



CSR Report
2018

Table of contents

Message from the CEO	3	CSR Promotion Foundation	
Message from the CSR Committee Chairman	9	Human Capital	90
The Nomura Real Estate Group's Stance on CSR		Health and Safety of Employees	91
CSR Management	13	Promotion of Diversity	97
Business and CSR	19	Creating Fair Work Environments with Meaningful Work	102
		Improving Human Capital	108
		Ensuring Supplier Safety	112
Special Feature Nomura Real Estate Group's Contribution to SDGs	27	Management Structure	115
		Compliance	116
Four Key Themes for CSR		Risk Management	121
Safety and Security	32	Human Rights	124
Raise Safety and Security Quality in Design and Construction	33	Improving Supplier Management	128
Raise Safety and Security Quality in Operations and Management	37		
Implement Measures to Increase Lifespan and Improve Durability	41	Contributions to Local Communities and Society	132
Ensure Safety and Security During Disasters	44		
Environment	48	Editorial Policy	136
Enhancing Environmental Management	49	Basic Data	138
Responses to climate change	54	Index for ESG Investors	141
Efficient Use of Water Resources	61	GRI Content Index	144
Consideration for Biodiversity	63	Third-Party Comments	160
Appropriate Resource Use and Pollution Prevention	68		
Community	72		
Consideration for Communities and Support for Revitalization	73		
Health and Well-being	79		
Responding to an Aging and Diversifying Population and Supporting Health	80		
Improving Customer Satisfaction and Comfort	85		

External evaluation



CSR

Message from the CEO



We provide richness in everyday life, work, and relationships to help solve social issues in countries and cities. That is the duty of the real estate industry.

The Nomura Real Estate Group Mission Creating “New Value, Real Value” to provide richness in everyday life, work, and relationships

Our Group Vision

New Value, Real Value

Integrating all that is precious to people and communities, we build cities—dynamic stages that connect today with tomorrow’s possibilities— and embrace every moment of life’s pursuits. We create new value, social value, and, above all, real value.

With my background in securities and finance, I inevitably focus on the profitability that comes from real estate. It is obvious that profitability is an essential part of increasing corporate value, but I believe that the most important part is the history and ideas that have been connected to a piece of land or a building. I think that the real estate industry’s mission is to contribute to the future by creating new value in line with the times and making use of what we have generated so far.

Resolving social issues from country to country

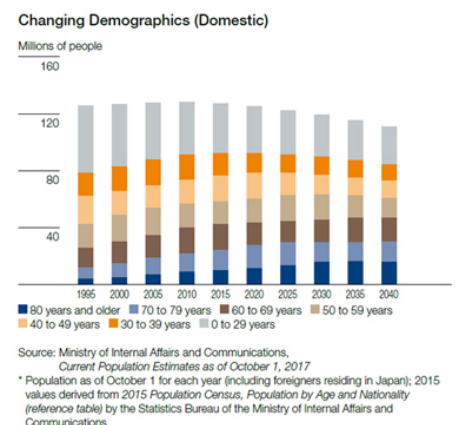
The real estate industry is one that affects and is affected by many factors, either directly or indirectly. These factors include a country's or city's economy, demographics, business performance, society, and environment. With continuing globalization, these influences are growing in a situation where information spreads quickly. That is why I firmly believe that the real estate industry should be at the forefront when it comes to tackling social issues for countries and cities as well as for the people's everyday life, work, and relationship.

I feel that international society requires actions to promote stronger responsibility for corporate business activities such as the Sustainable Development Goals (SDGs), which were established by the United Nations in 2015. In turn, providing richness in everyday life, work, and relationships will help solve social issues in countries and cities. I believe that to be the duty of the real estate industry.

It is crucial to grow through the expansion of business opportunities in both the mature domestic markets and the growing overseas markets.

The domestic market, which is the main market of the Group, is already a mature market, and concerns are rising that market scale will shrink over the long term amid the declining birth rate and aging population. At the same time, specifically because Japan is a mature market, the requirements are of a high level and the social issues are even more complex. In this sort of market, it is important to focus on corporate growth by working at the forefront of tackling social issues, expanding business opportunities, and continuing to refine our strengths and expertise.

In Japan, I am focused on changes in lifestyle. The population of Japan has declined for the seventh consecutive year from 2010, while the proportion of people aged 65 and over account for 27.7%^{*1} of the total population, marking a record high and showing a rapid shift to a super-aged society. Combined with such factors as an expected decline in the working age population, this demographic shift is receiving global attention as an issue for developed countries. In the future, cutting-edge technologies, such as robots and AI, as well as the employment structure changes, will be necessary to maintain economic activity. Both factors will bear a strong influence on lifestyle.



Against that backdrop, we should look at the ratio of working couples in Japan. The ratio of dual-income households was 32.8% of the population in 2000, increasing to 40.6% in 2017^{*2}. Further, looking at trends in female participation in the workforce, the M curve has been improved considerably, but there is still much room for improvement if we look at other countries around the world. In

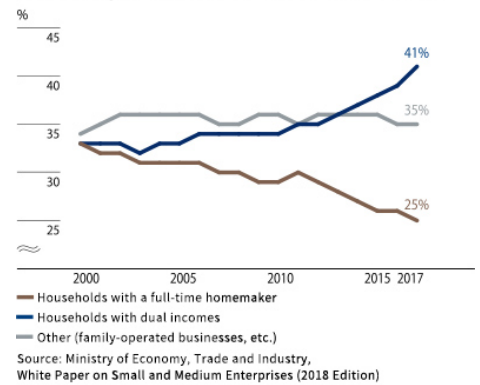
Japan, a country where the labor force is shrinking, the success of women in the workplace is directly connected to national strength. I believe that both the country and industry are entering an era where working couples will make up the greater part of the workforce by creating a women-friendly working environment. Another factor to look at is the number of senior workers. While the mega trend of population decline is receiving all the attention, in terms of the next 10 to 20 years we should be more focused on the rapid increase in the number of senior citizens. Thanks to developments in medicine, life expectancy is rising. That, coupled with higher pension eligibility ages, has resulted in a greater motivation among senior citizens to work. Japanese companies are generally responding by extending or abolishing retirement ages in order to secure this labor force. Furthermore, as the number of dual-income households increases, so does the importance of shorter commuting and greater convenience because of the need to balance work and life in a limited timeframe. To accommodate the growing elderly population, the demand for urban-type compact towns is increasing because shopping, hospitalization, entertainment, and other services can be reached within walking distance.

Changes in lifestyle have led to transformation in the way people live and work, not only in metropolitan areas but also in regional core cities. I fully believe that our abundance of upcoming redevelopment and rebuilding projects and our urban-type compact towns, the result of efforts made over many years, are a key solution to these social issues.

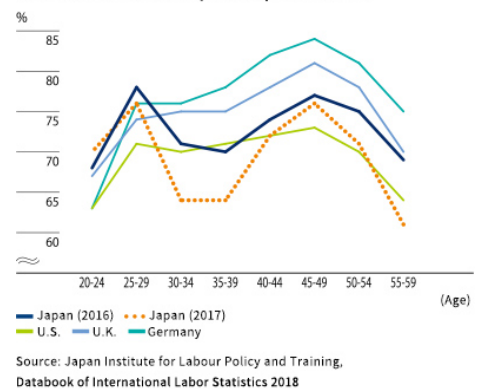
*1. Ministry of Internal Affairs and Communications, Current Population Estimates as of October 1, 2017

*2. Ministry of Internal Affairs and Communications, Labor Force Survey 2018

Percentage of dual-income families (Japan)



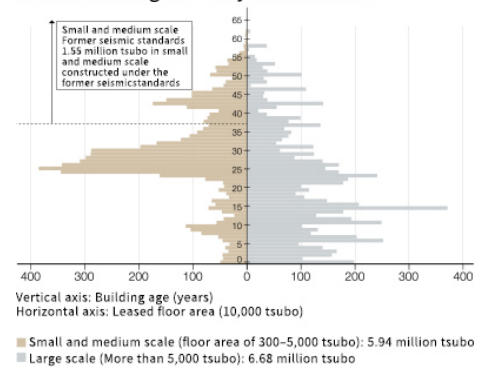
Female workforce participation rate



The rebuilding of buildings constructed under old earthquake resistance standards is a key growth market that helps resolve social issues.

We are not just tackling social issues related to lifestyle changes—issues related to offices and logistics are also a priority. An example of these social issues is earthquake resistant buildings under old standards. Much of the urban infrastructure in the Tokyo metropolitan area was developed to meet the needs that arose from the Tokyo Olympic construction boom in 1964. Even now, more than 50 years later, the 23 wards of Tokyo have small and medium-sized old earthquake resistant buildings spreading over a total area of about 5.12 million m² (1.55 million tsubo). As a result of the 2011 Great East Japan Earthquake, the awareness of issues related to safety and security has increased, but the progress of redevelopment and rebuilding remains slow. On the other hand, looking at business opportunities, we can assume with confidence that the demolition of old buildings will accelerate as small and medium-sized building owners grow older, subsequently leading to business succession and the inheritance of these buildings. Small and medium-sized companies, which employ 70%^{*3} of Japanese people, are performing steadily and the demand for human resources is strong. As a result, demand is growing for our PMO buildings, which provide safety and security. Amid these conditions, there is a great business opportunity and an opportunity to solve these social issues.

Distribution of Age of Construction of Office Buildings in Tokyo's 23 Wards



*3. Ministry of Economy, Trade and Industry, 2018 White Paper on Small and Medium Enterprises in Japan

In growing overseas markets, we must identify our strengths.

When we expand our perspective to the world, the United States, Europe, and other areas have matured real estate markets like Japan. In addition, there are also areas like Southeast Asia that are experiencing growth in their real estate markets right now. With regard to the Group's overseas expansion, we are working carefully to determine what people in these areas want and what we can provide for them. I feel that we are ready to accelerate further growth of our overseas business.

I believe there are three important factors in our overseas business potential; city power, local developers, and our strengths.

In terms of city power, we will focus on per capita GDP, especially in the Asian region. Since economic growth potential has a direct tie to business opportunities, city power becomes a major prerequisite in doing overseas real estate business.

As for local developers, we will make sure to confirm in advance whether we respect each other and how

we spread responsibilities to future benefit of both of us in order to build win-win relationships. Because the real estate business is primarily a local business, we would consider not only volume of future real estate pipeline but also the corporate culture of potential partners.

Finally, regarding our strengths, we can develop properties as well as provide our after-service expertise. Our ability to perform this role will be a great advantage, particularly in countries and regions where there is no practice for planning regular and long-term repairs on buildings in advance.

Changing viewpoints to Europe and other countries where real estate markets are mature, I believe that to enter the investment management business primarily through M&A gives more advantages than directly taking on real estate development in order to gather information for future business and acquire know-how. This approach can add to the potential for business development that comes afterward. We will continue to examine the characteristics of various countries and cities, assess the risks, and set our initiatives accordingly.

We will accelerate our ESG initiatives, an indispensable key to Company growth.

More and more investors consider Environmental, Social and Governance (ESG) implications when they make investments, as represented by Japan's Government Pension Investment Fund (GPIF), signing on to the United Nations' Principles for Responsible Investment (PRI) in 2015. I believe ESG initiatives are an indispensable key to our sustainable growth with our wide range of stakeholders.

With regard to governance, our Board of Directors received various third-party opinions and suggestions in the process of evaluating the effectiveness of our Board.

In addition, many institutional investors have appreciated our adopting of a monitoring-type board. In order to newly address the SDGs in terms of the environment and society, we have formulated policies and goals in line with our four existing key CSR themes: Safety / Security, Environment, Community, and Health and Well-being. This formulation is based on the recognition that global sustainability will have a major influence on our business. By adopting these international initiatives we will further contribute to the resolution of social issues and the enhancement of future economic value through proper business activities.

In regard to the social aspect of human resource management, we had previously made efforts to reform work style and promote diversity. However, in December 2017, we received corrective recommendations and guidance from the Labor Standards Inspection Office regarding the Discretionary Working System for Management-Related Work for Nomura Real Estate Development. Furthermore, we consider the death of an employee, recognized as a work-related accident by authorities, to be a serious matter. I strongly declare that employees are the Group's most important resource and that such a tragic event should never occur again. We aim for "health and wellbeing management," so that all personnel work creatively with a healthy body and mind, which will lead to sustainable corporate growth.

Sustainable growth through resolving social issues

Our Group companies collaborate with each other, sincerely caring about people's everyday life, work, and relationships and also providing various real estate-related services in our drive to achieve our Group Vision. I believe the Group enjoys a high reputation in society. All our employees follow a highly regarded five-point list of "What We Value"—taking a client-first approach; creating new value based on original ideas; always being a challenger; acknowledging our growth with society; and, we have add, promoting health and well-being at work. I am convinced that these five values are important elements in realizing the sustainable growth of corporate value for the Group going forward.

In addition to tackling the social issues of Japan, we are also listening to the voices of people who live, work, and stay in other countries and cities. I intend to ensure the Group's business will contribute to resolving their social issues and achieve sustainable growth. To all our shareholders and other stakeholders, we appreciate your continued understanding and support.

September 2018

Eiji Kutsukake

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

Message from the CSR Committee Chairman



To solve environmental and social issues in this business means to meet the needs of customers and society. Promotion of CSR leads to the development of products and services and the creation of new business.

Seiichi Miyajima

Executive Vice President
and Representative Director
Group COO

Promotion of Wellness Management for the Physical and Mental Well-being of Our Employees—Our Most Important Resource

On December 25, 2017, Nomura Real Estate Development Co., Ltd., a Group company of Nomura Real Estate Holdings, received corrective recommendations and guidance regarding the Discretionary Working System for Management-Related Work from the Labor Standards Inspection Office, which presides over the Company's headquarters and its four regional business offices. This matter is being taken as a serious issue, and we will make full efforts to carefully undertake labor management and improve working conditions so that no such incident occurs again, and to regain the trust of our shareholders and other stakeholders.

To this end, in April 2017 the Group established the Workstyle Reform Promotion Committee, and as its chairman, I have focused on improving productivity, reducing working hours, and enhancing work-life balance. We have identified and analyzed impeding factors against the reforms in each business and have set in place the personnel systems and policies to balance work and private life, which are functional regardless of time and place.

Moreover, we understand the importance of top management and senior officers to thoroughly discuss issues with employees and to steadily implement the necessary measures to improve working conditions. For this reason, top management and senior officers have held around 40 meetings with employees to hear their opinions directly and discuss topics such as working environments and labor conditions. Based on these discussions, we are now progressing with activities that will lead to concrete measures.

To underscore this point, our employees are our greatest resource, and their health and well-being are indispensable to the Group's sustainable growth. We are promoting wellness management so that all employees are able to stay mentally and physically healthy and work proactively.

The Changing Business Environment Surrounding the Group and the Related Risks and Business Opportunities

At present, corporate earnings are recovering in Japan underpinned by sustained low interest rates and low inflation amid an ideal economy. In the real estate market, market cap rates are falling and real estate prices are rising. In addition, construction costs are increasing. The volume of transactions have been sustained however, and the market continues to be steady. On the other hand, looking at the future of Japanese society shows us a variety of social problems, including its shrinking economy due to population decline and low birthrate and aging population, as well as an insufficient number of workers. The natural environment is another issue to consider, with global warming leading to the growing threat of climate change and natural disasters.

With the adoption of global frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement, businesses are expected to strengthen their commitment to addressing environmental and social issues surrounding society. While taking on such serious issues comes with risks, I believe that resolving these issues as a part of our business activities serves to meet the needs of customers and society, leads to the development of goods and services, and creates new business opportunities.

Falling demand in the Japanese economy due to the population decline is becoming a serious issue, but at the same time we are also seeing values and lifestyles become more diversified. Meeting these needs will allow us to differentiate our goods and services from other companies and raise our level of competitiveness. As for the decrease in available labor, major innovations are already underway, through work style reforms that improve productivity, and labor force substitution with IoT and AI.

As we pursue global initiatives such as the SDGs and the Paris Agreement, we are making efforts to bolster our environmental awareness, disaster prevention functions, and business continuity plans.

Environmental awareness tends to lead to progressively higher costs. These efforts, however, also lead to the development of low-carbon, environmentally conscious goods and services. These developments can provide new value by being environmentally and people friendly, and through the economic benefits delivered to customers and society.

Local revitalization and compact city development are being promoted in order to breathe life into local communities. But regardless of whether the target is a city center or a rural area, we are focused on developing a multifunctional and highly convenient urban-type compact town, where people can live, work, communicate, and interact. This type of compact town contributes to the rejuvenation of local communities. These various projects are our starting point and as laid out in our Group Vision “we build cities—dynamic stages that connect today with tomorrow’s possibilities,” we hope the residents will “embrace every moment of life’s pursuits” by creating communities and managing these projects. Through our business activities, we will fulfill our corporate social responsibility.

A Year of Strengthening CSR and ESG Initiatives

The Nomura Real Estate Group analyzed and identified social issues and decided upon four key themes for CSR as focal points for our initiatives. These key themes are Safety/Security, Environment, Community, and Health and Well-being. Additionally, we have established two CSR Promotion Foundations: Human Capital, and Management Structure, which encompasses corporate governance, compliance, and other management issues.

To achieve a sustainable business, nothing is more important than the health of its employees, and it is absolutely essential that they perform their duties with vitality. In addition, implementing work style

reforms helps to increase productivity, maintain work-life balance, and provide employees with more time for their private life. This in turn creates self-satisfaction in their work and life and motivation for self-learning. In this way, I am confident that the Company will expand through the self-development of its employees, and that this sort of positive cycle will increase corporate value and lead to sustainable growth.

In the fiscal year ended March 31, 2018, in order to enhance our CSR and ESG activities on a Groupwide level, we shared our Group policy with all employees to ensure that everyone has this policy in mind when conducting their daily business activities. As part of this, each business unit has established its own concrete goals rooted in our key themes and the Sustainable Development Goals (SDGs). To set these goals, we need to quantify their related elements because in some fields, we are unsure about our current stance toward the targets we will set. Thus, we will measure our position and establish our objectives. Moreover, to further our CSR and ESG efforts, we require cooperation not just within the Company but from our business partners and suppliers. With this in mind, we formulated our Group CSR Procurement Guidelines in the fiscal year ended March 31, 2018, and will begin its implementation in the fiscal year ending March 31, 2019. The Group's businesses, ranging from development and construction to operation and management, demand a variety of technologies and services, and this requires cooperation with architecture companies, construction companies, service providers, and other business partners and suppliers. It is important to bear in mind environmental and social issues throughout the entire supply chain while staying rooted in the Group CSR Procurement Guidelines. We hope for the understanding and cooperation of our business partners and suppliers in this regard.

In the fiscal year ending March 31, 2019, we will ramp up our response to environmental issues even further. We have already set up an environmental subcommittee led by the officers responsible for quality management and architectural design. This subcommittee is reviewing other measures such as environmental management systems and medium- to long-term reduction plans for energy consumption and CO2 emissions. As we carry out these efforts, we will employ a PDCA (Plan-Do-Check-Act) cycle, requiring us to first assess our position as a company, set our goals, review results and factors, and then set new goals. This will serve our efforts as we work to bring our CSR and ESG initiatives to a new level.

Increased Value for Stakeholders and Ensuring Group Growth

Connecting with stakeholders is very important for companies to achieve sustainable growth. Since we are a real estate business, we are responsible for urban planning and service management, and our stakeholders cover an extremely wide range of supporting industries. For that reason, we are constantly making efforts to continue creating new value alongside a wide range of stakeholders. In capital markets, investments emphasizing ESG are getting popular, meaning that it is important to promote our investment activities through ESG initiatives and proper disclosure. I would like to both contribute to society through active efforts in our business practices toward CSR and ESG and respond to the needs of investors, shareholders, and other stakeholders.

Going forward, we will continue to take on new challenges and changes in order to gain the trust and meet the expectations of our stakeholders going forward as a highly unique and attractive corporate group.

Promise with Stakeholders

Customers and Local Communities

Provide safe, comfortable, and high-quality products and services to customers and residents who live, work, and gather in the cities that we build

Shareholders and Investors

Raise corporate value and achieve sustainable growth for the benefit of shareholders and investors who provide capital to the Group

Suppliers and Business Partners

Acquire know-how and cooperation from suppliers and business partners as we develop cities and conduct business

Employees

Create work environments where employees can work in good health with a sense of purpose and meaning, so that human capital can grow as the foundation of our business and each employee can demonstrate high performance, create new value, and challenge themselves

Society

Fulfill our social responsibilities by addressing social issues and solving problems through our business activities

CSR | The Nomura Real Estate Group's Stance on CSR

CSR Management

CSR Management and CSR/ESG Policies and Objectives of the Nomura Real Estate Group






















The Group established a CSR Committee chaired by the executive vice president of Nomura Real Estate Holdings, which deliberates on and determines CSR policies, action plans, and so on. The Committee comprises directors, executive officers, and external directors selected by the Board of Directors of Nomura Real Estate Holdings and the results of its investigations are reported to the Board of Directors and reflected in management plans and business activities.

We also established the CSR Promotion Council, a subordinate organization to the CSR Committee, which is comprised by directors and so on of each business unit and group company. The Council carries out action plans and raises CSR awareness within Group companies.

In fiscal 2017, CSR Committee and CSR Promotion Council meetings were held seven times. We established Group Policy and material issues as part of the four key themes and two promotion foundations and set specific targets linked to the SDGs and our business activities.

In line with these policies, we will follow the PDCA cycle and promote CSR activities.

The Nomura Real Estate Group's Policy on CSR/ESG

CSR Theme	Group Policy	Material Issues	Group Targets/Indicators	Related SDGs
E	<p>The Nomura Real Estate Group recognizes that climate change, the depletion of natural resources, and the loss of ecosystems are important social issues. It aims to realize a sustainable society through environmentally friendly urban development, including energy saving and low-carbon initiatives as well as the use of renewable energy and appropriate utilization of resources. It also collaborates with environmental laws, ordinances, and regulations, and promotes appropriate environmental management.</p>	Upgrades to environmental management	Improving environmental management utilization (LEED, Building LEED, CASBEE, etc.)	     
		Reducing CO ₂ emissions	Reducing CO ₂ emissions	
		Effective utilization of water resources	Promoting solar power generation	
		Effective utilization of water resources	Reducing energy loss	
		Effective utilization of water resources	Promoting biodiversity certification (JEP, JSEESJ)	
S	<p>The Nomura Real Estate Group recognizes that building and infrastructure deterioration and disaster prevention and safety are important social issues. It aims to realize a sustainable society through the provision of high-quality and safe buildings and infrastructure, and the creation of safe and livable environments in communities. It also promotes the creation of safe and livable environments in communities.</p>	Improved safety and security	Compliance with design and construction standards and quality manuals	  
		Improved quality of safety/security in buildings and infrastructure	Improving management quality and after-sales service	
		Improved safety and security	Promoting long life and high durability	
		Improved safety and security	Promoting disaster preparedness	
		Improved safety and security	Promoting disaster preparedness	
S	<p>The Nomura Real Estate Group recognizes that community dysfunction and decline are important social issues. It aims to realize a sustainable society through the revitalization of communities, and the creation of safe and livable environments in communities.</p>	Revitalization of communities	Expanding of planning and design for revitalization of communities	  
		Revitalization of communities	Revitalization of communities	
		Revitalization of communities	Revitalization of communities	
		Revitalization of communities	Revitalization of communities	
		Revitalization of communities	Revitalization of communities	
S	<p>The Nomura Real Estate Group recognizes that the declining birth rate and aging population are important social issues. It aims to realize a sustainable society through the revitalization of communities, and the creation of safe and livable environments in communities.</p>	Revitalization of communities	Promoting health and well-being	  
		Revitalization of communities	Promoting health and well-being	
		Revitalization of communities	Promoting health and well-being	
		Revitalization of communities	Promoting health and well-being	
		Revitalization of communities	Promoting health and well-being	
S	<p>The Nomura Real Estate Group aims to provide a safe and secure environment for all its stakeholders, including customers, employees, and the community. It aims to realize a sustainable society through the revitalization of communities, and the creation of safe and livable environments in communities.</p>	Health and safety of customers	Promoting health and well-being	  
		Health and safety of customers	Promoting health and well-being	
		Health and safety of customers	Promoting health and well-being	
		Health and safety of customers	Promoting health and well-being	
		Health and safety of customers	Promoting health and well-being	
G	<p>The Nomura Real Estate Group promotes the strengthening of corporate governance, recognizing that they are important management issues for the realization of a sustainable society. It aims to realize a sustainable society through the revitalization of communities, and the creation of safe and livable environments in communities.</p>	Strengthening of corporate governance	Ensuring diversity in Board of Directors	  
		Strengthening of corporate governance	Ensuring diversity in Board of Directors	
		Strengthening of corporate governance	Ensuring diversity in Board of Directors	
		Strengthening of corporate governance	Ensuring diversity in Board of Directors	
		Strengthening of corporate governance	Ensuring diversity in Board of Directors	

Process of Determining the Four Key Themes

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

Step 1. Broad Investigation of Social Issues

Social issues were broadly identified by making reference to international frameworks such as the GRI G4 Guidelines and ISO 26000. Candidate key themes were selected from among those social issues that are closely related to the Group's business.

Step 2. Provisional Determination of Key Themes for the Group

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

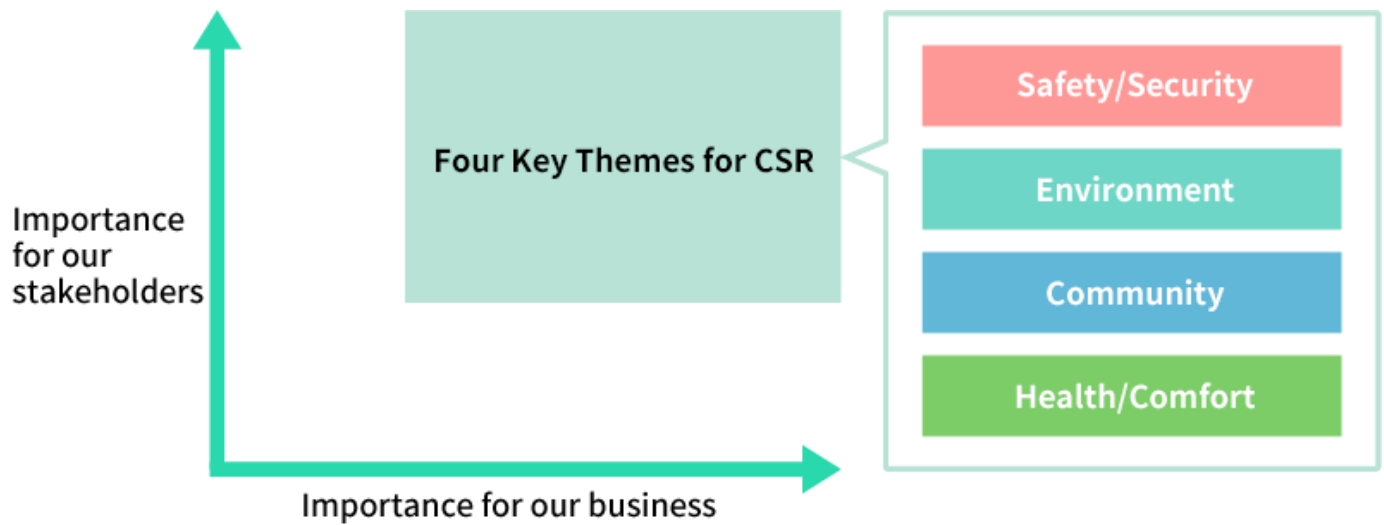
Step 3. Identification of Key Themes for Stakeholders

Questionnaire surveys and interviews were conducted to ask major stakeholders which social issues the Group should address. Themes believed to be important to stakeholders were identified.
















Major Stakeholders	Opportunities for Dialogue	Main Topics
Customers	<ul style="list-style-type: none"> • Explanation of products and services • Opinion exchange • Questionnaires • Creation of special-purpose help lines 	<ul style="list-style-type: none"> • Safety/Security • Quality enhancement • Community revitalization • Universal designs
Employees	<ul style="list-style-type: none"> • Interviews with human resources departments and supervisors • Labor-management agreements • Publication of group and company newsletters 	<ul style="list-style-type: none"> • Diversity • Work style reforms • Medium- to long-term careers
Local Communities	<ul style="list-style-type: none"> • Opinion exchange • Questionnaires 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation
Government	<ul style="list-style-type: none"> • Opinion exchange 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation • Compliance
Suppliers	<ul style="list-style-type: none"> • Opinion Exchanges on procurement guidelines • Supplier Council on Health & Safety 	<ul style="list-style-type: none"> • Planning and design of products and services • Quality control • Compliance
Shareholders and Investors	<ul style="list-style-type: none"> • General Meetings of Shareholders • Investor relations meetings • Publication of reports 	<ul style="list-style-type: none"> • Settlement and financial status • Mid- to long-term business strategies

■ Step 4. Determination of the Four Key Themes

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



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

Four Key Themes	Safety/Security	Environment	Community	Health and Well-being
Major Social Issues	Obsolescence and aging of buildings and infrastructure, deterioration of urban functions, increase in natural disasters	Global warming, climate change, depletion of natural resources, degradation of ecosystems	Community failures, decline in dynamism, and weakening of ties due to declining birth rate, aging population, or increasing vacant homes	Declining birth rate, aging population, globalization, diversification of individual values and lifestyles
Primary Reasons	<ul style="list-style-type: none"> The real estate business and urban development are the foundations that support stakeholders' livelihoods and businesses, and achieving safety and security are essential In addition to improving the aging and obsolescence of buildings, it is necessary to increase life spans and enhance durability of buildings into the future 	<ul style="list-style-type: none"> The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity Environmental problems are major issues that affect not just the Group's business, but also the livelihoods and businesses of stakeholders 	<ul style="list-style-type: none"> Sound functions of and independent actions by communities are essential for sustainable urban development Developing sound communities requires support in the form of design and services 	<ul style="list-style-type: none"> The health and comfort of each individual is important for cities and communities to be sustainable Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably
The Group's Approach	We are striving toward the realization of safety and security for customers and local communities through the provision of products and services based on appropriate quality control and sustainable community development. We are also promoting the development of work and living environments that allow business continuity and normal life activities during emergencies.	We are contributing to realize sustainable societies through urban development with environmental care such as initiatives toward energy efficient and low carbon society, renewable energy use, and appropriate use of resources, etc. Further, we comply with environmental laws and regulations and implement appropriate environmental management.	Through our building design measures and operation services, we encourage connections between customers and local society and the development of communities. Through these efforts, we are contributing to the creation of harmonious societies by promoting effective mutual assistance in emergencies and neighborhood and community revitalization.	We strive to provide products and services that enable people to have healthy and comfortable lives regardless of their diverse attributes. Through these measures, we are contributing to the realization of a healthy and vibrant society with mutual respect for diversity.
Boundaries	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities
Related Management Strategies (1) Expand business volume and business fields in the development sector (2) Differentiate the Group and demonstrate competitiveness in the service & management sector	(1) Enhance safety and security quality and implement comprehensive quality control regarding buildings including disaster responses (2) Enhance repair construction and maintenance to extend building lifespans	(1) Enhance the environmental value of buildings and encourage the acquisition of green building certification (2) Increase environmental consideration and improve customer service by developing energy-related business	(1) Develop multifunction and highly convenient urban compact towns as community projects (2) Create sustainable communities through continuous revitalization of community support services	(1) Develop communities where stakeholders such as seniors or those with diverse attributes can live comfortably (2) Develop housing with services for seniors and provide services that support longer healthy lifespans
Corresponding GRI Standards	Effluents and waste, customer health and safety	Energy, water, biodiversity, emissions, effluents and waste, supplier environmental assessment	Indirect economic impacts, local communities, supplier social assessment	Diversity and equal opportunity
Main Related SDGs	  	     	  	  

Process of Determining the CSR/ESG Policies and Objectives

Step 5. Identification of Related Businesses and Operations

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

Step 6. Evaluation and Clarification of Issues

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

Step 7. Determination and Approval of Policies and Targets

Following deliberation by the CSR Committee, the Groupwide CSR Objectives were determined. The CSR Objectives were approved by the Nomura Real Estate Holdings Board of Directors.

Dialogue with Stakeholders


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

Stakeholders	Major Responses
Customers	<ul style="list-style-type: none"> • I expect the Group to revitalize the community and improve its image among neighboring residents • I expect the Group to give consideration to ecosystems and select highly sustainable materials
Employees	<ul style="list-style-type: none"> • Revitalization of communities will lead to new services and business • As the population of seniors increases, the provision of healthcare services and comfortable spaces becomes more important
Suppliers	<ul style="list-style-type: none"> • Safety and security are the foundation of real estate as social infrastructure • I expect community development and health and well-being initiatives will come together and expand
Shareholders and Investors	<ul style="list-style-type: none"> • Safe and secure real estate is a need of society and customers • I expect the Group to create vibrant communities
CSR experts (On socially-responsible investment, environmental issues, etc.)	<ul style="list-style-type: none"> • I hope for both environmental and economic performance • The company is believed to emphasize safety and security, so expectations are high
NPOs and NGOs (On environment, community, architecture, etc.)	<ul style="list-style-type: none"> • Households of seniors are projected to increase, so measures in this area are expected • Construction and demolition have high environmental impact





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


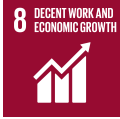
Business Activities of the Nomura Real Estate Group












Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Acquisition of Land and Properties, and Capital Procurement	<ul style="list-style-type: none"> • Investigation of properties • Real estate appraisal • Environmental assessment • Negotiation and bidding • Contract execution • Capital procurement <p>etc.</p>	Sellers, brokers, financial institutions, investors, real estate appraisers, employees, etc.	<ul style="list-style-type: none"> • Show consideration, and support the revitalization of communities • Raise supplier management levels 	

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Planning and Design of Products	<ul style="list-style-type: none"> Administration of questionnaires to customers and local communities Planning of products Design etc. 	Customers, local communities, NPOs, design companies, government agencies, employees, etc.	<ul style="list-style-type: none"> Increase safety and security quality in design and construction Ensure safety and security during emergencies Show consideration, and support the revitalization of communities Respond to population aging and diversity and support health Increase customer satisfaction and comfort Raise supplier management levels 	       

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Management of construction	<ul style="list-style-type: none"> • Construction supervision • Quality control • Cost management • Briefings for local residents <p>etc.</p>	Customers, local communities, construction companies, employees, etc.	<ul style="list-style-type: none"> • Increase safety and security quality in design and construction • Ensure safety and security during emergencies • Show consideration, and support the revitalization of communities • Responses to climate change • Efficient use of water resources • Appropriate use of land • Appropriate use of resources • Ensure supplier safety • Raise supplier management levels 	   

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Sales and tenant recruiting	<ul style="list-style-type: none"> • Marketing • Preparation of website and pamphlets • Advertising • Explanation of material matters • Contract execution <p>etc.</p>	Customers, local communities, NPOs, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> • Respond to population aging and diversity and support health • Increase customer satisfaction and comfort 	 

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Operation and Investor Returns	<ul style="list-style-type: none"> Fund formation Property management Asset management etc. 	Investors, customers, financial institutions, property management companies, local communities, employees, etc.	<ul style="list-style-type: none"> Increase safety and security quality in operations and management Ensure safety and security during emergencies Show consideration, and support the revitalization of communities Responses to climate change Efficient use of water resources Appropriate use of resources Raise supplier management levels 	  
Operation and Management	<ul style="list-style-type: none"> Property management Asset management 	Customers, local communities, business	<ul style="list-style-type: none"> Increase safety and security quality in 	

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
	<ul style="list-style-type: none"> • Management and repair works, operation of sports clubs and senior housing with services <p>etc.</p>	owners, service providers, construction companies, employees, etc.	<p>operations and management</p> <ul style="list-style-type: none"> • Ensure safety and security during emergencies • Show consideration, and support the revitalization of communities • Responses to climate change, efficient use of water resources • Appropriate use of resources, responses to population aging and diversity, and health support • Increasing customer satisfaction and comfort, ensuring supplier safety, and raising 	    

Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
			supplier management levels	
Brokerage and CRE	<ul style="list-style-type: none"> Investigation of properties Real estate appraisal Environmental assessment Explanation of material matters Contract execution etc.	Customers, brokers, financial institutions, real estate appraisers, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> Show consideration, and support the revitalization of communities Respond to population aging and diversity and support health Increase customer satisfaction and comfort 	

Responses to social issues relating to human capital and management structures are the CSR promotion foundations, and therefore, are related to all business activities.






CSR

Special Feature: Nomura Real Estate Group's Contribution to SDGs

Approach to the SDGs

“Transforming our world: The 2030 Agenda for Sustainable Development” was adopted at the United Nations Sustainable Development Summit held in September 2015. The globally shared targets set by this agenda are the Sustainable Development Goals (SDGs).

The Group, which established Our Group Vision in the form of the Group's Corporate Philosophy and CSR Vision, is cognizant that achieving the SDGs is a crucial issue. We are contributing to the realization of the SDGs through measures addressing our four key themes: Safety/Security, the Environment, Community, and Health and Well-being.






Four Key Themes	Related SDGs				
Safety/Security	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 11 SUSTAINABLE CITIES AND COMMUNITIES	 13 CLIMATE ACTION		
Environment	 6 CLEAN WATER AND SANITATION  15 LIFE ON LAND	 7 AFFORDABLE AND CLEAN ENERGY	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 13 CLIMATE ACTION
Community	 8 DECENT WORK AND ECONOMIC GROWTH	 11 SUSTAINABLE CITIES AND COMMUNITIES	 17 PARTNERSHIPS FOR THE GOALS		

Four Key Themes	Related SDGs
Health and Well-being	  

Contribution to the SDGs

The Group is contributing to the SDGs through the following activities, which are our measures to address the four key themes.

SDGs	Activities of the Nomura Real Estate Group	Main Contribution Results (FY 2017)
	Support health and promote increases in healthy lifespan	Development of properties with services designed for seniors (cumulative): 125 units
	Reduce water consumption	Water consumption (intensity): 1.127 m ³ /m ² -year
	Installation of solar power generating facilities	Solar power generating facility installation rate at Landport logistics facilities: 100% Annual solar power output: 11.55 million kWh
	Reduce energy consumption	Energy consumption (intensity): 0.049 kl/m ² per year
	Promote universal designs	Barrier-free and universal design adoption rate in condominiums: 100%

SDGs	Activities of the Nomura Real Estate Group	Main Contribution Results (FY 2017)
	Expand and improve designs that support revitalization of communities	New residential properties with community contribution facilities: 4 properties
	Improvement of disaster preparedness and security countermeasures	Managed properties where disaster preparedness training is conducted: 85% Properties registered to take in persons who are unable to return home during an emergency: 3 properties
	Reduce waste volumes	Waste discharge volume (intensity) 4.343 kg/m ² per year
	Responses to climate change	CO ₂ emissions (intensity): 0.088 t CO ₂ /m ² per year
	Care for biodiversity	Properties that acquired biodiversity certification (ABINC/JHEP/SEGES): 4 properties
	Community revitalization support	Number of meetings held with condominium residents: 40 Number of meetings held with corporate tenants in office buildings, etc.: 100 Number of community dialogue events held: 29

Case Study: Contributing to the SDGs through longer building lifespans and improved durability

Stagnation of Condominium Improvement Plans Becoming an Increasingly Severe Social Issue

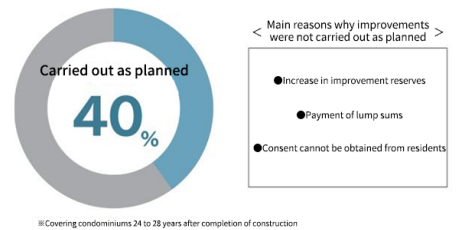
Even when a long-term improvement plan is established at the time of construction, due to the aging of society and the increase in vacant units in recent years as well as rising construction costs and other factors, the collection of improvement expenses is often delayed. Consequently, only less than half of condominiums are able to carry out the second large-scale improvements as planned (according to Ministry of Land, Infrastructure, Transport and Tourism investigations).

If building lifespans are reduced as a result, large volumes of waste will be generated.

The SDGs call for the development of sustainable cities and drastic reductions in waste, and these are important issues to be addressed by the Group.

Condominiums Where Improvements Are Carried out as Planned

Source: Ministry of Land, Infrastructure, Transport and Tourism, "FY 2013 Comprehensive Condominium Survey"



Increasing Building Lifespans and Durability throughout Their Life Cycles

In response to these social issues, the Group is working to increase building lifespans and durability throughout their life cycles.

Starting in fiscal 2017, we reviewed the improvement plans for completed PROUD condominiums and launched the re: Premium long-cycle, large-scale repair service.

Under this program, the cycle for large-scale repairs, which is normally planned for every 12 years, is extended to 16 to 18 years and ultra-long-term improvement plans extending up to 60 years after the completion of construction can be formulated.

In addition, we created the Attractive30 service for newly-constructed condominiums in fiscal 2018. This service employs high-durability materials and construction techniques and introduces re: Premium to lengthen the cycle of large-scale repairs.

By offering the re: Premium and Attractive30 services, the Group is reducing the psychological and economic burdens on customers, increasing the durability and extending the lifespans of buildings, and reducing waste.

■ Providing New Value to Society, the Environment, and Customers

These efforts to extend building lifespans and lengthen large-scale repair cycles contribute to the development of sustainable cities and reduction of waste and provide new value to customers. By substantially cutting lifecycle costs, the psychological and economic burdens on customers are reduced and future options are expanded regarding refurbishment of common areas and renovation of exclusive areas.

Going forward, the Group will continue contributing to the realization of a sustainable society by responding to social and environmental issues and providing products and services that are valuable to customers.



Priority theme

Safety and Security

The Nomura Real Estate Group is aware that the aging and obsolescence of buildings and infrastructure, reductions in urban functions, and increases in natural disasters are important social issues, and we are contributing to the safety and security of customers and communities through the provision of products and services based on appropriate quality controls and sustainable urban development. We are also promoting the development of work and living environments that can maintain business and life activities during emergencies.

Raise Safety and Security Quality in Design and Construction.....	33
Raise Safety and Security Quality in Operations and Management.....	37
Implement Measures to Increase Lifespan and Improve Durability	41
Ensure Safety and Security During Disasters	44

Raise Safety and Security Quality in Design and Construction

Approach and Policies

The Nomura Real Estate Group provides buildings and spaces that serve as the foundations for living and business to customers (residents, tenant companies, and facility users), local communities, and other stakeholders over the long term through a range of business activities from design and construction to operation and management.

Deterioration of urban functions as a result of the aging and obsolescence of buildings and infrastructure as well as the shrinking population and aging of society are significant concerns, and as natural disasters including large-scale earthquakes increase in frequency, designing and constructing safe and secure buildings and spaces is an important responsibility of the Group. It is with this understanding that we are working to enhance the quality of safety and security in design and construction, in collaboration with design and construction companies and other suppliers as well as governmental agencies, by complying strictly with Design and Construction Standards and Quality Manuals and implementing rigorous quality control.

Management

■ Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to enhance the quality of safety and security in design and construction.

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.

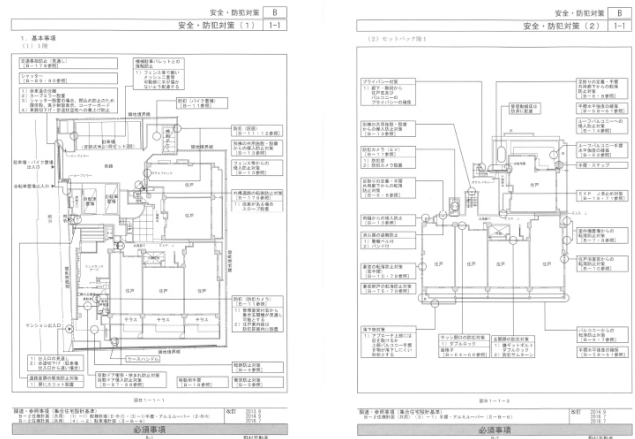
Starting in fiscal 2018, targets regarding enhancement of safety and security quality in design and construction were set, and the Committee is monitoring progress.

Targets

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

Compliance with Design and Construction Standards and Quality Manuals

To ensure the quality of safety and security in building design and construction, the Group has formulated Design and Construction Standards (structures, architecture, equipment, electrical) and Quality Manuals and has established designs and specifications for the following products that have been developed in series. These Standards and Manuals are distributed to suppliers including design and construction companies and are strictly complied with.



PROUD Design and Construction Standards
(excerpts)

【Subject Products】

- Residences: PROUD, OHANA, PROUD SEASON
- Leased office buildings: PMO (Premium Midsize Office)
- Commercial Facilities: GEMS
- Logistics Facilities: Landport
- Condominiums: PROUD FLAT

Supporting the Development of First-Class Architects

The Group supports the acquisition of the first-class architect qualification, to ensure safety and security. As of April 1, 2018, Nomura Real Estate Development had 215 employees with first-class architect qualifications, comprising 16.73% of its total workforce.

Thorough Quality Control at Construction Sites

Implementation of Quality Control Inspections

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

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



A quality control inspection at a construction site

PROUD Quality Conference

The Group holds the PROUD Quality Conference once a year to share information on quality control technologies at condominium construction sites. At the conference, which is attended by architectural and quality control personnel from around the country, information on updates to Design and Construction Standard and Quality Manuals as well as construction related issues is shared.

New Construction Progress Reports

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



Site for Contract Holders

Performance

■ Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Comply with Design and Construction Standards and Quality Manuals

In fiscal 2017, the Leasing Business Unit (PMO leased office buildings, GEMS commercial facilities, Landport logistic facilities, and PROUD FLAT condominiums) formulated and began applying new Design and Construction Standards and Quality Manuals.

	FY 2017
Compliance with Design and Construction Standards and Quality Manuals in the housing business	100%

■ Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, or other applicable laws and regulations or the Group's quality standards and so on, the necessary countermeasures are promptly implemented.

In fiscal 2017, there were no significant safety-related violations of relevant laws and regulations or internal standards.

CSR | Society | Safety and Security

Raise Safety and Security Quality in Operations and Management

Approach and Policies

The Nomura Real Estate Group supports the lives and businesses of stakeholders including customers (residents, tenant businesses, facility users) and local communities over the long term, even after the completion of construction, through operation and management.

As concerns rise regarding the aging and obsolescence of buildings and infrastructure and the deterioration of urban functions due to the declining population and aging of society and natural disaster such as large-scale earthquakes increase in frequency, ensuring safety and security even after the completion of construction is an important responsibility of the Group.

Based on this awareness, the Group works with suppliers and NPOs to improve the quality of safety and security in operation and management by raising management quality and enhancing after-sales service.

Management

■ Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to ensure safety and security in product and service operation and 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.

Starting in fiscal 2018, targets regarding enhancement of safety and security during operation and management were set, and the Committee is monitoring progress.

Targets

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

Compliance with Building Management Quality Assessment Guidelines at Managed Properties

The Group formulated and complies with Building Management Quality Assessment Guidelines at managed properties. The guidelines contain more than 400 items that pertain to topics such as quality control, legal compliance, and internal audits.

Enhancing Quality by Acquiring ISO Certification

The Group is working to acquire certification under quality-related international standards. Nomura Real Estate Partners holds ISO 20000 international certification for IT service management systems (ITSMS) for services provided to three data centers (as of the end of March, 2018): Yokohama Data Center #1, Yokohama Data Center #2, and the Osaka Data Center. Nomura Real Estate Development has also acquired ISO 9001:2015 certification (an international standard for quality management systems) for design management operations pertaining to important equipment and construction management operations conducted at the data centers. Nomura Real Estate Partners has acquired ISO 9001 certification (an international quality management system standard) for 21 properties in the office building segment and 19 complexes in the condominium segment.

* For information regarding ISO 14001, see the environmental activity Promotion Framework .

Improving Safety and Security after Sales

Living Q Call Established

To help residents in its residential properties lead safe, secure, and comfortable lives, the Group established Living Q Call, a 24-hour, 365-day, operator-supported hotline for responding to requests and consultations from residents.

【Details of Main Services】

- Emergency services: water leaks, lost keys, etc.
- Repair services: Repairs to various equipment items
- Support services: Light bulb replacement, collection of bulky trash items, etc.

National Customer Conference Held

The Group holds the National Customer Conference once each year to enhance the quality of after-sales service in PROUD condominiums. Personnel responsible for after-sales service from around the country attend the conference to share information on complaints and issues that arose during the year and discuss best practices.

Provision of Long-Term Repair Warranty Programs for Condominiums

The Group offers the NEXT PASS 10 service, a program that provides a 10-year repair warranty for defects and malfunctions in condominiums, as well as the NEXT PASS 15, which extends the warranty by an additional five years.

【Details of Main Services】

- Extension of warranties on residential fixtures and equipment
- Emergency response in case of breakdown or malfunction
- Inspections and maintenance in the fifth and ninth years after purchase

Repair and Warranty Services for Transactions of Existing Residences

The Group offers repair and warranty services to encourage liquidity of existing residences and provide safety and security to customers after a purchase.

【Details of Main Services】

- Sold properties: Defect repairs and warranty for up to five years
- Purchased properties: Repair and replacement warranty for defects in main equipment within one year after purchase

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Enhance Quality Control and Improve After-sales Service

	FY 2017
Rate of compliance with Building Management Quality Assessment Guidelines at managed properties	100%

	FY 2017
NEXT PASS 10 application rate	82%

Responses to Safety Issues

To ensure the safety of customers, if there is a violation of the Building Standards Act, Fire Service Act, or other applicable laws and regulations or the Group's quality standards and so on, the necessary countermeasures are promptly implemented.

In fiscal 2017, there were no significant safety-related violations of relevant laws and regulations or internal standards.

Implement Measures to Increase Lifespan and Improve Durability

Approach and Policies

The Nomura Real Estate Group designs and constructs building and spaces that serve as the foundations of the lives and businesses of stakeholders including customers (residents, tenant businesses, facility users) and local communities over the long term through all aspects of its real estate and urban development business, and operates and manages properties after the completion of construction.

As concerns rise regarding the aging and obsolescence of buildings and infrastructure and increases in natural disasters such as large-scale earthquakes, providing buildings and spaces that are safe and secure throughout their entire life cycle is an important responsibility of the Group. Based on this awareness, the Group works with suppliers such as design and construction companies to increase the lifespans and durability of buildings.

Management

■ Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to increase building lifespan and durability.

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.

Starting in fiscal 2018, targets regarding enhancement of building life span and durability were set, and the Committee is monitoring progress.

Targets

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

■ Measures to Lengthen Large-Scale Repair Cycles

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

Measures at Completed Condominiums

In fiscal 2017, the Group Launched re:Premium, a service that lengthens large-scale repair cycles at completed PROUD condominiums.

Under this program, the cycle for large-scale repairs, which is normally planned for every 12 years, is extended to 16 to 18 years, and ultra-long-term improvement plans extending up to 60 years after the completion of construction can be formulated.

Measures at Newly-Constructed Condominiums

In fiscal 2018, the Group launched the Attractive30 service, which seeks to increase the lifespans and durability of newly-constructed condominiums.

The service employs high-durability materials and construction techniques and introduces the re:Premium service to lengthen the cycle of large-scale repairs.

Performance

■ Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Provide products and services with long lifespans and high durability

In addition to promoting the re:Premium service, the Attractive30 service was launched in fiscal 2018.

	FY 2017
Number of completed properties that offer the re:Premium service	5 properties

Ensure Safety and Security During Disasters

Approach and Policies

The Nomura Real Estate Group supports the lives and businesses of stakeholders including customers (residents, tenant businesses, facility users) and local communities over the long term through all aspects of its business from design and construction to operation and management. As abnormal weather and natural disasters increase in frequency as global warming and climate change intensify, taking measures to ensure safety and security during emergencies has become an important responsibility of the Group.

Based on this understanding, the Group collaborates with fire departments, governmental bodies, disaster preparedness experts, and others, to prepare for and prevent disasters including implementation of drills pursuant to business continuity plans (BCP) and disaster preparedness support, so that we can minimize the harm if a disaster occurs and maintain continuity in the lives and businesses of stakeholders.

Management

■ Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to ensure safety and security during disasters.

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.

Starting in fiscal 2018, targets regarding enhancement of safety and security during disasters were set, and the Committee is monitoring progress.

Targets

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

■ Design and Construction in Preparation for Disasters

The Group provides for severe localized rain and flooding countermeasures in its quality manuals and implements countermeasures after confirming hazard maps.

In addition, we attach hazard maps to the statements of material matters provided to purchasers of residences.

■ Disaster Preparedness Concept: Advances in Disaster Preparedness in Housing

The Group has established Disaster Preparedness in Housing as its disaster preparedness policy for residential properties.

We are working to minimize harm and ensure safety and security during emergencies by promoting self-help where residents help themselves through their own efforts and the efforts of their family members, mutual assistance where residents are helped to the efforts of neighbors and community members, and public support where support is provided by the police and fire departments.

■ Disaster Response Headquarters Establishment Drills

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

Implementation of Emergency Communication Drills and Disaster Response Headquarters Establishment Drills

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



Disaster response headquarters establishment drills

【Overview of Disaster Response Headquarters Establishment Drills】

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

Supporting Disaster Preparedness at Managed Properties

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

【Main Support】

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

Establishment of disaster preparedness hubs for tenant businesses

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



Emergency supplies stored at N-FORT

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY 2017
Disaster preparedness drills held at managed properties	85%
Number of facilities that can take in persons who are unable to return home during a disaster	3 properties

Taking in and Supporting Victims During a Disaster

The Shinjuku Nomura Building (Shinjuku-ku, Tokyo), Nihonbashi Muromachi Nomura Building (Chuo-ku, Tokyo), and Yokohama Business Park (Yokohama City, Kanagawa Prefecture) have been designated temporary living accommodations for those who are unable to return home during a disaster and will take in such individuals if a disaster occurs.



Priority theme

Environment

The Nomura Real Estate Group is aware of important social issues such as climate change, natural resource depletion, and ecosystem destruction, and contributes to the development of sustainable societies through environmentally-conscious community development including measures to save energy and create a low-carbon society, use of renewable energy, and appropriate resource use.

In addition, we comply with environmental laws and regulations and implement appropriate environmental management.

Enhancing Environmental Management	49
Responses to climate change	54
Efficient Use of Water Resources	61
Consideration for Biodiversity	63
Appropriate Resource Use and Pollution Prevention	68

Enhancing Environmental Management

Approach and Policies

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

The Nomura Real Estate Group enjoys various benefits obtained from the natural environment through the real estate business and urban development but also imposes certain burdens on the environment through its business activities. In addition, the Group interacts with various customers including residents, tenant corporations, and facility users over the long term, and consequently we are aware that responding to environment problems that have substantial impact on the lives and business of customers is an important duty of the Group.

It is based on this understanding that the Group established the Nomura Real Estate Group Environmental Philosophy. We are working to raise awareness of environmental problems throughout the Group and reduce environmental impact by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications. As a result of deliberations by the CSR Committee during fiscal 2017, we identified the following five matters as particularly important issues, and we are working to step up our initiatives in these areas.

- Enhancing Environmental Management
- Responses to climate change
- Use water resources efficiently
- Show consideration for biodiversity
- Use resources appropriately and prevent pollution

■ Nomura Real Estate Group Environmental Philosophy

Nomura Real Estate Holdings established the Nomura Real Estate Group Environmental Philosophy as a guide for Group environmental measures. Based on the Philosophy, the Group works in concert to address environmental issues and contribute to the realization of a sustainable society.

Nomura Real Estate Group Environmental Philosophy

The Group believes that it has a duty to society to help pass the current natural environment down to future generations. In accordance with that belief, we are working to create communities and spaces in harmony with the environment, and we are pursuing the realization of ideal environmental quality.

Management

■ Management Structure

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

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.

Starting in fiscal 2018, environmental management targets were set, and the Committee monitors progress.

Targets

The Group seeks to obtain environmental, green building certifications for new construction and owned properties (DBJ Green Building,^{*1} LEED,^{*2} and CASBEE^{*3}).

*1 DBJ Green Building

A certification program developed by the Development Bank of Japan to promote real estate development that considers environmental performance, disaster preparedness, and security as well as social needs from diverse stakeholders.

*2 LEED

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

*3 CASBEE, or Comprehensive Assessment System for Built Environment Efficiency, includes the certification program administered by the Institute for Building Environment and Energy Conservation (IBEC) and local assessment programs such as CASBEE Kawasaki, which are tailored and administered by local governments.

Environmental Management System

The Yokohama Office of Nomura Real Estate Partners Co., Ltd. acquired certification under ISO 14001, an international environmental management system, and is carrying out various initiatives including waste reduction, resource recycling, and energy-saving measures.

CSR Procurement Guidelines Established

The Group established the Nomura Real Estate Group CSR Procurement Guidelines. The Group will continue its efforts with suppliers to address environmental issues.

【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of environmental sections)】

Consideration for the Environment

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

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

Environmental Responses in the Design and Construction Stages

The Group undertakes environmental responses in the design and construction phases of condominiums, leased offices, and other structures in accordance with the Design and Construction Standards and the Quality Manual.

Assessment of Environmental Performance in Condominiums

When developing PROUD condominiums, the Group requires project implementers to submit Environmental Assessment and Challenge Sheets and to improve residential environmental performance and quality. Revisions were made in fiscal 2017 to reinforce responses to social and environmental problems.

【Details of revisions (excerpts)】

- Statement of primary energy consumption
- Set a target of acquiring at least BELS★★★*
- Comprehensively cover the four key themes for CSR: Safety/Security, the Environment, Community, and Health and Well-being
- Promotion of community design and universal design

*BELS stands for Building-Housing Energy-efficiency Labeling System, which was established by the Ministry of Land, Infrastructure, Transport and Tourism

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Acquisition of Green Building Environmental Certification

Acquisition rate of green building certification for newly-constructed properties

Type	FY 2017
Acquisition rate by newly-constructed office buildings, retail facilities, logistics facilities, and condominiums	100%

List of Environmental Certifications Acquired (FY 2017)

Certification name	Property
DBJ Green Building	【Office Buildings】 PMO Shibuya, PMO Tamachi Higashi, PMO Higashi-Shinbashi, PMO Hatchobori Shinkawa, PMO Kyobashi Higashi 【Retail Facilities】 GEMS Ebisu, GEMS Kayabacho, GEMS Jingu-Mae, GEMS Sangenjaya 【Logistics facilities】 Landport Takatsuki 【Rental housing】 PROUD FLAT Monzen-nakacho, PROUD FLAT Miyazakidai
LEED	Landport Takatsuki

Environmental Compliance

In fiscal 2017, the Group did not commit any violations of environmental laws and regulations in the manufacture, sale, or management of its products and services. The Group also did not receive any external indications of violations.

Responses to climate change

Approach and Policies

The Nomura Real Estate Group uses energy and natural resources in the course of conducting business activities, and we are well aware that the substantial impact of climate change on business continuity is a major management issue.

Stricter environment regulations and increased natural disasters resulting from climate change will impede the continuation of business and lead to risks of higher material procurement costs and construction expenses. Moreover, it is possible that operating costs including electricity fees and insurance premiums will increase, with major impacts on customers including residents and tenant companies.

Based on this understanding, the Group is working with stakeholders including suppliers such as design and construction companies as well as customers to carry out low-carbon and energy-saving measures and promote efficient energy use and renewable energy utilization.

In addition, we are creating added-value business and contributing to the creation of sustainable societies by providing products and services in response to these issues.

Management

■ Management Structure

Nomura Real Estate Holdings' executive vice president and Group COO has been made responsible for these issues for the Group, and the entire Group is working together to address climate change. 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. Starting in fiscal 2018, climate change targets were set, and the Committee is monitoring progress.

Targets

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

- Reduce CO₂ emissions

[Quantified Target]

30% Reduction in the Group's CO₂ emissions (Scope 1, 2*) per floor area of its real estate and business offices by 2030 from a 2013 baseline. (the target was set in March, 2019)

*Scope: Scope of calculation and reporting for a company's CO₂ emissions

Scope 1: Direct emissions from fuel combustion

Scope 2: Indirect emissions from the generation of purchased electricity and heat

Scope 3: Indirect emissions other than Scopes 1 and 2, for example, from use of sold products, waste disposal, employee transportation, or business trips

- Reduce energy consumption
- Promote solar power generation

■ Responding to Physical Risks

When developing real estate, the Group confirms hazard maps and implements localized severe rain and flooding countermeasures in accordance with quality manuals.

We also take measures to minimize damage and ensure the safety and security of customers during disasters in accordance with business continuity plans (BCP).

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

■ ZEH Initiatives

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

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

■ Environmental Performance Assessments During Product Planning and Design

When developing housing, office buildings, retail facilities, logistics facilities, and so on, the Group provides products and services that address climate change in accordance with the Design and Construction Standards and the Quality Manual.

Thermal insulation performance rating: level 4* (the highest level), double-glazed windows (end-panel eco-glass), LED lighting fixtures, and other features are set as standard specifications for PROUD condominiums.

With the aim of enhancing environmental performance, we prepared Environmental Assessment and Challenge Sheets with environmental performance assessment points for thermal insulation and shielding, energy efficiency, use of natural energy, and other factors. When planning and designing products, checks are made mandatory to ensure that performance exceeds internal criteria on these points.

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

■ Reduction of Chlorofluorocarbons

To reduce the use of ozone layer depleting chlorofluorocarbons, the Group established a quality manual that requires the use of chlorofluorocarbon-free insulation and air conditioner refrigerants.

Construction partners are also required to submit a Quality Control Check Sheet during construction to confirm that only chlorofluorocarbon-free materials are used.

■ Procuring and supplying power efficiently

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

We also established NF Power Service Co., Ltd. as a group electric power procurement company, and use the demand forecasting models developed for the enecoQ service to efficiently procure electric power.

■ Environmental Certification and Advanced Business to Support Energy Savings and Carbon Reduction

The Group is undertaking business intended to save energy and create a low-carbon society, and is pursuing the acquisition of environmental certifications.

Nihonbashi Muromachi Nomura Building Certified as a Top-Level Office

The Nihonbashi Muromachi Nomura Building (located in Chuo-ku, Tokyo), developed by the Group, was certified as a Top-Level Office under the Tokyo Metropolitan Environmental Security Ordinance.

Initiatives at the PROUD Tsunashima SST Condominium

The PROUD Tsunashima SST (located in Yokohama City, Kanagawa Prefecture), a condominium developed by the Group, acquired LEED Gold certification and CASBEE Yokohama S rank (self-assessment) for its initiatives to reduce carbon and save energy.



Initiatives at the Yokohama Nomura Building

The Yokohama Nomura Building (located in Yokohama City, Kanagawa Prefecture), which was developed by the Group, received LEED CS certification (Gold), CASBEE NC certification (S rank), and SEGES certification.



A cogeneration system

【Environmental Features】

- BCP performance was enhanced using a mid-story seismic isolation structure, a dual-fuel emergency generator,^{*1} and a cogeneration system.^{*2}
- Natural ventilation fans directly introduce outside air in consideration of reducing air conditioning loads over the medium term and business continuity during power outages.
- Reinforcement of environmental performance (cogeneration systems, rainwater use systems, etc.)

^{*1} Generators that can generate electric power using medium-pressure gas and oil. Such generators have higher reliability during emergencies compared to conventional generators.

^{*2} A system that uses waste heat produced during gas electric power generation as a heat source for building air conditioning. Such systems offer outstanding energy-saving performance and can operate partial air-conditioning functions even during power outages.

Yokohama Global Warming Countermeasures Award Winner

Nomura Real Estate Development won the Yokohama Global Warming Countermeasures Prize of the 25th Yokohama Environmental Activities Award for undertaking business with outstanding global warming countermeasures.

Use of Renewable Energy

The Group is using the roofs of Landport logistics facilities to operate a solar power generation business.

As of March 2018, solar panels were installed on a total of 12 buildings with annual output of 11.55 million kWh.



Landport Takatsuki

Purchase of Green Electric Power

The Group purchases green electric power. In fiscal 2017, the Nihonbashi Muromachi Nomura building (located in Chuo-ku, Tokyo) purchased 1 million kWh of power over the year.

Helping Customers Save Energy

The Group helps condominium residents and tenant companies to save energy.

For tenant companies, we provide systems that calculate total energy consumption and monitoring systems that make it possible to see the amount of energy used, encouraging energy savings. For condominium residents, we save energy using the enecoQ system, provide low-cost electric power, and provide eco-information via a member newsletter.

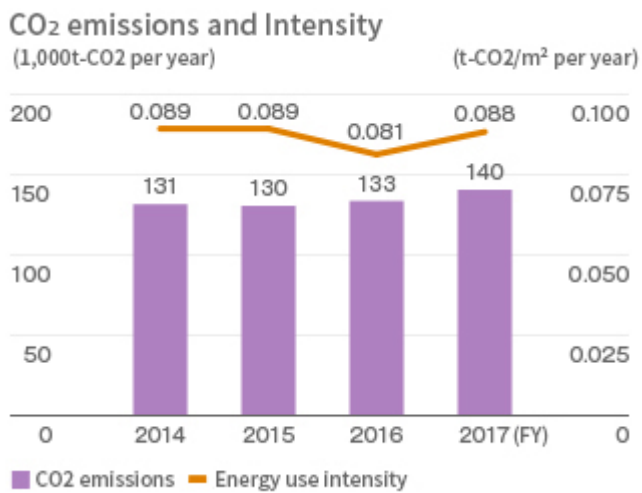
Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

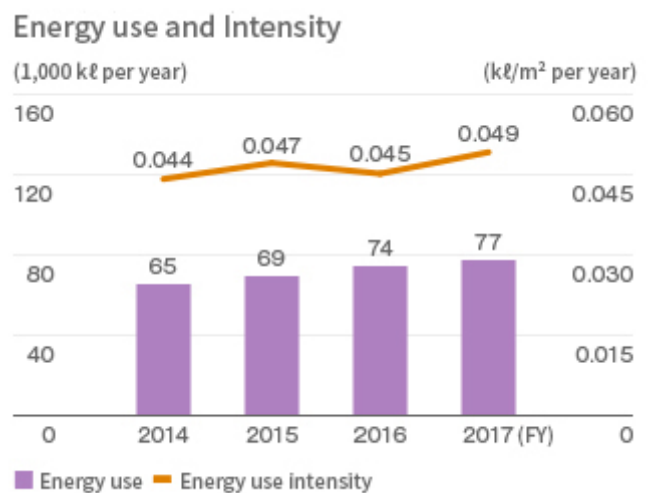
* Unless otherwise indicated, the reporting scope is the Group.

Reduce CO₂ emissions



	FY 2014	FY 2015	FY 2016	FY 2017
CO₂ emissions (1,000t-CO₂ per year)	131	130	133	140
Emissions intensity (t-CO₂/m² per year)	0.089	0.089	0.081	0.088

Reduce energy consumption



	FY 2014	FY 2015	FY 2016	FY 2017
Energy use (1,000 kℓ per year)	65	69	74	77
Energy use intensity (kℓ /m² per year)	0.044	0.047	0.045	0.049

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m²).

Promote solar power generation

	FY 2017
Solar power generating facility installation rate at Landport logistics facilities	100%
Electric power generated at Landport logistics facilities	11.55 million kWh/year

Efficient Use of Water Resources

Approach and Policies

The Nomura Real Estate Group uses large amounts of water resources in its business activities in Japan and overseas including the real estate business, urban development, and sports club operation.

As shortages of water resources become increasingly severe around the world, there may be substantial impacts on business in the future including risks in overseas business, higher costs for imported materials in conjunction with water shortages and water pollution, and difficulty procuring water as a result of climate change and abnormal weather. The Group is aware that this is a key management issue.

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

Management

■ Management Structure

Nomura Real Estate Holdings' executive vice president and Group COO has been made responsible for this issue for the Group, and the entire Group is working together to promote the efficient use of water resources.

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.

Starting in fiscal 2018, targets regarding efficient water resource use were set, and the Committee is monitoring progress.

Targets

The Group is working to reduce its water use.

Introduction of water-saving devices upon new construction and when performing renovations

Water and hot water saving devices have been made standard equipment when developing housing, office buildings, retail facilities, logistics facilities, and other structures in accordance with its design and construction standards and quality manuals.

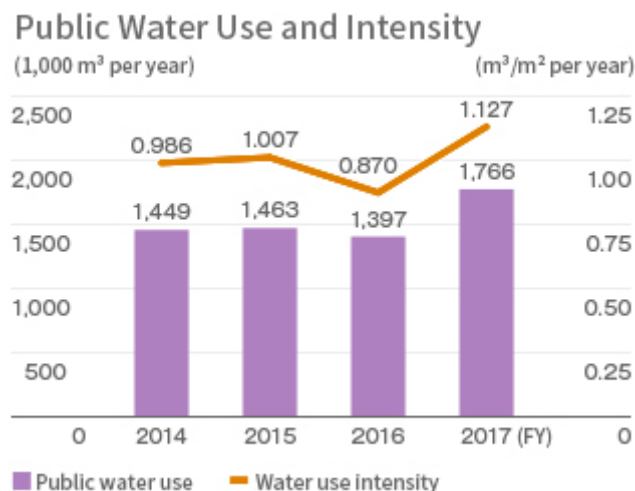
In addition, fixtures are systematically replaced with water-saving devices when performing renovations.

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Reduction in Water Use



	FY 2014	FY 2015	FY 2016	FY 2017
Public water use (1,000 m³ per year)	1,449	1,463	1,397	1,766
Water use intensity (m³/m² per year)	0.986	1.007	0.870	1.127

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m²). However, data concerning waste volume and water use covers only some facilities. (Waste volume: 114 facilities with 1,395,411.05 m²; water use 163 facilities with 1,566,969.01 m²)

Consideration for Biodiversity

Responses to climate change

In the course of constructing and demolishing building and procuring construction and raw materials in real estate and urban development, the Nomura Real Estate Group has an impact on surrounding natural environments and ecosystems. In many aspects such as the formation of scenic views and creating comfortable living environments, we enjoy the benefits of the natural environment and ecosystems, and the loss of biodiversity poses risks of harming the living and business environments of stakeholders including customers (residents, tenant companies, and facility users).

Based on this understanding, the Group works with design and construction companies and other suppliers to minimize impacts on biodiversity through real estate development and materials procurement that achieves harmony with nature.

Management

■ Management Structure

Nomura Real Estate Holdings' executive vice president and Group COO has been made responsible for these issues for the Group, and the entire Group is working together to address biodiversity. 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.

Starting in fiscal 2018, targets regarding consideration for biodiversity were set, and the Committee is monitoring progress.

Targets

The Group seeks to acquire biodiversity certification (ABINC,^{*1} JHEP,^{*2} SEGES^{*3}) for new construction and owned buildings.

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

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

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

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

The Group established the Nomura Real Estate Group CSR Procurement Guidelines. Going forward, we will work with suppliers to give consideration to biodiversity.

【Nomura Real Estate Group CSR Procurement Guidelines (excerpt of sections dealing with biodiversity)】

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

Green Areas and Tree Planting in Consideration of the Surrounding Environment

The Group implements building site plans and tree planting plans in its real estate development and urban development activities with consideration not just for the comfort of customers and local residents, but also for the surrounding environment and ecosystems.

【Main Points of Tree Planting Plans that Consider Biodiversity】

- Improving green coverage rates through effective use of bushes and tall trees
- Cool spots created by tall trees
- Continuity with neighboring green areas and consideration for their ecosystems
- Maintenance of vegetation and green areas by experts

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Acquisition of Biodiversity Certification (ABINC/JHEP/SEGES)

Number of Biodiversity Certifications Acquired in Fiscal 2017

	FY 2017
Number of Certifications Acquired for Newly Developed Properties	4

List of Projects that Acquired Certification

Certification Name	Property
ABINC	<p>【FY 2017】</p> <ul style="list-style-type: none"> • PROUD City Kichijoji (condominium in Mitaka City, Tokyo) • Hino City Project (condominium in Hino City, Tokyo) • Musashino Koganei Project (condominium in Koganei City, Tokyo) <p>PROUD Season Inagi Minamiyama</p> <p>【Ongoing】</p> <ul style="list-style-type: none"> • Yokohama Business Park (offices and other facilities in Yokohama City, Kanagawa Prefecture) • PROUD Kokubunji (condominium in Kokubunji City, Tokyo) • PROUD City Musashino Mitaka (condominium in Musashino City, Tokyo) • Roka Koen The Residence (condominium in Setagaya-ku, Tokyo)
JHEP	<p>【Ongoing】</p> <ul style="list-style-type: none"> • PROUD City Musashino Mitaka (condominium in Musashino City, Tokyo)
SEGES	<p>【Ongoing】</p> <ul style="list-style-type: none"> • Yokohama Nomura Building (office building in Yokohama City, Kanagawa Prefecture) • PROUD City Urawa (condominium in Saitama City, Saitama Prefecture)

PROUD City Musashino Mitaka Acquires ABINC and JHEP Certifications

The Group obtained ABINC certification (Association for Business Innovation in harmony with Nature and Community) and AA rank certification under JHEP (Japan Habitat Evaluation and Certification Program) for PROUD City Musashino Mitaka (Musashino City, Tokyo) for plans that give consideration to the preservation of the abundant natural environment and ecosystems in Musashino City.

Musashino Forest Restored at PROUD Kokubunji

The Group is working to preserve and restore existing green areas on the site of PROUD Kokubunji as the Musashino Forest.

When restoring the Musashino Forest, all the trees were surveyed, and a decision was made to remove those trees that are invasive or do not suit the original ecosystem and to retain a total of 91 trees. In addition, trees that are frequently seen in the region were added to restore the forest as a modern satoyama where people can pass the time enjoyably.

These measures were implemented in accordance with ABINC (Association for Business Innovation in harmony with Nature and Community), and ABINC certification was subsequently obtained.



The Musashino Forest prior to development

Project to Create Firefly Habitats in the Yokohama Business Park

The Group has been conducting an exhibit of Urban Design for Firefly Habitats every year since 2008 at the Yokohama Business Park (YBP) (Yokohama City, Kanagawa Prefecture) in cooperation with Yokohama National University and tenant companies.

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

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



A nature observation program for local children

Appropriate Resource Use and Pollution Prevention

Approach and Policies

The Nomura Real Estate Group uses considerable resources throughout the life cycles of buildings in its real estate business and urban development business activities and necessarily disposes of certain waste materials.

In addition, the use of chemical substances in real estate can have an impact on the natural environment as well as customers' health. Accordingly, proper use is essential.

Against the backdrop of rising concerns regarding the depletion of natural resources and the perception of the generation of large amounts of waste and the resulting pollution as social issues, the Group is aware that the appropriate use of resources and measures to reduce the amount of waste generated are its responsibility.

It is essential that these measures be undertaken not only by the Group independently, but in cooperation with customers (residents, tenant companies, facility users), suppliers, and other stakeholders.

The Group is working to reduce its environmental impact by reducing waste, properly managing chemical substances, and appropriately using resources with consideration for sustainability.

Management

■ Management Structure

Nomura Real Estate Holdings' executive vice president and Group COO has been made responsible for these issues for the Group, and the entire Group is working together to promote appropriate resource use and pollution prevention.

In addition, the CSR Committee, which comprises directors of Nomura Real Estate Holdings and Group companies and others and is chaired by the executive vice president of Nomura Real Estate Holdings, deliberates on and establishes related policies and action plans.

Starting in fiscal 2018, targets regarding appropriate resource use and pollution prevention were set, and the Committee is monitoring progress.

Targets

The Group has set the following two targets to promote appropriate resource use and pollution prevention.

- Reduction in Waste Discharge
- Encourage the use of domestic / certified lumber

Responses Regarding Substances of Environmental Concern

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

Soil Contamination Surveys

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

Proper Management and Reduced Usage of Chemicals

When developing residences, office buildings, commercial facilities, and so on, the Group uses construction materials with four-star ratings (the highest rating) for formaldehyde emissions in accordance with its Design and Construction Standards and Quality Manuals.

In addition, we require that construction companies submit quality control check sheets and measure the five substances designated as specified measurement substances under the Housing Quality Assurance Promotion Act (formaldehyde, toluene, xylene, ethylbenzene, and styrene) at the time of completion of construction.

Appropriate Asbestos Measures and Ongoing Monitoring

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

■ Reduction and Appropriate Management of Waste Discharge

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

■ Collaboration with Suppliers

The Group established the Nomura Real Estate Group CSR Procurement Guidelines. Going forward, we will continue working with suppliers to reduce impact on the environment.

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

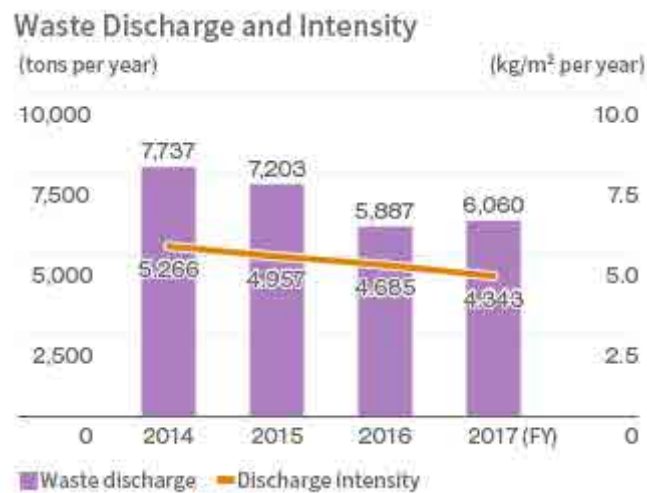
- Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.
- Endeavor to reduce and appropriately manage waste.
- When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources. In particular, when procuring wood and wood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

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Reduce waste discharge



	FY 2014	FY 2015	FY 2016	FY 2017
Waste discharge (tons per year)	7,737	7,203	5,887	6,060
Discharge intensity (kg/m² per year)	5.266	4.957	4.685	4.343

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m²). Data concerning waste volume and water use, however, covers only some facilities. (Waste volume: 114 facilities with 1,395,411.05 m²; water use 163 facilities with 1,566,969.01 m²)

Encourage the use of domestic / certified lumber

The Group established the Real Estate Group CSR Procurement Guidelines, which provide for the sustainable use of resources and the use of wood materials.



Priority theme

Community

The Nomura Real Estate Group is cognizant of important social issues such as dysfunction and loss of vitality and weakening social ties in communities resulting from the low birthrate, aging of society, increases in vacant residences, and other factors. Accordingly, we seek to foster ties among customers and local communities and support community development through construction and design related initiatives and operation and management services. Through these efforts, we are promoting effective mutual assistance during emergencies and the revitalization of regions and communities and contributing to the creation of harmonious societies.

■ Consideration for Communities and Support for Revitalization73

CSR | Society | Community

Consideration for Communities and Support for Revitalization

Approach and Policies

The Nomura Real Estate Group believes that communities that can function in a healthy manner and take the initiative in urban development are essential for urban development that is socially and environmentally sustainable.

We are aware that, because of this, dysfunction and loss of vitality in communities as a result of shrinking populations, low birth rates, the aging of society, increases in vacant residences, depopulation, and other factors as well as the weakening of the foundations of urban life are critical social issues.

Based on this awareness, the Group works with governmental bodies, NPOs, and suppliers to expand plans and designs that can revitalize communities. We also support community development and revitalization through initiatives in property operation and management.

When conducting urban development, we take into consideration the impact on the existing living and business environments in the region and endeavor to create ongoing and trusting relationships.

Management

■ Management Structure

The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are carrying out measures to consider and support the revitalization of communities.

In addition, the 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.

Starting in fiscal 2018, targets were set regarding consideration of and support for the revitalization of communities, and the Committee is monitoring progress.

Targets

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

- Expand and improve designs that support revitalization of communities
- Operation and management that supports community revitalization

Plans and Designs that Revitalize Communities

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

100 Design Techniques for Condominium Communities

The Group formulated the 100 Design Techniques for Condominium Communities (the “100 Design Techniques”) through an industry-academia joint research project with the graduate school of Japan Women’s University and reflects them in condominium product planning.

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



An inner courtyard designed based on the 100 Design Techniques

Condominium Library with 7,000 Books

The Group established a library at the PROUD Ota Rokugo (located in Ota-ku, Tokyo) with the aim of promoting communication among residents.

The library adopts a system of replacing books according to the age composition and preferences of residents based on the concept of a library that grows in tandem with residents.



The library has 7,000 books and other publications, the same scale as a local public library

Tenant-Only Community Floors

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



NEON, the community floor at the Shinjuku Nomura Building

Building Communities through Urban Development

The Group believes that local communities that can function in a healthy manner and take the initiative in urban development are essential for sustainable urban development. Based on this, the Group establishes tie-ups with NPOs, governmental bodies, and local communities starting in the development stage to support community development and revitalization.

Community-Driven Urban Development in Minamiyama

When developing PROUD SEASON Inagi Minamiyama and PROUD CITY Minamiyama (both located in Inagi City, Tokyo), the Group formed a tie-up with Area Management Minamiyama, a local general incorporated association, to undertake community-driven urban development. We implemented a variety of measures in cooperation with new residents, local landowners, businesses, and shops.

【Objectives】

- Enhance the appeals and value of the Minamiyama Higashi region of Inagi City
- Preserve green areas and develop the town and green spaces
- Create a sustainable, recycling-based community

【Main Activities】

• Land use projects

Increase the town's asset value and create attractive scenery

• Agricultural experience projects

Conduct hands-on agricultural projects that allow people to enjoy Inagi's natural environment

• Green space development projects

Plant trees in the town including trees along roads

• Satoyama restoration projects

Restore forests, and produce wood pellets (fuel) from thin trees

• Park development support projects

Utilize parks within the project site

• Community development support projects

Create opportunities for interaction through tie-ups with local community associations



Operation and Management that Supports Community Revitalization

The Group also holds social events for residents and tenants businesses, issues newsletters and engages in other initiatives to help customer communities function in a healthy manner over the long term after taking up occupancy. In fiscal 2017, we held 40 pre-occupancy housewarming events at residences as well as 100 tenant networking events at office buildings.



A networking event for PMO tenant businesses

Condominium Community Guide Released

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

Development of Communities With Local Ties

The Group works to develop communities with local ties so that customers including residents and tenant businesses can form trusting relationships with local residents over the long term after taking up occupancy.

PROUD Kokubunji

The Group made a plan to allow local residents to access to portions of the cafe, park, and forest at the PROUD Kokubunji condominium to promote interaction between residents and the local community. The cafe can be used as a space for social interaction such as holding workshops, while the park can also function as a disaster preparedness site.



Biyori multi-purpose café

OUKAS Funabashi

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



Provision of Health Programs to Local Residents

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Expand and improve designs that support revitalization of communities

	FY 2017
Newly constructed residential properties with facilities that contribute to local communities*	4 properties

* Results are for Nomura Real Estate Development

Measures in Operation and Management that Support Community Revitalization

	FY 2017
Number of pre-occupancy housewarming events held at residential properties	40 events
Number of networking events held for tenant businesses	100 events
Number of community social events held	29 events



Priority theme

Health and Well-being

The Nomura Real Estate Group is aware that the declining birth rate, aging population, globalization, and diversification of individual values and lifestyles are important social issues. We engage in communication with stakeholders and provide products and services that enable a wide range of individuals to lead healthy and comfortable lives regardless of personal attributes. Through these measures, we are contributing to the realization of a healthy and vibrant society with mutual respect for diversity.

Responding to an Aging and Diversifying Population and Supporting Health.....	80
Improving Customer Satisfaction and Comfort.....	85

CSR | Society | Health and Well-Being

Responding to an Aging and Diversifying Population and Supporting Health

Approach and Policies

The Nomura Real Estate Group creates the buildings and spaces that serve as foundations supporting the lives and businesses of stakeholders including customers (residents, tenant businesses, facility users) and local communities and subsequently provides operation, management, and services over the long term.

As ages, culture, language, and other structural elements change as a result of the low birthrate, aging population, globalization, and diversification of individual values, and lifestyles and stakeholders become increasingly diverse, providing products and services that facilitate healthy and comfortable living regardless of the varied attributes of users has become an important responsibility of the Group.

Based on this awareness, the Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to support health and increases in healthy lifespan by responding to the aging and diversifying population through the use of universal designs and engaging in the fitness business.

Management

■ Management Structure

The officer responsible for each business unit has been put in charge of this issue for the Group, and we are carrying out measures to respond to the aging and diversifying population and support health.

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.

Starting in fiscal 2018, targets were set regarding responses to the aging and diversifying population and supporting health, and the Committee is monitoring progress.

Barrier Free and Quality of Life Guidebook

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

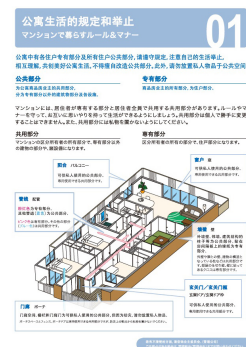
The Guidebook identifies plans for seniors, wheelchair users, and the hearing or visually impaired from examples of custom-built condominium designs and organizes key design points.



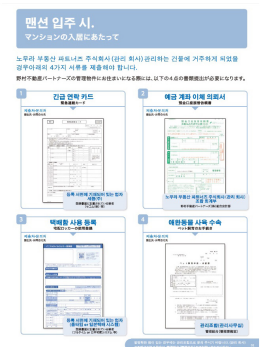
An example of dwelling caring for seniors and wheelchair users

Resident Manuals for Foreign Residents

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



Chinese edition



Korean edition

Measures to Support Health and Promote Increases in Healthy Lifespan

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

Development of Senior Housing with Support Services

The Group is undertaking development of OUKAS senior housing with support services to promote increases in healthy lifespans by seniors and help seniors achieve autonomy in their day-to-day lives. OUKAS Funabashi opened in fiscal 2017. By providing healthcare programs and other services not only to residents, but also to the local community, the facility is playing a role as a hub for health support and multi-generation interaction for the entire community.

【Details of OUKAS Services】

- 24-hour monitoring system (confirmation of safety, general and health consultations, emergency response)
- Installation of life rhythm sensors in each residence
- Health checkups and counseling by experts using information and communications technology (ICT)
- Provision of health promotion programs through counseling
- Provision of programs to maintain vital functions and prevent illness
- Provision of health programs for residents and the local community



Health counseling using ICT

Promoting Increases in Healthy Lifespan through the Fitness Business

At Megalos sports clubs, the Group created “Club 100” based on the concept of “healthy until 100” and offers exercise programs and health seminars. As of the end of June 2018, a total of 3,315 members had registered. Through outsourcing from local governments, the Group also offers exercise programs for individuals aged 65 years or older who are at risk of deterioration of vital functions.



An exercise class operated through outsourcing from a local government

Performance

■ Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Promoting Universal Design

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

Support health and promote increases in healthy lifespan

	FY 2017
Development of senior housing with support services (cumulative)	125 units

CSR | Society | Health and Well-being

Improving Customer Satisfaction and Comfort

Approach and Policies

The Nomura Real Estate Group constructs buildings and spaces that serve as foundations for the lives and businesses of stakeholders including customers (residents, tenant businesses, facility users) and local communities and subsequently provides operation, management, and services over the long term.

As social structures change and individual values and lifestyles diversify, communicating with stakeholders and providing products and services that reflect their opinions is an important responsibility of the Group. We believe that this will lead not only to higher customer satisfaction, but also the provision of socially and environmentally sustainable products and services. Based on this awareness, the Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to raise customer satisfaction and comfort.

Management

■ Management Structure

The officers responsible for each business unit have been put in charge of these issues for the Group and carry out measures to raise customer satisfaction and comfort.

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.

Starting in fiscal 2018, targets were set regarding improvement of customer satisfaction and comfort, and the Committee is monitoring progress.

Targets

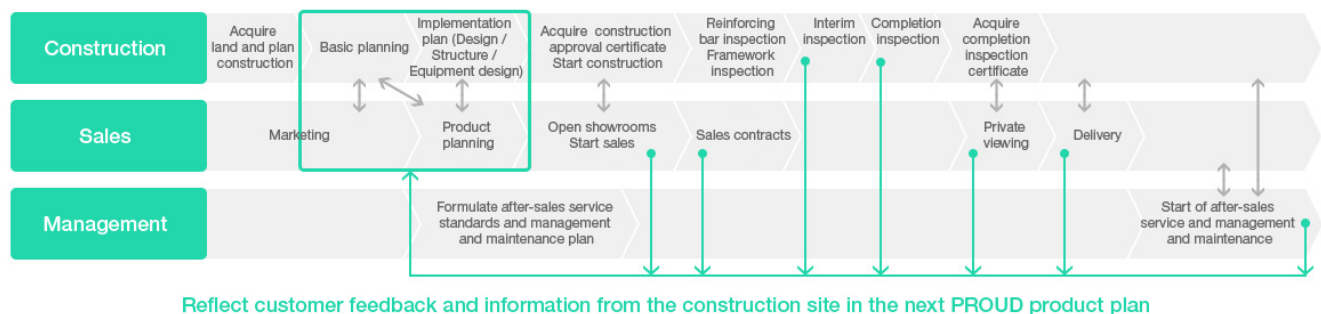
The Group has set the following two targets to improve customer satisfaction and comfort.

- Improve communication to raise customer satisfaction
- Enhance comfort of customers

Integrated Development, Sales, and Management System

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

Integrated Development, Sales, and Management System (PROUD)



Communication for raising customer satisfaction

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

Livability Satisfaction Survey

The Group conducted a Livability Satisfaction Survey of PROUD condominium residents one year after they moved in. In fiscal 2017, approximately 2,000 households responded to the survey, and more than 80% of customers indicated that they were “extremely satisfied” or “satisfied.”

Results of Livability Satisfaction Survey Reflected in Products and Services

The Group investigated improvement measures based on the opinions and requests expressed in the Livability Satisfaction Survey, and some opinions and requests relating to design were reflected in Design and Construction Standards and Quality Manuals.

In fiscal 2017, we received opinions and requests relating to elevators, parking facilities, garbage collection areas, and other common areas, and we investigated improvement measures.

Measures Towards Good Design Award

The Group undertakes measures towards Good Design Award with the aim of providing socially and environmentally sustainable products and services.

The Good Design Awards presented by the Japan Institute of Design Promotion are evaluated from the perspective of whether a design can enrich lives and society.

In fiscal 2017, the Group received awards for eight projects. This was the 16th consecutive year in which the Group won Good Design Awards.

【Award-Winning Projects】

- Mi-Liful* Selected for Best 100
- PROUD CITY Asagaya
- PROUD CITY Kaga Gakuen-dori
- PROUD Chiyoda-Awajicho
- Lighting plan guidelines
- Condominium library that grows with residents
- PROUD FLAT Nakaochiai
- BAYZ TOWER & GARDEN



PROUD CITY Asagaya

Design Review Contest

Every six months, the Group invites outside architects and conducts a Design Review, an in-house contest that recognizes residences with excellent plans and designs from among the detached and lease residences completed during that period.

【Evaluation Points】

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



Lighting of detached houses
designed according to the Lighting
Plan Guidelines

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Improve Communication to Raise Customer Satisfaction

【Questionnaires Conducted in Fiscal 2017】

• Residential Development Business Unit

Livability Satisfaction Survey
After-Service Questionnaire

• Leasing Business Unit

Tenant Business Satisfaction Survey
Leased Condominium Residents Survey

• Property & Facility Management Business Unit

Condominium Board of Directors Questionnaire
Fitness Gym Customer Questionnaire

• Brokerage Business Unit

Contracting Party Satisfaction Survey

Improvements in Comfort

	FY 2017
Number of Good Design Awards Won	8 projects

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.

Health and Safety of Employees	91
Promotion of Diversity	97
Creating Fair Work Environments with Meaningful Work	102
Improving Human Capital	108
Ensuring Supplier Safety	112

CSR | Society | Human capital

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 overworking and 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.

■ Group Policy on Wellness Management

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.

Top management continuously disseminates information regarding the above policy and works to raise understanding and steadily put the policy into practice.

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 July 2018, the Wellness Promotion Section was established in the Nomura Real Estate Holdings Group Human Resources Department. The Department works to reinforce measures for ensuring the health and safety of employees.

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.

Starting in fiscal 2018, targets were set regarding employee health and safety, and the Committee is monitoring progress.

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

■ Health and Safety Improvements by Management

The officers responsible for human resources divisions at each Group company create opportunities for dialogue with employees and take measures to improve workplace environments.

In fiscal 2018, the Nomura Real Estate Holdings president and vice president held some 40 meetings with employees to discuss reducing working hours, raising productivity, and helping employees achieve a good work-life balance.

■ Management of Statutory Overtime Work

Each month, the Nomura Real Estate Holdings Board of Directors receives reports on and confirms 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. In addition, the Nomura Real Estate Development Board of Directors receives reports on working hours and the status of employees taking paid vacation time in each division and shares information on related issues each month.

■ 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 three 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. The Group takes measures to support the good physical and mental health of its employees.

In fiscal 2017, the rate of employees undergoing medical examinations and checkups was 100%.

■ Prevent 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 birthdays

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 meeting with an industrial physician.

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Prevent overwork

Items	FY 2016	FY 2017
Average statutory overtime work (hours/month) ^{*1}	24.46	19.66

Encourage employees to take paid vacation time

Items	FY 2016	FY 2017
Paid vacation time use rate (%) ^{*2}	58.62	59.55

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

Items	FY 2016	FY 2017
Checkup and medical examination rate (%) ^{*1}	100	100

Prevent industrial accidents

Items	FY 2016	FY 2017
Number of employee occupational accidents resulting in death ^{*1}	0	1
Absentee rate (%) ^{*1}	-	0.38

*1 Not including Nomura Real Estate Asia Pte. Ltd., Nomura Real Estate Hong Kong Limited, and Nomura Real Estate Consulting (Beijing) Co., Ltd.

*2 Nomura Real Estate Development results

Responses to Incidents

On December 25, 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.

For further details, refer to 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 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 diversity.

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.

Starting in fiscal 2018, targets were set regarding diversity, and the Committee is monitoring progress.

Targets

The Group has set the following three targets regarding diversity.

- Promote employment of women
- Promote diverse work styles
- Hire and utilize diverse human capital

Promoting Work Style Reforms and Diverse Working Styles

In April 2017, the Group established the Nomura Real Estate Group Work Style Reform Promotion Committee with the group COO as its chair and business unit heads and others as members. The Committee implements the following measures to achieve employee happiness and corporate growth.

【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**
 - Making working hours 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*

* New personnel programs created in fiscal 2017

Women's Empowerment Initiatives

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, 2018, women accounted for 29.71% of employees, 5.33% of managers, and 15.01% 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 and the Primer on Achieving a Good Work-Life Balance 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 program**
- **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 April 1, 2018, the Group employed 127 persons with disabilities, equal to 1.88% of the total workforce.

In addition, we employed 404 employees aged 60 years or older (excluding part-time employees)

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Promote employment of women

Items	FY 2015	FY 2016	FY 2017
Female employee ratio (%)	27.74	28.60	29.75
Female manager ratio (%)	4.81	5.38	5.45
Female junior manager ratio (%)	-	14.8	15.08
Separation rates by sex (%)	-	-	Men: 3.57 Women: 4.46

Promote diverse work styles

Items	FY 2015	FY 2016	FY 2017
Childcare Leave Takers (men)	139 (0)	119 (2)	86 (3)
Rate of reinstatement after childcare leave(%)	-	-	92.59
Nursing Care Leave Takers	1	2	4

Hire and utilize diverse human capital

Items	FY 2015	FY 2016	FY 2017
Number of employees aged 60 years or older	383	434	404
Number of foreign employees	-	7	14
Rate of employment of persons with disabilities (%)	1.85	1.97	1.90

* 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.

CSR | Society | Human Capital

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 right to collective bargaining. We listen to the opinions of employees and strive to be a company where employees can work with passion and find their work meaningful.

Management

■ Management Structure

Nomura Real Estate Holdings established the Group Human Resources Department, and 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 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.

Starting in fiscal 2018, targets were set regarding the creation of fair work environments with meaningful work, and the Committee is monitoring progress.

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.

• 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 46.78%.

Communication with Employees

The Group communicates with employees so that employees can gain an accurate understanding of company policies regarding labor standards. Explanations are made to employees during their initial training regarding employment rules, personnel evaluation systems, and social benefits. Rules, regulations, and so on are posted on the Group intranet so that all personnel can check them at any time.

■ 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

Social Benefits	Overview
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-rank scale with regard to (1) sense of fulfillment concerning work, (2) sense of adaptability concerning work, (3) satisfaction with the workplace, (4) satisfaction with superiors, and (5) loyalty to the company. In fiscal 2017, the total satisfaction level was 3.81 and the response rate was 95.1% (1,930 out of 2,028 eligible employees responded).

【Typical Questions】

- Work (level of satisfaction, sense of burden, characteristics)
- Workplace (issue, interpersonal relationships)
- Superiors (issues, interpersonal skills)
- Company (top management, personnel policies, organization)

Fostering a Corporate Culture that Encourages Challenges

Nomura Real Estate Group Awards Presented

The Group has presented the Nomura Real Estate Group Awards 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 2017, award winners include the OUKAS senior housing with support services and the Attractive30 service that extends the life spans of condominiums and reduces the costs of large-scale repairs.

【Evaluation Criteria】

- Reform and innovation
- Increase in customer satisfaction
- Group-wide tie-ups
- CSR activities and social contribution
- Continuity and perseverance



The OUKAS team, first place winner of the Group Award 2018

Business Idea Proposal Program

In November 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 were 24 entries in fiscal 2017, and 14 projects are currently in operation.

A start-up company business proposal competition was also held in fiscal 2017, and proposals for future collaboration were received from five companies.



Business proposal competition for start-up companies

Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Raise employee satisfaction

Nomura Real Estate Development Employee Satisfaction Survey Results

Items	FY 2016	FY 2017
Percentage of satisfied employees (%)	Men: 47.6 Women: 27.8 Overall: 41.1	Men: 45.9 Women: 32.2 Overall: 41.5
Employee satisfaction level (5-point scale)	Men: 3.91 Women: 3.61 Overall: 3.81	Men: 3.88 Women: 3.66 Overall: 3.81
Number of responses/number of eligible employees	1,648/1,738	1,930/2,028
Response rate (%)	94.8	95.1

Responses to Legal and Other Violations

On December 25, 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.

For further details, refer to 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 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.

The “What We Value” Nomura Real Estate Group Action Guideline

- Client-first approach
- Creating new value based on original ideas
- Always being a challenger
- Acknowledging our growth with society
- Working with vigor and achieving wellness

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

- Professionalism: The ability to perform duties professionally in any field
- Determination: The willingness and ability to work proactively based on personal conviction and to continue working until results are achieved
- Judgment: Strategic thinking and decision making that exhibit an awareness of conditions in the workplace and that lead to specific plans that produce results
- Emotional intelligence: The understanding of personality characteristics and feelings, and communication ability that maximizes potential within an organization
- Adaptability: A flexible outlook with the ability to think outside the box, and the energy to create new value
- Versatility: A range of skills such as analytical management and the ability to discern changes in society

Management

Management Structure

Nomura Real Estate Holdings established the Group Human Resources Department, and the officer responsible for the Group Human Resources Department has been put in charge of this issue for the Group and carries out measures for improving human capital.

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.

Starting in fiscal 2018, targets were set regarding the improvement of human capital, and the Committee is monitoring progress

Targets

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

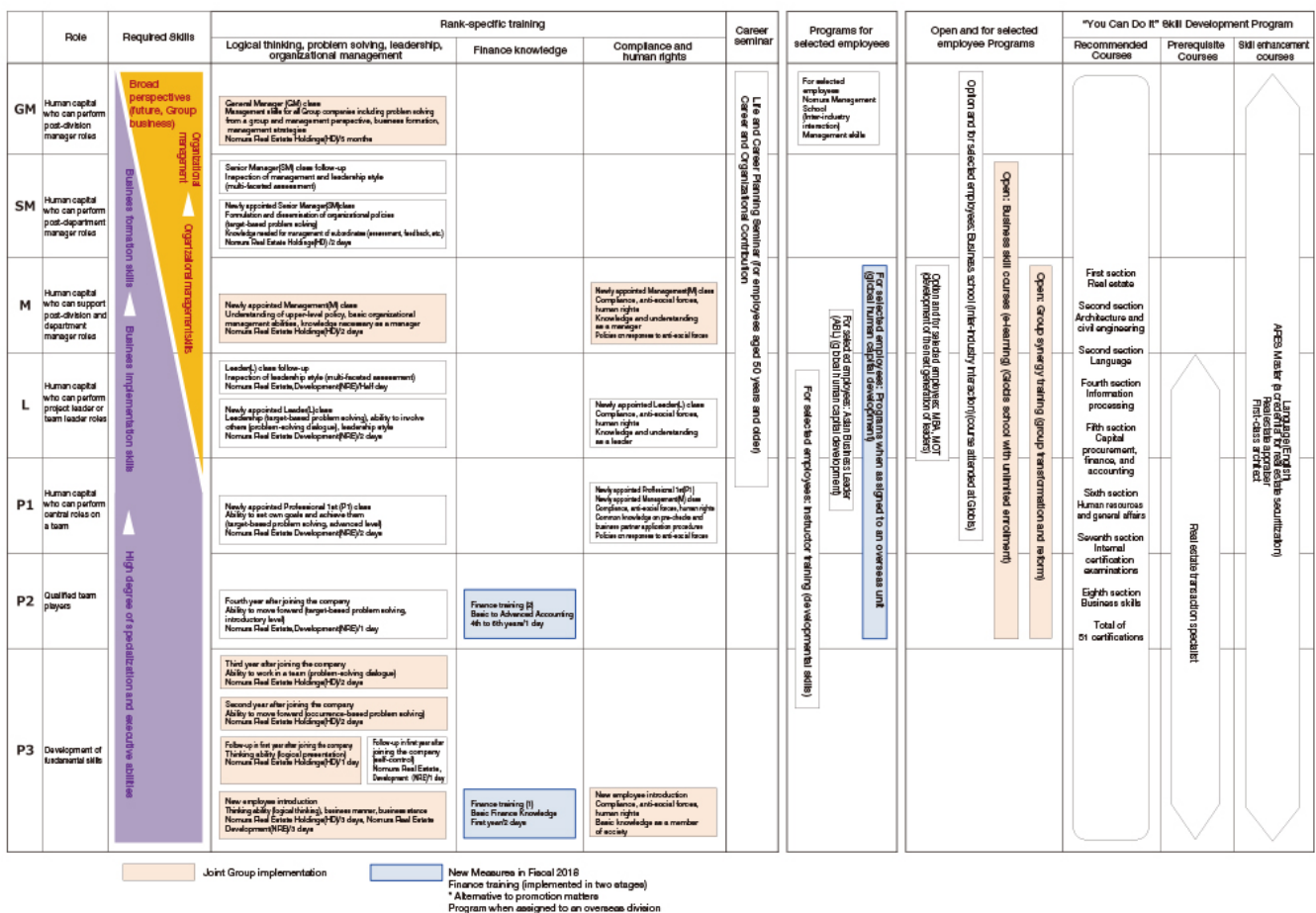
Group Personnel Division Meetings Held

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 Nomura Real Estate Group promotes the “You Can Do It” (YCDI) skill development program based on the idea that each employee should be a professional with a high degree of specialization.

YCDI helps employees acquire real estate-related certifications, such as real estate transaction specialist and real estate appraiser, and provides a variety of programs, including classes in language, finance, and law, that are aimed at enabling employees to acquire a range of skills necessary for a professional.



Performance

Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

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

Training Participation Performance

Items	FY 2017
Training hours per employee	12.53 hours
Training expense per employee	¥59,482

* Covers only mandatory training and does not include open and selective training or You Can Do It (YCDI) skill development programs.

Group Joint Training

	Training title	Subject ranks	Number of implementing companies
1	New employee introductory training	Newly-hired employees	7 companies
2	Newly promoted managerial employees	Managerial employees	9 companies
3	Manager training	Managers	4 companies
4	Newly promoted division manager training	Division managers	1 company
5	Group synergy training	Each Group company	8 companies
6	Second-year training	Employees in their second year	8 companies
7	Third-year training	Employees in their third year	8 companies
8	Problem solving skill training	Vocational guidance class	6 companies
9	New employee follow-up training	Newly-hired employees	7 companies

CSR | Society | Human Capital

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.

Management

■ Management Structure

The officers responsible for each business unit have been put in charge of this issue for the Group 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.

Starting in fiscal 2018, targets were set regarding ensuring supplier safety, and the Committee is monitoring 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
- Pre-construction checks
- 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 2017, these Council Meetings were attended by 95 companies and 75 companies, respectively. Health and safety awards were presented and announcements were made regarding worksite health and safety measures.

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 2017, the Conference was attended by 19 companies.

Performance

■ Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

Items	FY 2016	FY 2017
Number of companies attending the Supplier Council Meetings on Health & Safety of the Property & Facility Management Business Unit	191	188

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.

Compliance	116
Risk Management	121
Human Rights	124
Improving Supplier Management.....	128

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.

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.

Ethical codes of Nomura Real Estate Group

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

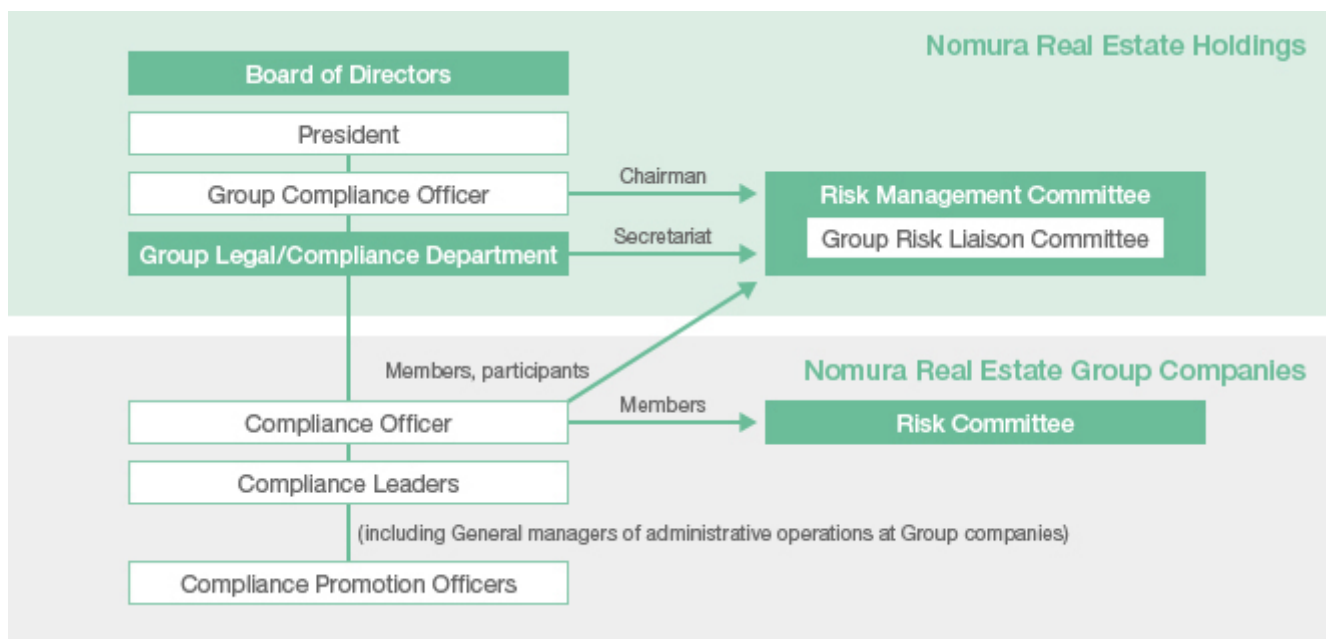
- Article 31 (Preparation of guidelines)
- Article 32 (Use of guidelines)
- Article 33 (Application to overseas subsidiaries and affiliates)

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, Compliance Officers, Compliance Leaders, and Compliance Promotion Officers have been appointed at Group companies to ensure compliance throughout the Group.

The Nomura Real Estate Group Compliance Structure



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 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 “the details of entertainment, money, or goods given or received shall be reported and documented.” The Code further provides, “No officer or employee shall use their professional position to request or accept benefits or favors from a business partner.”

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 Fair and Open Competition and Appropriate Transactions

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 fair competition and transactions as well as transparency. Moreover, in the selection of business partners we strive to comprehensively and fairly assess a wide range of factors, including quality, price, track record, and reliability.

■ Guidelines on Social Media

The Nomura Real Estate Group's Guidelines on the Use of Social Media state that use of social media must exhibit an awareness of the individual's 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

In order to comply with all regulatory requirements and raise awareness, the Group formulated the Compliance Program and conducts training and other measures throughout the year.

【Main Programs】

- Compliance Hour: Distributed online every other month. In fiscal 2017, the attendance rate was 100%.
- Compliance Training: Group training for different professional ranks. In fiscal 2017, training was conducted 34 times.

Compliance Violation Results

In fiscal 2017, there was one serious violation relating to compliance in the Group.

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, and implements countermeasures to prevent reoccurrence after the occurrence of a risk.

Management

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 problems
- 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

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. The Committee meets monthly and monitors, assesses, and analyzes 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, 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.

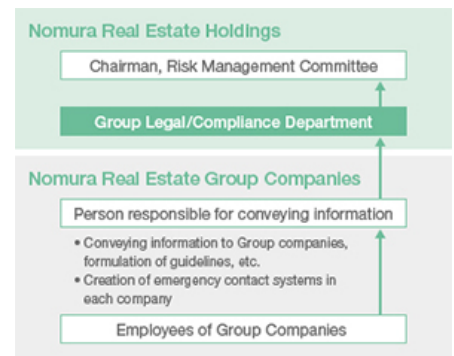
Risk Management Relating to Society and the Environment

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 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.



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, Confirming Officer and Employee Safety

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 email to rapidly determine the status of harm to and safety of officers and employees during an emergency. Safety confirmation drills for Group officers and employees are conducted four times a year. In fiscal 2017, the participation rate in these drills was 100%.

Human Rights

Approach and Policies

The Nomura Real Estate Group conducts business while respecting the dignity and fundamental human rights of all stakeholders including employees. In addition to complying with the laws and regulations of all countries in which we conduct business activities, we strive to engage in business while supporting and respecting international norms on human rights including the International Bill of Human Rights, which sets forth common standards to be achieved by all people, 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 hiring and employment), and the United Nations Guiding Principles on Business and Human Rights.

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, deliberates on and decides related policies and action plans.

Starting in fiscal 2018, targets were set regarding respect for human rights, and the Committee is monitoring progress.

■ Human Rights Due Diligence Study Group Created

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 plans to exchange

information with experts from NGOs and other organizations, study international human rights standards and the human rights initiatives expected of business enterprises, and conduct surveys and researches on methods of identifying and addressing impacts on human rights.

Targets

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

■ Responses to 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 fiscal 2017, there were 42 consultation matters relating to 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 2017 is described below. A total of 2,467 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.

Performance

Promotion Measures

In fiscal 2017, human rights training was conducted a total of 12 times throughout the Group, with 5,877 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% (268/268 persons)	Solving assimilation problems
Group-wide training for newly-appointed Group managers	Newly-appointed managers	98% (148/151 persons)	Solving assimilation problems
Nomura Real Estate Development			
Human Rights Training	Management positions	83% (273/327 persons)	Solving assimilation problems
Human Rights Training	Management positions	83% (273/327 persons)	Understanding of and consideration for LGBT individuals
Human Rights Training	Newly-appointed leaders	94% (58/62 persons)	Understanding of and consideration for LGBT individuals

Training Type	Target Participants	Participation Rate (Participants/Target Participants)	Human rights topics covered
Human Rights Training	New employees	100% (58/58 persons)	Preventing harassment
Nomura Real Estate Life & Sports			
Human Rights Training	Newly-hired recent graduates	100% (21/21 persons)	Preventing harassment
Human Rights Training	Newly-appointed managers	95% (18/19 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	94% (1,642/1,738 persons)	Preventing harassment
Human Rights Training	All employees and part-time workers	97% (1,736/1,789 persons)	Preventing harassment
Nomura Real Estate Amenity Service			
Human Rights Training	Employees and temporary personnel	85% (60/71 persons)	Preventing power harassment
Human Rights Training	Cleaning staff	100% (1,322/1,322 persons)	General human rights and 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. Starting in fiscal 2018, targets were set regarding improvement of supplier management, and the Committee is monitoring 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

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 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

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

②⑦ Make 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

②⑧ Endeavor 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 and provides information relating to them by holding periodic briefings and so on 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 Group formulated the CSR Procurement Guidelines (Japanese and English versions) in April 2018. Since fiscal 2018, we have conducted briefings for domestic and overseas suppliers regarding the Guidelines and have confirmed the status of responses through questionnaire surveys and other means.

Contributions to Local Communities and Society

Approach and Policies

The Nomura Real Estate Group maintains relationships with local communities in all aspects of its business from development and construction to operation and management in the pursuit of sustainable urban development. We are aware that contributing to the communities where we conduct business is essential for business continuity.

We also believe that social contribution is a part of our responsibility as a corporate citizen, and we provide support for earthquake recovery and youth development.

Support for Earthquake Reconstruction Efforts

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.



Opening of the Abasse Takata shopping center

Reconstruction Support Events Held

NREG Toshiba Building Co., Ltd. periodically conducts sales of local specialty products at the Hamamatsucho Building (located in Minato-ku, Tokyo) as events supporting reconstruction from the Great East Japan Earthquake and Kumamoto Earthquake.

【Fiscal 2017 Results】

April (Iwate, Fukushima, Aomori, and Miyagi Prefectures): Attended by approximately 1,625 persons

October (Iwate, Fukushima, Kumamoto, and Miyagi Prefectures): Attended by approximately 1,495 persons



Sales of specialty products from Kumamoto and other regions

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. In fiscal 2017, the Group and tenant business employees and their family members participated in rice planting and harvesting.



Kayabuki-no-sato Project

Initiatives for Youth Development

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 2017, support was provided by 59 persons and the equivalent of ¥1.698 million was donated over the course of the year.

Participation in Career University's Summer Class Course

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 takes in university undergraduate and graduate students as interns every year. In fiscal 2017, the company conducted internship programs a total of four times in Tokyo and Osaka, with 68 students participating. The program provides opportunities to experience practical real estate operations such as product planning at actual planning site and accompanying personnel during marketing activities.



Internship program

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 2,478 children participated.



Fully-clothed swimming classes

Number of participants in fully-clothed swimming classes

	2013	2014	2015	2016	2017
Participants	1,100	1,250	480	977	2,478

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 33 children learned how to swim in 2017.

Social Contribution through Support for Sport

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



Nomura Real Estate Holdings is an official partner of the 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.

Support for para-athletes

Nomura Real Estate Partners supports wheelchair track and field athlete Yuki Nishi, a certified Tokyo Athlete, to encourage para-athletes by promoting better understanding of sports for the disabled. With the goal of developing the next generation of para-athletes, Nomura Real Estate Life & Sports signed a Facility Use Agreement for para-athlete training and provides spaces for training.



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 2017 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.



CSR

Editorial Policy

This CSR site was created to provide stakeholders with an accurate understanding regarding the CSR 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: the environment, safety and security, communities, and health and well-being as well as human capital and management structure which are the foundations of the Group's business.

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 25 Group companies

* Percentage of operating revenue accounted for by organizations subject to reporting: 100%

* Unless indicated in a footnote or otherwise, the scope of data reported on this CSR website is the organizations subject to reporting specified above.

Group Companies:

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 Hotels Co., Ltd., Nomura Real Estate Amenity Service Co., Ltd., NREG TOSHIBA BUILDING FACILITIES Co., Ltd., PRIME X Co., Ltd., NF Power Service Co., Ltd., First Living Assistance Co., Ltd., NOMURA REAL ESTATE HONG KONG LIMITED, Nomura Real Estate Consulting (Beijing) Co., Ltd., NOMURA REAL ESTATE ASIA PTE. LTD, Midosuji Mirai Development LLC, UNJ Properties LLC, Shinjuku Mirai Development LLC, Toranomom Real Estate Co., Ltd., NREAM Investors America, LLC, HCMC office investment Limited

Referenced Guidelines

Global Reporting Initiative (GRI), Sustainability Reporting Standards
ISO 26000, Guidance on Social Responsibility

Reporting Period

Fiscal 2017 (from April 1, 2017 to March 31, 2018)

* Certain information on activities before fiscal 2016 and outlooks after fiscal 2018 is also provided.

Reporting Cycle

■ Updated

September 2018

■ Next Update

September 2019

Statements on the Site

- On this site, Nomura Real Estate Holdings refers to Nomura Real Estate Holdings, Inc. and the Nomura Real Estate Group refers to Nomura Real Estate Holdings, Inc. and the Group's 25 member companies.
- 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

Corporate Communication Department
Nomura Real Estate Holdings, Inc.

Email:hd-cc@nomura-re.co.jp

CSR

Basic Data

Corporate Overview

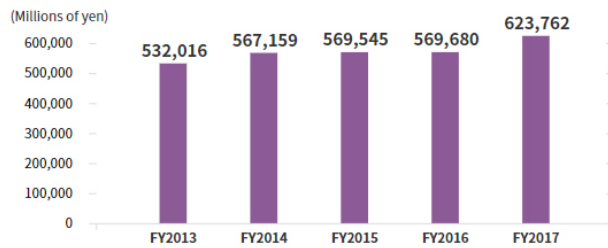
Corporate Name	Nomura Real Estate Holdings, Inc.
Head Office	Shinjuku Nomura Building, 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0566, Japan
Business Overview	<p>The Nomura Real Estate Group's main business comprises Residential Development Business, Leasing Business, Investment Management Business, Property Brokerage & CRE Business, Property & Facility Management Business</p> <p>Please refer to the link for details.</p>
Activity Area	Japan, China, Thailand, Vietnam, Philippines and Singapore
Capital	¥ 117,072,789,750 (as of March 31, 2018)
Number of Employees	6,636 (as of March 31, 2018 on a consolidated basis)
Suppliers	The Nomura Real Estate Group's main suppliers include design and construction companies, service providers, and so on
Number of Group Companies	43 affiliated companies (25 consolidated subsidiaries, and 18 affiliates and unconsolidated subsidiaries accounted for using the equity method)

* There have been no major changes in the above data following fiscal 2017 in relation to organization structure, ownership, or scale.

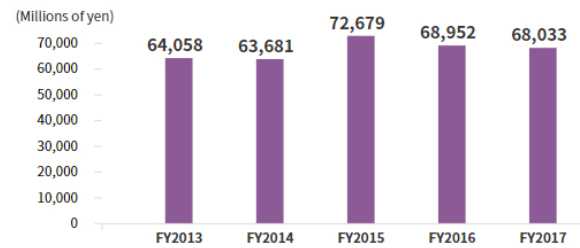
Financial Status

on a consolidated basis

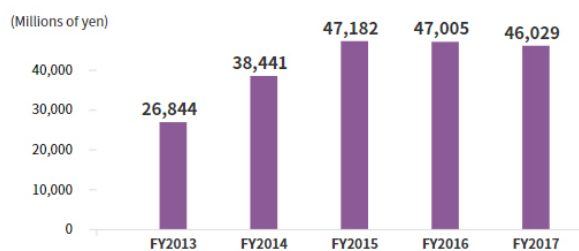
Revenue from Operation



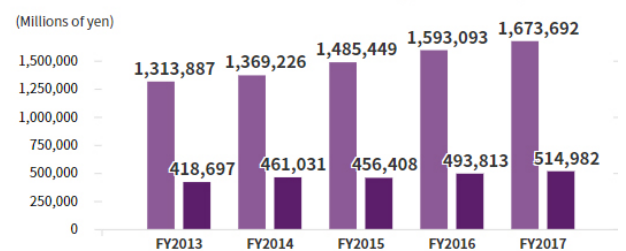
Ordinary Profit



Net Income



Total Assets / Net Assets



Employment Data

Numbers of Employees (as of April 1)

	FY2016	FY2017	FY2018
Employees	6,485	6,728	6,931
Men	4,686	4,804	4,869
Women	1,799	1,924	2,062
(Female employee ratio (%))	27.74	28.60	29.75
Permanent employees	5,190	6,006	6,173
Temporary employees	1,295	722	758

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

New Graduate Employees and Female Employee Ratio (Employment Start Date of April 1)

	FY2016	FY2017	FY2018
New employees	274	247	256
Men	167	166	168
Women	107	81	88
Female employee ratio (%)	39.05	32.79	34.38

CSR

Index for ESG Investors

Item		Policy	Management	Results
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 ✓

Item		Policy	Management	Results
		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	✓		—

Item	Policy	Management	Results
Risk Management	✓	✓	—
Prevention of corruption	✓	✓	✓
Tax transparency	<div> <div>✓</div> <div>Please refer to page 33-34 of Financial Report 2018</div> </div>		
Supply chain management	Overall ✓	Overall ✓	Overall ✓
	Safety ✓	Safety ✓	Safety ✓
CSR materiality	<div> <div>✓</div> </div>		
Stakeholder engagement	<div> <div>✓</div> </div>		
Conduct standards	<div> <div>Action Guideline ✓</div> </div>		
	<div> <div>Code of Action ✓</div> </div>		

CSR

GRI Content Index

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

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

	Disclosure	Location
		<u>Use resources appropriately and prevent pollution</u>
102-12	External initiatives	-
102-13	Membership of associations	-
102-14	Statement from senior decision-maker	<u>Top commitment</u>
		<u>Message from the CSR Committee Chairman</u>
102-15	Key impacts, risks, and opportunities	<u>CSR Management</u>
102-16	Values, principles, standards, and norms of behavior	<u>CSR Management</u>
		<u>Compliance</u>
102-17	Mechanisms for advice and concerns about ethics	<u>Human Rights</u>
		<u>Corporate Governance</u>
102-18	Governance structure	<u>CSR Management</u>
		<u>Corporate Governance</u>
102-19	Delegating authority	<u>CSR Management</u>
		<u>Corporate Governance</u>
102-20	Executive-level responsibility for economic, environmental, and social topics	<u>CSR Management</u>
		<u>Corporate Governance</u>
102-21	Consulting stakeholders on economic, environmental, and social topics	-
102-22	Composition of the highest governance body and its committees	<u>Corporate Governance Report</u>

Disclosure		Location
102-23	Chair of the highest governance body	<u>List of directors</u>
102-24	Nominating and selecting the highest governance body	<u>Corporate Governance Report</u>
102-25	Conflicts of interest	-
102-26	Role of highest governance body in setting purpose, values, and strategy	<u>CSR Management</u>
102-27	Collective knowledge of highest governance body	-
102-28	Evaluating the highest governance body's performance	-
102-29	Identifying and managing economic, environmental, and social impacts	<u>Risk Management</u>
102-30	Effectiveness of risk management processes	-
102-31	Review of economic, environmental, and social topics	<u>Risk Management</u>
102-32	Highest governance body's role in sustainability reporting	-
102-33	Communicating critical concerns	<u>Risk Management</u>
102-34	Nature and total number of critical concerns	-
102-35	Remuneration policies	<u>Corporate Governance Report</u>
102-36	Process for determining remuneration	<u>Corporate Governance Report</u>

Disclosure		Location
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	<u>CSR Management</u>
102-41	Collective bargaining agreements	<u>Create fair and meaningful workplaces</u>
102-42	Identifying and selecting stakeholders	<u>CSR Management</u>
102-43	Approach to stakeholder engagement	<u>CSR Management</u>
102-44	Key topics and concerns raised	<u>CSR Management</u>
102-45	Entities included in the consolidated financial statements	<u>Basic Data</u>
102-46	Defining report content and topic Boundaries	<u>Editorial Policy.</u>
102-47	List of material topics	<u>CSR Management</u>
102-48	Restatements of information	-
102-49	Changes in reporting	<u>Editorial Policy.</u>
102-50	Reporting period	<u>Editorial Policy.</u>

Disclosure		Location
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

	Disclosure	Location
		<u>Implement measures to increase lifespan and improve durability.</u>
		<u>Ensure safety and security during emergencies</u>
		<u>Show consideration, and support the revitalization of communities</u>
		<u>Respond to population aging and diversity and support health</u>
		<u>Raise customer satisfaction and comfort</u>
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	<u>Responses to climate change</u>
201-3	Defined benefit plan obligations and other retirement plans	<u>Create fair and meaningful workplaces</u>
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)		

Disclosure		Location
103-1	Explanation of the material topic and its Boundary	<u>Show consideration, and support the revitalization of communities</u>
103-2	The management approach and its components	<u>Show consideration, and support the revitalization of communities</u>
103-3	Evaluation of the management approach	-
203-1	Infrastructure investments and services supported	<u>Show consideration, and support the revitalization of communities</u>
203-2	Significant indirect economic impacts	<u>Show consideration, and support the revitalization of communities</u>
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	<u>Compliance</u>
205-3	Confirmed incidents of corruption and actions taken	<u>Compliance</u>
206: Anti-competitive Behavior (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<u>Compliance</u>
301: Materials (2016)		
301-1	Materials used by weight or volume	-
301-2	Recycled input materials used	-

Disclosure		Location
301-3	Reclaimed products and their packaging materials	-
302: Energy (2016)		
103-1	Explanation of the material topic and its Boundary	<u>Responses to climate change</u>
103-2	The management approach and its components	<u>Responses to climate change</u>
103-3	Evaluation of the management approach	-
302-1	Energy consumption within the organization	<u>Responses to climate change</u>
302-2	Energy consumption outside of the organization	
302-3	Energy intensity	<u>Responses to climate change</u>
302-4	Reduction of energy consumption	<u>Responses to climate change</u>
302-5	Reductions in energy requirements of products and services	<u>Responses to climate change</u>
303: Water (2016)		
103-1	Explanation of the material topic and its Boundary	<u>Use water resources efficiently.</u>
103-2	The management approach and its components	<u>Use water resources efficiently.</u>
103-3	Evaluation of the management approach	-
303-1	Water withdrawal by source	<u>Use water resources efficiently.</u>
303-2	Water sources significantly affected by withdrawal of water	-

Disclosure		Location
303-3	Water recycled and reused	-
304: Biodiversity (2016)		
103-1	Explanation of the material topic and its Boundary	<u>Show consideration for biodiversity.</u>
103-2	The management approach and its components	<u>Show consideration for biodiversity.</u>
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	<u>Show consideration for biodiversity.</u>
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	<u>Responses to climate change</u>
103-2	The management approach and its components	<u>Responses to climate change</u>
103-3	Evaluation of the management approach	-
305-1	Direct (Scope 1) GHG emissions	<u>Responses to climate change</u>
305-2	Energy indirect (Scope 2) GHG emissions	-
305-3	Other indirect (Scope 3) GHG emissions	-

Disclosure		Location
305-4	GHG emissions intensity	<u>Responses to climate change</u>
305-5	Reduction of GHG emissions	<u>Responses to climate change</u>
305-6	Emissions of ozone-depleting substances (ODS)	<u>Responses to climate change</u>
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	<u>Use resources appropriately and prevent pollution</u>
		<u>Implement measures to increase lifespan and improve durability.</u>
103-2	The management approach and its components	<u>Use resources appropriately and prevent pollution</u>
		<u>Implement measures to increase lifespan and improve durability.</u>
103-3	Evaluation of the management approach	-
306-1	Water discharge by quality and destination	-
306-2	Waste by type and disposal method	<u>Use resources appropriately and prevent pollution</u>
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)		

Disclosure		Location
307-1	Non-compliance with environmental laws and regulations	<u>Enhance environmental management</u>
308: Supplier Environmental Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	<u>Enhance environmental management</u>
		<u>Responses to climate change</u>
		<u>Use water resources efficiently.</u>
		<u>Show consideration for biodiversity.</u>
		<u>Use resources appropriately and prevent pollution</u>
103-2	The management approach and its components	<u>Enhance environmental management</u>
		<u>Responses to climate change</u>
		<u>Use water resources efficiently.</u>
		<u>Show consideration for biodiversity.</u>
		<u>Use resources appropriately and prevent pollution</u>
103-3	Evaluation of the management approach	-
308-1	New suppliers that were screened using environmental criteria	<u>Raise supplier management levels</u>
308-2	Negative environmental impacts in the supply chain and actions taken	-
401: Employment (2016)		
401-1	New employee hires and employee turnover	<u>Basic Data</u>
		<u>Promotion of diversity.</u>

Disclosure		Location
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<u>Create fair and meaningful workplaces</u>
401-3	Parental leave	<u>Promotion of diversity</u>
402: Labor/Management Relations (2016)		
402-1	Minimum notice periods regarding operational changes	-
403: Occupational Health and Safety (2016)		
403-1	Workers representation in formal joint management-worker health and safety committees	<u>Health and safety of employees</u>
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<u>Health and safety of employees</u>
403-3	Workers with high incidence or high risk of diseases related to their occupation	-
403-4	Health and safety topics covered in formal agreements with trade unions	-
404: Training and Education (2016)		
404-1	Average hours of training per year per employee	<u>Improve human capital</u>
404-2	Programs for upgrading employee skills and transition assistance programs	<u>Improve human capital</u>
404-3	Percentage of employees receiving regular performance and career development reviews	-
405: Diversity and Equal Opportunity (2016)		

Disclosure		Location
103-1	Explanation of the material topic and its Boundary	<u>Respond to population aging and diversity and support health</u>
		<u>Raise customer satisfaction and comfort</u>
103-2	The management approach and its components	<u>Respond to population aging and diversity and support health</u>
		<u>Raise customer satisfaction and comfort</u>
103-3	Evaluation of the management approach	-
405-1	Diversity of governance bodies and employees	<u>Promotion of diversity.</u>
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	<u>Human Rights</u>
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	<u>Human Rights</u>
408: Child Labor (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labor	<u>Human Rights</u>
409: Forced or Compulsory Labor (2016)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<u>Human Rights</u>
410: Security Practices (2016)		

Disclosure		Location
410-1	Security personnel trained in human rights policies or procedures	<u>Human Rights</u>
411: Rights of Indigenous Peoples (2016)		
411-1	Incidents of violations involving rights of indigenous peoples	-
Incidents of violations involving rights of indigenous peoples		
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	<u>Show consideration, and support the revitalization of communities</u>
103-2	The management approach and its components	<u>Show consideration, and support the revitalization of communities</u>
103-3	Evaluation of the management approach	-
413-1	Operations with local community engagement, impact assessments, and development programs	<u>Show consideration, and support the revitalization of communities</u>
413-2	Operations with significant actual and potential negative impacts on local communities	-
414: Supplier Social Assessment (2016)		

Disclosure		Location
103-1	Explanation of the material topic and its Boundary	<u>Raise supplier management levels</u>
103-2	The management approach and its components	<u>Raise supplier management levels</u>
103-3	Evaluation of the management approach	-
414-1	New suppliers that were screened using social criteria	<u>Raise supplier management levels</u>
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	<u>Raise safety and security quality in design and construction</u>
		<u>Raise safety and security quality in operations and management</u>
		<u>Implement measures to increase lifespan and improve durability.</u>
		<u>Ensure safety and security during emergencies</u>
103-2	The management approach and its components	<u>Raise safety and security quality in design and construction</u>
		<u>Raise safety and security quality in operations and management</u>
		<u>Implement measures to increase lifespan and improve durability.</u>

	Disclosure	Location
		<u>Ensure safety and security during emergencies</u>
103-3	Evaluation of the management approach	-
416-1	Assessment of the health and safety impacts of product and service categories	<u>Raise safety and security quality in design and construction</u>
		<u>Raise safety and security quality in operations and management</u>
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	<u>Compliance</u>

Third-Party Comments



Yoshinao Kozuma

Emeritus Professor, Sophia University

After leaving the doctoral program at the Sophia University Graduate School of Economics, Professor Kozuma became a research assistant at the Nagoya Institute of Technology and attended Limperg Instituut, the Inter-University Institute for Accounting and Auditing in the Netherlands, as a guest researcher. He became an associate professor at the University of Shizuoka, and then took up his current position as emeritus professor at Sophia University after first working as an associate professor and then as a professor in the Faculty of Economics at the university. He has held successive positions as the chair or member of various CSR- or environment-related advisory panels, research societies, etc. for the Ministry of the Environment; the Ministry of Economy, Trade and Industry; the Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Agriculture, Forestry and Fisheries; the Cabinet Office; and the Japanese Institute of Certified Public Accountants. He is currently the chair of the Ministry of the Environment's Committee to Revise the Environmental Accounting Guidelines. He specializes in accounting and non-financial reporting. His recently published works include Carbon Labelling for Visualizing CO2 Emissions (Chuokezai-sha, Inc.) and Assurance on Environmental Reports (Dobunkan Publishing Co., Ltd.).

1. Responses to Social Issues

The Nomura Real Estate Group selected safety and security as one of its CSR key themes, and within that theme, the Group set “measures to increase building lifespans and durability” as a material issue.

Both the “re:Premium” service launched in fiscal 2017 and the “Attractive 30” service launched in fiscal 2018 are initiatives in this area and provide benefits to customers, society, and the Nomura Real Estate Group, strongly raising awareness regarding the change in attitudes towards a business model intended to create a sustainable society.

Although these two services differ in that re:Premium is intended for previously-constructed condominiums and Attractive 30 is for newly-constructed condominiums, both are services for lengthening the cycle of large-scale repairs, and we can expect that they will both be effective means of addressing a social problem in the downstream segment of the value chain, i.e., the obsolescence of condominium buildings.

The provision of these services will be useful for alleviating the psychological and economic burdens on customers and maintaining asset values and will also contribute to the SDG goals of creating sustainable cities and communities and responsible production and consumption, raising the possibility of successfully building strong social infrastructure.

These types of initiatives expand social trust in the Nomura Real Estate Group and support the Group’s sustainable growth. I look forward to further implementation of highly innovative initiatives in the future.

2. Supply Chain Management Commenced

The Group established CSR Procurement Guidelines, an area of concern, and plans to begin implementation in fiscal 2018.

The businesses conducted by the Nomura Real Estate Group include some areas with high potential human rights risks in the supply chain. Adoption of the CSR Procurement Guidelines will be useful in managing those risks.

The Guidelines include whistleblowing systems and are expected to demonstrate a certain level of effectiveness at supplier business sites as well. Initially, enforcement will take the form of encouraging compliance by suppliers by responding to questionnaires, but it would be desirable if ultimately suppliers are urged to establish human rights due diligence systems.

3. Promoting Wellness Management

The Group declared the implementation of wellness management as a fundamental policy of the work style reforms initiated in fiscal 2017. At the core of this initiative, various measures have been implemented to prevent overwork, and I expect that wellness management will effectively function to create healthy workplaces that facilitate work.

Amidst these reforms, however, Nomura Real Estate Development received a recommendation for corrective action and guidance regarding the discretionary working system for planning work, a matter of considerable concern. I hope that the implementation of wellness management will lead to the prevention of reoccurrence of this type of event, and request that going forward, countermeasures be reinforced on an ongoing basis.

4. Future Issues

There are no targets or reference values relating to results regarding contribution to the SDGs, and consequently, the degree of progress is unknown and it is not possible to determine whether the Group's initiatives are actually making a contribution. Also, little improvement has been seen in environmental data other than waste, and the reasons for this are not explained. A further issue is the ongoing failure to achieve the target rate for employment of disabled persons. These are all areas where improvement is desirable.

Response to the Third-Party Comments

The Nomura Real Estate Group is deeply grateful to Professor Kozuma for his valuable opinions regarding the Group's CSR efforts since fiscal 2014.

Last year, Professor Kozuma pointed out that our CSR procurement criteria are not clear, and in response, the CSR Committee has been discussing this issue since fiscal 2017. In April 2018, we adopted the Nomura Real Estate Group CSR Procurement Guidelines, and we are addressing supply chain management including human rights.

Professor Kozuma also indicated that data concerning targets and results management is insufficient. To address this issue, the CSR Committee and CSR Promotion Council deliberated and set policies and targets for the Four Key Themes and Two Promotion Foundations, and we started disclosing that information in the CSR report this fiscal year. We will undertake CSR measures in tandem with management strategies while carrying out PDCA.

Thanks to this year's third-party comments, we have reaffirmed our awareness that switching to a business model intended to provide benefits to customers, society, and the Group and create a sustainable society will lead to sustainable growth by the Group. To do this, we place particular importance in the physical and mental wellbeing of employees and are conducting effective wellness management. Going forward, we will address the issues that Professor Kozuma has pointed out.

In the future, the Nomura Real Estate Group will continue its efforts to create new value for society through our business activities.

Seiichi Miyajima
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Chair, CSR Committee, Nomura Real Estate Group