officer in charge of the Group Legal Compliance Department. The subcommittee consists of members from the Human Resources Division and the Compliance Department and meets as needed. In fiscal 2020, it met five times to mainly discuss the formulation of a human rights policy and surveys for human rights due diligence, which has led to Group-wide **initiatives**.

## Targets and Results

### Targets

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

**Target 1 Thorough human rights training for Group officers and employees**

**Target 2 Monitoring and education of stakeholders on human rights issues**

### Results

**Result 1 Thorough human rights training for Group officers and employees**

In fiscal 2020, human rights training was conducted a total of 12 times throughout the Group, with 2,345 persons attending.

Training Conducted

Training Type	Target Participants	Participation rate* (%)
Group-wide training		
Group training for new employees	New employees	Cancelled due to measures against COVID-19 in FY2020 (deferred to next fiscal year)

<b>Group training for newly-appointed managers</b>	Newly-appointed managers	100 (135/135 persons)
<b>Group training for new career-track employees</b>	Mid-career hires	100 (170/170 persons)
<b>Email distribution to Group officers and employees</b>	All officers and employees	—
<b>Nomura Real Estate Life &amp; Sports</b>		
<b>Human Rights Training</b>	Newly-hired recent graduates	100 (30/30 persons)
<b>Human Rights Training</b>	Employees in their second year	84 (37/44 persons)
<b>Human Rights Training</b>	Employees in their third year	90 (27/30 persons)
<b>Human Rights Training</b>	Employees in P1 position	97 (36/37 persons)
<b>Human Rights Training</b>	Employees in L position	97 (33/34 persons)
<b>Human Rights Training</b>	Newly-appointed managerial employees	100 (20/20 persons)
<b>Human Rights Training</b>	Newly-appointed employees in CMG position	100 (35/35 persons)
<b>Human Rights Training</b>	Store managers	100 (14/14 persons)
<b>Human Rights Training</b>	All employees and part-time workers	99 (1,808/1,828 persons)

※ Participants/Target Participants

## Result 2 Monitoring and education of stakeholders on human rights issues

As a trial for monitoring the Procurement Guidelines, we conducted interviews with 10 major suppliers to monitor their awareness and operation of the Procurement Guidelines, including respect for human rights. In the interviews, no suppliers were found to have human rights or other risks.



# Initiatives

## Human rights training for Group officers and employees

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### Rank-Specific Training

To deepen understanding of respect for 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 2020 is described below. A total of 2,435 persons participated in this training. In addition, the Nomura Real Estate Group Code of Action Handbook is distributed to all employees to inform personnel about the prohibition of discrimination and harassment and other matters. In addition, the Group's internal newsletter, which is published regularly, 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

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### Responses to Human Rights Due Diligence

The Nomura Real Estate Group has considered and is continuing to work on introducing a human rights due diligence process. In fiscal 2020, it established the Human Rights Subcommittee to launch human rights risk assessment **initiatives**. In fiscal 2021, this subcommittee will take the lead in identifying potential and apparent human rights risks in the Group's business activities, conducting surveys and hearings with relevant departments, considering a human rights due diligence system, and preparing a roadmap.

The Group also continues to request the compliance of business partners with sustainability items including human rights based on its Procurement Guidelines formulated in September 2018.

### Consultation and 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, and the Power and Sexual Harassment Hotline as an external point of contact for consultation. In addition, the Group established the Helpline for Business Partners (Corporate Customers) as a point of contact for reporting on human rights abuses by Group employees and other acts that may conflict with its code of ethics.

Reports and consultations received through these points of contact are accepted anonymously and strictly remain 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 2020, there were 41 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 prevent, mitigate, and rectify 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

Through the Human Rights Due Diligence Study Group, whose active participants include construction and real estate companies, the Group 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.

As for engagement **initiatives**, the Group was pointed out as having noticeable problems such as long working hours and insufficient safety measures. In response, it is promoting appropriate business activities based on international norms by recognizing human rights issues that need to be considered when accepting foreign technical interns and reflecting them in future activities and plans.

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

The Group's Nomura Real Estate Amenity Service accepts foreign technical interns from Indonesia and Vietnam. To ensure that interns can work with confidence, the company gives due consideration to the improvement of their working environments, thorough implementation of safety standards, the provision of appropriate living arrangements, and other key factors. As a mechanism for eliciting opinions from trainees, the company provides periodic opportunities for interviews with their superiors. In fiscal 2020, it also held a "Gathering in Kamakura" for Indonesian trainees and "Gathering in Enoshima" for Vietnamese trainees



Gathering in Kamakura

while practicing infection control measures such as thorough disinfection to provide opportunities to promote their understanding of Japanese culture.

We are considering accepting more trainees going forward, and to this end, we recognize that it is essential to treat and communicate with the trainees with greater consideration for their human rights.



Trainees from Vietnam folding origami paper

# Improved supplier management

## Approach and Policies

### Group Policy (Management Structure)

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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 Procurement Guidelines (the "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 (Management Structure)

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In fiscal 2020, the Group began conducting supplier questionnaires on the status of compliance with the Procurement Guidelines as well as risk assessment trials and monitoring the status of corrective actions based on the results of the questionnaires.

The Sustainability Committee (chaired by the Nomura Real Estate Holdings president and Group CEO) regularly reviews the status of the trials and monitors the progress of supplier management throughout the Group.

# Targets and Results

## Targets

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

## Results

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As a monitoring trial with regard to the Procurement Guidelines, in fiscal 2020 we held interviews with 10 major suppliers (6 construction companies, 2 building maintenance companies, 1 goods rental company, and 1 security company) to monitor their awareness and operation of the Procurement Guidelines. As a result of the interviews, no risks were found from any suppliers. On the other hand, a number of suppliers raised concerns about whether they would be able to secure a compliance system for Provision No. 20 of the Procurement Guidelines, so the Group will consider providing support for building a compliance system for this provision going forward.

### **Reference: No. 20 of Nomura Real Estate Group Procurement Guidelines**

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.

# Initiatives

## Nomura Real Estate Group Procurement Guidelines

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The Group formulated the Procurement Guidelines (Japanese and English versions) in September 2018 and started implementation of the guidelines to all suppliers from November that year, asking them to comply with the guidelines.

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

2021, we have included this provision in the agreements and purchase orders for almost all of our suppliers, approximately 4,600 companies. We also confirm awareness of the guidelines among suppliers through internal audits.

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

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

 [Nomura Real Estate Group Procurement Guidelines](#)

### **Supplier Engagement**

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As a trial for monitoring, in fiscal 2020 the Group selected 10 out of approximately 4,600 suppliers who had received the Procurement Guidelines, based on criteria such as the likelihood of risks to human rights and procurement and the extent of their relationships with the Group. The Group then conducted monitoring interviews for performing risk assessment and analysis of the status of supplier awareness and compliance with the guidelines.

Based on the results, the Group established a policy for full-scale operation, and in fiscal 2021 it plans to increase the number of target companies to approximately 400 (an estimated 50% of the total transaction value) and conduct an online questionnaire based on the guidelines. The Group will conduct a risk assessment and analysis based on the results of the questionnaire and perform onsite audits of suppliers that are deemed to have concerns. The Legal Liaison Committee will monitor the status of corrective actions to address any concerns.

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

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The Group works to enhance quality throughout the supply chain and raise awareness of the environment by holding Safety Conferences and study groups for suppliers that address issues such as quality and the environment to encourage suppliers to operate their business in accordance with the Procurement Guidelines.

To achieve safety and security through appropriate quality control, Nomura Real Estate Development distributes Design and Construction Standards and Quality Manuals to construction companies and designers to ensure that they are fully aware of these standards and manuals.

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

### Initiatives for New Suppliers

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

### Disseminating the Procurement Guidelines throughout the Group

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

# Contributions to Local Communities and Society

## Approach and Policies

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

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

We consider that carrying out local and social contribution activities will realize urban development and community building concerning the future of the global environment and local communities, a key theme of the mid- to long-term business plan.

## Results

### Expenditures for Contributions to Local Communities and Society

	FY2018	FY2019	FY2020
<b>Cash donations<sup>*1</sup></b> <b>(thousand yen)</b>	1,100	1,100	1,100
<b>Management costs<sup>*2</sup></b> <b>(thousand yen)</b>	6,849	6,458	2,058
<b>Total amount</b> <b>(thousand yen)</b>	7,949	7,558	3,158

※1 Cash donations represent support paid to the Japanese Para-Sports Association (JPSA).

※2 Management costs are the expenses for events held for local communities mainly at Group-owned facilities.



## Contribution to the Local Community

### Civic-Minded Hotel Business

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The Group's NOHGA HOTEL brand is built on the concept of offering a wonderful experience to guests, which comes from the hotel's deep ties to the local community. NOHGA HOTELS have therefore undertaken various projects to support and foster ties with the communities in which they operate, such as cooperatively creating products with local designers, craftsmen and businesses and organizing events and workshops.



Edokiriko glassware made by a local business



Shoehorn produced in collaboration with local businesses

### Supporting the UN Refugee Support Campaign

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The Group supports the activities of the UNHCR, the United Nations Refugee Agency, by providing its facilities to the United Nations Refugee Support Campaign free of charge. The campaign collects donations to purchase vaccines and tents for refugees. In fiscal 2019, support was provided by 56 persons and the equivalent of 1.572 million yen was donated over the course of the year. In fiscal 2020, the Group did not collect donations for the campaign due to the COVID-19 pandemic.

## Supporting Youth Development

### Participation in Career University

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Nomura Real Estate Development participates in the Career University\* Summer Class conducted by NPO Career Cruise with the aim of supporting young people in building their careers. The class, which is for university freshmen and sophomores, includes programs such as real estate development games

and property tours. In fiscal 2020, under the theme of “Develop a Community, Create Happiness,” the Company conducted urban development experience workshops, etc., and won the Award for Excellence that is granted to companies whose workshops, etc., achieved high participant satisfaction.

※ Career University

An initiative conducted by NPO Career Cruise aimed at helping university students build their careers. Other supporting organizations including companies and government agencies provide educational seminars covering various specialized fields.

## Internship Program

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

### ■ On-site Internship Program

The program provides opportunities to experience real estate operations such as product planning and accompanying personnel during marketing activities. In fiscal 2020, the program was provided for five days in the Company’s Head Office in Tokyo and approximately 60 students participated.

### ■ Simulated Experience of Developer Operations

Through this program, intern students can learn about developer operations and what the Group attaches importance to urban development. In fiscal 2020, the program was provided online for two days, and approximately 300 students participated.

## Career Support Programs through Collaboration with Universities

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

### ■ Industry Circumstances\* lectures presented at the Faculty of Economics of the University of Tokyo: Future of the Real Estate Industry

Officers and employees of the Group present lectures to third- and fourth-year students of the Faculty of Economics about the history, present markets and businesses, and future outlook of the real estate industry, making particular reference to various practical examples from the standpoint of on-site work. The lectures were conducted online in fiscal 2020.

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

## ■ Rikkyo University

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

## ■ Future Skills Program\* at Meiji University

Group employees teach freshmen practical skills for the real estate business. In fiscal 2020, students discussed the area management system that is sustainable for 20 years into the future by using the Proud City Hiyoshi project, under development by Nomura Real Estate Development, as a case study.

※ A practical, project-based learning-type program intended for university freshmen. Participants work on solving simulation problems based on actual business scenarios.

## Swimming Lessons for Toddlers and Children in Local Communities

The Kodomo Mirai Project ("project for children's future") run by Nomura Real Estate Life & Sports is intended to engage entire communities in child development through sports and popularizing sports among children. As part of the project, the Company held an event to get nursery school and kindergarten children accustomed to being in the water. This was separate from a fully clothed swimming lesson taught since fiscal 2010 to prevent injury and drowning among elementary school children. The Company canceled the lesson in fiscal 2020 due to the COVID-19 pandemic and in its place distributed a DVD on tips for swimming to about 40 elementary schools.

The Megalos sports clubs, run by the Company, have also jointly provided special swimming lessons with neighborhood elementary schools. With the goal of resolving the disparity in swimming skills between children who take swimming lessons out of school and those who do not, this special lesson is designed for children who cannot swim. A total of 1,568 children have taken the lesson so far.



Getting nursery school and kindergarten children accustomed to being in the water

## Number of Participants in the Fully-Clothed Swimming Lesson

	FY2017	FY2018	FY2019	FY2020
Number of participants	2,478	1,605	650	—*

※ The lesson was not held in fiscal 2020 due to the COVID-19 pandemic.

### Swimming Lessons for Asthmatic Children

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At the request of Nagoya City, Nomura Real Estate Life & Sports has been providing swimming lessons for asthmatic children at Megalos Chikusa since fiscal 2014. In fiscal 2020, however, the lesson was not held due to the COVID-19 pandemic. (In fiscal 2019, 26 children participated.)

### Live Online Classes for Children

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In fiscal 2020, the Megalos sports clubs held a live online dance and exercise classes for children free of charge. These provided opportunities to enjoy physical activity during the COVID-19 pandemic. A total of 2,531 children participated during the year.

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

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Nomura Real Estate Solutions started to participate in "Kodomo Hyakutoban no Ie (children's emergency shelter)" activities at 15 "Nomura's Broker + (Plus)" stores in Tokyo to contribute to keep children safe and be well-received by local communities. These stores serve as emergency shelters for children when they feel physical danger, such as when they are approached by suspicious persons, and contact their parents or the police if necessary.



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

## Supporting Sports

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

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As a company that identifies with the philosophy of the Japanese Para-Sports Association (JPSA) of fostering inclusion to make society a place where everyone can benefit from the value of



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

sports, Nomura Real Estate Holdings has entered into an official partner agreement with the JPSA.

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

## Supporting Sports for the Disabled

Nomura Real Estate Life & Sports signed a Facility Use Agreement for the Development of Para-Athletes with Kawasaki City and provides training locations for them. In addition, the company collaborates with governmental bodies to provide swimming lessons for the disabled and program for developing instructors for the intellectually disabled. Employees include one CP soccer (seven-on-seven soccer for persons with cerebral palsy) national team member and one deaf soccer (soccer for persons with hearing difficulties) national team member. Special leave and special financial incentives are granted during applicable sports events. Nomura Real Estate Partners promotes understanding of parasports and supports them through various activities, including the employment of Yuki Nishi, a wheelchair track and field athlete (T54 class), and Ryo Nagano, a Para swimmer (S21 class).



CP soccer national team member  
Tatsuhiko Ura (right)



Yuki Nishi, a wheelchair track and field  
athlete



Ryo Nagano, a Para swimmer

## Certified as Tokyo Sports Promotion Companies

Nomura Real Estate Partners and Nomura Real Estate Life & Sports were again certified by the Tokyo Metropolitan Government as 2020 Tokyo Sports Promotion Companies\* as in the previous year. Both companies have been certified for five consecutive years since fiscal 2016.

※ Tokyo Sports Promotion Companies

This certification is granted by the metropolitan government of Tokyo to companies that encourage employees to directly participate in sports as well as to those that provide support for athletes and others involved in sports.







## Information for ESG Investors

Nomura Real Estate Holdings strives to provide ESG investors and evaluation organizations with Group non-financial information concerning the environment, society and governance in compliance with standard guidelines. We also improve their access to such information by having a list of all our initiatives available, which are referred to in the ESG data, external evaluation and various other actions to which we have committed.

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[External Evaluation and Initiatives](#)

# Index for ESG Investors and Evaluation Organizations

Item		Links to Disclosures		
		Policy	Management	Actions and Results
Environment	Environmental policies and management	✓	✓	✓
	Climate change	✓	✓	✓
	TCFD	✓	✓	✓
	Water use	✓	✓	✓
	Pollution and resources	✓	✓	✓
	Biodiversity	✓	✓	✓
	Green building	✓	✓	Environmental management ✓
				Climate change ✓
Society	Product safety and quality	Design and construction ✓	Design and construction ✓	Design and construction ✓
		Operation and management ✓	Operation and management ✓	Operation and management ✓
		Longer lifespans, increased durability ✓	Longer lifespans, increased durability ✓	Longer lifespans, increased durability ✓
		Disaster responses ✓	Disaster responses ✓	Disaster responses ✓
	Labor practice	✓	✓	✓
	Human rights	✓	✓	✓
	Diversity	✓	✓	✓
	Development and retention of human resources	✓	✓	✓
	Health and safety	✓	✓	✓
	Supply chain management	✓	✓	✓
	Social contribution	✓	—	✓



Item		Links to Disclosures		
		Policy	Management	Actions and Results
Society	Social integration	Community ✓	Community ✓	Community ✓
		Diversity ✓	Diversity ✓	Diversity ✓
	Customer relations	✓	✓	✓
Governance	Corporate Governance	Basic Corporate Governance Policy  ✓	Corporate governance structure ✓	Appointment of directors ✓
		Compensation plan for directors ✓	Internal control system ✓	Cross-holding shares ✓
	Compliance	Code of Action ✓	Compliance structure ✓	Prevention of corruption ✓
	Risk management	Risk management structure ✓		Information security ✓
	Tax transparency	 Please refer to pages 129 and 142 of the Financial Report.		

# ESG Data

## ESG Data

Environment	>	Social	>
Governance	>		

# SASB Content Index

Infrastructure sector: Real Estate

## Sustainability Disclosure Topics & Accounting Metrics

ACCOUNTING METRIC	CODE	REFERENCE
<b>Topic: Energy Management</b>		
Energy consumption data coverage as a percentage of total floor area, by property subsector	IF-RE-130a.1	<a href="#">Environment &gt; Responding to Climate Change &gt; Targets and Results &gt; Energy Consumption Performance (Nomura Real Estate Group)</a>
(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	IF-RE-130a.2	<a href="#">(1) Environment &gt; Responding to Climate Change &gt; Targets and Results &gt; Energy Consumption Performance (Nomura Real Estate Group)</a> <a href="#">(3) Environment &gt; Responding to Climate Change &gt; Targets and Results &gt; Solar Power Generating Facility Installation Rate and Electric Power Generated at Landport Logistics Facilities</a>
Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	IF-RE-130a.3	<a href="#">Environment &gt; Responding to Climate Change &gt; Targets and Results &gt; Energy Consumption Performance (Nomura Real Estate Group)</a>
Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	IF-RE-130a.4	<a href="#">(1) Environment &gt; Enhancement of Environmental Management &gt; Targets and Results &gt; Acquisition of Green Building Environmental Certification</a>
Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5	<a href="#">Environment &gt; Enhancement of Environmental Management &gt; Targets</a>
<b>Topic: Water Management</b>		
Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.1	<a href="#">(1) Environment &gt; Effective Utilization of Water Resources &gt; Management &gt; Volume of Water Intake, Discharge and Use (m3 per year)</a>

(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	IF-RE-140a.2	<a href="#">(1) Environment&gt; Effective Utilization of Water Resources&gt; Management&gt; Volume of Water Intake, Discharge and Use (m3 per year)</a>
Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	IF-RE-140a.3	<a href="#">Environment&gt; Effective Utilization of Water Resources&gt; Management&gt; Volume of Water Intake, Discharge and Use (m3 per year)</a>
Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4	<a href="#">Environment&gt; Top Message&gt; Management</a>
<b>Topic: Management of Tenant Sustainability Impacts</b>		
(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	IF-RE-410a.1	—
Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	IF-RE-410a.2	—
Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	IF-RE-410a.3	<a href="#">Environment&gt; Responding to Climate Change&gt; Initiatives&gt; Helping Customers to Save Energy</a>
<b>Topic: Climate Change Adaptation</b>		
Area of properties located in 100-year flood zones, by property subsector	IF-RE-450a.1	—
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	<a href="#">Environment&gt; Responding to Climate Change&gt; Agreed to Recommendations Made by the Task Force on Climate-related Financial Disclosures (TCFD)</a> <a href="#">Link&gt; Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a>

## Activity Metrics

Number of assets, by property subsector	IF-RE-000.A	<a href="#">Environment&gt; Responding to Climate Change&gt; Targets and Results&gt; Energy Consumption Performance (Nomura Real Estate Group)</a> <a href="#">Environment&gt; Effective Utilization of Water Resources&gt; Management&gt; Volume of Water Intake, Discharge and Use (m3 per year)</a>
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Leasable floor area, by property subsector	IF-RE-000.B	<a href="#">Environment&gt; Responding to Climate Change&gt; Targets and Results&gt; Energy Consumption Performance (Nomura Real Estate Group)</a> <a href="#">Environment&gt; Effective Utilization of Water Resources&gt; Management&gt; Volume of Water Intake, Discharge and Use (m3 per year)</a>
Percentage of indirectly managed assets, by property subsector	IF-RE-000.C	—
Average occupancy rate, by property subsector	IF-RE-000.D	—

# GRI Standards

This CSR site was prepared by making reference to the GRI standards (2016).

※ Refer to the GRI standards (2018) for 303: Water and Effluents and 403: Occupational Health and Safety; refer to 2019 for 207:Tax; refer to 2020 for 306: Waste.

Indicator		Reference
<b>102:General Disclosures 2016</b>		
<b>102-1</b>	Name of the organization	<a href="#">Corporate Overview</a>
<b>102-2</b>	Activities, brands, products, and services	<a href="#">Business Overview</a>
<b>102-3</b>	Location of headquarters	<a href="#">Corporate Overview</a>
<b>102-4</b>	Location of operations	<a href="#">Group Companies</a>
<b>102-5</b>	Ownership and legal form	<a href="#">Corporate Overview</a>
<b>102-6</b>	Markets served	<a href="#">Group Companies</a>
		<a href="#">Business Overview</a>
<b>102-7</b>	Scale of the organization	<a href="#">Corporate Overview</a>
<b>102-8</b>	Information on employees and other workers	<a href="#">Corporate Overview</a>
		<a href="#">ESG Data (Social)</a>
<b>102-9</b>	Supply chain	<a href="#">Business and Sustainability</a>
		<a href="#">Improved Supplier Management</a>
<b>102-10</b>	Significant changes to the organization and its supply chain	<a href="#">Financial Report (P.27)</a>
<b>102-11</b>	Precautionary Principle or approach	<a href="#">Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a>
		<a href="#">Risk Management</a>
		<a href="#">Responding to Climate Change</a>
		<a href="#">Appropriate Utilization of Resources and Pollution Control</a>
<b>102-12</b>	External initiatives	<a href="#">Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a>
		<a href="#">External Evaluation and Initiatives</a>
		<a href="#">Responding to Climate Change</a>
<b>102-13</b>	Membership of associations	<a href="#">External Evaluation and Initiatives</a>












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102-15	Key impacts, risks, and opportunities	<a href="#">Top Message</a>
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102-16	Values, principles, standards, and norms of behavior	<a href="#">Top Message</a>
		<a href="#">Sustainability Management</a>
		<a href="#">Compliance</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Human Rights</a>
		<a href="#">Corporate Governance</a>
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102-18	Governance structure	<a href="#">Sustainability Management</a>
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102-19	Delegating authority	<a href="#">Sustainability Management</a>
		<a href="#">Corporate Governance</a>
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Sustainability Management</a>
		<a href="#">Corporate Governance</a>
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Dialogue with Stakeholders</a>
		<a href="#">Integrated Report 2021 (P.99)</a>
102-22	Composition of the highest governance body and its committees	<a href="#">Corporate Governance</a>
		<a href="#">Corporate Governance Report</a>
102-23	Chair of the highest governance body	<a href="#">Corporate Directors</a>
102-24	Nominating and selecting the highest governance body	<a href="#">Corporate Governance</a>
		<a href="#">Corporate Governance Report</a>
102-25	Conflicts of interest	<a href="#">Corporate Governance</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="#">Sustainability Management</a>
102-27	Collective knowledge of highest governance body	<a href="#">Integrated Reprt 2021 (P.92)</a>
102-28	Evaluating the highest governance body's performance	<a href="#">Top Message</a>
		<a href="#">Corporate Governance</a>
102-29	Identifying and managing economic, environmental, and social impacts	<a href="#">Risk Management</a>
		<a href="#">Enhancement of Environmental Management</a>












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		<a href="#">Enhancement of Environmental Management</a>
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		<a href="#">Corporate Governance Report</a>
102-37	Stakeholders' involvement in remuneration	—
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102-39	Percentage increase in annual total compensation ratio	<a href="#">ESG Data (Governance)</a>
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103-2	The management approach and its components	<a href="#">📄 Top Message</a>
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		<a href="#">📄 Improved Safety/ Security in Design and Construction</a>
		<a href="#">📄 Improved Quality of Safety /Security in Operation and Management</a>
		<a href="#">📄 Initiatives for Longer Life and Increased Durability</a>
		<a href="#">📄 Safety and Security in Disasters</a>
		<a href="#">📄 Enhancement of Environmental Management</a>
		<a href="#">📄 Responding to Climate Change</a>
		<a href="#">📄 Effective utilization of Water Resources</a>
		<a href="#">📄 Consideration for Biodiversity</a>
		<a href="#">📄 Appropriate Utilization of Resources and Pollution Control</a>
		<a href="#">📄 Care for and Activation of Communities</a>
		<a href="#">📄 Response to Aging Population and Diversity and Support for Health</a>
		<a href="#">📄 Improved Customer Satisfaction and Comfort</a>
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		<a href="#">📄 Improved Quality of Safety /Security in Operation and Management</a>
		<a href="#">📄 Initiatives for Longer Life and Increased Durability</a>
		<a href="#">📄 Safety and Security in Disasters</a>
		<a href="#">📄 Enhancement of Environmental Management</a>

		<a href="#">☐ Responding to Climate Change</a> <a href="#">☐ Effective utilization of Water Resources</a> <a href="#">☐ Consideration for Biodiversity</a> <a href="#">☐ Appropriate Utilization of Resources and Pollution Control</a> <a href="#">☐ Care for and Activation of Communities</a> <a href="#">☐ Response to aging and support for diversity and health</a> <a href="#">☐ Improving customer satisfaction and comfort</a>
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<b>201-1</b>	Direct economic value generated and distributed	<a href="#">☐ Financial Highlights</a>
<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	<a href="#">☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a> <a href="#">☐ Responding to Climate Change</a>
<b>201-3</b>	Defined benefit plan obligations and other retirement plans	<a href="#">☐ Creation of Fair and Rewarding Workplaces</a>
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<b>202-2</b>	Proportion of senior management hired from the local community	—
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<b>203-1</b>	Infrastructure investments and services supported	<a href="#">☐ Care for and Activation of Communities</a> <a href="#">☐ Contributions to Local Communities and Society</a>
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		 <a href="#">Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a>
		 <a href="#">Responding to Climate Change</a>
103-3	Evaluation of the management approach	—
302-1	Energy consumption within the organization	 <a href="#">Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)</a>
		 <a href="#">Responding to Climate Change</a>
302-2	Energy consumption outside of the organization	—

302-3	Energy intensity	 Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		 Responding to Climate Change
302-4	Reduction of energy consumption	 Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		 Responding to Climate Change
302-5	Reductions in energy requirements of products and services	 Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		 Responding to Climate Change
303:Water and Effluents 2018		
103-1	Explanation of the material topic and its Boundary	 Effective Utilization of Water Resources
103-2	The management approach and its components	 Effective Utilization of Water Resources
103-3	Evaluation of the management approach	—
303-1	Interactions with water as a shared resource	 Effective Utilization of Water Resources
303-2	Management of water discharge- related impacts	—
303-3	Water withdrawal	 Effective Utilization of Water Resources
303-4	Water discharge	—
303-5	Water consumption	 Effective Utilization of Water Resources
304:Biodiversity 2016		
103-1	Explanation of the material topic and its Boundary	 Consideration for Biodiversity
103-2	The management approach and its components	 Consideration for Biodiversity
103-3	Evaluation of the management approach	—
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2	Significant impacts of activities, products, and services on biodiversity	 Consideration for Biodiversity
304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
305:Emissions 2016		

103-1	Explanation of the material topic and its Boundary	☐ Top Message
		☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
103-2	The management approach and its components	☐ Top Message
		☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
103-3	Evaluation of the management approach	—
305-1	Direct (Scope 1) GHG emissions	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
305-3	Other indirect (Scope 3) GHG emissions	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
305-4	GHG emissions intensity	☐ Responding to Climate Change
305-5	Reduction of GHG emissions	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Responding to Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	☐ Responding to Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—
<b>306:Waste 2020</b>		
103-1	Explanation of the material topic and its Boundary	☐ Appropriate Utilization of Resources and Pollution Control
		☐ Initiatives for Longer Life and Increased Durability
103-2	The management approach and its components	☐ Appropriate Utilization of Resources and Pollution Control
		☐ Initiatives for Longer Life and Increased Durability





103-3	Evaluation of the management approach	—
306-1	Waste generation and significant waste-related impacts	—
306-2	Management of significant waste-related impacts	☐ Appropriate Utilization of Resources and Pollution Control
306-3	Waste generated	☐ Appropriate Utilization of Resources and Pollution Control
306-4	Waste diverted from disposal	—
306-5	Waste directed to disposal	—
<b>307:Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	☐ Enhancement of Environmental Management
<b>308:Supplier Environmental Assessment 2016</b>		
103-1	Explanation of the material topic and its Boundary	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Enhancement for Environmental Management
		☐ Responding to Climate Change
		☐ Effective Utilization of Water Resources
		☐ Consideration for Biodiversity
		☐ Appropriate Utilization of Resources and Pollution Control
103-2	The management approach and its components	☐ Special Feature: Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
		☐ Upgrades to Environmental Management
		☐ Responding to Climate Change
		☐ Effective Utilization of Water Resources
		☐ Consideration for Biodiversity
		☐ Appropriate Utilization of Resources and Pollution Control
103-3	Evaluation of the management approach	—
308-1	New suppliers that were screened using environmental criteria	☐ Improved Supplier Management
308-2	Negative environmental impacts in the supply chain and actions taken	☐ Improved Supplier Management
<b>401:Employment 2016</b>		
401-1	New employee hires and employee turnover	☐ Promotion of Diversity

		Creation of Fair and Rewarding Workplaces
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creation of Fair and Rewarding Workplaces
401-3	Parental leave	Creation of Fair and Rewarding Workplaces
<b>402:Labor/Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	—
<b>403:Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Health and Safety of Employees
		Supplier Safety
403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety of Employees
403-3	Occupational health services	Health and Safety of Employees
		Supplier Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety of Employees
		Supplier Safety
403-5	Worker training on occupational health and safety	Health and Safety of Employees
		Supplier Safety
403-6	Promotion of worker health	Health and Safety of Employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supplier Safety
403-8	Workers covered by an occupational health and safety management system	Health and Safety of Employees
		Supplier Safety
403-9	Work-related injuries	Health and Safety of Employees
403-10	Work-related ill health	Health and Safety of Employees
<b>404:Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Improvements to Human Capital
404-2	Programs for upgrading employee skills and transition assistance programs	Improvements to Human Capital
404-3	Percentage of employees receiving regular performance and career development reviews	—
<b>405:Diversity and Equal Opportunity2016</b>		
103-1	Explanation of the material topic and its Boundary	Top Message
		Response to Aging Population and Diversity and Support for Health

		<a href="#">Improved Customer Satisfaction and Comfort</a>
103-2	The management approach and its components	<a href="#">Top Message</a>
		<a href="#">Response to Aging Population and Diversity and Support for Health</a>
		<a href="#">Improved Customer Satisfaction and Comfort</a>
103-3	Evaluation of the management approach	—
405-1	Diversity of governance bodies and employees	<a href="#">Promotion of Diversity</a>
405-2	Ratio of basic salary and remuneration of women to men	—
<b>406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Human Rights</a>
<b>407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Human Rights</a>
<b>408: Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Human Rights</a>
<b>409: Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Human Rights</a>
<b>410: Security Practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	<a href="#">Human Rights</a>
<b>411: Rights of Indigenous Peoples 2016</b>		
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
<b>412: Human Rights Assessment 2016</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	<a href="#">Human Rights</a>
412-2	Employee training on human rights policies or procedures	<a href="#">Human Rights</a>
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
<b>413: Local Communities 2016</b>		



103-1	Explanation of the material topic and its Boundary	☐ Care for and Activation of Communities
103-2	The management approach and its components	☐ Care for and Activation of Communities
103-3	Evaluation of the management approach	—
413-1	Operations with local community engagement, impact assessments, and development programs	☐ Care for and Activation of Communities
		☐ Contributions to Local Communities and Society
413-2	Operations with significant actual and potential negative impacts on local communities	☐ Care for and Activation of Communities
<b>414: Supplier Social Assessment 2016</b>		
103-1	Explanation of the material topic and its Boundary	☐ Improved Supplier Management
103-2	The management approach and its components	☐ Improved Supplier Management
103-3	Evaluation of the management approach	—
414-1	New suppliers that were screened using social criteria	☐ Improved Supplier Management
414-2	Negative social impacts in the supply chain and actions taken	☐ Improved Supplier Management
<b>415: Public Policy 2016</b>		
415-1	Political contributions	—
<b>416: Customer Health and Safety 2016</b>		
103-1	Explanation of the material topic and its Boundary	☐ Improved Safety/ Security in Design and Construction
		☐ Improved Quality of Safety/ Security in Operation and Management
		☐ Initiatives for Longer Life and Increased Durability
		☐ Safety and Security in Disasters
103-2	The management approach and its components	☐ Improved Safety/ Security in Design and Construction
		☐ Improved Quality of Safety/ Security in Operation and Management
		☐ Initiatives for Longer Life and Increased Durability
		☐ Safety and Security in Disasters
103-3	Evaluation of the management approach	—

416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">  Improved Safety/ Security in Design and Construction </a>
		<a href="#">  Improved Quality of Safety/ Security in Operation and Management </a>
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">  Improved Safety/ Security in Design and Construction </a>
<b>417:Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	Not applicable
417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
417-3	Incidents of non-compliance concerning marketing communications	Not applicable
<b>418:Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">  ESG Data (Governance) </a>
<b>419:Socioeconomic Compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	—

# Sustainable Finance

Due to its involvement in real estate development and services, the Group bears a social responsibility to build communities that connect today with tomorrow's possibilities by pursuing its vision of "New Value, Real Value." With the goal of contributing to the sustainable development of society, we are advancing a variety of efforts, including the issuance of sustainability-linked loans and sustainability bonds.

## Sustainability Linked Loans

### Overview

Sustainability-linked loans are designed to enhance the sustainability performance of borrowers and encourage sustainable economic activities and growth. Borrower performance is measured through sustainability performance targets (SPTs), which are set in alignment with the interest rate and other loan terms with the borrowers and also with their ESG strategy. Borrowers are either incentivized or disincentivized depending on performance against SPTs.

With support from the Chiba Bank as the sustainability coordinator, the Nomura Real Estate Group established an SLL Framework<sup>\*1</sup>, the first of its kind in Japan, raising a fund of 11 billion yen for financing and refinancing purposes from nine of the TSUBASA Alliance<sup>\*2</sup> member banks, including the Chiba Bank, on July 30, 2021.

We intend to increase our transactions with ESG-oriented financial institutions via the SLL Framework and thereby stabilize our procurement of sustainability funds. Meanwhile, we are strengthening our ESG initiatives to better respond to global warming, human rights and labor issues and further reinforce our governance systems.

※1 A framework designed to facilitate SLL operations for both the borrower (e.g., the Nomura Real Estate Group) and the lenders (e.g., banks such as the Chiba Bank) by comprehensively defining all SLL terms that need to be specified for each contract, such as SPTs, incentives and reporting requirements.

※2 A wide ranging alliance with the participation of the following ten regional banks: Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Musashino Bank, Shiga Bank, Bank of the Ryukyus, and Gunma Bank.

### SLL Framework Overview

Date of establishment	July 28, 2021
Sustainability coordinator	Chiba Bank

<b>SPTs</b>	SBT-approved target reduction rate for total greenhouse gas emissions*3
<b>Incentive</b>	Preferential interest rate spread according to the achievement of SPTs

※3 A total GHG emission reduction of 35% by 2030 from the FY2019 level

## Sustainability Bond

### Overview

Nomura Real Estate Holdings issued a sustainability bond (corporate bond) to raise funds for projects that will contribute to the resolution of environmental and social issues. The Company also formulated the Nomura Real Estate Group Sustainability Bond Framework (See Reference 1) when it issued the bond.

<b>Name</b>	Nomura Real Estate Holdings, Inc. 15th Unsecured Bonds (Sustainability Bond)
<b>Total amount of the bond issue</b>	10 billion yen
<b>Interest rate</b>	0.390% on an annual basis
<b>Bond payment date</b>	February 26, 2021
<b>Redemption date (duration of bond)</b>	February 26, 2031 (10 years)
<b>Coupon payment date</b>	February 26 and August 26 every year
<b>Bond ratings</b>	A (Japan Credit Rating Agency, Ltd.) A- (A minus) (Rating and Investment Information, Inc.)
<b>Third-party (external) evaluation</b>	The evaluation reports (see Reference 2) on the Nomura Real Estate Group Sustainability Bond Framework's conformity with the Sustainability Bond Guidelines and other relevant principles were received from third-party evaluation agencies Vigeo Eiris (V.E), Japan Credit Rating Agency (JCR), and Rating and Investment Information (R&I).
<b>Underwriters</b>	Nomura Securities Co., Ltd. (Lead Managing Underwriter), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (Independent Lead Manager), SMBC Nikko Securities Inc. (Syndicate Underwriter), and Mizuho Securities Co., Ltd. (Syndicate Underwriter)
<b>Structuring agent*1</b>	Nomura Securities Co., Ltd.
<b>(Scheduled) Use of proceeds</b>	The bond proceeds are to be used as investments and loans for refinancing the costs of the PMO, H'T and OUKAS businesses to Nomura Real Estate Holding's subsidiaries.

※1 A structuring agent supports the issuance of a sustainability bond by providing the issuer with advice on the formulation of the sustainability bond framework and the acquisition of the second opinion and third-party reviews.

Reference 1: [Nomura Real Estate Group Sustainability Bond Framework \(Japanese only\)](#)

Reference 2: Third-party Evaluation Reports

[JCR's Evaluation of the Sustainability Finance Framework \(Japanese only\)](#)

[JCR's Evaluation of the Sustainability Bond \(Japanese only\)](#)

[The Second Party Opinion from Vigeo Eiris \(Japanese only\)](#)

[The Second Party Opinion from R&I \(Japanese only\)](#)

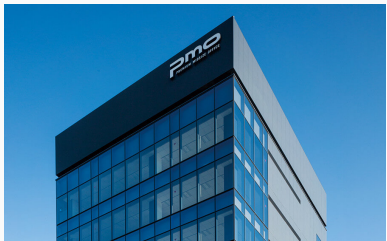
## Reporting



### (1) Reporting on Fund Appropriation Status

#### ■ Overview of Eligible Businesses

Bond proceeds have been appropriated to cover the expenses and investments for the following businesses and properties.

#### Green Project

	Business Outline	Eligible Properties
 PMO (Premium Midsize Office)	<p>The PMO business handles medium-sized office buildings, which feature functionality and sophistication on par with large-scale buildings and offer an excellent working space for tenants.</p> <p>Basically, PMO buildings accommodate one tenant per floor to provide efficiency, independence and safety. Tenants, including those who handle sensitive information, have found that security measures taken for the buildings have also been highly reliable.</p>	<p>PMO Nishi-Shinjuku</p> <p>PMO Kanda-Iwamotocho</p>

	Business Outline	Eligible Properties
 <p>OUKAS</p>	<p>The OUKAS business develops and operates elderly housing with supportive services under the aim of providing seniors with housing that enables them to enjoy their life and look forward to tomorrow every day.</p> <p>OUKAS residences are designed to provide senior residents with daily wellness programs (physical exercise, diet and good sleep) and 24-hour care services.</p>	OUKAS Funabashi
 <p>H1T Human First Time</p>	<p>The H1T operates pay-per-use shared office spaces to maximize people's creativity and productivity. Comfortable, sophisticated and conveniently located, these spaces serve as superb satellite offices that make diverse workstyles a reality.</p>	H1T


#### ■ Fund Appropriation Status (February 26–March 31, 2021)

	Funds (Million Yen)
Funds raised (calculated by subtracting bond issuance expenses from amount of bond issued)	9,937
Funds spent during the period from February 21, 2021, the day of the bond issue, to the end of fiscal 2020, on March 31, 2021. (actual value)	– 9,937
Unspent funds as of March 31, 2021	0

※ All funds were used for refinancing.

## (2) Impact Reporting

#### ■ Eligible Green Projects and Acquired Certification

Properties	Certification System	Certification Level	Date of Certification
PMO Nishi-Shinjuku	DBJ Green Building	2020 	May 24, 2021
PMO Kanda-Iwamotocho II	DBJ Green Building	2020 	April 30, 2021

#### ■ Environmental Data\* about Eligible Green Projects (February 26–March 31, 2021)

Properties	Amount of CO <sub>2</sub> Emitted	Amount of Energy Used	Amount of Water Used
PMO Nishi-Shinjuku	—	—	—
PMO Kanda-Iwamotocho II	—	—	—

※ Not disclosed because the period in fiscal 2020 was shorter than a month.

#### ■ Eligible Social Projects and Property/Business Data

OUKAS Funabashi	
Total number of units	125
Number of residents (as of June 30, 2021)	131

H'T	
Number of offices (as of July 2021)	58 offices (and 45 affiliated offices)
Membership (as of July 2021)	Approx. 140,000

# LR Independent Assurance Statement

## Relating to Nomura Real Estate Holdings, Inc.'s GHG Emissions and Energy Consumption for the fiscal year 2020

This Assurance Statement has been prepared for Nomura Real Estate Holdings, Inc. in accordance with our contract but is intended for the readers of this report.

### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by Nomura Real Estate Holdings, Inc. ("the Company") to provide independent assurance on its greenhouse gas ("GHG") emissions and energy consumption of the fiscal year 2020 (from 1 April 2020 to 31 March 2021), against the assurance criteria below to a limited level of assurance and the materiality of 5% using ISO 14064-3:2019 and ISAE 3000 for energy consumption.

Our assurance engagement covered the Company's operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with ISO14064-1:2018 and the Company's methodologies
- Evaluating the accuracy and reliability of data for the selected indicators listed below:
  - GHG emissions:<sup>1 2 3</sup>
    - Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)
    - Scope 2 GHG emissions [Market-based] (tonnes CO<sub>2</sub>e)
    - Scope 3 GHG emissions (Category 1 and 11) (tonnes CO<sub>2</sub>e)
  - Energy consumption (MWh)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable GHG emissions data and energy consumption data as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LR's approach

LR's assurance engagements are carried out in accordance with ISO 14064-3 and ISAE 3000 for energy consumption data. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

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<sup>1</sup> Excluding sites that have small GHG emissions. (Less than 0.05% of total GHG emissions)

<sup>2</sup> GHGs other than energy-oriented CO<sub>2</sub> are not included in the calculation if each GHG emissions are less than 3,000 tCO<sub>2</sub>e, based on Act on Promotion of Global Warming Countermeasures.

<sup>3</sup> GHG quantification is subject to inherent uncertainty.



- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and tracing activity data back to aggregated levels.
- Verifying GHG emissions data, energy consumption data and their related records for FY2019.
- Visiting Hamamatsucho Building and Yokohama Business Park to confirm the data collection processes and record management practices.

### Observations

The Company should further demonstrate the completeness, accuracy, and relevance in its reporting GHG emissions and energy consumption by establishing a robust internal data management system in the subsidiaries as well as in the headquarters.

### LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 16 September 2021



Yoshinori Shibata

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

Queen's Tower A, 10th Floor, 2-3-1, Minatomirai, Nishi-ku, Yokohama 220-6010, Japan

LR reference: YKA00000926

Table 1. Summary of Nomura Real Estate Holdings, Inc.'s Data for the fiscal year 2020:

Scope			
Scope 1 GHG emissions		20,119	Tonnes CO <sub>2</sub> e
Scope 2 GHG emissions [Market-based]		112,087	Tonnes CO <sub>2</sub> e
Scope 3 GHG emissions	Category 1	453,707	Tonnes CO <sub>2</sub> e
	Category 11	834,184	Tonnes CO <sub>2</sub> e
Energy Consumption (Scope 1 and Scope 2)		381,817	MWh

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# External Evaluation and Initiatives

## External Evaluation

### Inclusion in an ESG Stock Index Used by the Japanese GPIF

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#### Inclusion in the MSCI Japan ESG Select Leaders Index

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Nomura Real Estate Holdings and Nomura Real Estate Master Fund have been selected for inclusion in the MSCI Japan ESG Select Leaders Index. The index comprises a selection of companies with outstanding ESG initiatives from among the companies that make up the MSCI Japan IMI Top 700 Index.

**2021** CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

#### Inclusion in the FTSE Blossom Japan Index

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Nomura Real Estate Holdings has been selected as a constituent of the FTSE Blossom Japan Index. The index comprises a selection of companies with outstanding ESG initiatives from among the 1,300 companies that make up the FTSE All Cap Japan Index.



#### Inclusion in the MSCI Japan Empowering Women Index

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Nomura Real Estate Holdings has been selected as a constituent of the MSCI Japan Empowering Women Index. The index comprises a selection of companies with outstanding gender diversity from among the companies that make up the MSCI Japan IMI Top 700 Index.

**2021** CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

### Inclusion in the S&P/JPX Carbon Efficient Index

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Nomura Real Estate Holdings has been selected for inclusion in the S&P/JPX Carbon Efficient Index, a thematic index (environmental) among the ESG indices adopted by GPIF.



### Inclusion in the FTSE4Good Index Series

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Nomura Real Estate Holdings has been selected from among about 1,300 candidates for inclusion in the FTSE4Good Index Series, an index run by FTSE Russell, a global company that evaluates corporate ESG performance.



### CDP Climate Change

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In order to promote climate change initiatives and enhance the transparency of information disclosure, Nomura Real Estate Holdings has responded to the CDP<sup>※</sup> climate change questionnaire since fiscal 2019. In fiscal 2020, the Company received a B grade.



※ CDP: An NGO established in the UK in 2000 that operates a global environmental information disclosure system for investors, corporations, cities, nations, and regions to manage environmental impacts.

### SNAM Sustainability Index

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Nomura Real Estate Holdings has been selected for inclusion in the SNAM Sustainability Index. Established by Sompo Japan Nipponkoa Asset Management (SNAM), the index is a socially responsible investment (SRI) fund for multiple pension funds and institutional investors that invests in a wide range of companies with high environmental, social and governance (ESG) ratings. It is designed to contribute to the asset building of long-term investors through assessing corporate value from a long-term perspective based on financial and non-financial information.



## Commendations on Environmental Activities

### Certification and Registration to Eco-Action 21 (Environmental Management System)

Nomura Real Estate Master Fund has become the first J-REIT to obtain certification and registration to Eco-Action 21, Japan's unique environmental management system (EMS) established by Japan's Ministry of the Environment.



### GRESB Real Estate Assessment and Public Disclosure Assessment

Nomura Real Estate Master Fund and Nomura Real Estate Private REIT received the 4-star rating in the 2020 Global Real Estate Sustainability Benchmark (GRESB)※ Real Estate Assessment. Nomura Real Estate Holdings and Nomura Real Estate Master Fund received the highest A rating in the Public Disclosure Assessment.

※ GRESB is an annual benchmark that measures ESG considerations in the real estate sector. Established in 2009 by a group of major European pension funds that spearheaded the UN Principles for Responsible Investment (PRI), GRESB evaluates the sustainability initiatives of real estate companies, REITs and private real estate funds.



## Commendations on Social Activities

### Recognition for Outstanding Health & Productivity Management Organization 2021 (Large Enterprise Category)

Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Asset Management, Nomura Real Estate Urban Net, and Nomura Real Estate Life & Sports have been recognized as outstanding under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category). Nomura Real Estate Holdings, Nomura



Real Estate Development, Nomura Real Estate Asset Management, and Nomura Real Estate Urban Net have also been certified as White 500<sup>※</sup>

※ White 500 is a program by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi to recognize companies that implement particularly good health management practices.

 [News Release](#)



## Group wins Good Design Award for 19th year in a row

The Nomura Real Estate Group has won a Good Design Award, Japan's only comprehensive design evaluation and commendation system operated by the Japan Institute of Design Promotion, for the 19th consecutive year, with Nomura Real Estate Holdings, Nomura Real Estate Development, Nomura Real Estate Partners and Nomura Real Estate Life & Sports receiving ten of the awards in fiscal 2020.



 [Measures Towards Good Design Award](#)

## Initiatives

### Signing of the UN Global Compact

Nomura Real Estate Holdings signed the UN Global Compact in May 2019. We will respect the Ten Principles of the UN Global Compact (in the areas of human rights, labor, environment and anti-corruption) and further promote our sustainability initiatives.



#### The UN Global Compact

##### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

##### Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory

labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

### Signing of the “Principles for Responsible Investment”

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Nomura Real Estate Asset Management and Lothbury Investment Management—the Group’s UK-based asset management company—endorse the fundamental tenets and have signed the Principles for Responsible Investment (PRI), which advocate addressing environmental, social and governance issues in investment decisions.

Signatory of:



### Signing of the UN Environment Programme Finance Initiative (UNEP FI)

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Nomura Real Estate Asset Management endorses the fundamental tenets and has signed the United Nations Environment Programme Finance Initiative (UNEP FI), which promotes environmental protection and socially sustainable finance.



### Holder of an SBT (Science Based Targets) certificate

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Nomura Real Estate Holdings has a certificate of SBT (Science-Based Targets), a global initiative for reducing greenhouse gas emissions.

[Link](#)



## Agreed to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

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Recognizing that climate change is an important management issue that will have a significant impact on the continuity of business, Nomura Real Estate Holdings and Nomura Real Estate Asset Management agreed in 2020 to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to promote further initiatives. The companies will disclose information in line with the TCFD's recommendations and contribute to the realization of a sustainable society.



[Link](#)

## Participant of the Japan Climate Initiative

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Nomura Real Estate Asset Management has joined in the Climate Change Initiative, a network for the cross-sectoral dissemination of information and exchange of views among companies, local governments, NGOs and other organizations engaged in climate change measures.



## Signing the Financial Action Principles for the Formation of a sustainable Society (The 21st Century Principles of Financial Action)

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Nomura Real Estate Asset Management endorses the concept and has signed the Financial Action Principles for the Formation of a sustainable Society (The 21st Century Principles of Financial Action, a collection of action guidelines for financial institutions wanting to fulfill their responsibilities and roles necessary for creating a sustainable society.



## Member of the UK Green Building Council (GBC)

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Lothbury Investment Management is affiliated with and endorses the UK Green Building Council (GBC), an organization that certifies buildings with high environmental performance in terms of energy, water, air-conditioning and so on.



## Advocate of the Declaration of Biodiversity by Keidanren

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In fiscal 2019, Nomura Real Estate Holdings announced its endorsement of Keidanren's Declaration of Biodiversity. Regarding initiatives for biodiversity as an important management issue for the Group, which is involved in real estate development and urban development, the company will continue to promote initiatives that are considerate of the natural environment and ecosystems.

## Supporter of the "Voluntary Action Plan on the Environment for the Real Estate Industry" of the Real Estate Companies Association of Japan

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Nomura Real Estate Development supports the environmental goals of the real estate industry in accordance with the Voluntary Action Plan on the Environment established by the Real Estate Companies Association of Japan to which the Company belongs, and promotes measures against climate change by working to reduce CO2 emissions beyond the statutory standards.



# Editorial Policy

This website has been created to provide stakeholders with a better understanding of the Nomura Real Estate Group's approach to, and activities for, sustainability.

In fiscal 2020, the Sustainability Management Department was established with the aim of contributing to the realization of a sustainable society by achieving both social and environmental value and financial returns from a long-term perspective.

Reporting focuses on the key themes determined by the Sustainability Committee taking into consideration the opinions from stakeholders: "Safety/Security", "Environment", "Community", and "Health and Well-being" as well as "Human Resources" and "Management Structure" which are the foundations of the Group.

We have endeavored to disclose information that meets expectations, giving consideration to international sustainability frameworks and requests from investors and ratings organizations.

## Scope

Nomura Real Estate Holdings, Inc. and its 22 consolidated subsidiaries

Percentage of operating revenue accounted for by organizations subject to reporting: 99%

Consolidated subsidiaries in the scope of report:

Nomura Real Estate Development Co., Ltd., Nomura Real Estate Asset Management Co., Ltd., Nomura Real Estate Urban Net Co., Ltd. (currently, Nomura Real Estate Solutions Co., Ltd.), Nomura Real Estate Partners Co., Ltd., Nomura Real Estate Building Co., Ltd., Nomura Real Estate Life & Sports Co., Ltd., Nomura Real Estate Heating and Cooling Supply Co., Ltd., Nomura Real Estate Retail Properties Co., Ltd., Nomura Real Estate Wellness Co., Ltd., Nomura Real Estate Hotels Co., Ltd., UHM Co., Ltd., Nomura Real Estate Amenity Service Co., Ltd., PRIME X Co., Ltd., First Living Assistance Co., Ltd., Lothbury Investment Management Limited, ZEN PLAZA CO., LTD, Tokio Property Services Pte Ltd, NOMURA REAL ESTATE ASIA PTE. LTD., NOMURA REAL ESTATE HONG KONG LIMITED, NOMURA REAL ESTATE (THAILAND) CO., LTD, NOMURA REAL ESTATE VIETNAM CO., LTD, Nomura Real Estate Consulting (Beijing) Co., Ltd.

※ Unless indicated in a footnote or otherwise, the scope of data reported on this website is the organizations subject to reporting specified above.

# Referenced Guidelines

Global Reporting Initiative (GRI), Sustainability Reporting Standard  
ISO 26000, Guidance on Social Responsibility  
SASB (Sustainable Accounting Standards Board)  
Environmental Reporting Guidelines 2018, Ministry of the Environment

# Reporting Period

Fiscal 2020 (from April 1, 2020 to March 31, 2021)

※ Certain information on activities before fiscal 2019 and outlooks after fiscal 2021 are also provided.

# Reporting Cycle

Updated
October 2021
Previous Update
September 2020
Next Update
September 2022

## Statements on the Site

- On this site, Nomura Real Estate Holdings refers to Nomura Real Estate Holdings, Inc. and the Nomura Real Estate Group refers to Nomura Real Estate Holdings, Inc. and its 22 consolidated subsidiaries.
- This site contains forward-looking statements about the plans, strategies and performance of Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries. These statements are not historical facts, and they include assumptions and judgments that are based on information currently available to us. As such, future activities and results may differ from those mentioned herein.

## Contact Information for Inquiries

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