



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.

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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.

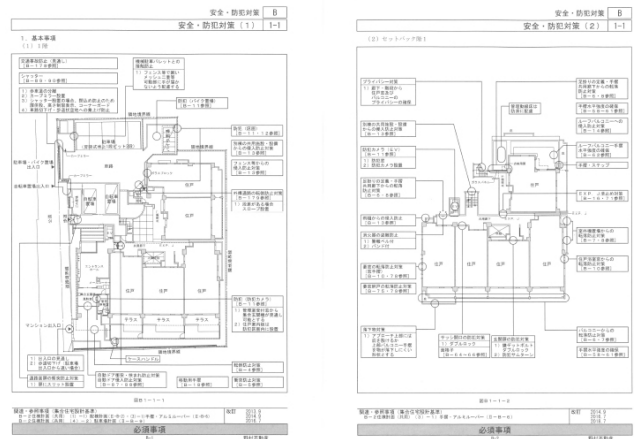
Starting in fiscal 2018, targets regarding enhancement of safety and security quality in design and construction were set, and the Committee is monitoring progress.

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.