

Promotion Foundation

Human Capital

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

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Health and Safety of Employees

Approach and Policies

The Nomura Real Estate Group is aware that the physical and mental health and safety of employees are essential for a company's business to grow continuously and sustainably. Based on this understanding, we made "working with enthusiasm and achieving wellness" a part of the "What We Value" Nomura Real Estate Group Action Guideline, and we undertake Wellness Management so that all employees can perform their work in good physical and mental health and with enthusiasm.

In addition, the Nomura Real Estate Group Code of Action provides that the Group will "strive to maintain and improve sound and pleasant workplace environment." Accordingly, we implement comprehensive health and safety management, take measures to prevent 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.

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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.

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

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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