

Promotion Foundation

Human Capital

The Nomura Real Estate Group pursues Wellness Management so that every officer and employee can perform his or her work in good physical and mental health and with enthusiasm, leading to sustainable corporate growth, so that we can create a sustainable society, continue our business activities, and raise corporate value. We promote Wellness Management with the understanding that ensuring the health and safety of employees and suppliers is an important management issue. We are aware that innovation generated by diversity is important for continuously creating new value, and we strive to create fair work environments that promote diversity and facilitate meaningful work so that human capital with varied perspectives and ways of thinking can demonstrate their individuality and full capabilities regardless of individual attributes.

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Health and Safety of Employees

Approach and Policies

The Nomura Real Estate Group is aware that the physical and mental health and safety of employees are essential for a company's business to grow continuously and sustainably. Based on this understanding, we made working with enthusiasm and achieving wellness a part of the What We Value Nomura Real Estate Group Action Guideline, and we undertake Wellness Management so that all employees can perform their work in good physical and mental health and with enthusiasm.
In addition, the Nomura Real Estate Group Code of Action provides that the Group will strive to maintain and improve sound and pleasant workplace environment. Accordingly, we implement comprehensive health and safety management, take measures to prevent excessive workloads, long work hoursand occupational accidents, and take other action to establish workplace environments that ensure employee mental and physical health and safety, and engage in communications to raise awareness and educate employees.

Management

Management Structure

The Nomura Real Estate Holdings officer responsible for the Group Human Resources Department has been put in charge of this issue for the Group and carries out measures relating to employee health and safety. In April 2017, the Nomura Real Estate Group Work Style Reform Promotion Committee, which comprises Nomura Real Estate and Group company directors and others, and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, was established. The Committee discusses issues and measures, approving targets, and monitoring the results of activities for wellness management, including enhancing employees' happiness, a sense of purpose in life, and maintaining and improving health, and reports to the Board of Directors twice a year.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and reports the results to the Board of Directors.

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

Targets

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

・Prevent Overwork
・Encourage employees to take paid vacation time
・Implement comprehensive health management covering the physical and mental health of employees
・Prevent industrial accidents

Measures for Health and Safety Improvements by Management

The Nomura Real Estate Holdings president and executive vice president hold meetings with employees to carry out measures to improve workplace environments in the Group. In fiscal 2018, a total of 69 meetings were held to discuss reducing working hours, raising productivity, and helping employees to achieve a good work-life balance. We examined proposals and opinions expressed at these meetings and improved the personnel system. In this manner, these meetings are promoted as measures to improve the health and safety of employees.

Risk Management and Legal Compliance Regarding Working Hours

The Group complies with laws and regulations regarding working hours in each country and is endeavoring to reduce overtime work by establishing a system for managing and improving the situation.
Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms the actual situation of overtime and the status of compliance with Article 36 agreements (agreements made pursuant to Article 36 of the Labor Standards Act regarding overtime work and work on rest days) of each Group company. Regarding companies and cases with pending issues related to compliance with Article 36 agreements, we consider responses and take improvement measures. In addition, the Nomura Real Estate Development Board of Directors receives reports each month on working hours and the status of employees taking leave time in each division and shares information on related issues as well as taking improvement measures.

Health and Safety Risk Management

The Group endeavors to identify issues relating to employee health and safety in advance.
Nomura Real Estate Development holds wellness conferences once every six months. The heads of divisions and departments who are supervisors share information regarding employees who require health care with the responsible officers and officer responsible for the Human Resources Division. In addition, the responsible officers take measures to determine the health and safety status of the heads of divisions and departments who are supervisors and share information regarding issues with the Human Resources Division.

Improving Health Management

The Group requires employees to undergo thorough medical examinations and checkups, and established a physical and mental health consultation hotline within the Health Consultation Office, which is staffed by full-time physicians and nurses, to provide access to outside specialists for consultations. In fiscal 2018, the rate of employees undergoing medical examinations and checkups was 100%.

Preventing Overwork

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

【Main Measures】
・Working hours made visible
・No overtime days created
・Quitting time declaration program
・PCs turned off at 8 p.m.
・Various measures to encourage employees to take vacation time such as allowing employees to take the day off on their birthday

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

Information Sharing and Training on Health and Safety

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

Excellent Enterprises of Health and Productivity Management 2019 (White 500)

Nomura Real Estate Urban Net was certified as a White 500 company under the 2019 Certified Health & Productivity Management Outstanding Organization Recognition Program, selected jointly by the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi. This program recognizes enterprises that have implemented outstanding initiatives to promote health and productivity management based on efforts to address local health issues and health improvement initiatives promoted by Nippon Kenko Kaigi.

Performance

Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below.

Prevent Overwork

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

Encourage employees to take paid vacation time

Items		FY 2016	FY 2017	FY 2018
Paid vacation time use rate	*1	—	—	47.31
	*2	58.62	59.55	54.93

Implement comprehensive health management covering the physical and mental health of employees

Items	FY 2016	FY 2017	FY 2018
Checkup and medical examination rate (%) *2	100	100	100

Prevent industrial accidents

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

Lost time injury frequency rate (LTIFR)

Items	FY 2018
Lost time injury frequency rate (LTIFR) *2*3	0*4

*1. The Group's performance
*2. Nomura Real Estate Development performance
*3. (Number of occupational accidents resulting in lost days/Total work time) x 1,000,000
*4. Nomura Real Estate Development did not experience any lost work days due to occupational accidents in fiscal 2018.

Responses to Incidents

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

For further details, refer to the following.

Appropriate Labor Management and Measures for Improving Workplace Environments

Promotion of Diversity

Approach and Policies

The Nomura Real Estate Group believes that innovation generated by diversity is essential for the continuous creation of new value for society. Accordingly, we established the Nomura Real Estate Group Code of Action*, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. We also conduct diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities.
In addition, the Nomura Real Estate Holdings Basic Corporate Governance Policy provides that the Board of Directors shall be made up of diverse directors with varied knowledge, experience, and skills.

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

Management

Management Structure

Nomura Real Estate Holdings established the Group Human Resources Department, and officer responsible for the Group Human Resources Department has been put in charge of this issue and carries out measures relating to diversity. In April 2017, the Group established the Nomura Real Estate Group Work Style Reform Promotion Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO. The Committee discusses issues and measures for promoting diversity, sets targets, monitors activity performance, and reports to the Board of Directors twice a year.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors. The CSR Committee annually sets targets regarding diversity, and is monitoring the progress.

Targets

The Group has set the following three targets regarding diversity.

・Promote empowerment of women
・Promoting diverse work styles
・Hire and utilize diverse human capital

Main Measures for Promoting Work Style Reforms and Diverse Working Styles

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

【Main Measures】

Promoting diverse work styles

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

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

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

Raising awareness regarding shorter working hours

・Working hours made visible
・Creating work end time declaration program
・Establishing no overtime days
・Introducing productivity assessments
・Turning off PCs at 8 p.m.

Support for childcare and nursing care

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

Initiatives for Empowering Women

The Group is working to empower women in the workplace based on the belief that leveraging diverse perspectives in business is a key to creating new corporate value. As of April 1, 2019, women accounted for 30.76% of employees, 5.58% of managers, and 16.07% of junior managers.*

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

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

【Main Programs】

・Childcare leave

・Family care leave

・Holiday childcare support program and subsidies for a portion of babysitter expenses

・Paternity leave programs

・Reduced working hours for family care

Promoting the Hiring of Persons with Disabilities and Seniors

The Group actively hires persons with disabilities and seniors.

As of June 1, 2019, the Group employed 83 persons with disabilities, equal to 1.96% of the total workforce.

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

The Group hires human resources who can play active roles globally regardless of nationality, race or religion, etc. and empowers them order to strengthen overseas strategies. We are actively hiring local human resources especially in China, Hong Kong, Thailand, Singapore, and Vietnam, where Group companies are located.

Performance

Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below.

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

Promote employment of women

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

Promote diverse work styles

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

* The data on childcare leave takers for fiscal 2017 have been revised.

Hire and utilize diverse human capital

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

* The rate of employment of persons with disabilities for fiscal 2017 is as of June 1, 2018. The rate covers Group companies subject to the disabled persons employment system.

Creating Fair Work Environments with Meaningful Work

Approach and Policies

The Nomura Real Estate Group believes that creating fair work environments where employees can perform meaningful work is essential for employees to demonstrate their individuality and maximum capabilities. Accordingly, we promote the creation of workplace environments where employees can work with reassurance by pursuing fair employee evaluations and remuneration and equitable social benefits, and by respecting fundamental rights such as the freedom of association and the right to collective bargaining. We also aim to be a company in which each employee can actively work and is kept motivated.
Furthermore, the Nomura Real Estate Group signed the UN Global Compact in May 2019 to enhance the protection of employees' rights and make work more fulfilling for employees. We will comply with the four labor principles of the UN Global Compact and take additional measures.

Management

Management Structure

The officer responsible for the Group Human Resources Department has been put in charge of this issue for the Group and carries out measures relating to the creation of fair work environments with meaningful work. In April 2017, the Group established the Nomura Real Estate Group Work Style Reform Promotion Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO. The Committee discusses issues and measures for creation of fair work environments with meaningful work, sets targets, monitors activity performance, and reports to the Board of Directors twice a year.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

Targets

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

Fair Evaluations and Remuneration

The Group implements fair employee evaluation and remuneration programs by creating mechanisms for the opinions of employees to be heard by human resource divisions and supervisors and for communicating with employees. In addition, the Group complies with laws and regulations that set minimum wages in Japan as well as countries worldwide and pays adequate salaries to employees in accordance with the price index in each region.

Target Management System

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

Evaluation of Superiors and Career Development

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

Creating Fair Work Environments

Labor-Management Dialogues

The Group respects employees' freedom of association and the right to collective bargaining, and even at Group companies that do not have labor unions, labor representatives and officers responsible for human resource divisions hold periodic meetings and work to improve the workplace environment. Currently, Nomura Real Estate Development and Nomura Real Estate Partners have labor unions, and the labor union membership rate among career-track personnel is 47.45% as of April 1, 2019.

Communication with Employees

The Group communicates with employees so that employees can gain an accurate understanding of company policies regarding labor standards. Documents or explanations regarding employment rules, personnel evaluation systems, and social benefits are provided in Japanese, or in English if necessary, to employees including those of overseas Group companies during their initial training.

Provision of Social Benefits

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

Main Social Benefits Provided by Nomura Real Estate Development

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

* Only career-track employees are eligible.

Implementation of Employee Satisfaction Survey

Nomura Real Estate Development conducts an employee satisfaction survey every year. The survey collects suggestions to management and employee opinions on work and the workplace.
Satisfaction is measured on a five-point scale with regard to (1) sense of fulfillment concerning work, (2) satisfaction with the workplace, (3) satisfaction with superiors, (4) loyalty to the company, and (5) development in the market, and (6) sense of being stuck in the same routine at work, as well as regarding understanding and practice of work style reform and wellness management. In fiscal 2018, the response rate was 97.4% (2,013 out of 2,066 eligible employees responded).

Fostering a Corporate Culture that Encourages Challenges

Nomura Real Estate Group Awards Presented

The Group has presented the Nomura Real Estate Group Awards every year since 2016 to foster a corporate culture where employees are willing to tackle the challenges of value creation through innovation, encourage group-wide tie-ups, and raise individual and organizational motivation.
Under this program, exceptional businesses, products, and services of the year are recognized. In fiscal 2019, award winners include "a classwork for elementary school [Machi wo mirume]," an educational program provided by Group employees in elementary schools. "Machi wo mirume" was created to cultivate interest and awareness among children regarding the towns that they live in and to encourage them to care about feelings of people from different walks of life in towns.

【Evaluation Criteria】
・Reform and innovation
・Increase in customer satisfaction
・Group-wide tie-ups
・CSR activities and social contribution
・Continuity and perseverance



First price for "Machi wo mirume"

Business Idea Proposal Program

Beginning from 2017, the Group launched the Business Idea Proposal Program, which allows all employees to propose new businesses, products, or services that go beyond the boundaries of their ordinary work at any time. There have been a total of 45 entries (including five entries made in 2018), with 18 projects under consideration and three projects having already been commercialized or realized.

Performance

Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below.

Raise employee satisfaction

Item	FY 2016	FY 2017	FY 2018
Employee satisfaction level (5-point scale)	3.81	3.81	4.04*
Number of responses/number of eligible employees (persons)	1,648 / 1,738	1,930 / 2,028	2013 / 2066
Response rate (%)	94.8	95.1	97.4

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

Turnover rates

Item	FY 2017	FY 2018
Turnover rates (total)*	3.85	3.99
Male **Female**	3.57 4.46	2.49 6.57
Turnover rates for personal reasons (%)	3.40	3.54

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

Responses to Legal and Other Violations

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.
We take this matter extremely seriously and are conducting comprehensive labor-management and

taking measures to improve workplace environments so that this type of incident does not occur again. We will continuously promote measures to improve workplace environments in fiscal 2018 and thereafter.

For further details, refer to the following.

Appropriate Labor management and Measures for Improving Workplace Environments

Improving Human Capital

Approach and Policies

The Nomura Real Estate Group is aware that employees are a crucial management resource for corporations and that human capital development is extremely important for continuous corporate growth. Based on this understanding, the Group seeks to carry out the "What We Value" Nomura Real Estate Group Action Guideline, and works to improve human capital. We offer human development programs to enhance the qualifications and capabilities of each Group employee so that every employee can perform his or her work as a professional with a high degree of specialization.

【Nomura Real Estate Development Basic Human Development Policies】
・Proactive medium-to-long-term human development that provides a focus for careers
・Human development that responds to change over time, fosters innovation, and supports future management

【The Qualities and Skills Nomura Real Estate Development Looks For】
・High level of specialization and execution
・Diverse viewpoints and values
・Broad perspectives
・Business formation skills
・Organizational management skills

Management

Management Structure

The officer responsible for the Group Human Resources Department has been put in charge of this issue and carries out measures for improving human capital. In April 2017, the Group established the Nomura Real Estate Group Work Style Reform Promotion Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO. The Committee discusses issues and measures for improving human capital, sets targets, monitors activity performance, and reports to the Board of Directors twice a year.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

Targets

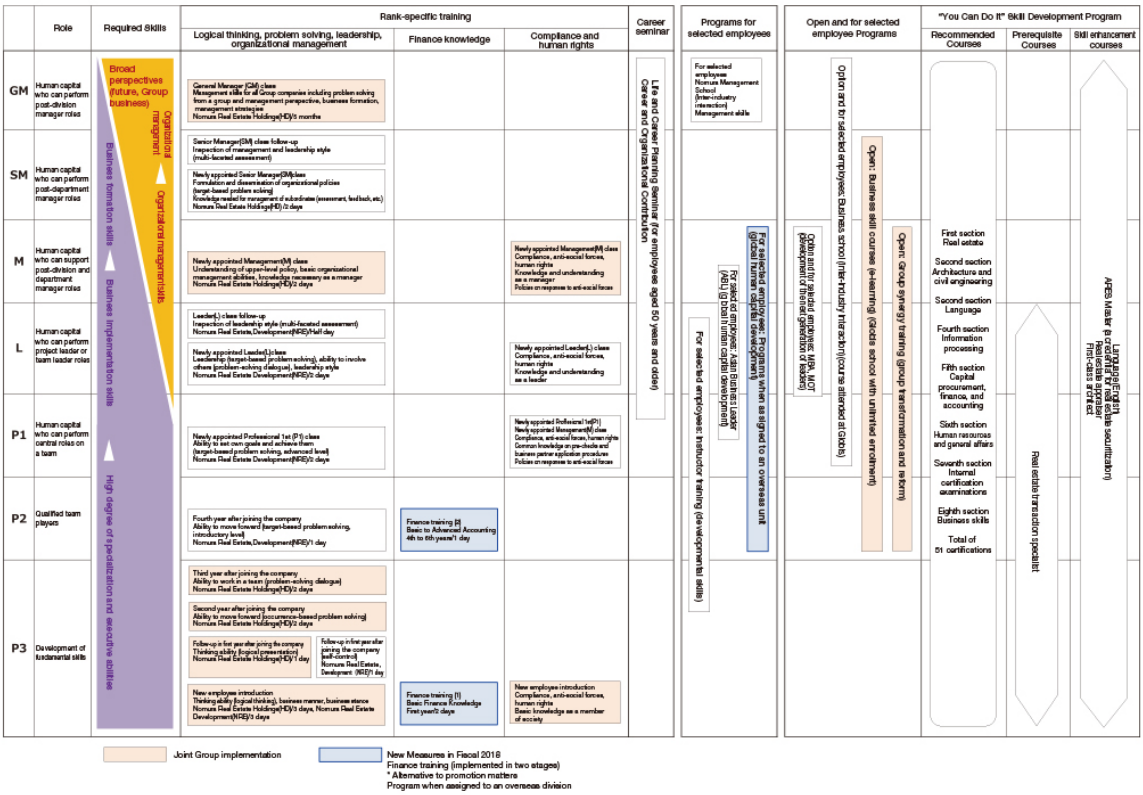
The Group seeks to reinforce human resource development so that it can further improve human capital.

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 human resources development and best practices and implement group-wide measures for human capital improvement.

Training Framework

The Group provides rank-specific training to enable each employee to perform higher level of duties and acquire a broad range of knowledge and experiences.
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 transaction specialist, real estate appraiser, and first-class registered architect, and programs covering general business skills, such as programs in finance and language study.



Nomura Real Estate Development Human Capital Development Framework (Career-Track Personnel)

Incentive from a Long-Term Perspective

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

News Release

Performance

Fiscal 2018 performance against the set targets was as set forth below.
* Unless otherwise indicated, the reporting scope is the Group.

Training Participation Performance*1

Items	FY 2018
Training hours per employee*2	12.65 hours
Total training hours*2	25,077 hours
Training expense per employee	¥79,984.86
Total training expense	¥158,530,000
Return on investment in employees' skill development*3 (turnover rate/total training expense)	2.04

*1. Performance for Nomura Real Estate Holdings and Nomura Real Estate Development
*2. Covers only mandatory training and does not include open and selective training or e-learning courses.
*3. Calculated using the following formula: Return on investment in employees' skill development = Turnover rates/Total training expense (100 million yen).

Group-wide Training Performance

	Training title	Subject ranks	Number of implementing companies
1	New employee introductory training	Newly-hired employees	8 companies
2	New employee follow-up training	New employees	8 companies

3	Second-year training	Employees in their second year	7 companies
4	Third-year training	Employees in their third year	8 companies
5	Problem solving skill training	Vocational guidance class	4 companies
6	Problem solving skill training	Managerial employee class	5 companies
7	Newly promoted managerial employees	Managerial employees	8 companies
8	Newly promoted division manager training	Division managers	4 companies
9	Newly promoted manager training	Managers	4 companies

Ensuring Supplier Safety

Approach and Policies

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

"Nomura Real Estate Group CSR Procurement Guidelines"

Management

Management Structure

The officers responsible for business units have been put in charge of this issue and carry out measures to ensure supplier safety. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding ensuring supplier safety, and is monitoring the progress.

Targets

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

Ensuring Safety of Construction Sites

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

【Outline of the Construction Safety and Security Guidelines】

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

Supplier Council Meetings on Health & Safety Held

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

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

Nomura Real Estate Partners annually holds the East Japan Supplier Council Meetings on Health & Safety and the West Japan Supplier Council Meetings on Health & Safety. In fiscal 2018, these Council Meetings were attended by 103 companies and 77 companies, respectively, and health and safety awards were presented and explanations were given regarding the CSR Procurement Guidelines.

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

Nomura Real Estate Heating and Cooling Supply Co., Ltd. holds an annual Supplier Conference on Safety where outstanding business partners are presented awards and the Health and Safety Management Plan for the current year is explained. In fiscal 2018, the Conference was attended by 18 companies.

Performance

Promotion Measures

Fiscal 2018 performance against the set targets was as set forth below.

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



Promotion Foundation

Management Structure

The Nomura Real Estate Group is aware that reinforcing compliance and implementing risk management and corporate governance are key management issues for establishing a sustainable society, continuing business activities, and increasing corporate value. Accordingly, we undertake these activities. Further, the Group conducts its business activities while respecting the human rights of all people including customers, local communities, employees, and suppliers.

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Corporate Governance

Philosophy and policies

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

Basic Corporate Governance Policy PDF 560KB

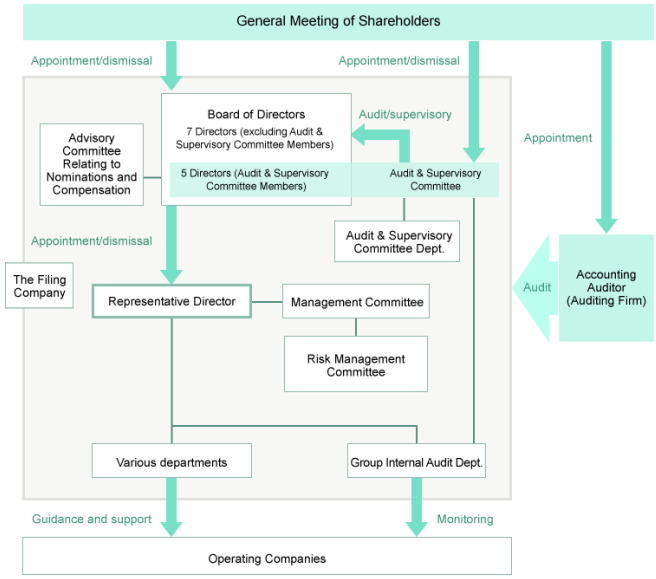
Corporate governance report

Corporate Governance Report PDF 796KB

(Last updated: October 28, 2019)

Corporate Governance System

Chart of Corporate Governance System



Board of Directors

The Board of Directors at Nomura Real Estate Holdings (excluding directors who are audit and supervisory committee members) are made up of seven directors (including two Outside directors and one female director) and five directors who are Audit and Supervisory Committee members (including three Outside directors and a female director). They determine important matters such as principal management policies, and oversee the execution of duties by directors and executives. In addition to allowing directors other than executive directors to serve as Chairperson of the Board, by inviting Outside directors, we are working to strengthen the supervisory function of the Board of Directors and achieve fair and highly transparent management.

Board Members

Audit and Supervisory Committee

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

Chairperson:	Takao Orihara (full-time)
Members:	Takao Orihara (full-time), Yasushi Takayama (full-time), Akira Ono (Outside director), Yoshio Mogi (Outside director), Akiko Miyakawa (Outside director)

Nomination and Compensation Advisory Committee

Nomura Real Estate Holdings established a Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors in order to strengthen the independence, objectivity, and accountability of the Board of Directors regarding the nomination and compensation of director candidates. The majority of the committee members are Outside directors, with only one internal director other than the executive director compared to the three Outside directors. They meet as

necessary to deliberate matters concerning the nomination and remuneration of directors and executive officers, and reports the results to the Board of Directors.
The members of the Company's Nomination and Compensation Advisory Committee are as follows:

Chairperson:	Atsushi Yoshikawa (Chairman of the Board)
Members:	Atsushi Yoshikawa (Chairman of the Board), Tetsuro Higashi (Outside director), Akira Ono (Outside director/Audit and Supervisory Committee member), Yoshio Mogi (Outside director/Audit and Supervisory Committee member)

Management Committee

The management committee of Nomura Real Estate Holdings consists of the president and executive officers, and decides on certain matters regarding the business execution of all group companies. The Chairperson of the Board of Directors and members of the Audit and Supervisory Committee attend the meeting and express their opinions as necessary.

Executive Officer System

Nomura Real Estate Holdings introduced an executive officer system to strengthen group management and executive functions by separating management supervision and decision-making functions from business execution functions. Executive officers, who are appointed by the Board of Directors, conduct business under the company policy determined by the Board of Directors and instructions from the President and CEO, with the authority of duties delegated in accordance with internal regulations. As a holding company, we manage group companies based on various rules such as “Rules for Managing Affiliated Companies” and “Group Internal Audit Rules”. Group management is strengthened by having directors (excluding directors who are Audit and Supervisory Committee members) and executive officers concurrently serve as directors of major group companies, and directors who are Audit and Supervisory Committees concurrently serve as auditors. Furthermore, by having developed a risk management system, compliance system, and internal audit system for the Company and Group companies, each of which regularly reports to the Board of Directors, enhancing group management supervision.

Assessing the effectiveness of the Board of Directors

At Nomura Real Estate Holdings, directors self-evaluate the effectiveness of the Board of Directors and their contributions as directors every year. In addition, the effectiveness of the entire Board of Directors is analyzed and evaluated every year with reference to the self-assessment of each director, and a summary of results is disclosed appropriately.
[Evaluation results for the fiscal year ending on March, 2018]
Questionnaires and interviews using third-party evaluation agencies were conducted for all directors (including members of the Audit and Supervisory Committee). The summary of the results of analysis and evaluation by the Board of Directors based on the results is as follows.

	Evaluation results
Composition:	The size of the Board of Directors and the proportion of Outside directors are generally appropriate.
State of discussions:	Directors make full use of their knowledge and experience to conduct free and open discussions both inside and outside the company.
Management:	Operation improvements such as the ongoing advance provision of materials and the clarification of issues in the explanation of the agenda and documents, are generally evaluated as contributing to the effectiveness of the Board of Directors. Continuing to thoroughly improve operations, will lead to the further improvement of the effectiveness of the Board of Directors.
Contents of deliberation:	Making improvements such as narrowing down issues handled by the Board of Directors and providing opportunities for deliberation outside the regular Board of Directors, has enhanced discussions for the formulation of a new medium- to long-term management plan. In the fiscal year ending in March 2020, strategic discussions will be further enhanced based on the newly formulated medium- to long-term management plan.

Directors

Appointment of directors

The directors of Nomura Real Estate Holdings are elected at the general meeting of shareholders every year in accordance with the Articles of Incorporation, differentiating directors who are Audit and Supervisory Committee members from other directors. In order to ensure the necessary balance and diversity as a holding company that oversees companies operating in a wide range of fields, directors are those with a variety of knowledge, experience and ability, regardless of nationality and gender. In order to function effectively, we have no more than 12 directors (excluding directors who are Audit and Supervisory Committee members) and no more than 5 directors who are Audit and Supervisory Committee members.

Outside directors

Outside directors of Nomura Real Estate Holdings use their expertise to give appropriate advice for the sustainable growth and corporate value improvement of the Company, oversee management through important board decisions, oversee conflicts of interests between the company and management or major shareholders, and express the opinions of shareholders and other stakeholders to the Board of Directors. Nomura Real Estate Holdings has established its own standards for determining the independence of Outside directors, in addition to the requirements for “independent officers” established by the Tokyo Stock Exchange.

[Independence standards for Outside directors]

Extract from Article 14 of the Basic Corporate Governance Policy
Article 14: The Board of Directors has established its own standards for the independence of Outside directors in addition to the standards stipulated by the Tokyo Stock Exchange when appointing a candidate as an Outside director.
(1) Executives of other companies that have mutual offices with the Company or its subsidiaries
(2) Major business partners*1 of the Company or its subsidiaries, or persons whose main business partner[*1] is the Company or its subsidiaries (if the business partner is a corporation, the person who carries out the business)
(3) Consultants, accounting professionals, or legal professionals who have earned more than 10 million yen in monetary or other property benefits in addition to executive compensation from the Company or its subsidiaries in the last fiscal year
(4) Persons who belong to corporations that provide specialized services such as law firms, accounting firms, consulting firms, etc. that earn large amounts monetary or other property benefits[*2] from the Company or its subsidiaries
(5) Major shareholders of the Company (if the major shareholder is a corporation, the person who executed the business of the corporation or the person who executed the business in the past), executives or previous executives of lead securities companies
(6) Close relatives of persons described in (1) and (5)

*1. Major business partners are those whose transactions with the Group exceed 2% of the annual consolidated sales of the Company or the business partner in the last fiscal year
*2. A large monetary or other property benefits are profits that exceed 2% of the annual consolidated sales for the previous fiscal year of the corporation

Full name	Reason for appointment	Main activities
Satoko Shinohara	Ms Shinohara was appointed as an Outside director to contribute to strengthening the supervisory function of the Board of Directors and realize fair and highly transparent management, using her wealth of knowledge, experience, and wide-ranging insights in the field of architecture accumulated over her many years as an architect. Furthermore, due to her attributes and her relations with the Company, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange and she was designated as an Independent Director.	Ms. Shinohara attended all 14 meetings of the Board of Directors held during the fiscal year of 2019 and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Tetsuro Higashi	Mr Higashi was selected as an Outside director to contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange and he was designated as an Independent Director.	—
Akira Ono	Mr Ono has great knowledge, experience and profound insights as a legal expert acquired through his many years working as an attorney. Although he has no direct experience in the management of a company, he was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before he was designated as an Independent Director.	Mr. Ono attended 14 out of 14 meetings of the Board of Directors and 11 out of 11 meetings of Audit & Supervisory Committee held during the fiscal year 2019 and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.

Yoshio Mogi	Mr Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.	—
Akiko Miyakawa	Ms Miyakawa has great knowledge, experience and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. Although she has no direct experience in the management of a company, she was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.	—

Director Compensation

Policy on decisions regarding compensations for executives, etc.

Nomura Real Estate Holdings introduced a performance-linked stock compensation system linked to medium- to long-term performance as part of its policy of clarifying the link between director compensation, performance and shareholder value.

[Purpose of introducing the stock compensation system]

By linking Directors' compensation to the Company's share price, the Plan is expected to create an incentive to enhance corporate value in the medium-to-long term and align interests with the Company's shareholders.

Performance share portion	Determined based on the level of performance over three years Clearer incentives to improve mid-term performance
Non-performance-share portion	Defer grants until retirement Incentives for longer-term contributions and increased corporate value

Executive compensation system overview

The Compensation for Directors of Nomura Real Estate Holdings consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. Since FY2019, CSR / ESG performance has been linked to bonuses.
The executive compensation system is operated by the Board of Directors with the deliberation of the Nomination Compensation Advisory Committee, which consists of a majority of Outside directors.

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

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

	2017	2018
Business Profit	76,660	79,162
YoY	△0.8%	+3.3%

〈Share-based compensation〉
Introduced in FY 2019 to replace the conventional stock option (SO) plan, under this Plan compensation is comprised of a Performance Share (PS) portion, in which the vesting, etc. of the Company shares etc. is conducted three years after the start of each business year, and a Restricted Stock (RS) portion, in which the vesting, etc. of the Company shares, etc. is conducted in principle when a director or an officer of the Company Group resigns. The Plan adopts the system of executive compensation BIP (Board Incentive Plan) trust (the ""BIP Trust"") where the number of shares to be vested, etc. is set at one company share per point, and the number of points is calculated using the formula below.
By linking Directors' compensation to the Company's share price, the Plan is expected to create an

incentive to enhance corporate value in the medium-to-long term and align interests with the Company's shareholders.
For FY 2018, the amount of SO was recorded as director compensation for FY 2017.

【Point calculation formula】

●PS portion
The number PS points to be granted each fiscal year is calculated by dividing the amount of pre-determined base compensation with respect to each executive position by the share price when the Trust acquires the Company's shares. The number of performance-linked points is calculated by multiplying the number of PS Points granted in each fiscal year by a performance-linked coefficient, which is determined by the performance three years after the start of the relevant business year. Based on the medium- to long-term management plan, this performance-linked coefficient is set by selecting business profit from the viewpoint of profit growth and return on equity ROE from the viewpoint of maintaining capital efficiency. As the achievement-linked coefficient may vary between 0-200% depending on the level of achievement, it enhances the consistency with the real estate business and provides a clearer incentive toward better performance for the medium- to long-term.
The ranges for FY 2021, the three years from the start of the plan FY2019, is determined by the Board of Directors after deliberation by the Nomination Compensation Advisory Committee, which consists of a majority of Outside directors, based on factors such as the medium- to-long-term plan at the beginning FY 2019.

- FY2020 range
  The ranges for FY2021
  Performance-linked coefficient: 0% to 200%
  Business profit: ¥75,400 million to ¥105,600 million
  ROE: 6.5% to 12.5%

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

〈Payment policy for fixed and variable compensation〉
Compensation of Directors concurrently serving as Executive Officers consists of base compensation, bonuses, and share-based compensation. This works as a clear incentive to improve performance not only for the short term, but also for the medium- to long- term. The policy of each payment ratio is as shown below.
Compensation for the Chairperson of the Board of Directors (directors other than executive directors), due to their position of overseeing execution from an objective standpoint and enhancing corporate value over the long term, is composed of base compensation and the RS portion of share-based compensation, to align interests with the Company's shareholders.

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

- [Compensation ratios for Directors concurrently serving as Executive Officers]
  Fixed compensation: 50% (Base compensation)
  Variable compensation: 50% (Bonus: 25%, Share-based compensation: 25%)

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

Compensation for each category of executive

(FY 2018)

Category	Total paid personnel	Total payment (million yen)	Breakdown					
			Base compensation (million yen)		Bonus (million yen)		Stock compensation (million yen)	
			Paid personnel	Amount of payment	Paid personnel	Amount of payment	Paid personnel	Amount of payment
directors (Including Corporate Auditor)	8 People	556	8 People	318	5 People	115	6 People	122
(Outside directors)	(2 People)	(27)	(2 People)	(27)	(-)		(-)	
directors (Corporate Auditor)	5 People	144	5 People	144	—		—	
(Outside directors)	(3 People)	(42)	(3 People)	(42)	(-)		(-)	
Total	13 People	700	13 People	462	5 People	115	6 People	122

(note)
1. According to the resolution passed at the general meeting of shareholders held on June 26, 2018, the maximum amount of compensation for directors (“basic remuneration” and “bonuses”) shall not exceed 550 million yen per year for directors (excluding directors who are Audit and Supervisory Committee members), and the resolution passed at the general meeting of shareholders on June 26, 2015, the maximum compensation for directors (Audit and Supervisory Committee members) shall not exceed 150 million yen. Compensation for directors is based on the amount that the Company recorded as expenses during the current fiscal year, regardless of whether the expenses were from the current fiscal year.
2. In addition to the compensation for directors described in 1., at the annual general meeting of shareholders held on June 26, 2018, performance-linked share compensation for directors (excluding external directors and directors who are Audit and Supervisory Committee members) was introduced and a maximum amount of contribution to the trust was set to 730 million yen.
The amount paid in the ""share compensation"" column above includes the amount recorded for expenses related to performance-based share compensation, etc. in the current fiscal year.
3. The amount of payment in the “Stock Compensation” column above includes compensation for stock options that were recorded as expenses during the current fiscal year (28 million yen for six directors (excluding outside directors and directors who are Audit and Supervisory Committee members)).
Compensation for stock options, is paid based on the resolution limit of 650 million yen per year determined by resolution of the General Meeting of Shareholders held on June 26, 2015, prior to the introduction of the resolutions introduced in 1. and 2. above. With the payment of stock options for FY2018, the current stock options will be abolished and compensation will not be paid for new stock options.

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

Full name	Director category	Company category	Total amount of compensation (million yen)	Base compensation (million yen)	Bonus (million yen)	Stock compensation (million yen)
Eiji Kutsukake	Board Members	Submitting company	123	61	34	27
Seiichi Miyajima	Board Members	Submitting company	107	54	29	23

*The amount paid in the “Stock Compensation” column is the amount recorded as expenses in FY2018.

Internal control system

Internal control system

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

Risk management system

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

Compliance System

The Nomura Real Estate Group Code of Ethics was formulated as a guideline, as we consider compliance, such as observance of laws, regulations, and corporate ethics as one of the most important management issues. Furthermore, the Risk Management Committee and the Group Legal Compliance Department were established to promote continuous education and enlightenment activities for executives and employees as a group and provide advice, guidance and support to group companies.

There has also been a whistle-blowing hotline set up for group employees to collect information on risks. The Company guarantees the anonymity of whistleblowers and prohibits the negative treatment of whistleblowers.

Internal Audit System

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

Audit and Supervisory Committee Audit System

The Nomura Real Estate Holdings' Audit and Supervisory Committee periodically receives reports on the status and results of internal audits from the internal audit department, and can recommend and direct additional audits and investigations as necessary. They also periodically audit and supervise the execution of duties by directors and the execution of duties by executive officers in cooperation with accounting auditors.
In order to increase the effectiveness of auditing practices and assist the duties of the Audit and Supervisory Committee, an auditing office was established and full-time staff appointed. The Audit & Supervisory Committee is composed of two full-time Audit & Supervisory Committee Members and three Audit & Supervisory Committee Members (independent outside director).
Audit & Supervisory Committee Members Takao Orihara and Yoshio Mogi have had many years of experience in finance and accounting, and Audit & Supervisory Committee Member Akiko Miyakawa is a certified public accountant. All of them have considerable expertise in the world of finance and accounting.
In FY2018, the Audit & Supervisory Committee held 11 meetings, attended by all of the Audit and Supervisory Committee Members. Main items on the agenda at the meetings of the Audit & Supervisory Committee include drawing-up audit plans, preparing audit reports, evaluating the reappointment and consent of the Accounting Auditors. In addition, the full-time Audit & Supervisory Committee Members attend important meetings and requests reports from the business execution departments to gather information on the state of the Company's business execution.

Accounting audits

1. Name of auditing firm

Ernst & Young ShinNihon LLC

On July 1, 2018, Ernst & Young ShinNihon LLC changed its Japanese corporate name from ShinNihon Yugen Sekinin Kansa Hojin to EY ShinNihon Yugen Sekinin Kansa Hojin but left its English name unchanged. 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 Toru Nakagiri

Certified Public Accountant/ Designated and Engagement Partner Natsuki Saiki

* Ernst & Young ShinNihon LLC takes measures to ensure that individual Engagement Partners do not continue their involvement in accounting audits after a specified period.

4. Assistants involved in auditing

Certified Public Accountants: 6/ Part-qualified Accountants, etc.: 5/ Other: 9

5. Auditing company selection policy and reasons

When selecting an accounting auditor, the Audit & Supervisory Committee only does so after gathering necessary information from candidates, holding interviews, and evaluating their quality assurance systems, independence, audit execution systems and estimates for audit fees.

In addition, every year, the reappointment of the auditing firm is deliberated and decided after obtaining the necessary documents and reports from the Company's accounting auditor to evaluate their performance including job performance in previous fiscal year), audit system, and independence.

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee will dismiss the Accounting Auditor with the consent of all Audit & Supervisory Committee Members. In addition, notwithstanding the above, if it is recognized that the it would be difficult for the Accounting Auditor to perform appropriate auditing due to 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. Details of compensation for certified public accountants, etc. (FY2019)

Category	Payment amount
Amount of compensation, etc. for the accounting auditor for the current fiscal year	63,000,000

Total amount of monetary and other property benefits that the Company and its subsidiaries should pay to the accounting auditor	183,000,000

7. Evaluation of the Accounting Auditor by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee evaluates the audit firm each year. The committee evaluates whether to reappoint the current audit firm based on their quality management of audit corporation, independence and professional skepticism of the audit team in charge, appropriateness of audit fees, effectiveness of communication between management and the Audit & Supervisory Committee, and response to fraud risks.

(Notes)
1. In the audit agreement between the Company and the accounting auditor, the amount of audit compensation, etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act is not clearly categorized and cannot be effectively subdivided. Therefore, the amount of compensation, etc. for the accounting auditor for the current fiscal year is the sum of these amounts.
2. After examining the accounting auditor's audit plan and their basis for calculating the compensation estimate for the current fiscal year, the Audit and Supervisory Committee has judged that the amount of compensations, etc. of the accounting auditor was appropriate and complies to Article 399, Paragraph 1 of the Companies Act. Coming to this conclusion involved the Audit and Supervisory Committee obtaining the necessary material and reports from the Directors, the Finance Department, and the Accounting Auditor, then checking the past activities and compensation performance of the Accounting Auditor.

Cross-holding shares

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

[Basic Policy on Cross-holding Shares]

Excerpt from “Basic Corporate Governance Policy”

Article 4 1. The Company's policy on cross-holding shares, is that they enhance the corporate value of the Company by strengthening business relationships and aid in the creation of strategic business tie-ups.
2.While cross-holding shares, the Board of Directors annually evaluates the rationality of continuing to own said shares by regularly monitoring the state of transactions with the Group and the management status of investee companies, and seeing how they contribute to the enhancement of corporate value. Shares that do not pass this evaluation will be sold.
3. When voting on cross-held shares, the Company judges whether or not they contribute to the enhancement of the corporate value of the company through the enhancement of corporate value of the investee company.
4. In the event that a company that holds the Company’s shares as cross-held shares (a cross-held share holder) has indicated its intention to sell or otherwise transfer said shares, the Company will take the appropriate measures so as to not impede the sale of shares, such as by suggesting reductions in transactions, etc.
5. Transactions with cross-held shareholders will only be made after fully verifying economic rationality, as with other business partners.

Performance

Initiatives to promote

FY2018 Conference Results

Number of meetings	
Board of Directors	14
Audit and Supervisory Committee	11
Management meeting	49
CSR Committee / CSR Promotion Committee	7
Risk Management Committee and Group Risk Liaison Meeting	12

* Scope of report: Nomura Real Estate Holdings

Attendance of outside directors

Name	Attendance
Shigeru Matsushima	Attended the Board of Directors meetings held in FY2019 (attended 14 out of 14 meetings)
Satoko Shinohara	Attended the Board of Directors meetings held in FY2019 (attended 14 out of 14 meetings)
Satoshi Ogishi	Attended the Board of Directors meetings (attended 14 out of 14 meetings) and the Audit and Supervisory Committee meetings (attended 11 out of 11 meetings) held in FY2019
Akira Yamate	Attended the Board of Directors meetings (attended 14 out of 14 meetings) and the Audit and Supervisory Committee meetings (attended 11 out of 11 meetings) held in FY2019
Akira Ono	Attended the Board of Directors meetings (attended 14 out of 14 meetings) and the Audit and Supervisory Committee meetings (attended 11 out of 11 meetings) held in FY2019

Compliance

Approach and Policies

The Nomura Real Estate Group has positioned compliance with laws, regulations, corporate codes of conduct, and so on as a key management issue and formulated the Nomura Real Estate Group Code of Action as a compliance guide. In addition, Nomura Real Estate Holding established a Risk Management Committee and Group Legal/Compliance Department, conducts ongoing education and training for officers and employees throughout the Group, and provides advice, guidance, and support to Group companies.
Furthermore, the Group signed the UN Global Compact in May 2019 to further strengthen its compliance initiatives. In accordance with the principles of the UN Global Compact, we will take measures to avoid extortion, bribery, and other forms of corruption.

The Nomura Real Estate Group Code of Action

The Nomura Real Estate Group has formulated a Code of Action to define fundamental rules that Group officers and employees must adhere to. We review the effectiveness of the content of the Code of Action as appropriate, taking social circumstances and other factors into consideration, and any changes thereto are subject to decision by the Board of Directors.

【Table of Contents of the Code of Action】

Chapter 1 General provisions
Article 1 (Purpose)
Article 2 (Positioning)
Article 3 (Definitions)
Article 4 (Revision or abolition)

Chapter 2 Basic position
Article 5 (Awareness and behavior as a member of society)
Article 6 (Respect for basic human rights)
Article 7 (Observance of compliance)
Article 8 (Consideration for the global environment)
Article 9 (Corporate social responsibility)

Chapter 3 Behavior that gains customer trust

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

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

Article 12 (Customer consultation, response to complaints)

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

Article 14 (Management of customer information)

Chapter 4 Maintaining a fair relationship with business partners

Article 15 (Implementation of fair competition and fair trade)

Article 16 (Implementation of highly transparent transactions)

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

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

Article 19 (Management of information on business partners)

Chapter 5 Relationship with officers and employees

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

Article 21 (Maintenance and improvement of work environment)

Article 22 (Prohibition of insider trading)

Article 23 (Sincere business activities)

Article 24 (Operational records and reports)

Article 25 (Management of company assets and information)

Article 26 (Reporting illegal or unethical behavior)

Chapter 6 Relationship with society

Article 27 (Disclosure of corporate information)

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

Article 29 (Exclusion of anti-social forces)

Article 30 (Construction, operation, improvement of internal control for proper business execution)

Chapter 7 Miscellaneous provisions

Article 31 (Preparation of guidelines)

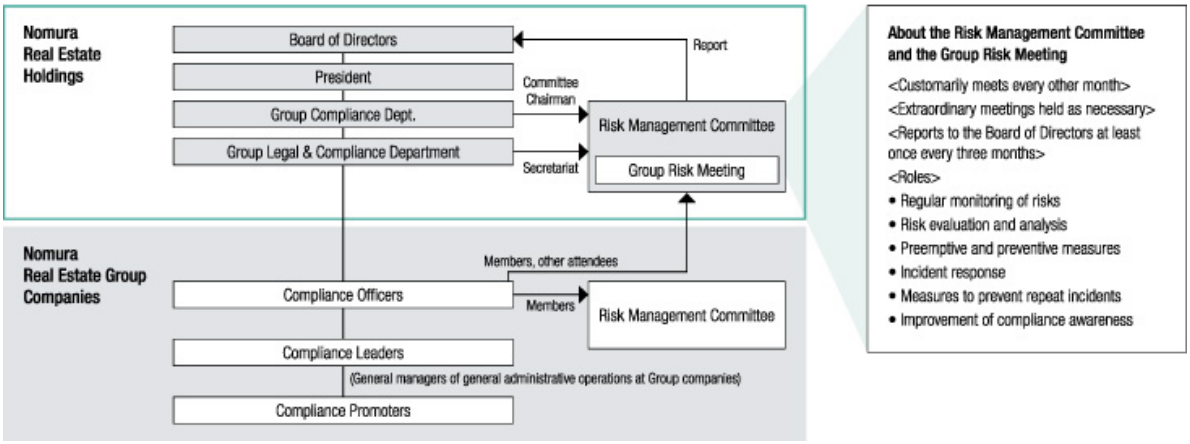
Article 32 (Use of guidelines)

Article 33 (Application to overseas subsidiaries and affiliates)

Management

Compliance Promotion Framework

Nomura Real Estate Holdings has established a Risk Management Committee and Group Legal/Compliance Department to develop and implement a framework for compliance. In addition, the position of Compliance Officer has been established at each Group company, and Compliance Leaders and Compliance Promotion Officers have been appointed under the Compliance Officer to ensure compliance throughout the Group.
Serious violations of the Code of Action are reported to the Company's Board of Directors by the Risk Management Committee Chairman and appropriate responses are being taken.



The Nomura Real Estate Group Risk Helpline

The Nomura Real Estate Group has set up the Nomura Real Estate Group Risk Helpline based on the Whistle-blowing System Operation Rules in order to secure a system for appropriately responding both to day-to-day general consultations from officers and employees, and official reporting on legal violations and misconduct committed at organizational or individual levels. We have established internal points of contact (The Risk Management Committee Chairman and the Group Legal/Compliance Department) and external points of contact (the Company's lawyer and outsourcing contractors) to make it easy for informants and users to use the system. We have established a system to protect informants by ensuring that the content of information is kept confidential and allowing for disciplinary action to be taken, in accordance with the work regulations, against persons who have disadvantageously treated or harassed informants.
In addition, we have established the Helplines for Business Partners for reporting on compliance violations or possible misconducts, in order to carry out fair transactions with corporate customers and other business partners.

Policy on Political Participation

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

Policies on the Preventing Bribery and Corruption

The Group prohibits the provision of entertainment or gifts incompatible with common sense to public officials (including foreign public officials) in pursuit of self-interest.
Specifically, the Group Code of Action provides, with regard to receipt or provision of entertainment or gifts from or to business partners, "Nomura Real Estate Group officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense" and "No officer or employee shall use their professional position to request or accept benefits or favors from a business partner." The Group strictly implements the Code of Conduct, for instance, detailed reporting and documentation of the details of entertainment or goods provided or received by its officers and employees.
The Group complies with the Guidelines for the Prevention of Bribery of Foreign Public Officials established by the Ministry of Economy, Trade and Industry and formulated its own Policy on the Prevention of Bribery of Foreign Public Officials, which can be found on the Group website. In accordance with this policy, the Group formulated the Regulations on the Prevention of Bribery of Foreign Public Officials and the Anti-Bribery Guidelines and has established specific internal procedures relating to the provision of entertainment, gifts, invitations, and donations to foreign public officials and the use of agencies and so on. The Group also conducts periodic training on the prevention of bribery for officers and employees in overseas business units.

Policy on Anti-Bribery of Foreign Public Officials

Implementation of Fair Competition and Fair Trade

The Nomura Real Estate Group Code of Action sets forth rules on maintaining fair relationships with business partners. The areas covered by the rules include the implementation of fair competition and fair trade and implementation of highly transparent trade, to ensure compliance with the Anti-Monopoly Act, the Act Against Delay in Payment, etc. to Subcontractors and other laws and regulations. Moreover, in the selection of business partners we strive to comprehensively and fairly assess a wide range of factors, including quality, price, performance, and reliability.

Guidelines on Social Media

The Nomura Real Estate Group as Guidelines on the Use of Social Media state that use of social media must exhibit an awareness of the individual as position as a member of society and exemplify a high level of ethics following the norms of society at all times when posting, regardless of whether such posting is for personal or professional reasons.
As a part of our compliance training program, we implement periodic measures intended to raise awareness and provide information on areas of caution and risks relating to the posting information on social media.

Excluding Anti-Social Forces from Business Relationships

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

Complying with Regulatory Requirements and Raising Awareness

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

Performance

Promotion Measures

Compliance

Compliance Hour:

Distributed online every other month. In fiscal 2018, the attendance rate for the entire Group was 100%.

Compliance Training:

Group training for different professional ranks. In fiscal 2018, training was conducted 65 times.

Risk Management

Approach and Policies

The Nomura Real Estate Group is aware that establishing a basic policy on risk management and ensuring the soundness of management through appropriate risk management and operations are key management issues.
Accordingly, the Group established a basic policy and specifies risk categories and management and operational structures in its Risk Management Regulations. In addition, the Risk Management Committee was established in accordance with these regulations. The Committee conducts regular risk monitoring, assessment and analysis, takes preventive measures, responds at the time of occurrence, implements countermeasures to prevent reoccurrence after the occurrence of a risk, and provides necessary guidance and advice to Group companies.

Risk Management Regulations

The Group established the Risk Management Regulations to set forth fundamental matters relating to risk management and perform appropriate risk control and operations. The Regulations set forth the basic policy on risk management, identify key risks, and specify management and operational structures and so on.

【Key Risks】
・Risks likely to have a major impact on Group management
・Risks likely to have a major impact on society
・Risk of litigation or other serious pr
・Other major risks that should be managed by the Group
・Risks relating to changes in the business environment
・Risks relating to changes in financial markets
・Risks relating to natural disasters
・Risks relating to compliance
・Risks relating to governmental responses
・Risks relating to reputation
・Risks relating to quality
・Risks relating to Internet and Intranet
・Risks relating to data breaches
・Risks relating to information systems
・Risks relating to anti-social forces
・Risks relating to labor management
・Risks relating to human rights and harassment
・Risks relating to fraud by employees, and other compliance matters

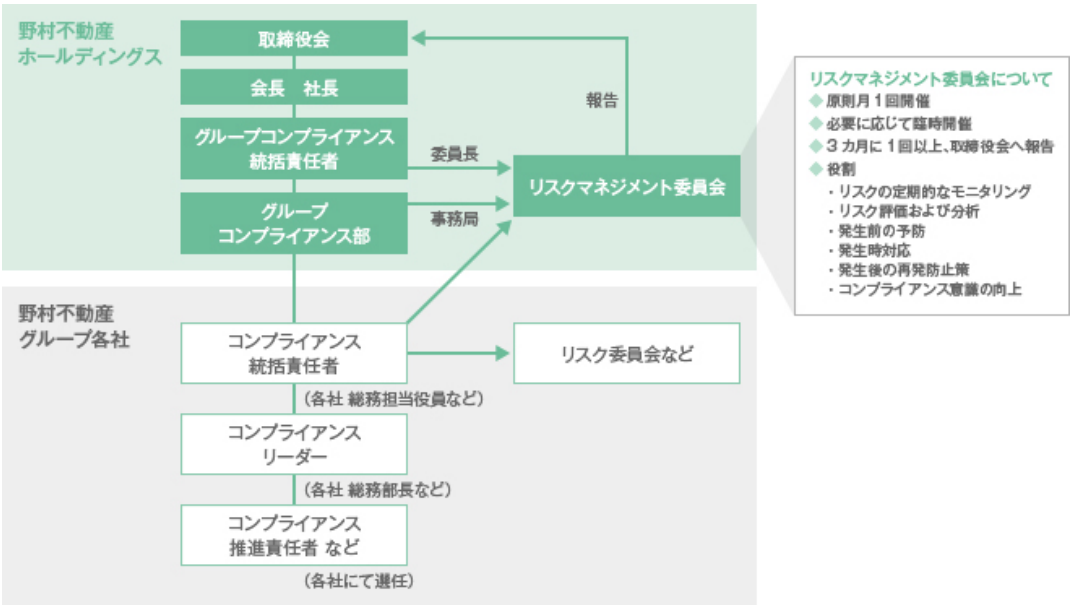
Management

Risk Management Committee

To deliberate on key risks, Nomura Real Estate Holdings established the Risk Management Committee, which comprises directors, executive officers, and others from the Company and Group companies designated by the Board of Directors, separately from the Audit & Supervisory Committee and the Internal Audit Department. The Committee meets twice a month to monitor, assess, and analyze risks in accordance with the Risk Management Regulations and Regulations on Deliberative Bodies. The Committee also deliberates on preventing the occurrence of risks that the Group encounters in conjunction with corporate management and business development and on responses and countermeasures for the prevention of reoccurrence when risks do occur.

In addition, the Group Risk Liaison Committee, made up of directors, executive officers, and others of Group companies appointed by the chairman of the Risk Management Committee (executive officer), shares information on intra-Group risks and response policies. The Risk Management Committee and Group Risk Liaison Committee each meet, in principle, every other month and at other times as necessary and report on the details of their deliberations to the Board of Directors at least once every three months.

Individual Group companies have also established committees on risk management and conduct appropriate risk management according to the details of their particular business operations.



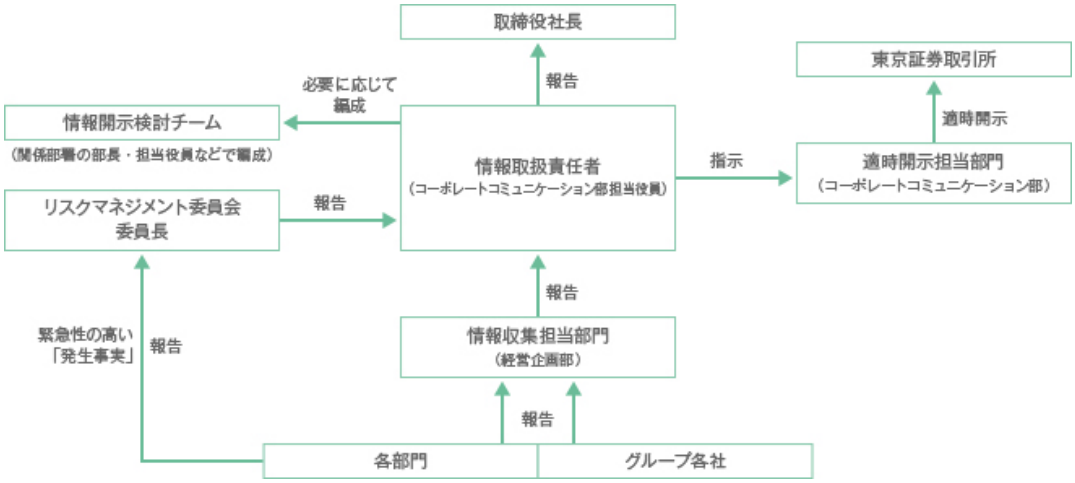
Compliance system and risk management system

Risk Management Relating to Society and the Environment

The Group is also aware of risks relating to social and environmental issues. The Risk Management Committee deliberates on significant events and issues relating to society and the environment as well as countermeasures and reports on the details of its deliberations to the Board of Directors at least once every three months.
The Committee also reports on the details of its deliberations to the CSR Committee, which is made up of directors and others from Nomura Real Estate Holdings and Group companies and is chaired by the Executive Vice President and Group COO of Nomura Real Estate Holdings.

Risk Management Process

The Group established the Risk Occurrence Information Transmission Guidelines in accordance with the Risk Management Regulations and has established procedures for promptly conveying information relating to unforeseen events to management.



Timely Disclosure System

Ensuring Risk Management

The Group carries out risk management in accordance with the Risk Management Regulations.
The Risk Management Committee and the Group Risk Liaison Committee discuss risks that occurred in each business as well as responses and countermeasures for the prevention of recurrence. It then provides appropriate guidance and advice to Group companies. In addition, the Committees disseminates significant information to employees through e-learning, the intranet and other means, and provides risk management training to officers.

Inquiries Desks

Inquiries Desks have been set up at Nomura Real Estate Holdings and at each Group company in order to respond quickly and appropriately when a problem with a product or service is found. Significant information gathered by the Inquiries Desks is reported to the Risk Management Committee and shared within the Group, and measures to prevent reoccurrence are implemented.

Business Continuity Plan Established for Emergencies

BCP Formulation

The Group formulated a business continuity plan (BCP) and in anticipation of a major earthquake in the Tokyo Metropolitan region. The plan provides for the chain of command during an emergency and the allocation of duties for the continuation of business as well as the establishment of structures that can respond even at night and on days off and holidays so that the impact of a disaster can be minimized. In addition, a disaster response headquarters establishment drill is conducted once a year with the president of Nomura Real Estate Holdings as the head and other members of the Disaster 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 a disaster or other emergency.

Confirming the Safety of Officers and Employees

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

Performance

Risk Management Committee and Group Risk Liaison Committee meetings held

Items	FY 2018
Number of meetings held	12

Implementation of safety confirmation drills (four times a year)

Items	FY 2018
Response rate	100%

Human Rights

Approach and Policies

The Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, the Nomura Real Estate Group supports and respects international norms on human rights including the International Bill of Human Rights, which sets forth common standards to be achieved by all people including the right to life, freedom of speech and expression, right to work, right to education, and right to live a civilized life; the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), which specifies fundamental rights in labor (the freedom of association, the right to collective bargaining, prohibition of compulsory labor, effective elimination of child labor, and elimination of discrimination in employment and occupation); and the United Nations Guiding Principles on Business and Human Rights, which set guidelines for actions to be taken by companies to protect the human rights of children, and Children's Rights and Business Principles, which show the actions that should be taken by companies to protect children’s rights. In addition, we aim to conduct business by complying with laws and regulations on human rights in each country in which the Group conducts business activities.
In addition, the Group has signed the UN Global Compact to further enhance its human rights initiatives. The Group supports the Global Compact's principles of "support and respect the protection of human rights" and "not to be complicit in abuse of human rights," and works to respect human rights and avoid infringing on the human rights of others.

Nomura Real Estate Holdings Personal Information Protection Policy

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

Personal Information Protection Policy

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO has been put in charge of this issue for the Group and carries out measures regarding respect for human rights.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding respect for human rights, and monits progress.

Targets

The Group conducts human rights training to disseminate its thinking on respect for human rights.

Responses to Human Rights Issues

Consultation/reporting on human rights issues

The Group set up the Nomura Real Estate Group Human Rights Desk as a point of contact for consultation on human rights issues and the Sexual and Power Harassment Hotline as an external point of contact for consultations on issues of harassment, and the Group takes appropriate action with regard to these issues.
In addition, the Group has set up the Nomura Real Estate Group Risk Helpline as a point of contact for whistle-blowing and general consultation on human rights abuse and other issues prohibited in the Code of Action. The Group also established an internal point of contact, as well as external points of contact (the Company's lawyer and outsourcing contractors).
We ensure that the content of information reported to each point of contact is kept confidential and informants will not be treated disadvantageously for making a report. In fiscal 2018, there were 28 consultation matters relating to human rights.
In addition, we established the Helpline for Business Partners (Corporate Customers) as a point of contact for reporting on human rights abuses or possible abuses by employees.

Initiatives for Respecting Human Rights

The Nomura Real Estate Group is promoting an initiative involving the creation of a framework for avoiding infringing on human rights of others, such as forced labor and child labor.
In fiscal 2018, The Group participated in the Human Rights Due Diligence Study Group to understand

human rights issues. In addition, we formulated the CSR Procurement Guidelines and requested suppliers also to respect human rights.
In May 2019, the Group signed the UN Global Compact to further clarify its policy for respecting human rights.

Human Rights Training

To deepen understanding on human rights, the Group makes use of opportunities such as rank-specific training to conduct human rights education. The human rights training conducted in fiscal 2018 is described below. A total of 4,336 persons participated in this training.
In addition, the Harassment Prevention Guide is distributed to all employees to inform personnel about the prohibition of discrimination and harassment and other matters. The Guide contains provisions requesting understanding of and consideration for LGBT* individuals.

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

Participation in the Human Rights Due Diligence Study Group

Nomura Real Estate Holdings participates in the Human Rights Due Diligence Study Group, which is made up of three general contractors, which are suppliers to the Group, and five real estate developers (including Nomura Real Estate Holdings).
The group was established to fulfill the responsibility of companies to "avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved" required by the Guiding Principles of Business and Human Rights.
The Group exchanges information with experts from NGOs and other organizations, study international standards and initiatives expected of business enterprises, and conducts surveys and studies on methods of identifying and addressing impacts on human rights. Through these efforts, we strive to prevent human rights abuses including forced labor in the industry as a whole.

Social Events with Foreign Technical Interns

The Nomura Real Estate Group has been holding social events with foreign technical interns from Indonesia and Vietnam hired by Nomura Real Estate Amenity. In fiscal 2018, we organized “Asian Night 2018,” in which participants introduced their cultures and home towns by singing songs, performing dances, and the like.



Performance

Promotion Measures

In fiscal 2018, human rights training was conducted a total of 9 times throughout the Group, with 4,336 persons attending.

Training Conducted

Training Type	Target Participants	Participation Rate (Participants/Target Participants)	Human rights topics covered
Group-wide training			
Group training for new employees	New employees	100% (277/277 persons)	Solving assimilation problems
Group-wide training for newly-appointed Group managers	Newly-appointed managers	99% (156/157 persons)	Solving assimilation problems
Training for new career-track employees	Mid-career hires	100% (185/185 persons)	Preventing harassment
Nomura Real Estate Development			
Human Rights Training	Newly-appointed leaders	100% (142/42 persons)	Preventing harassment
Human Rights Training	New employees	100% (48/48 persons)	Preventing harassment
Nomura Real Estate Life & Sports			
Human Rights Training	Newly-hired recent graduates	100% (28/28 persons)	Preventing harassment
Human Rights Training	Newly-appointed managers	100% (18/18 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	98% (1,780/1,814 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	99% (1,802/1,814 persons)	Preventing harassment

Improving Supplier Management

Approach and Policies

The Nomura Real Estate Group conducts its business in cooperation with various suppliers including design and construction companies and construction contractors in all business areas.
Because of this, the Group believes that initiatives throughout the supply chain are essential for implementing effective measures to address social and environmental issues, and we established the Nomura Real Estate Group CSR Procurement Guidelines (the "CSR Procurement Guidelines"). We request that suppliers apply the Guidelines to their business activities with regard to eight topics: compliance, respect for human rights, fair business activities, consideration for the environment, ensuring and improving quality, ensuring information security, whistleblowing systems, and creating business continuity plans.
Going forward, we will continue to improve supplier management in accordance with the Guidelines.

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO have been put in charge of this issue for the Group and carries out measures to improve supplier management.
In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding improvement of supplier management, and monitors progress.

Targets

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

Nomura Real Estate Group CSR Procurement Guidelines

The Group formulated the CSR Procurement Guidelines (Japanese and English versions) in April 2018 and started implementation of the guidelines to all suppliers from November that year.
Business consignment agreements and purchase orders (including those for new contractors and renewed suppliers) include a provision that requests suppliers to comply with the guidelines.

【Nomura Real Estate Group CSR Procurement Guidelines】

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

Ⅱ. Respect for Human Rights
②Respect the dignity and basic human rights of all people, including customers, suppliers and employees, and do not engage in discrimination or harassment for reasons of race, ethnic group, age, religion, beliefs, gender, nationality, social status, existence of disability, gender or sexual orientation, gender identity, physical features, existence of illness, or any other reason.
③In addition to ensuring equal employment opportunities, comply with labor-related laws and regulations and rules of employment, implement appropriate labor management, and work to maintain and improve sound and pleasant working environments.
④Along with carefully managing safety and health and preventing industrial accidents, endeavor to maintain physical and mental health and create well-ordered workplaces.
⑤Do not engage in unfair labor practices such as forced labor and child labor, and endeavor to take appropriate care to ensure that such unfair labor practices do not occur in suppliers.
⑥Give consideration to culture and customs as well as local residents and communities in regions where business activities are conducted.

Ⅲ.Fair Business Activities
⑦In relationships with public employees and the like (including deemed public employees and foreign public employees), maintain sound relationships and do not provide entertainment or exchange gifts in ways that conflict with the National Public Service Ethics Act and Regulations and related national and local laws and regulations, etc.
⑧Do not request, give, or receive from suppliers entertainment or gifts that deviate from sound business customs and social norms.
⑨Exclude all relationships with anti-social forces and groups that pose a threat to social order and security or obstruct fair economic activities. Also, resolutely challenge and totally reject any transactions with or unreasonable demands by such forces or groups.
⑩Comply with anti-monopoly, prevention of unfair competition and intellectual property rights legislation and related laws and regulations, and endeavor to treat suppliers, competitors, and others fairly, without engaging in acts constituting abuse of a dominant market position, blocking of

transactions or other such conduct.
⑪Do not infringe or improperly use copyright, patents, trademark rights, design rights, or other intellectual property rights.
⑫Do not participate in money laundering, embezzlement, fraud or any other form of corrupt conduct.
⑬Carry out appropriate disclosure to customers and society and also endeavor to provide necessary information in an appropriate manner.

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

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

Ⅵ.Ensuring Information Security
㉕Give careful consideration to the handling of personal, private and confidential information, and establish management systems to enable the appropriate management and protection of such information. Also, avoid improper and unauthorized use and disclosure of information by taking thorough measures to prevent the leakage of information.

Ⅶ.Whistleblowing Systems
㉖In addition to creating whistleblowing structures for the prevention or early detection of problems, protect whistleblowers' confidentiality and seek to make it widely known to employees that

whistleblowers will be protected from retaliation and other disadvantageous treatment.
㉗Make the significance and methods of use of the Suppliers' Helpline established by the Nomura Real Estate Group widely known to all employees involved in the Group's business.

Ⅷ.Creating Business Continuity Plans
㉘Endeavor to establish risk management systems in preparation for the occurrence of disasters by creating business continuity plans (BCPs) and other measures.

Improving Supplier Capabilities and Enhancing Quality

The Group works to enhance quality throughout the supply chain by holding Safety Conferences and study groups for suppliers that address issues such as quality and the environment.
Nomura Real Estate Development distributes Design and Construction Standards and Quality Manuals to construction companies and designers in order to achieve safety and security through appropriate quality control.
In addition, Nomura Real Estate Partners holds annual meetings of the East Japan Supplier Council Meetings on Health & Safety and West Japan Supplier Council Meetings on Health & Safety where it presents commendations to excellent companies and conducts training on health and safety.

Performance

Promotion Measures

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

Contributions to Local Communities and Society

Approach and Policies

The Nomura Real Estate Group conducts its business based on long-term relationships with local communities in all aspects from development and construction to the operation and management of real estate.
Accordingly, we conduct local and social contribution activities based on our belief that identifying initiatives required in society through dialogues and making contributions to society is a part of our responsibility as a corporate citizen.
We consider that carrying out local and social contribution activities will realize “urban development and community building concerning the future of the global environment and local communities,” which is part of the value creation themes for the Mid- to Long-term Business Plan.

Contribution to the local community

Implementation of Rikuzentakata City Center Reconstruction Plan

Geo-Akamatsu Co., Ltd. awarded a contract to formulate an urban revitalization plan for Rikuzentakata City, Iwate Prefecture. The company, working in cooperation with local government, local chambers of commerce, and the Urban Renaissance Agency, is restoring and conducting operations in urban areas, contributing to reconstruction from the Great East Japan Earthquake.

Kayabuki-no-sato Project

With the goal of creating connections between urban residents and rural communities, where populations are dwindling and growing older, and to teach children in urban areas about the environment, Nomura Real Estate Development practices eco-friendly rice growing at the base of Mt. Tsukuba. This industry-government-academia project is conducted in collaboration with the Tsukuba Green Tourism Association, Tsukuba City, and the University of Tsukuba with participation of the Group employees and tenant businesses.



Kayabuki-no-sato Project

Support the UN Refugee Support Campaign

The Group supports the activities of the UNHCR, the United Nations Refugee Agency, by providing its facilities to the United Nations Refugee Support Campaign free of charge. The campaign collects donations to purchase vaccines and tents for refugees. In fiscal 2018, support was provided by 61 persons and the equivalent of ¥1.878 million was donated over the course of the year.

Supporting Youth Development

Participation in Career University

Nomura Real Estate Development participates in the Career University* Summer Class conducted by NPO Career Cruise with the aim of supporting young people in building their careers. The class, which is for university freshmen and sophomores, includes programs such as real estate development games and property tours. This program was awarded the Best Feedback Award by NPO Career Cruise for two consecutive years starting in fiscal 2017.

* Career University
An initiative conducted by NPO Career Cruise aimed at helping university students build their careers. Other supporting organizations including companies and government agencies provide educational seminars covering various specialized fields.

Internship Program

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

■On-site Internship Program

The program provides opportunities to experience real estate operations such as product planning and accompanying personnel during marketing activities. In fiscal 2018, the program was provided for four days in the Company's Head Office in Tokyo and approximately 90 students participated.

■Simulated Experience of Developer Operations

Through the program, intern students can learn about developer operations and what the Group attaches importance to in urban development. In fiscal 2018, the program was provided for three days in the Company's Head Office in Tokyo and approximately 150 students participated.

Career Support Programs through Collaboration with Universities

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

■Rikkyo University

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

■"Future Skills Lecture*" at Meiji University

In this program, the Nomura Real Estate Group employees give practical lectures on real estate business for university freshmen. In fiscal 2018, students discussed "area management system that is sustainable for 20 years into the future" by using the Hiyoshi project under development by Nomura Real Estate Development.

*Future Skill Lecture: A PBL (Project Based Learning) program for learning through practice for university freshmen. In the class, students work on solving problems that simulate issues faced in actual business situations.

Fully-Clothed Swimming Classes Held for Elementary School Students

Nomura Real Estate Life & Sports has been conducting classes to teach elementary school children how to swim while fully clothed as a means of preventing water accidents since fiscal 2010. In fiscal 2018, a total of 1,605 children participated.



Fully-clothed swimming classes

Number of participants in fully-clothed swimming classes

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

Swimming Lessons for Asthmatic Children

At the request of Nagoya City, Nomura Real Estate Life & Sports has been providing swimming lessons for asthmatic children at Megalos Chikusa 24 since fiscal 2014. A total of 30 children learned how to swim in 2018.

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

Nomura Real Estate Urban Net started to participate in "Kodomo Hyakutoban no Ie (children's emergency shelter)" activities at 14 "Nomura's Broker + (Plus)" stores in Tokyo to contribute to keep children safe and be well-received by local communities.
These stores serve as emergency shelters for children when they feel physical danger, such as when they are approached by suspicious persons, and contact their parents or the police if necessary.



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

Supporting Sports

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

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

See here to learn more about the activities of JPSA

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

Supporting Sports for the Disabled

Nomura Real Estate Life & Sports signed a Facility Use Agreement for para-athlete training and provides spaces for training. In addition, the company collaborates with governmental bodies to provide swimming lessons for the disabled and program for developing instructors for the intellectually disabled.
Nomura Real Estate Partners supports wheelchair track and field athlete Yuki Nishi, a certified Tokyo Athlete.



Yuki Nishi

Certified as Tokyo Sports Promotion Companies

Nomura Real Estate Partners and Nomura Real Estate Life & Sports were again certified by the Tokyo Metropolitan Government as 2018 Tokyo Sports Promotion Companies as in the previous year. Under this program, the Tokyo Metropolitan Government certifies companies that encourage employees to participate in sports and provide support for sports events, and so on.

Editorial Policy

This website was created to provide stakeholders with a better understanding of the CSR/ESG approaches and activities of the Nomura Real Estate Group.
Reporting focuses on the CSR key themes determined by the CSR Committee taking into consideration the opinions from stakeholders: "safety and security", "the environment", "communities", and "health and well-being" as well as "human capital" and "management structure" which are the foundations of the Group.
We have endeavored to disclose information that meets expectations, giving consideration to international CSR frameworks and requests from investors and ratings organizations.

Scope

Nomura Real Estate Holdings, Inc. and its 18 consolidated subsidiaries (as of the beginning of fiscal 2018)
Percentage of operating revenue accounted for by organizations subject to reporting: 99.5%

Consolidated subsidiaries in the scope of report:
Nomura Real Estate Development Co., Ltd., Nomura Real Estate Asset Management Co., Ltd., Nomura Real Estate Urban Net Co., Ltd., Nomura Real Estate Partners Co., Ltd., NREG TOSHIBA BUILDING Co., Ltd., Nomura Real Estate Life&Sports Co., Ltd., Nomura Real Estate Heating and Cooling Supply Co., Ltd., Geo- Akamatsu Co., Ltd., Nomura Real Estate Reform Co., Ltd. (merged with Nomura Real Estate Partners Co., Ltd. in August 2018), Nomura Real Estate Wellness Co., Ltd., Nomura Real Estate Amenity Service Co., Ltd., NREG TOSHIBA BUILDING FACILITIES Co., Ltd., NF Power Service Co., Ltd., First Living Assistance Co., Ltd., Midosuji Mirai Development LLC, UNJ Properties LLC, Shinjuku Mirai Development LLC, Toranomon Real Estate 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 Standards
ISO 26000, Guidance on Social Responsibility
SASB (Sustainable Accounting Standards Board)

Reporting Period

Fiscal 2018 (from April 1, 2018 to March 31, 2019)

* Certain information on activities before fiscal 2017 and outlooks after fiscal 2019 is also provided.

Reporting Cycle

Updated

December 2019

Next Update

December 2020

Statements on the Site

・On this CSR 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 18 consolidated subsidiaries.
・Personal titles and company names in this report have been abridged.
・This site contains forward-looking statements about the plans, strategies and performance of Nomura Real Estate Holdings, Inc. and its consolidated subsidiaries. These statements are not historical facts, and they include assumptions and judgments that are based on information currently available to us. As such, future activities and results may differ from those mentioned herein.

Contact Information for Inquiries

Nomura Real Estate Holdings, Inc.
CSR Management Sect, Corporate Communications Department

Mail：hd-cc@nomura-re.co.jp

Basic Data

Corporate Overview

Corporate Name	Nomura Real Estate Holdings, Inc.
Head Office	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjukuku, Tokyo 163-0566, Japan
Business Overview	The Nomura Real Estate Group's main business comprises Residential Development Business, Leasing Business, Investment Management Business, Property Brokerage & CRE Business, Property & Facility Management Business Please refer to the link for details.
Activity Area	Japan, the U.K., China, Thailand, Vietnam, Philippines and Singapore
Capital	¥117,293,905,100 (as of March 31, 2019)
Number of Employees	6,980 (as of March 31, 2019 on a consolidated basis)
Suppliers	Main clients include design companies, construction companies and specialized service providers
Number of Group Companies	65 affiliated companies (39 consolidated subsidiaries, and 26 affiliates and unconsolidated subsidiaries accounted for using the equity method)

* The following changes were made to the above data in fiscal 2018 in relation to organization structure, ownership, and scale.

・Acquired 75% of shares in Lothbury Investment Management Group Limited (a real estate investment company).

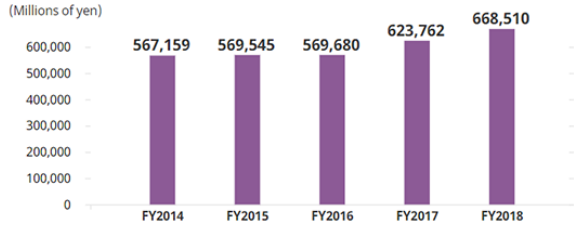
・Acquired all shares in Ryubundo (a hotel properties holding company) and its subsidiary UHM (a hotel operating company).

・Merged Nomura Real Estate Reform with Nomura Real Estate Partners.

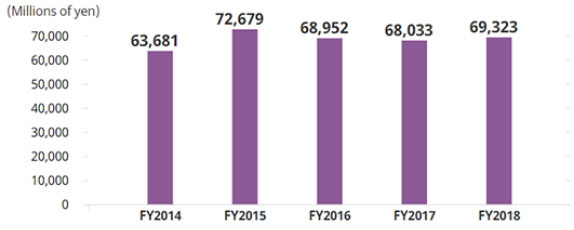
Financial Status

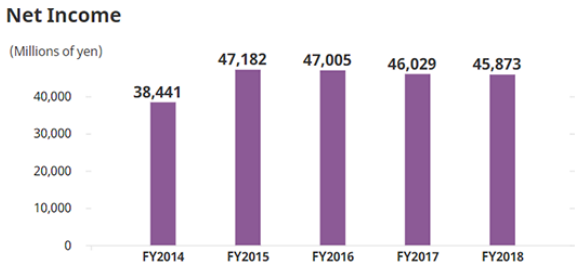
on a consolidated basis

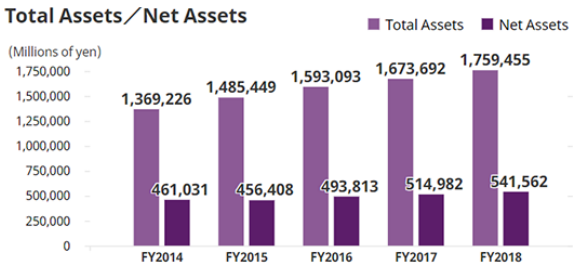
Revenue from Operation



Ordinary Profit







Employment Data

Number of Employees

(as of April 1)

	FY2017	FY2018	FY2019
Employees	6,728	6,931	7,317
Male	4,804	4,869	5,066
Female	1,924	2,062	2,251
Female employee ratio (%)	28.60	29.75	30.76
Permanent employees	6,006	6,173	7,061
Temporary employees	722	758	256
Permanent employees (%)	89.30	89.10	96.50

* The number of employees excludes persons dispatched to outside the Group, and includes persons dispatched to the Group from outside.

New Graduate Employees and Female Employment Ratio

(Joined company on April 1)

	FY2017	FY2018	FY2019
New graduate employees	247	256	258
Male	166	168	163
Female	81	88	95
Female employment ratio (%)	32.79	34.38	36.82

Index for ESG Investors

Items		Policy	Management	Performance
Environment	Environmental Policies and Management	✔	✔	✔
	Climate change	✔	✔	✔
	Water use	✔	✔	✔
	Pollution and resources	✔	✔	✔
	Biodiversity	✔	✔	✔
	Green building	✔	✔	Environmental management ✔
				Climate change ✔
Society	Product safety and quality	Design and construction ✔	Design and construction ✔	Design and construction ✔
		Operations and management ✔	Operations and management ✔	Operations and management ✔
		Longer lifespans, increased durability ✔	Longer lifespans, increased durability ✔	Longer lifespans, increased durability ✔
		Disaster responses ✔	Disaster responses ✔	Disaster responses ✔
	Labor practices	✔	✔	✔
	Human rights	✔	✔	✔
	Development and retention of human capital	✔	✔	✔
	Health and safety	✔	✔	✔
	Social contribution	✔	—	✔
	Social integration	Community ✔	Community ✔	Community ✔
		Diversity ✔	Diversity ✔	Diversity ✔
	Customer relations	✔	✔	✔
Governance	Corporate Governance	✔		✔
	Risk Management	✔	✔	✔
	Prevention of corruption	✔	✔	✔
	Tax transparency	Please refer to page 94 page 115 of Financial Report 2019		
	Supply chain management	Overall ✔	Overall ✔	Overall ✔
		Safety ✔	Safety ✔	Safety ✔
	CSR materiality	✔		
	Stakeholder engagement	✔		
	Conduct standards	Action Guideline ✔		
		Code of Action ✔		

GRI Content Index

This CSR site was prepared by making reference to the GRI standards (2016).

* Refer to the GRI standards (2018) for 303: Water and Effluents and 403: Occupational Health and Safety.

Disclosure		Location
102: General Disclosures (2016)		
102-1	Name of the organization	Basic Data
102-2	Activities, brands, products, and services	Basic Data
102-3	Location of headquarters	Basic Data
102-4	Location of operations	Basic Data
102-5	Ownership and legal form	Basic Data
102-6	Markets served	Basic Data
102-7	Scale of the organization	Basic Data
102-8	Information on employees and other workers	Basic Data
102-9	Supply chain	Business and CSR
		Basic Data
102-10	Significant changes to the organization and its supply chain	Basic Data
102-11	Precautionary Principle or approach	Risk Management
		Responses to climate change
		Use resources appropriately and prevent pollution
102-12	External initiatives	Responses to climate change
102-13	Membership of associations	—
102-14	Statement from senior decision-maker	Message from the CSR Committee Chairman
102-15	Key impacts, risks, and opportunities	CSR Management
		Responses to climate change
102-16	Values, principles, standards, and norms of behavior	CSR Management
		Compliance
102-17	Mechanisms for advice and concerns about ethics	Human Rights
		Corporate Governance
		Compliance

102-18	Governance structure	CSR Management Corporate Governance
102-19	Delegating authority	CSR Management Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Management Corporate Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	—
102-22	Composition of the highest governance body and its committees	Corporate Governance Corporate Governance Report
102-23	Chair of the highest governance body	List of Officers
102-24	Nominating and selecting the highest governance body	Corporate Governance Corporate Governance Report
102-25	Conflicts of interest	Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	CSR Management
102-27	Collective knowledge of highest governance body	—
102-28	Evaluating the highest governance body's performance	Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	Risk Management
102-30	Effectiveness of risk management processes	Risk Management
102-31	Review of economic, environmental, and social topics	Risk Management
102-32	Highest governance body's role in sustainability reporting	—
102-33	Communicating critical concerns	Risk Management
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	Corporate Governance Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance Corporate Governance Report
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
102-40	List of stakeholder groups	CSR Management

102-41	Collective bargaining agreements	Create fair and meaningful workplaces
102-42	Identifying and selecting stakeholders	CSR Management
102-43	Approach to stakeholder engagement	CSR Management
102-44	Key topics and concerns raised	CSR Management
102-45	Entities included in the consolidated financial statements	Basic Data
102-46	Defining report content and topic Boundaries	Editorial Policy
102-47	List of material topics	CSR Management
102-48	Restatements of information	—
102-49	Changes in reporting	Editorial Policy
102-50	Reporting period	Editorial Policy
102-51	Date of most recent report	Editorial Policy
102-52	Reporting cycle	Editorial Policy
102-53	Contact point for questions regarding the report	Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	GRI content Index
102-55	GRI content Index	GRI content Index
102-56	External assurance	—
Material topics		
103-1	Explanation of the material topic and its Boundary	CSR Management
103-2	The management approach and its components	Enhance environmental management
		Responses to climate change
		Use water resources efficiently
		Show consideration for biodiversity
		Use resources appropriately and prevent pollution
		Raise safety and security quality in design and construction
		Raise safety and security quality in operations and management
		Implement measures to increase lifespan and improve durability
		Ensure safety and security during emergencies
		Consideration for communities and support for revitalization

		Responding to an aging and diversifying population and supporting health
		Improving customer satisfaction and comfort
103-3	Evaluation of the management approach	—
201：Economic Performance (2016)		
201-1	Direct economic value generated and distributed	—
201-2	Financial implications and other risks and opportunities due to climate change	Responses to climate change
201-3	Defined benefit plan obligations and other retirement plans	Create fair and meaningful workplaces
201-4	Financial assistance received from government	—
202：Market Presence (2016)		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—
203：Indirect Economic Impacts (2016)		
103-1	Explanation of the material topic and its Boundary	Show consideration, and support the revitalization of communities
103-2	The management approach and its components	Show consideration, and support the revitalization of communities
103-3	Evaluation of the management approach	—
203-1	Infrastructure investments and services supported	Show consideration, and support the revitalization of communities
203-2	Significant indirect economic impacts	Show consideration, and support the revitalization of communities
204：Procurement Practices (2016)		
204-1	Proportion of spending on local suppliers	—
205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance
205-3	Confirmed incidents of corruption and actions taken	Compliance
206: Anti-competitive Behavior (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance

301: Materials (2016)		
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—
302: Energy (2016)		
103-1	Explanation of the material topic and its Boundary	Responses to climate change
103-2	The management approach and its components	Responses to climate change
103-3	Evaluation of the management approach	—
302-1	Energy consumption within the organization	Responses to climate change
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	Responses to climate change
302-4	Reduction of energy consumption	Responses to climate change
302-5	Reductions in energy requirements of products and services	Responses to climate change
303: Water and Effluents (2018)		
103-1	Explanation of the material topic and its Boundary	Use water resources efficiently
103-2	The management approach and its components	Use water resources efficiently
103-3	Evaluation of the management approach	—
303-1	Interactions with water as a shared resource	Use water resources efficiently
303-2	Management of water discharge-related impacts	—
303-3	Water withdrawal	Use water resources efficiently
303-4	Water discharge	—
303-5	Water consumption	Use water resources efficiently
304: Biodiversity (2016)		
103-1	Explanation of the material topic and its Boundary	Show consideration for biodiversity
103-2	The management approach and its components	Show 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	Show 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	—
305: Emissions (2016)		
103-1	Explanation of the material topic and its Boundary	Responses to climate change
103-2	The management approach and its components	Responses to climate change
103-3	Evaluation of the management approach	—
305-1	Direct (Scope 1) GHG emissions	Responses to climate change
305-2	Energy indirect (Scope 2) GHG emissions	Responses to climate change
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	Responses to climate change
305-5	Reduction of GHG emissions	Responses to climate change
305-6	Emissions of ozone-depleting substances (ODS)	Responses to climate change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—
306: Effluents and Waste (2016)		
103-1	Explanation of the material topic and its Boundary	Use resources appropriately and prevent pollution Implement measures to increase lifespan and improve durability
103-2	The management approach and its components	Use resources appropriately and prevent pollution Implement measures to increase lifespan and improve durability
103-3	Evaluation of the management approach	—
306-1	Water discharge by quality and destination	—
306-2	Waste by type and disposal method	Use resources appropriately and prevent pollution
306-3	Significant spills	—
306-4	Transport of hazardous waste	—
306-5	Water bodies affected by water discharges and/or runoff	—
307: Environmental Compliance (2016)		

307-1	Non-compliance with environmental laws and regulations	Enhancing Environmental Management
308: Supplier Environmental Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	Enhancing Environmental Management
		Responses to climate change
		Use water resources efficiently
		Show consideration for biodiversity
		Use resources appropriately and prevent pollution
103-2	The management approach and its components	Enhancing Environmental Management
		Responses to climate change
		Use water resources efficiently
		Show consideration for biodiversity
		Use resources appropriately and prevent pollution
103-3	Evaluation of the management approach	—
308-1	New suppliers that were screened using environmental criteria	Raise supplier management levels
308-2	Negative environmental impacts in the supply chain and actions taken	—
401: Employment (2016)		
401-1	New employee hires and employee turnover	Basic Data
		Promotion of diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Create fair and meaningful workplaces
401-3	Parental leave	Promotion of diversity
402: Labor/Management Relations (2016)		
402-1	Minimum notice periods regarding operational changes	—
403: Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	Health and safety of employees
		Ensure 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
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety of employees
		Ensure supplier safety

403-5	Worker training on occupational health and safety	Health and safety of employees
		Ensure 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	Ensure supplier safety
403-8	Workers covered by an occupational health and safety management system	Health and safety of employees
		Ensure supplier safety
403-9	Work-related injuries	Health and safety of employees
403-10	Work-related ill health	Health and safety of employees
404: Training and Education (2016)		
404-1	Average hours of training per year per employee	Improving human capital
404-2	Programs for upgrading employee skills and transition assistance programs	Improving human capital
404-3	Percentage of employees receiving regular performance and career development reviews	—
405: Diversity and Equal Opportunity (2016)		
103-1	Explanation of the material topic and its Boundary	Respond to population aging and diversity and support health
		Raise customer satisfaction and comfort
103-2	The management approach and its components	Respond to population aging and diversity and support health
		Raise customer satisfaction and comfort
103-3	Evaluation of the management approach	—
405-1	Diversity of governance bodies and employees	Promotion of diversity
405-2	Ratio of basic salary and remuneration of women to men	—
406: Non-discrimination (2016)		
406-1	Incidents of discrimination and corrective actions taken	Human Rights
407: Freedom of Association and Collective Bargaining (2016)		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights
408: Child Labor (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights
409: Forced or Compulsory Labor (2016)		

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights
410: Security Practices (2016)		
410-1	Security personnel trained in human rights policies or procedures	Human Rights
411: Rights of Indigenous Peoples (2016)		
411-1	Incidents of violations involving rights of indigenous peoples	—
412: Human Rights Assessment (2016)		
412-1	Operations that have been subject to human rights reviews or impact assessments	—
412-2	Employee training on human rights policies or procedures	—
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
413: Local Communities (2016)		
103-1	Explanation of the material topic and its Boundary	Show consideration, and support the revitalization of communities
103-2	The management approach and its components	Show consideration, and support the revitalization of communities
103-3	Evaluation of the management approach	—
413-1	Operations with local community engagement, impact assessments, and development programs	Show consideration, and support the revitalization of communities
413-2	Operations with significant actual and potential negative impacts on local communities	—
414: Supplier Social Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	Raise supplier management levels
103-2	The management approach and its components	Raise supplier management levels
103-3	Evaluation of the management approach	—
414-1	New suppliers that were screened using social criteria	Raise supplier management levels
414-2	Negative social impacts in the supply chain and actions taken	—
415: Public Policy (2016)		
415-1	Political contributions	—
416: Customer Health and Safety (2016)		

103-1	Explanation of the material topic and its Boundary	Raise Safety and Security Quality in Design and Construction
		Raise safety and security quality in operations and management
		Implement measures to increase lifespan and improve durability
		Ensure safety and security during emergencies
103-2	The management approach and its components	Raise Safety and Security Quality in Design and Construction
		Raise safety and security quality in operations and management
		Implement measures to increase lifespan and improve durability
		Ensure safety and security during emergencies
103-3	Evaluation of the management approach	—
416-1	Assessment of the health and safety impacts of product and service categories	Raise Safety and Security Quality in Design and Construction
		Raise safety and security quality in operations and management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	—
417: Marketing and Labeling (2016)		
417-1	Requirements for product and service information and labeling	—
417-2	Incidents of non-compliance concerning product and service information and labeling	—
417-3	Incidents of non-compliance concerning marketing communications	—
418: Customer Privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	—
419: Socioeconomic Compliance (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance

Third-Party Comments (CSR Report 2019)



Masao Seki

Professor, School of Business Administration, Meiji University

Senior Advisor, CSR Department, Sompo Japan Nipponkoa Insurance Inc.

The Nomura Real Estate Group declared that it will position CSR/ESG at the core of its business activities in the message from the CEO and the message from the CSR Committee Chairman. In fiscal year 2018, the Group undertook important initiatives that can be regarded as milestones for its CSR/ESG measures, including participation in the UN Global Compact, setting long-term goals for greenhouse gas emissions for 2030, and commencing application of the Group CSR Procurement Guidelines. The Group has also declared that it will endeavor to foster a corporate culture in which CSR/ESG initiatives are integrated into business activities. These series of actions clearly communicate internally and externally the Group's commitment to integrating CSR into management, which I highly value. As suggestions for future action, I would like to see the Group incorporate these CSR/ESG initiatives into specific measures and disclose the status of progress. The following are areas of improvement that I believe the Group needs to address and specific advice for improvement

1. CSR Management

- I recommend that the Group conduct an in-depth analysis on how to link the four themes for value creation set out in the New Mid– to Long–term Business Plan and the four key themes of CSR with enhancement of corporate value and creation of value for society and communicate this internally and externally through a narrative.
- Now that the key action items have been established, I recommend that the Group move to the next step of setting specific KPIs and publicly disclose the progress towards achieving goals.
- Regarding the SDGs, the Group has already completed linking existing initiatives to the 17 goals of the SDGs. The Group now needs to identify its impact areas linked to the SDGs across its value chain.

2. Environment

- Real estate properties have a long life span of several decades as social infrastructure. I expect that the Group will implement environmental initiatives with high aims such as leading the transition to a decarbonized society from the aspect of infrastructure with a forward-looking vision of taking the lead toward creating a decarbonized society.

- I recommend that the Group respond to the TCFD recommendations, which are climate change-related initiatives, to analyze the Group's environment-related business risks and opportunities.

3. Human Rights

- Regarding human rights, the core theme of the SDGs, it is necessary that the Group begin by working to understand international human rights law. For instance, the Group’s human rights training comprises two subjects: anti-discrimination and harassment. This is not consistent with the Group’s human rights policies that provide for compliance with international human rights law.
- While the Group's main focus is on respecting the human rights of employees, it should also have a viewpoint of identifying human rights risks across the value chain. In particular, the Group should regard addressing human rights and labor risks in the supply chain as a key theme.
- It was positive that Nomura Real Estate Holdings participated in the Human Rights Due Diligence Study Group established within the real estate industry. With this as a start, the Group should formulate a plan and take specific action toward establishing a due diligence system and its effective implementation.

4. Conclusion

As they say, Rome was not built in a day. I hope that the Nomura Real Estate Group will maintain and build on the momentum created last year and pursue the integration of CSR into management to work toward embodying its CSR initiatives and raising them to a higher level step by step during the current fiscal year and thereafter. Toward that end, I recommend that the Group further deepen dialogues with stakeholders. As the CSR Committee Chairman mentioned in his message, I hope the Nomura Real Estate Group will strive to become a leading company from the aspects of CSR/ESG as well.

Response to the Third Party Comments

The Nomura Real Estate Group is deeply grateful to Professor Seki for his valuable opinions regarding the Group's CSR efforts starting this fiscal year.

At the Nomura Real Estate Group, we will work to address social issues through our CSR/ESG initiatives while creating new value as we meet the needs of customers and strive to link these efforts to achieving sustainable growth.
In fiscal year 2018, the Nomura real Estate Group, through discussions at the CSR Committee, decided to participate in the UN Global Compact, commenced application of the Group CSR Procurement Guidelines, and set and published long-term goals for GHG emissions reduction for 2030 (Scope 1 and 2 emissions) to strengthen responses to climate change.
Climate change in particular has become a major risk confronting all of society. At the same time, we believe that climate change can also lead to the creation of business opportunities through the development of low-carbon products and services. We will strengthen responses to climate change in particular including promotion of low-carbon and decarbonization in the use phase of products delivered to customers (Scope 3 emissions).

We are still discussing internally how we can concretely link our CSR/ESG initiatives to the business growth. As Professor Seki pointed out, it is not enough to link the CSR/ESG initiatives to the New Mid– to Long–term Business Plan, and we recognize the need to advance the integration of management strategies with CSR/ESG. With this in mind, we will develop discussion broadly, not just within the CSR Committee but also the Board of Directors, the Group Management Council, and each business division and incorporate the discussion into business activities. We have established Group CSR/ESG policies and objectives that encompass four key themes for CSR and two Promotion Foundations in our CSR/ESG promotion activities. We will further discuss details of how we can link them to the growth of our businesses going forward. Regarding human rights initiatives, which Professor Seki also pointed out, we will endeavor to understand human rights and labor risks across the supply chain appropriately through participation in the Human Rights Due Diligence Study Group, which is made up of a total of eight real estate developers and general contractors, and consider specific action plans.

By drawing on this year's third-party opinion and through dialogues with stakeholders, the Nomura Real Estate Group will further strengthen its CSR/ESG initiatives and continue its efforts to create new value for society and customers.

Seiichi Miyajima
Executive Vice President and representative Director, Group COO,
Nomura Real Estate Holdings Inc.
Chair, CSR Committee, Nomura Real Estate Group