

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

# CSR Management

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

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

## 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.

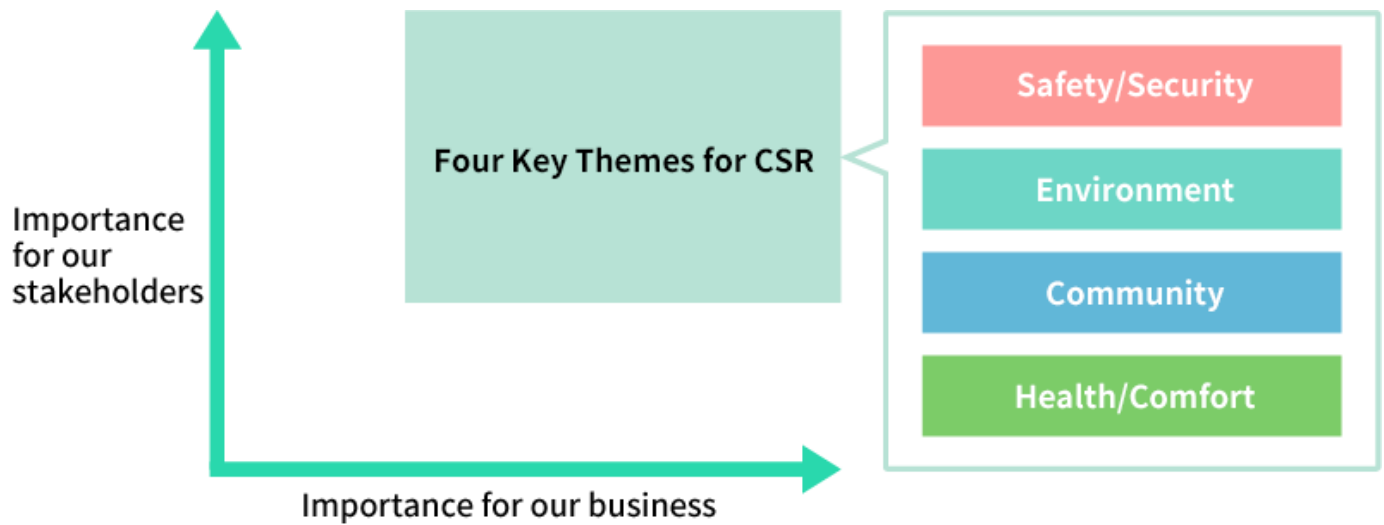
### Step 3. Identification of Key Themes for Stakeholders

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
















## Step 4. 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
<b>Major Social Issues</b>	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
<b>Primary Reasons</b>	<ul style="list-style-type: none"> <li>The real estate business and urban development are the foundations that support stakeholders' livelihoods and businesses, and achieving safety and security are essential</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity</li> <li>Environmental problems are major issues that affect not just the Group's business, but also the livelihoods and businesses of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Sound functions of and independent actions by communities are essential for sustainable urban development</li> <li>Developing sound communities requires support in the form of design and services</li> </ul>	<ul style="list-style-type: none"> <li>The health and comfort of each individual is important for cities and communities to be sustainable</li> <li>Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably</li> </ul>
<b>The Group's Approach</b>	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.
<b>Boundaries</b>	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities	The Group, suppliers, customers, local communities
<b>Related Management Strategies</b> (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
<b>Corresponding GRI Standards</b>	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
<b>Main Related SDGs</b>	  	     	  	  

## 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

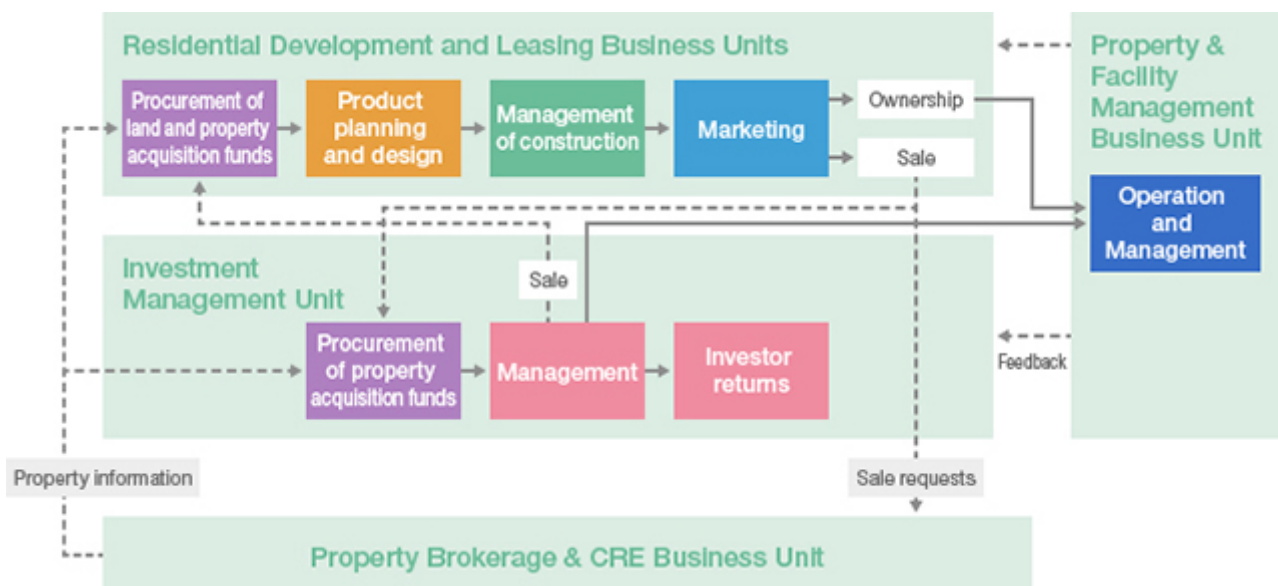
The Group endeavors to engage in good-faith communications and build trusting relationships with stakeholders.


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

# Business and CSR

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


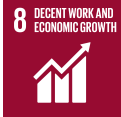






Business Activities	Main Activities	Major Stakeholders	Responses to major Social Issues	Related SDGs
Acquisition of Land and Properties, and Capital Procurement	<ul style="list-style-type: none"> <li>Investigation of properties</li> <li>Real estate appraisal</li> <li>Environmental assessment</li> <li>Negotiation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








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

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

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

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

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



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"> <li>Investigation of properties</li> <li>Real estate appraisal</li> <li>Environmental assessment</li> <li>Explanation of material matters</li> <li>Contract execution</li> </ul> etc.	Customers, brokers, financial institutions, real estate appraisers, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> <li>Show consideration, and support the revitalization of communities</li> <li>Respond to population aging and diversity and support health</li> <li>Increase customer satisfaction and comfort</li> </ul>	

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