



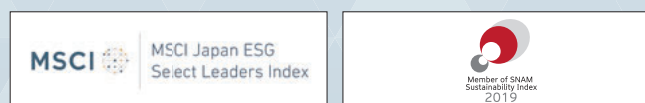
CSR Report
2019



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Message from the Sustainability Committee Chairman



Executive Vice President and
Representative Director,
Group COO

Seiichi Miyajima

Aiming for Sustainable Growth through the Promotion of CSR and ESG

We stipulated our four value creation initiatives under the new Mid- to Long-term Business Plan, announced in April 2019. These initiatives indicate the Group's direction toward continuing to provide value to society and its customers by leveraging its unique strengths.

Looking firstly at Japan, lifestyles, work styles, and values are rapidly diversifying because of major changes in the structure of society, such as population decline, low birthrate and aging population, and labor shortage. Looking from a global perspective, alongside problems related to climate change such as global warming and the outbreak of natural disasters, there are human rights, labor, and a variety of other social issues. The international consensus such as the Paris Agreement and the United Nations Sustainable Development Goals, and movements such as the expansion of ESG investment demonstrate that interest in these social issues is growing around the world. Under these conditions, it goes without saying that it is essential for corporations to resolve social issues and meet the needs of their customers through CSR and ESG initiatives in order to achieve sustainable growth. I believe that creating new value in response to the needs of society and our customers will lead to the acquisition of new technologies and business opportunities and, in turn, lead to the reduction of business risk.

For example, promoting activities in collaboration with suppliers helps to resolve social issues such as human rights and poverty while reducing business continuity risk throughout the entire supply chain. Similarly, amid the global acceleration of initiatives toward the reduction of greenhouse gas emissions, opportunities for developing new technologies and businesses are being created, such as plans for post-carbon and zeroenergy housing and buildings. I believe that these opportunities will lead to the creation of new social and customer value going forward. Through full engagement in CSR and ESG activities in these ways, we intend to heighten awareness and sensitivity toward a sustainable society and produce products and services with higher added value.

Four Value Creation Initiatives under the New Mid- to Long-term Business Plan	
1	Enriched lifestyles and work styles
2	Multifunctional urban development toward exceptional convenience, comfort, and safety
3	Urban development and community building toward the future of the global environment and local communities
4	Global expansion of high-quality products and services

Value Creation Initiatives under the New Mid- to Long-term Business Plan

Throughout the approximately 60 years of its history, the Group has earnestly dealt with social issues by building many cities mainly through residential development. In the era of our foundation, we managed residential development with the aim of resolving the housing shortage, while in recent years we have responded to various housing needs with our condominium brands such as PROUD and OHANA. Moreover, we have achieved sustainable growth by meeting the needs of customers and society. We have pursued multifunctional and highly convenient urban development through station-front redevelopment and urban-type compact towns, as well as property development by replacing old buildings with safe and comfortable buildings with high environmental performance.

On the other hand, lifestyles and work styles have changed greatly over the past few years. In addition to changes in customer preferences and values, work-life balance is significantly changing due to advances in the aging of society and the increase in dual-income households. Furthermore, the structure of society is changing due to rapid technological advances with the introduction of IoT and AI-driven services, which are highly convenient. In addition, there are greater expectations and needs among society and capital markets for the environment, CSR, and ESG.

Under these circumstances, we analyzed the opportunities for and threats to our business when formulating the new Mid- to Long-term Business Plan, and repeatedly discussed what kinds of value we could continue to provide to society and our customers in the future based on our strengths. The development of safe and comfortable properties and the realization of environments where people can live, work, communicate, and gather while embracing every moment of life's pursuits will allow us to fulfill our social responsibilities through our business, as well as enabling us to achieve earnings growth and sustainable growth as a corporation. Accordingly, the Group announced its four value creation initiatives under the new Mid- to Long-term Business Plan, which define the role it should play and its vision going forward. These four initiatives will contribute to resolving social issues while aligning with the SDGs and I believe that this value creation is essential to the sustainable growth of the Group. To realize this aim, we are accelerating unique, new initiatives and I feel confident about their progress.


Providing Value to the Future

We further accelerated our CSR and ESG activities, in FY 2019/3.

Firstly, we signed the United Nations Global Compact. This signing is a declaration of our determination as a member of society to contribute to the achievement of a sustainable society, and a demonstration of our corporate stance to global stakeholders. Secondly, as an environmental initiative, we set a target of reducing greenhouse gas emissions 30% compared with their 2013 levels in 2030, and established an action plan for our own business domain (Scope 1 and 2*). We are also moving forward with discussions on setting longer-term targets for 2050 and establishing an action plan for the domains of our customers and suppliers (Scope 3). Specifically, we intend to develop low-carbon and post-carbon type products and services, such as Net Zero Energy House (ZEH). Thirdly, we have set new guidelines. We will realize the sustainability of the entire supply chain by conducting business activities in line with the Nomura Real Estate Group CSR Procurement Guidelines, the operation of which was commenced in November 2018 through the cooperation of suppliers and business partners.

Moreover, we have worked to enhance our information disclosure. In addition to making our CSR and ESG stance as qualitatively understandable as possible, we are disclosing information meticulously on activities carried out to date to internal and external stakeholders via our website and other means. We have created a corporate culture in which everyone from the top management to the employees works with the awareness that CSR and ESG are the foundation of our business activities by establishing specific targets to promote CSR and ESG in each business unit and Group company.

Amid the promotion of urban development with a focus on offering better access to the workplace, and the development of compact cities led by governments, the need for multifunctional and highly convenient urban development that is safe and comfortable is increasing more and more. To ensure that the Group will continue to be chosen by customers going forward, it will be vital to provide further added value and engage in initiatives aimed at differentiation. One such initiative is the  **BE UNITED concept**, which developed out of the experience gained from one of our projects, Funabashi Morino City. Based on the concept of urban development in harmony and together with the surrounding community, we engage not only with the residents of condominiums but also with the community itself. Through the involvement of a wide array of players, we will aim for urban development through cooperative relationships between our internal and external stakeholders.

Furthermore, we commenced  **ACTO**, a community activity that is the means for realizing the BE UNITED concept. This activity was designed under the concept of "a place open to everyone." Through Nomura Real Estate's ownership of the communal space of properties, which was traditionally owned and used by residents, this space is lent out free-of-charge to an area community management organization, which enables the creation of open and sustainable communal spaces. We assign a specialist to conduct the planning and operation of area community management. In addition, we create a virtual environment for interaction by establishing a community website with information on community activities and events that forms the foundation for interaction and encounters.

- ※ * Scope: Scope of calculation and reporting on the amount of CO2 emissions by a company
- Scope 1: Direct emissions such as fuel combustion
- Scope 2: Indirect emissions resulting from the use of electricity or heat purchased by the Company
- Scope 3: Indirect emissions other than those in Scope 1 and 2, such as through the use and disposal of products sold by the Company, and business trips and commuting by employees

In Conclusion

The Nomura Real Estate Group is striving to raise its value and competitiveness through creating new value and acquiring new business opportunities. I feel that we have been certainly creating this virtuous circle for growth. As I have mentioned already, CSR and ESG initiatives have accelerated on a global scale in the last few years. It is impossible to achieve sustainable growth based solely on the view of a company. The value creation that the Group aims to achieve refers to growing together with society beyond the next 30 or 50 years. We will fulfill our responsibilities to all of our stakeholders, aiming to be a leading company in CSR and ESG. The four value creation initiatives and individual business strategies under the new Mid- to Longterm Business Plan were created by incorporating the expertise of directors and external directors, in addition to the Group's track record and strengths. They are also the result of our CSR and ESG activities that we have focused on to date.

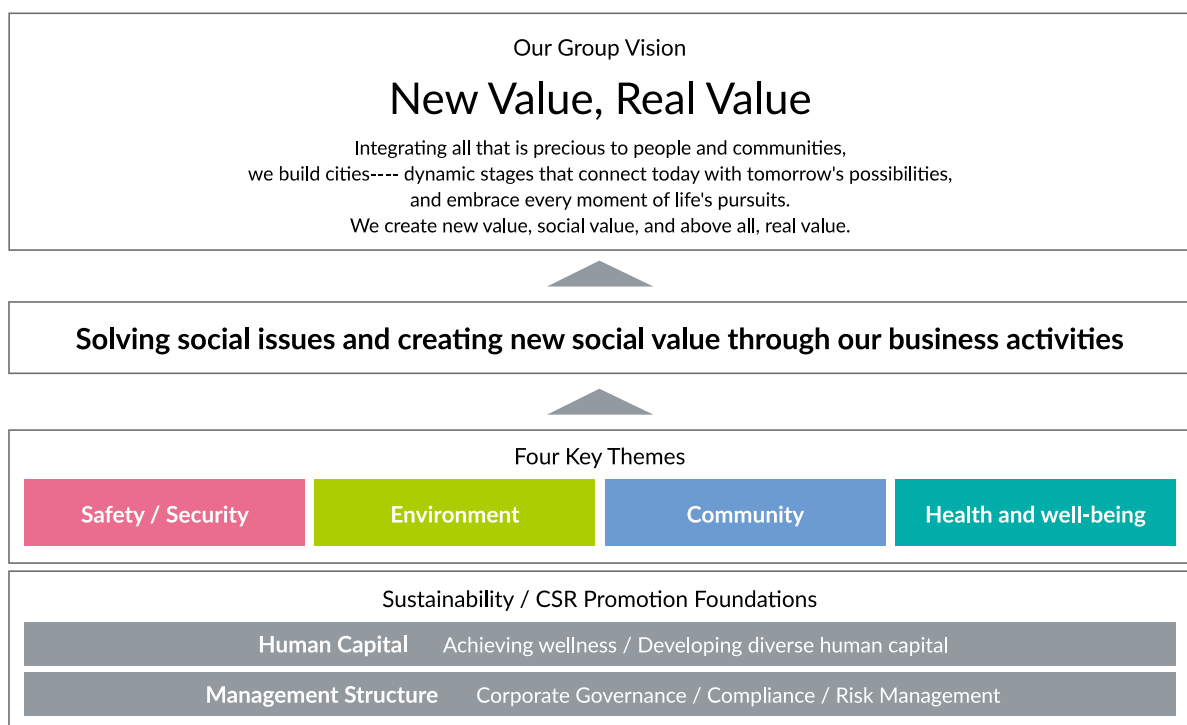
We will deliver the social and customer value that will be demanded by society in the future and raise our corporate value by reducing risks and expanding earnings. We will achieve closer communication with all stakeholders, including customers and investors, through appropriate information disclosure on our CSR and ESG activities. And through these activities, we will expand our business and realize the sustainable growth of the Group.

The Nomura Real Estate Group's Stance on Sustainability / CSR

The Nomura Real Estate Group had adopted "New Value, Real Value" as its Group Vision.

"New Value, Real Value" determined by the Board of Directors, sets out the future vision that the Group aims to achieve under its Mid- to Long-term Business Plan, New Value, Real Value.

In addition, the Group set Four Key Themes for Sustainability / CSR: "Safety and Security," "Environment," "Community," and "Health and Well-being"; two Promotion Foundations: "Human Capital and "Management Structure." Based on these, the Group promotes management strategies and Sustainability / CSR in an integrated manner.



Sustainability Management

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




















The Group established a CSR Committee chaired by the Nomura Real Estate Holdings executive vice president and Group COO. The Committee deliberates and determinates CSR/ESG Policies. In addition, the Committee checks progress against CSR/ESG targets based on the CSR/ESG Policies.

The Committee comprises directors, executive officers, and external directors selected by the Board of Directors of Nomura Real Estate Holdings. The results of its investigations are then 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 2018, the CSR Committee and CSR Promotion Council meetings were held a total of seven times. We deliberated on matters including the Nomura Real Estate Group CSR Procurement Guidelines and the mid- to long-term CO2 reduction targets. In line with these policies, we will continue to follow the PDCA cycle and promote CSR activities.

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 ₂ 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)	
S	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.	Care for communities and support for revitalization	Expanding of planning and design for revitalization of communities	  
				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	
	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 guideline Ensuring supplier safety	
			Corporate governance	Ensuring diversity in Board of Directors	
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.	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	

Reflecting CSR/ESG Perspectives in Director Compensation

From fiscal 2019 onward, the Group now requires that directors have a strong awareness of the need to adapt to changes in society and the needs of the times under their selection criteria. The Group has also incorporated the CSR/ESG perspectives into decisions on director compensation. Directors are assigned roles that reflect the CSR/ESG perspectives. In determining the amount of compensation, variable compensation is calculated based on their performance results.

 [Please click here for details on director compensation.](#)

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 using international frameworks such as ISO 26000 and the GRI G4 Guidelines as references. 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.

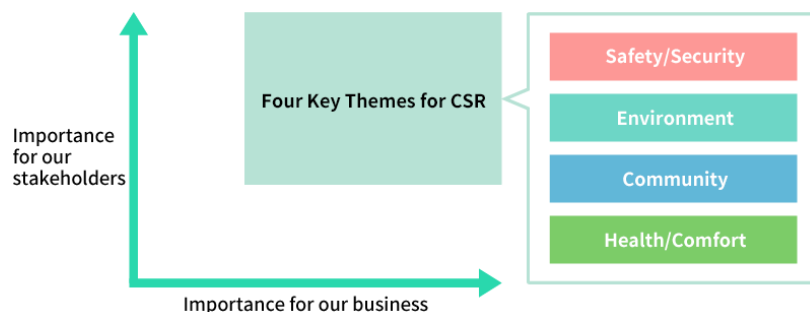
Step 3. Identification of Key Themes for Stakeholders

Questionnaire surveys and interviews were conducted to ask major stakeholders which social issues the Group needs to 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 design
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 reform • 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 Groups approach, and related strategies and so on were clarified.

Four Key Themes	Safety and 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 failure, decline in dynamism, and weakening of ties due to declining birth rate, aging population, or increasing number of vacant homes	Declining birth rate, aging population, globalization, diversification of individual values and lifestyles
Primary Reasons	<p>■ The Group's business significantly requires natural resources and energy, and environmental issues have an impact on business continuity</p> <p>■ In addition to improving the aging and obsolescence of buildings, it is necessary to increase life spans and enhance durability into the future</p>	<p>■ As the Group's business uses large amounts of natural resources and energy, environmental issues significantly impact business continuity</p> <p>■ Environmental problems are major issues that affect not only the Group's business, but also the livelihoods and businesses of stakeholders</p>	<p>■ Sound functions of and independent actions by communities are essential for sustainable urban development</p> <p>■ Developing sound communities requires support in the form of design and services</p>	<p>■ The health and well-being of each individual is important for cities and communities to be sustainable</p> <p>■ Support in the form of design and services is necessary for individuals with various attributes to live independently and comfortably</p>
The Group's Approach	<p>■ Contribute to 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.</p> <p>■ Promote the development of work and living environments that allow for business continuity and normal life activities during emergencies.</p>	<p>■ Contribute to the realization of 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.</p> <p>■ Comply with environmental laws and regulations and promote the implementation of appropriate environmental management.</p>	<p>■ Support community development by encouraging connections between customers and local society through our building design measures and operation services.</p> <p>■ Contribute to the creation of harmonious societies by promoting effective mutual assistance in emergencies as well as neighborhood and community revitalization.</p>	<p>■ Leverage communication with stakeholders to provide products and services that enable people to live healthy and comfortable lives regardless of their diverse attributes.</p> <p>■ Contribute to the realization of a healthy and vibrant society with mutual respect for diversity.</p>

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 Four Value Creation Themes				
① Realization of enriched lifestyles and workstyles			Realize a community that accepts diverse lifestyles and workstyles.	Provide products and services designed to increase healthy lifespan and work on urban development with consideration given to diversity.
② Multifunctional urban development aiming for exceptional convenience, comfort, and safety	Improve the safety and security of buildings including disaster responses and thoroughly implement quality control.	Provide comfortable spaces that can adapt to changes in the environment such as global warming and respond to natural disasters.	Multifunctional urban development providing convenience such as urban compact towns.	Urban development that allow diverse people including the elderly to lead healthy and comfortable lives.
③ Urban development and community building concerning the future of the global environment and local communities	Enhance repair construction and maintenance to extend building lifespans and durability.	Enhance environmental consciousness and customer services through improvement of building environmental performance, acquisition of green building certifications, and provision of energy-related businesses.	Build systems and expand products and services to create sustainable communities.	
④ Global expansion of high-quality products and services	Globally expand high-quality products and services that realize safety/security.	Globally expand buildings with high environmental value and operation business.	Globally expand urban development with consideration to communities and leveraging knowledge related to community revitalization.	Globally expand urban development that allows diverse people to lead healthy and comfortable lives.

Corresponding GRI Standards	Effluents and waste, customer health and safety	Energy, water, biodiversity, emissions, effluents and waste, supplier environmental assessment	Indirect economic impact, 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.

 [The CSR/ESG Policies and Objectives](#)

Dialogue with Stakeholders

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

Stakeholders	Main Responses
Customers	<ul style="list-style-type: none"> •I expect the Group to revitalize the community and improve its image amongst local residents •I expect the Group to give consideration to ecosystems and select highly sustainable materials
Employees	<ul style="list-style-type: none"> •The revitalization of communities leads to new services and business •As the population of seniors increases, the provision of healthcare services and comfortable spaces is becoming more important
Suppliers	<ul style="list-style-type: none"> •Safety and security are the foundation of real estate as social infrastructure •I expect that 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 want to achieve both environmental and economic performance •As the company is believed to emphasize safety and security, 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 greatly affect the environment

Signing of the UN Global Compact

The Group signed the UN Global Compact in May 2019. We will respect the Ten Principles of the UN Global Compact (in the areas of human rights, labor, environment and anti-corruption) and further promote our CSR initiatives.

The UN Global Compact

【Human Rights】

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

【Labor】

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

【Environment】

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

【Anti-Corruption】

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

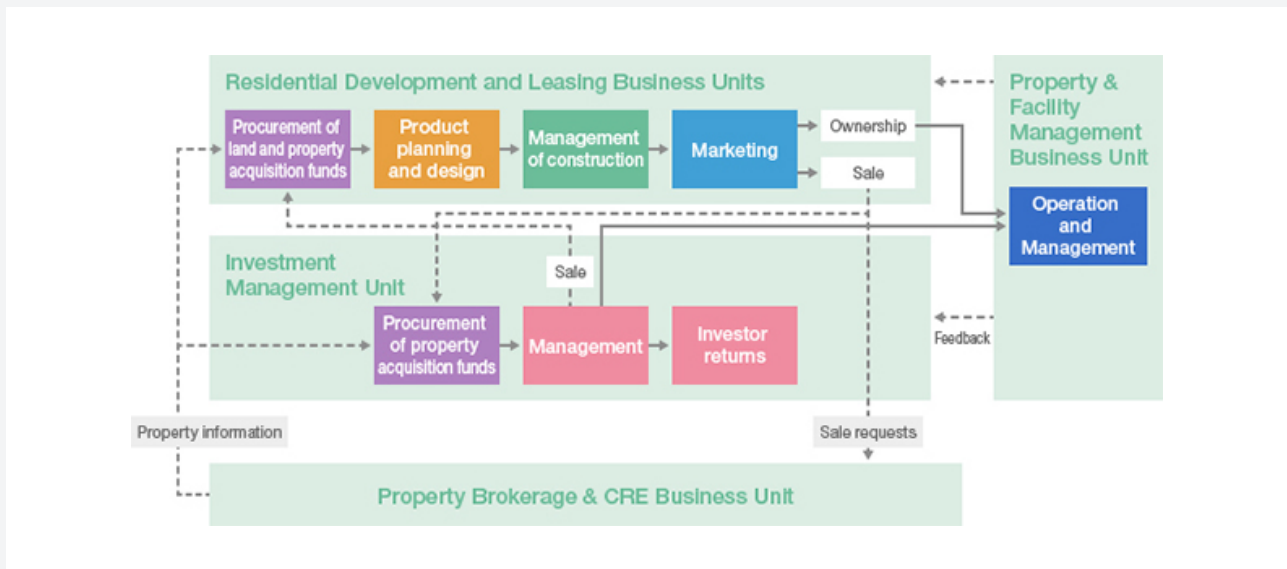
WE SUPPORT



Business and Sustainability

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

Business Activities of the Nomura Real Estate Group



Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
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 etc. 	Sellers, brokers, financial institutions, investors, real estate appraisers, employees, etc.	<ul style="list-style-type: none"> Showing consideration to and supporting the revitalization of communities Raising supplier management levels
Planning and designing 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"> Increasing safety and security quality in design and construction Ensuring safety and security during emergencies Show consideration to and supporting the revitalization of communities Responding to population aging and diversity and support health Increasing customer satisfaction and comfort Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Managing construction	<ul style="list-style-type: none"> • Supervising construction • Quality control • Cost management • Briefings for local residents etc. 	Customers, local communities, construction companies, employees, etc.	<ul style="list-style-type: none"> • Increasing safety and security quality in design and construction • Ensuring safety and security during emergencies • Showing consideration to and supporting the revitalization of communities • Response to climate change • Using water resources efficiently • Appropriate use of land • Appropriate use of resources • Ensuring supplier safety • Raising supplier management levels
Sales and tenant recruiting	<ul style="list-style-type: none"> • Marketing • Preparing website and pamphlets • Advertising • Offering explanations of material matters • Contract execution etc. 	Customers, local communities, NPOs, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> • Responding to population aging and diversity and support health • Increasing customer satisfaction and comfort

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
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"> Increasing safety and security quality in operations and management Ensuring safety and security during emergencies Showing consideration to and supporting the revitalization of communities Response to climate change Using water resources efficiently Appropriate use of resources Raising supplier management levels
Operations and management	<ul style="list-style-type: none"> Property management Asset management Management and repair works, operation of sports clubs and senior housing with services etc. 	Customers, local communities, business owners, service providers, construction companies, employees, etc.	<ul style="list-style-type: none"> Increasing safety and security quality in operations and management Ensuring safety and security during emergencies Showing consideration to and supporting the revitalization of communities Response to climate change, efficient use of water resources Appropriate use of resources, response to population aging and diversity, and health support Increasing customer satisfaction and comfort, ensuring supplier safety, and raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
Brokerage and CRE	<ul style="list-style-type: none"> Investigation of properties Real estate appraisal Environmental assessment Offering explanations of material matters Contract execution etc. 	Customers, brokers, financial institutions, real estate appraisers, judicial scriveners, employees, etc.	<ul style="list-style-type: none"> Showing consideration to and supporting the revitalization of communities Responding to population aging and diversity and support health Increasing customer satisfaction and comfort

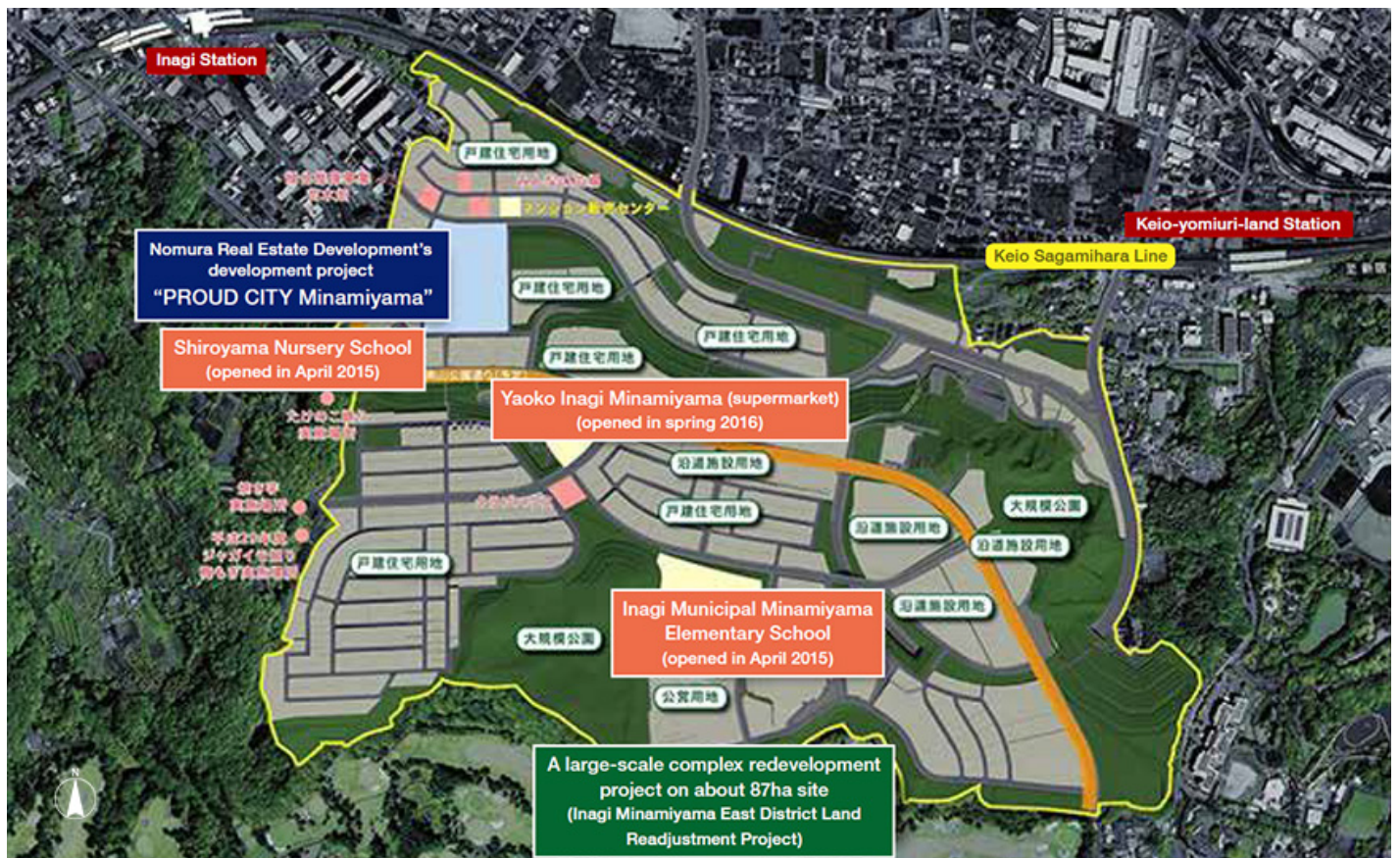
Response to social issues relating to human capital and management structures are the Sustainability / CSR promotion foundations, and are therefore related to all of our business activities.

Special Feature: "Town Building for Permanent Value Creation" at the Minamiyama Land Readjustment Project Site



Overview

Nomura Real Estate Development has been working on the development of PROUD CITY Minamiyama condominium (completed in 2016) and PROUD SEASON Inagi Minamiyama detached housing (first phase to be completed in 2019) since 2013 at the land readjustment project site extending over approx. 87ha located in Minamiyama, Inagi City, Tokyo. For this project, which took more than 10 years to complete, sustainable town building across the entire project site was crucial for the success of project as new residents will move into housing built on vast land areas in a phased manner.



Conceptual image of land use plan

"Local residents are the main player" Making efforts to find leaders who will undertake town building –project start-up phase (2013-2014)—

The Minamiyama area in Inagi City retains a beautiful landscape of local forests and commands a sweeping view over the center of Tokyo and the Tama area. The first challenge faced by this project was how to create the town's value without relying on an instrument to attract customers, such as large-scale commercial facilities, in the face of the vast expanse of nature with agricultural land and forests. Nomura Real Estate Development visited Minamiyama many times before the acquisition of land and listened to the opinions of local residents. "The local people's wishes were clear: They wanted us to respect their ideas and feelings as they know the land inside and out. Considering this, there was no way that the local people would accept company-driven area management. Therefore, we set a basic policy for the project to adequately value the feelings and meet the needs of the local people," Nobuaki Higashi, who was in charge of the project at the time, says reflecting on the start-up phase of the project.

The development of Minamiyama dated back over a long period of time, and Area Management Minamiyama, a local general incorporate association whose main members are the volunteers of landowners and NPO groups, had already been conducting activities with the aim of "proactively conserving and cultivating our towns." Therefore, Nomura Real Estate Development clearly set out the concept that "local residents are the main player" and utilized local resources, such as human resources and ideas, while taking a backseat role including negotiating with the local government.

"It would be easy for our company, with its extensive track record in community support, to plan various community-building events. However, we encouraged the local people to hold events at their own initiative. "

Over the course of supporting such events, we felt the need for new leaders who will support the community for the next 10 years and longer. "We screened human resources who will undertake the role of town building from the viewpoint of whether they are trusted by the local residents and whether they care about the local residents, and we then established the secretariat function. In addition, we employed particularly promising persons as full-time staff at Area Management Minamiyama." Activities for creating new town values have gathered momentum focusing on Area Management Minamiyama, which became a workable organization through the addition of local talents thus discovered.



Nobuaki Azuma

Manager of International Dept., Residential Development Division, Nomura Real Estate Development Co., Ltd. Joined Nomura Real Estate Development in 2003 after working at a graphic industrial design office. He is in charge of promoting condominium projects and penetration of the PROUD brand. He has participated in this project since 2013, and has been in the current post since 2017.

Area Management Minamiyama

A members-only area management organization that conducts activities in the town of Minamiyama, which is undergoing a transformation, aimed to improve the value of various towns by taking measures, such as the management and administration of green areas, land use consultation services, and facilitating interaction within and outside the area. It is conducting activities with residents, business operators, and concerned organizations in the area with the aim of conserving and cultivating the town and green areas of Minamiyama toward sustainable town building.

Area Management Minamiyama: ☐ <https://minamiyama.info/>



Park development support projects



Agricultural experience projects



Green space development projects



Land use projects

Establishing a system for establishing a self-running organization, such as introducing membership fee system and creating interaction space –the growth phase (2015-2017)—

Nomura Real Estate Development, while advancing the development of PROUD CITY Minamiyama, worked with Area Management Minamiyama to establish a system for making it a self-sustained and self-running organization.

To resolve the issue of securing funds for activities, which is a major challenge for a residential land-type area management organization, the organization introduced a membership fee system whereby the source of revenue will be the fees paid by all households occupying the condominium.

“Area Management Minamiyama ventured to introduce a new system of earning membership fees by fulfilling the role of some form of residents’ association. Nomura Real Estate

Development assumed the role of developing a financial plan and designed the system through negotiations with the local



Interaction space created with the local residents. It has been serving as a hub for the community.

government and local resident associations.” The scheme was to secure a stable financial resource in the form of membership fee income and allocate business income earned from holding events, etc. to the operating funds of Area Management Minamiyama.

We then worked on developing a hub for community activities. We deliberately built an interaction space outside the condominium inside the park site in the new town. “Normally, an interaction space is created on the first floor of condominium. However, as we felt that the residents of condominiums developed by other developers would feel reluctant to visit the interaction space if it were to be placed inside our condominium, we built it inside the park, completely separated from our condominium.” The interaction space was designed and finished by the local residents through workshops held by Area Management Minamiyama, with the cost of construction borne by Nomura Real Estate Development. The interaction space embodies the ideas of residents from various regions and has become a community base for local residents, serving as an important hub for town building.

We also concurrently requested the cooperation of [Professor Susumu Kawahara of Tokyo Metropolitan University](#) and established an industry-academia collaboration system. We also concurrently requested the cooperation of Professor Susumu Kawahara of Tokyo Metropolitan University and established an industry-academia collaboration system. “Professor Kawahara expressed reluctance to participate in the project at first, but we were able to win his sympathy for Nomura Real Estate Development’s vision of ‘town building for permanent value creation’ and therefore established the collaboration system.” We obtained external evaluation by presenting our town-building activities at a conference of architectural institute, etc. As a result, the local community reaffirmed the value of the area and the town-building activities gathered momentum.

To offer the same quality of living even 10 years later—the self-sustained phase (2018—to present)

The landscape of local forests has started to blend well with the beautiful residential neighborhood. Development of the vast area of the land readjustment project site is progressing, with projects by other developers also underway. Area Management Minamiyama is encouraging all purchasers of PROUD SEASON Inagi Minamiyama housing to become members. It is also calling for purchasers of new housing units provided by other developers to become members. “There are cases in which other developers that agreed with our vision arranged all the purchasers of their housing to become members, or other cases in which condominium associations later requested to join despite rejection by developers. The community has thus started expanding beyond our business.”

Nomura Real Estate Development has stepped aside from the operation of Area Management Minamiyama and is staying in the position of observer. “A mistake that developers are inclined to make when creating an area management organization is joining the organization themselves. But Nomura Real Estate Development had no intention to remain in the organization and made a point of establishing a system that allowed us to step back from the operation of the organization at an early stage. This is because in this project, the development period of which extends over 10 years, community services of constant quality must also be provided to customers in 10 years’ time. However, this would be difficult to achieve by a company, for which budgets and persons in charge change over time. In order to provide the same value to customers in 10 years’ time,



“PROUD SEASON Inagi Minamiyama” town opening event 72% of the households that purchased PROUD SEASON Inagi Minamiyama housing participated in the event.

the important thing is to have an external organization, such as area management organization, operate as a self-sustained, self-running organization.”

The biggest factor that led this project to get on track was the fact that “we adequately appreciated the value of the land, including people living there—it comes right down to it.” We began to appreciate the value of the land before the start of the project and supported the community, comprising mainly local residents, opening the way for addressing the social issues of “sustainable town building” and “improvement of area value.”

Town building is still underway in Minamiyama.

Stakeholder comment

What is worthy of special mention about the town building in Minamiyama is that we resolved many of the issues residential land-type area management organizations tend to face before new residents move in. In concrete terms, we created the following assets that are important for area management: (1) securing stable funds for activities, (2) cultivating persons who will undertake operations, and (3) establishing a hub to support community activities.

Nomura Real Estate Development interacted with local residents early on with a view to the move-in period of new residents. It supported the development of area management organization behind the scenes by connecting people who have attachment and special feelings for the community. I believe that it was a bold but sound decision to build the interaction space, which is normally established inside a condominium, outside the condominium to serve as a communication hub for the entire development area.

Several years have passed since the opening of town and the development work is still underway. In addition to having new residents become members of Area Management Minamiyama, there are many things that need to be done to develop its activities

further. Meanwhile, it has contributed significantly to the unifying force and continuity of the community activities that an organization with the abovementioned assets had already set in place at the time of opening of the town.



Susumu Kawahara

Professor, Faculty of Urban Environmental Sciences, Tokyo Metropolitan University
Graduated with Ph.D. in Engineering with Major in Civil and Environmental Engineering, Department of Civil and Environmental Engineering, Waseda University
Assumed his present post in 2016 after serving in positions including Assistant Professor, Department of Architecture, Waseda University. He specializes in urban and regional design and planning, community-based tourism and town planning, tourism destination management and theory and practice.



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, local communities, and other stakeholders over the long term through a range of business activities from design and construction to operation and management.

Accordingly, the 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

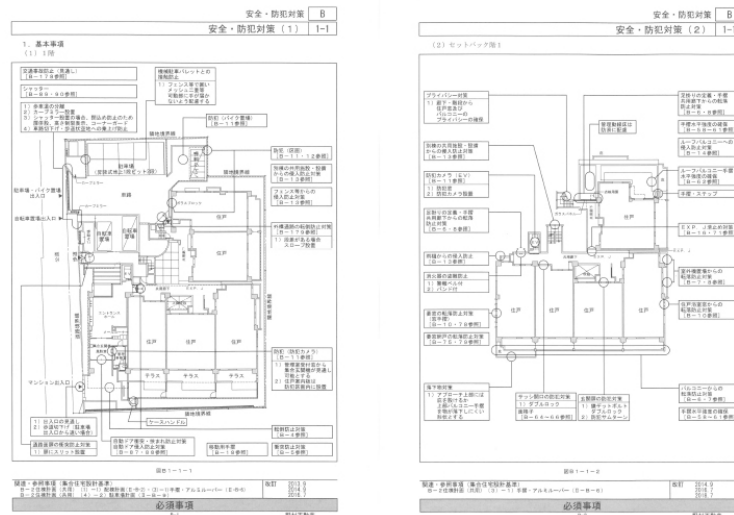
The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to enhance the quality of safety and security in design and construction. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets targets each year regarding enhancement of the quality of safety and security in design and construction, and 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】

Residential Development Business Unit

- Condominiums: PROUD, OHANA
- Detached houses: PROUD SEASON
- Leased condominiums: PROUD FLAT

The Commercial Real Estate Business Unit

- Leased office buildings: PMO (Premium Midsize Office)
- Commercial Facilities: GEMS
- Logistics Facilities: Landport

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.

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, 2019, Nomura Real Estate Development had 177 employees with first-class architect qualifications, comprising 13.02% of its total main career track workforce.

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

Comply with Design and Construction Standards and Quality Manuals

The Group has established and complies with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit (PROUD and OHANA condominiums, PROUD SEASON detached houses, PROUD FLAT leased condominiums) and in the Commercial Real Estate Business Unit (PMO (Premium Midsize Office) leased office buildings, GEMS commercial facilities, Landport logistics facilities).

	FY 2017	FY 2018
Compliance with Design and Construction Standards and Quality Manuals in the Residential Development Business Unit	100%	100%
Compliance with Design and Construction Standards and Quality Manuals in the Commercial Real Estate Business Unit	Formulation of Design and Construction Standards and Quality Manuals	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, necessary responses will be implemented rapidly. In fiscal 2018, there were no significant safety-related violations of relevant laws and regulations or internal standards.

Raise Safety and Security Quality in Operations and Management

Approach and Policies

The Nomura Real Estate Group operates and manages buildings and spaces that serve as foundations of lives and businesses of stakeholders over the long-term, even after the completion of construction. With rising concerns about the aging and obsolescence of buildings and infrastructure and the deterioration of urban functions due to the declining population and aging of society and increased frequency of natural disasters such as large-scale earthquakes, providing safety and security to stakeholders even after the completion of construction is an important responsibility of the Group.

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

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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets targets each year regarding enhancement of the quality of safety and security during operation and management, and 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 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. The conformance rate was 86% in fiscal 2018.


Enhancing Quality by Acquiring ISO Certifications

The Group is promoting the acquisition of international specifications for quality management. In addition, we take internal auditor training courses provided by external organizations prior to conducting internal audits.

【ISO9001】

Nomura Real Estate has acquired ISO 9001 (an international quality management system standard) for the "activities of obtaining feedback and ensuring the reflection of such feedback" in the PMO series of office buildings.

Nomura Real Estate Partners has acquired ISO 9001 for 31 properties in the office building segment and 22 complexes in the condominium segment.

*For information regarding ISO 14001, see the  [Environmental Management System](#).

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 and taking out 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 2018 performance against the set targets was as set forth below.

Enhance Quality Control and Improve After-sales Service

	FY 2017	FY 2018
Rate of conformance with Building Management Quality Assessment Guidelines at managed properties*	85%	86%
Sign-up rate for NEXT PASS 10	82%	80%

* Conformance rate: We extracted several properties and conducted a survey on the number of conforming items in the assessment items listed in the guidelines.

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, necessary responses will be implemented rapidly.

In fiscal 2018, 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 buildings and spaces that serve as foundations of the lives and businesses of stakeholders over the long-term through operation and management of properties, even after the completion of construction.

With rising concerns regarding the aging and obsolescence of buildings and infrastructure, expanded needs for repairs and remodeling, and increased frequency of 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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding enhancement of building lifespan and durability, and is monitoring the 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.

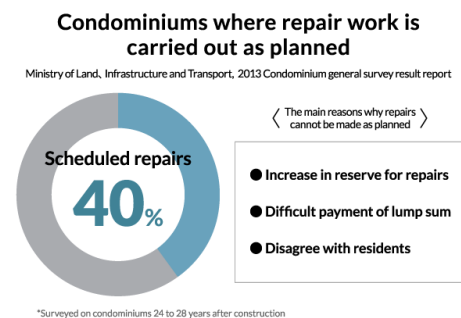
Measures to Lengthen Large-Scale Repair Cycles

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

The Group provides re:Premium, a service designed to lengthen large-scale repair cycles, at completed PROUD condominiums.

Due to the aging of society and the increase in vacant dwelling units, the collection of improvement expenses is often delayed. Consequently, less than half of condominiums are able to carry out large-scale improvements as scheduled. (Source: Data by Ministry of Land, Infrastructure, Transport and Tourism) 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. The service enables the extension of building lifespan and reduction of demolition waste. The psychological and economic burdens on customers are also able to be reduced by substantially cutting lifecycle costs.



[News Release](#)

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 adoption of high-durability materials and construction techniques and introduction of the re:Premium service will enable lengthening of the cycle of large-scale repairs.

[News Release](#)

Performance

Promotion Measures

Fiscal 2018 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	FY 2018
Number of completed properties that offer the re:Premium service	5 properties	19 properties

Ensure Safety and Security during emergencies

Approach and Policies

The Nomura Real Estate Group supports buildings and spaces that serve as foundations of the lives and businesses of stakeholders 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 ensure safety and security in times of disaster and prepare for and prevent disasters, so that we can minimize harm in the event of a disaster.

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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding the enhancement of safety and security during disasters, and is monitoring the 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 Preparedness in Housing](#)

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.

 [Business Continuity Plan](#)

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
- 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

Established disaster prevention base for tenant companies

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

☐ [Disaster preparedness measures for PMO office buildings](#)

Performance

Promotion Measures

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

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

Expansion and Enhancement of Disaster Preparedness and Security Countermeasures

	FY 2017	FY 2018
Disaster preparedness drill implementation rates at managed properties	85%	94%
Number of facilities that can take in persons who are unable to return home during a disaster	3 properties	7 properties

Taking in 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), which the Group owns (partially co-owned), and four Megalos stores (Soka, Hachioji, Kichijoji, Machida), operated by the Group, have been designated as 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 while using renewable energy and engaging in the appropriate utilization of resources.

We also comply with environmental laws and regulations and implement appropriate environmental management.

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Enhancing Environmental Management

Approach and Policies

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

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 environmental problems associated with our products and services that substantially affect 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 regarding environmental problems throughout the Group and reduce environmental impact by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications.

We identified the following five matters as particularly important issues, and we are working to step up our initiatives in these areas with our stakeholders including tenant corporations and suppliers.

- Enhancing environmental management
- Responding to climate change
- Using water resources efficiently
- Showing consideration for biodiversity
- Using resources appropriately and preventing pollution

We also signed the UN Global Compact in May 2019 to realize the Nomura Real Estate Group Environmental Philosophy and further promote responses in these material matters. Based on the principles of the UN initiative, we will support a precautionary approach, such as climate change mitigation, to environmental problems, and proactively fulfill our responsibility to address environmental problems.

Nomura Real Estate Group Environmental Philosophy

Nomura Real Estate Holdings established the Nomura Real Estate Group Environmental Philosophy as a Group-wide guide for environmental measures. Based on our 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 on the current natural environment 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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets environmental management targets and monitors progress.

In June 2018, an environmental subcommittee was established as the CSR Committee's subordinate organization. We are reinforcing our environmental response system further with the quality management and architectural design manager acting as supervisor.

Targets

The Group seeks to obtain environmental, green building certifications for new construction and owned properties (DBJ Green Building^{*1}, LEED^{*2}, CASBEE^{*3}, and BELS^{*4}, etc.)

【Quantified Target】

Acquisition rate by newly-constructed office buildings, retail facilities, logistics facilities, and leased condominiums: 100%

^{*1} DBJ Green Building: A certification program developed by the Development Bank of Japan to promote real estate development that contributes to the environment and society.

^{*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 independent local municipality assessment programs.

*4 BELS stands for Building-Housing Energy-efficiency Labeling System, which was established by the Ministry of Land, Infrastructure, Transport and Tourism. With this system, a third-party evaluation organization evaluates and certifies energy conservation performance of a building.

Environmental Management System

The Group is increasing the sophistication of its environmental initiatives through the use of an internationally acknowledged environmental management system (EMS).

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.

Environmental Management at Suppliers

The Group established the Nomura Real Estate Group CSR Procurement Guidelines and is working to resolve environmental issues with suppliers.

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

Consideration for the Environment

- Endeavor to make continuous improvements for reducing environmental impact 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 with 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 properties in accordance with the Design and Construction Standards and the Quality Manual that include specifications for environmental performance.

☐ [Please click here for the details of 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.

【Environmental Assessment and Challenge Sheets (excerpt)】

- Statement of primary energy consumption
- Set acquisition of at least BELS★★★ as a target
- 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

Performance

Promotion Measures

Fiscal 2018 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 Environmental Certification

Type	FY 2017	FY 2018
Acquisition rate by newly-constructed office buildings, retail facilities, logistics facilities, and leased condominiums	100%	100%

List of Environmental Certifications Acquired (FY 2018)

Certification Name	Property	
DBJ Green Building Certification	【Office Buildings】	PMO Akihabara III PMO Ochanomizu PMO Kyobashi Higashi PMO Hatchobori Shinkawa PMO Hamamatsucho PMO Higashi-Shinbashi
	【Retail Facilities】	GEMS Kayabacho GEMS Sangenjaya GEMS Jingu-Mae GEMS Shinbashi GEMS Shin-Yokohama GEMS Namba Hon-Amanuma Shopping Plaza
	【Logistics facilities】	Landport Ome I
	【Rental housing】	PROUD FLAT Asakusa-Kaminarimon PROUD FLAT Asakusabashi II PROUD FLAT Asakusabashi III PROUD FLAT Shibuya Tomigaya POUD FLAT Togoshi-Koen PROUD FLAT Higashi-Nihonbashi
CASBEE (Comprehensive Assessment System for Built Environment Efficiency)	GEMS Namba	

Acquisition of Environmental Certification on Energy Performance at the Commercial Real Estate Business Unit

Acquisition of energy rating

Type	FY 2018
Number of certifications acquired	Nine properties

Certification Name	Property
BELS (Building-Housing Energy-efficient Labeling System)	PMO Ochanomizu PMO Kyobashi Higashi GEMS Sangenjaya GEMS Jingu-Mae GEMS Shinbashi GEMS Shin-Yokohama PMO Hatchobori Shinkawa PMO Higashi-Shinbashi Hon-Amanuma Shopping Plaza

Environmental Compliance

In fiscal 2018, the Group did not commit any violations of environmental laws and regulations (including pollution and water use) in the manufacture, sale, or management of its products and services. The Group also did not receive any external indications of violations.

Response to Climate Change

Approach and Policies

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

Increased natural disasters resulting from climate change and stricter environmental regulations will impede the continuation of business and lead to higher material procurement costs and construction expenses. It is also possible that operating costs including electricity fees and insurance premiums will increase, which could have a major impact on society as a whole. Meanwhile, low-carbon/decarbonized products and services including net zero energy homes (ZEH) will lead to new business opportunities. Based on this understanding, the Group is working with stakeholders to promote the reduction of CO₂ emissions and the use of renewable energy across its supply chains.

Management

Management Structure

The Group is taking Group-wide measures to address climate change, with the Nomura Real Estate Holdings executive vice president and Group COO serving as supervisor.

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans. The CSR Committee sets climate change targets and monitors progress.

Targets

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

- Reduce CO₂ emissions

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 company 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

- Reducing energy consumption
- Promoting solar power generation

Climate Change Related Strategies (Risks and Opportunities)

The Group analyzed our Group's risks and opportunities and set the Groupwide CO₂ emissions targets based on the Intergovernmental Panel on Climate Change (IPCC Fifth Assessment Report) and the content of the Paris Agreement and making reference to the 2-degree scenario (and the 1.5-degree scenario).

【Risks】

- Market risk: Changes in customer needs for real estate (medium-term)
- Technology risk: Increase in the development cost for CO₂ reduction technologies (medium-term)
- Physical risk: Increase in damage to buildings due to increasing frequency of localized severe rain and flooding, and resulting changes in asset value and quality of real estate (long-term)

Evaluation: Negative feedback in ESG evaluation by stakeholders (short-term/long-term)

【Opportunities】

- Products and services: Development of low-carbon products and services and expansion of customer needs (short-term/medium-term)
- Resource efficiency: Utilization of high energy efficient buildings and properties (short-term/medium-term)
- Energy sources: Expanded utilization of renewable energy, etc. (short-term/medium-term)
- Evaluation: Acquisition of high ESG evaluation from stakeholders (short-term/medium-term)

In addition to the above, the Group has assumed various risks and opportunities including policies and laws and regulations.

Climate Change Risk Management

The Group established the Risk Management Regulations to perform appropriate risk control and operations. We have identified risks associated with changes in the business environment due to climate change, as well as those risks associated with natural disasters, as major risks. The Risk Management Committee deliberates on and discusses countermeasures for such risks. Contents of deliberation are reported to and overseen by the Board of Directors at least quarterly.

 [Details of the Risk Management System](#)

Responding to Physical Risks

The Group is working to address risks associated with climate change including increased frequency of natural disasters.

When developing real estate, the Group confirms hazard maps, which show expected damage areas released by each local government, and implements localized severe rain and flooding countermeasures in accordance with the Quality Manual. 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.

The Group is responding to environmental needs in the design and construction phases of condominiums, leased offices, and other properties in accordance with the Design and Construction Standards that include environmental performance specifications and the Quality Manual.

 [ZEH Condominium Initiatives](#)

Environmental Performance Assessments During Product Planning and Design

When developing condominiums, office buildings, retail facilities, logistics facilities, and other properties, 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 to set points for environmental performance assessment 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 usage 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 pursuing the acquisition of environmental certifications, undertaking business intended to save energy and create a low-carbon society.

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, which is a program to certify facilities that conform to certain criteria as an Office Taking Excellent Specific Global Warming Countermeasures.

Third-party verification of annual specified greenhouse gas emissions

The Shinjuku Nomura Building, the Nihonbashi Muromachi Nomura Building, and Nomura Fudosan Ginza Building, which are owned (partially co-owned) by the Group, underwent verification of greenhouse gas emissions as follows from a third-party verification organization stipulated in the Tokyo Metropolitan Environmental Security Ordinance, in order to ensure the impartiality of calculation of greenhouse gas emissions from the said buildings.

•The Shinjuku Nomura Building	12,666 t-CO ₂ /year (fiscal 2017)
•Nihonbashi Muromachi Nomura Building	4,492t-CO ₂ /year (fiscal 2017)
•Nomura Fudosan Ginza Building	3,313t-CO ₂ /year (fiscal 2017)

【Verification Result Report】

📄 [Nihonbashi Muromachi Nomura Building Verification Result Report \(PDF1,381KB\)](#)

Smart Community Collaboration and Cooperation

In February 2019, we entered into an agreement regarding smart community collaboration and cooperation on Proud City Hiyoshi, which will be developed by Nomura Real Estate Development, with Kanden Realty & Development Co., Ltd., Panasonic Homes Co., Ltd., Kansai Electric Power Company, Inc. and Tokyo Gas Co., Ltd.

In this project, we will aim to reduce energy consumption and CO₂ emissions during ordinary times through energy management in the entire relevant area by taking measures such as interchanging electric power generated by distributed electric power sources installed there. In addition, storage batteries and distributed electric power sources will be used to make electricity available for use even when some facilities are affected by disasters.



Proud City Hiyoshi (architectural perspective)

Initiatives for the HARUMI FLAG Redevelopment Project

The type-I urban development project in the West Harumi 5-chome District, HARUMI FLAG, obtained the LEED-ND Plan Project Gold Certification and SITES Precertification Gold Certification in recognition of the project's promotion of renewable energy and energy efficiency initiatives.



HARUMI FLAG (architectural perspective)



Use of Renewable Energy

The Group is promoting renewable energy utilization through the solar power generation business to move forward with CO₂ emission reduction initiatives.

As of March 2019, solar panels were installed on a total of 13 buildings, utilizing the roofs of Landport logistics facilities, with annual output of 12.081 million kWh for the entire portfolio.



Landport Takatsuki

Purchase of Green Electric Power

The Group purchases green electric power. In fiscal 2018, the Nihonbashi Muromachi Nomura building (located in Chuo-ku, Tokyo) purchased 1 million kWh of power over the year.

Carbon Credit Donation

Nomura Real Estate Development and NREG Toshiba Building Co., Ltd. achieved CO₂ emissions reduction that exceeded the required reduction amount under the Tokyo Cap-and-Trade Program and produced excess reduction credits of a total of 32,008t (12,661t by Nomura Real Estate Development and 19,347t by NREG Toshiba Real Estate). We also endorsed the Tokyo Metropolitan Government's initiatives that aim towards Zero Emission Tokyo, an advanced, net zero carbon emission city, and donated the 32,008t of carbon credits produced by the Group to the Tokyo Metropolitan Government in 2019.

For the details of the Tokyo Metropolitan Government's initiatives, please see the official website of the Tokyo Metropolitan Government Bureau of Environment.

 [Link to the official website of the Tokyo Metropolitan Government Bureau of Environment](#)

Helping Customers to 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 visualize 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.

Participation in Initiatives Related to Climate Change

The Group has taken part in international initiatives related to climate change and frameworks of industry associations, and is actively working to address climate change.

The UN Global Compact

The Group signed the UN Global Compact in May 2019. Based on the principles of the UN Global Compact initiative, we will support a precautionary approach, such as climate change mitigation, to environmental problems, and proactively fulfill our responsibility to address environmental problems.

Endorsement of the Voluntary Action Plan on the Environment for the Real Estate Industry, formulated by the Real Estate Companies Association of Japan

In order to step up responses to climate change, the Group endorsed the voluntary action plan on the environment established by the Real Estate Companies Association of Japan, and is working to achieve a CO₂ emissions reduction that exceeds the statutory required standards.

Response to CDP's Questionnaire

In order to promote climate change initiatives and enhance the transparency of information disclosure, the Group started to respond to the CDP climate change questionnaire, which has been conducted by the CDP* from fiscal 2019.

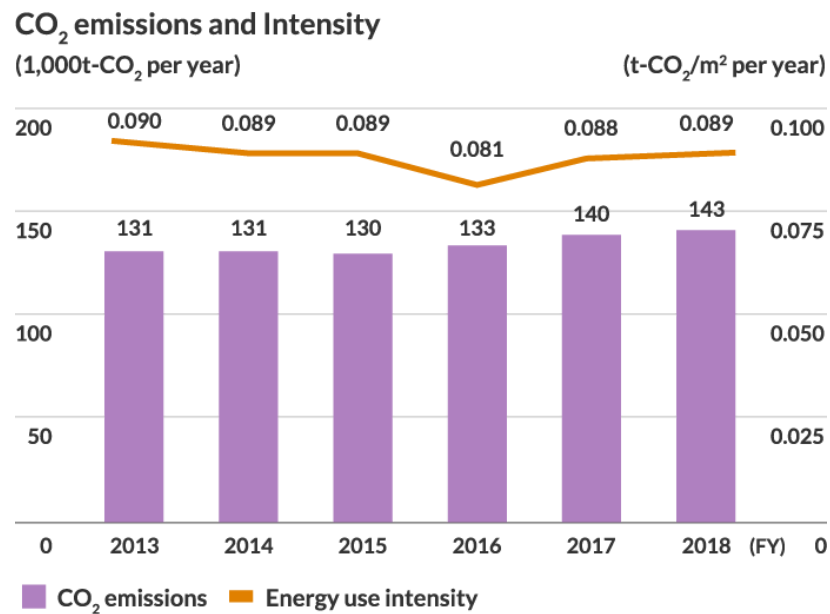
※ CDP: An NGO established in the UK in 2000 that operates a global environmental information disclosure system for investors, corporations, cities, nations, and regions to manage environmental impacts.

Performance

Promotion Measures

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

GHG (CO₂) emissions performance



GHG (CO₂) emissions: Total amount

	FY 2013 (base year)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total GHG (CO₂) emissions (thousand t- CO₂/year)	131	131	130	133	140	143
Scope 1	17	—	—	—	18	18
Scope 2	115	—	—	—	122	125
Emissions intensity (t-CO₂/m² per year)	0.090	0.089	0.089	0.081	0.088	0.089

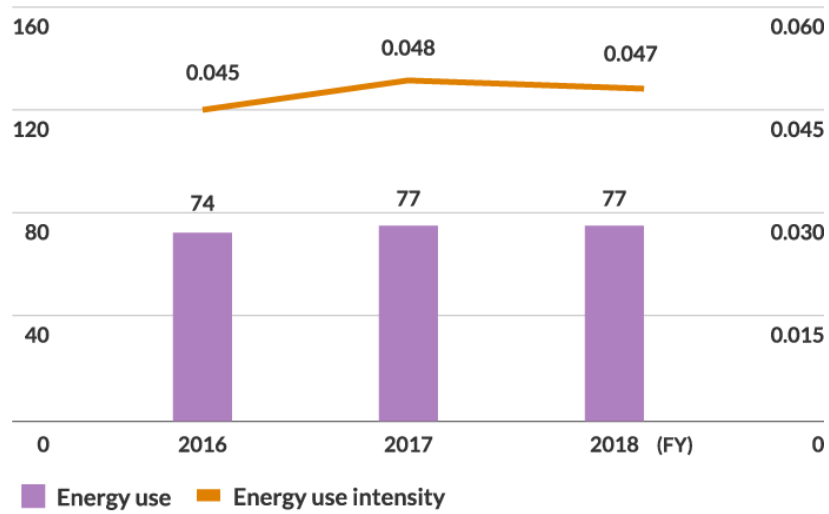
*1 Data shown are those currently available.

*2 Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2018 fiscal year, 182 facilities with a total of 1,609,742 m²).

Energy usage performance

Energy use and Intensity

(1,000 kℓ per year)

(kℓ /m² per year)

	FY 2016	FY 2017	FY 2018
Energy use (1,000 kℓ per year)	74	77	77
Energy use intensity (kℓ/m ² per year)	0.045	0.048	0.047

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2018 fiscal year, 182 facilities with a total of 1,609,742 m²).

Promote solar power generation

	FY 2017	FY 2018
Solar power generating facility installation rate at Landport logistics facilities	93%*	93%
Electric power generated at Landport logistics facilities	11.55 million kWh/year	12.081 million kWh/year

* The solar power generation facility installation rate for FY2017 has been revised.

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, future business might be significantly affected. This could include risks in overseas businesses, 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

The Nomura Real Estate Holdings'(NREH) 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 NREH and Group company directors and others and is chaired by the NREH executive vice president, deliberates on and makes decisions on related policies and action plans.

The CSR Committee has been setting targets regarding efficient water resource use and 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.

☐ [Details of design and construction standards and quality manuals can be found here.](#)

Performance

Promotion Measures

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

Water use performance

Water use

	FY 2016	FY 2017	FY 2018
Total use (thousand m³/year)	1,838	1,949	2,027
Water use intensity (m³/m² per year)	1.33	1.27	1.31

* Data for FY2016 and FY2017 have been revised.

Volume of water intake (by type)

	FY 2016	FY 2017	FY 2018
Clean water and industrial water use (thousand m³/year)	1,649	1,766	1,850
Surface water (lakes and rivers, etc.)	0	0	0
Groundwater	189	183	176
Total volume of water intake (thousand m³/year)	1,838	1,949	2,027

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2018 fiscal year, 184 facilities with a total of 1,615,982 m²). Facilities subject to reporting change from year to year. Data concerning waste volume and water use, however, covers only some facilities.(water use 160 facilities with 1,492,863 m²)

* Data for FY2016 and FY2017 have been revised.

Consideration for Biodiversity

Approach and Policies

In the course of constructing and demolishing building and procuring construction and raw materials in real estate and urban development, the activities of the Nomura Real Estate Group affect 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. 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 our awareness of this, the Group works with design and construction companies and other suppliers to minimize impacts on biodiversity through real estate development and material procurement that achieves harmony with nature.

Management

Management Structure

The 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 demonstrate consideration for 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 and Group COO, deliberates on and makes decisions on related policies and action plans. The CSR Committee has set targets regarding consideration for biodiversity and 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 prepared 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 (excerpts of related provisions)】

Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.

When procuring raw materials, take the conservation of biodiversity and sustainable use of resources into consideration. 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 the use of recycled wood and certified wood.

📄 [The full text is available here.](#)

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 giving consideration not only to the comfort of customers and local residents, but also to the surrounding environment and ecosystems.

【Main Points of Tree Planting Plans that take Biodiversity into Consideration】

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

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 their time enjoyably.

These measures were implemented in accordance with ABINC (Association for Business Innovation in harmony with Nature and Community).



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, aimed at conservation of biodiversity, every year since 2008 at the Yokohama Business Park (YBP) (Yokohama City, Kanagawa Prefecture), an office building and commercial facility that it owns, 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

Performance

Promotion Measures

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

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

Acquisition of Biodiversity Certification (ABINC/JHEP/SEGES)

Number of Biodiversity Certifications Acquired

	FY 2017	FY 2018
Number of Certifications Acquired for Newly Developed Properties	4 properties	2 properties

List of Projects that Acquired Certification in Fiscal 2018

Certification Name	Property
ABINC	<p>【Ongoing】</p> <ul style="list-style-type: none"> •Yokohama Business Park (offices and other facilities in Yokohama City, Kanagawa Prefecture) <p>【New】</p> <ul style="list-style-type: none"> •Yaguchi 3-chome Project (tentative name)
ABINC ADVANCE	<p>【New】</p> <ul style="list-style-type: none"> •Type-I urban development project in the West Harumi 5-chome District

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 not only the natural environment but also the health of customers. Therefore, appropriate usage of such substances is crucial.

The Group regards the depletion of natural resources and the generation of large amounts of waste and the resulting pollution as social issues, and will work in cooperation with relevant stakeholders to reduce its impact on the environment and improve the resource use efficiency through waste reduction, management of chemical substances, and appropriate use of resources while giving consideration to sustainability.

Management

Management Structure

Nomura Real Estate Holdings' (NREH) executive vice president and Group COO has been made responsible for Group-wide efforts to promote the appropriate use of resources and prevent pollution. In addition, the CSR Committee, which comprises directors of NREH and Group companies and others and is chaired by the executive vice president and Group COO of Nomura Real Estate Holdings, deliberates on and establishes related policies and action plans. The CSR Committee has set targets regarding appropriate resource use and pollution prevention, and is monitoring progress.

Targets

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

- Reduce waste discharge
- Promote the use of domestic / certified lumber

Responses Regarding Substances of Environmental Concern

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

Response to Soil Contamination/Water Pollution

When acquiring land, the Group investigates the history of land use of the site and, if soil contamination is suspected, hires specialists to conduct soil surveys. If soil contamination is detected, 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.

Similarly, we take appropriate measures if a problem with water pollution is detected.

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 (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) when construction is completed.

Appropriate Asbestos Measures and Ongoing Monitoring

The Group handles asbestos found during demolition work with the utmost caution and care by cordoning off affected areas and ensuring regular third-party testing of concentration and emissions. 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, with the aim of reducing waste discharge and increase the recycling rate throughout the life cycles of products and services.

Attractive 30 service
re:Premium service

The Group is working to lengthen the cycle of large-scale repairs in condominium projects.

 [Measures to Lengthen Large-Scale Repair Cycles](#)

Collaboration with Suppliers

The Group is aiming for the appropriate management of resource use in the entire supply chain. Accordingly, the Group established the Nomura Real Estate Group CSR Procurement Guidelines and is working with all of its suppliers to reduce its environmental load.

【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 recycled wood and certified wood.

 [The full text is available here.](#)

For PROUD brand condominiums, offered for sale by the Group, the Group achieved an increase in durability and extension of the lifespans of buildings by offering the re:Premium service, which involves construction aiming for short to long-term repairs.

Performance

Promotion Measures

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

Waste discharge performance

	FY 2016	FY 2017	FY 2018
Waste discharge (tons per year)	5,887	6,060	6,832
Discharge intensity (kg/m² per year)	4.685	4.343	4.867

* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2018 fiscal year, 182 facilities with a total of 1,609,742 m²). However, data concerning waste volume covers only some facilities. (Waste volume: 125 facilities with 1,403,672 m²)

Promote the use of domestic / certified lumber

The Group established the Nomura Real Estate Group CSR Procurement Guidelines, which prescribe the sustainable use of resources and methods of 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 revitalization.....	70
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Consideration for Communities and Support for Revitalization

Approach and Policies

The Nomura Real Estate Group believes that cities and 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. Because of this, dysfunction and loss of vitality in communities as a result of shrinking populations, low birth rates, the aging of society, decreases in family households 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 understanding, the Group collaborates with governmental bodies, NPOs, and suppliers to give consideration to and support the revitalization of communities.

When conducting urban development, we take into consideration the impact on, and avoid/reduce adverse effects on, the existing living and business environments of people in the local community. In addition, we endeavor to create ongoing and trusting relationships with governmental bodies, landowners, local residents by taking measures such as holding explanatory meetings at the planned project sites.

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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee sets targets each year regarding consideration of and support for the revitalization of communities, and 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 plans and designs that revitalize 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.

 [100 Design Techniques](#)



An inner courtyard designed based on the 100 Design Techniques

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.



Community floor NEON

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 2018, we held 56 pre-occupancy housewarming events at residences as well as 101 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 collaborates with NPOs, governmental bodies, and local communities from the development stage to support the community development and build communities with local ties so that customers can form trusting relationships with local residents over the long-term after taking up occupancy.

Community Development in the Minamiyama Land Readjustment Project Site

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 sustainable urban development.

📄 [Please see the Special Feature here for details.](#)

Revitalization of Communities Based on the BE UNITED Initiative

The Group will promote urban development based on the BE UNITED initiative with the aim to foster ties with local communities and people and create multigenerational, circulatory communities to create towns that people want to continue to live in and visit. We designated activities necessary to achieve the initiative as "ACTO" and will introduce it starting with PROUD CITY Hiyoshi condominium (Yokohama City, Kanagawa) where necessary.

Outline of ACTO

- Establish "common area of communities" that serves as the hub of activities
We will provide a place for collaboration not only among condominium residents but also with local communities to serve as a "common area of communities".
- Assign area designers who can connect communities.
Area designers, who are the Group's employees, will collaborate and support community activities.
- Establish an area management organization.
An area management organization that leads community activities will be established.
- Launch the "Town Website".
The "Town Website" will function as a local bulletin board that disseminates information on community activities and connect each ACTO.
- Start conducting activities before the "Opening of Town".
We will work to form a network of interaction with the surrounding neighborhood before the opening of towns.

Ties between OUKAS Funabashi and Local Communities

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

Giving Consideration to Ease of Access to Public Transportation Services

When acquiring land and properties, the Group gives consideration to the accessibility to public transportation services in all cases so that customers can live in and/or use them with ease.

Employment and Procurement from Communities

The Group is promoting employment and procurement from local communities in which it conducts business to contribute to their continuous development and establish an ongoing trusting relationship with them.

In particular, we actively utilize local specialty products in our hotel business and employ local staff for our overseas business.

Performance

Promotion Measures

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

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

Expand and improve plans and designs that revitalize communities

	FY 2017	FY 2018
Newly constructed residential properties with facilities that contribute to local communities	4 properties	3 properties

Initiatives in Operation and Management that Support Community Revitalization

	FY 2017	FY 2018
Number of pre-occupancy housewarming events held at residential properties	40 events	56 events
Number of networking events held for tenant businesses	100 events	101 events
Number of community social events held	29 events	52 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. By engaging in communication with stakeholders, we provide products and services that enable a wide range of individuals to lead healthy and comfortable lives regardless of their personal attributes. Through these measures, we are contributing to the realization of a healthy and vibrant society with mutual respect for diversity.

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Responding to an Aging and Diversifying Population and Supporting Health

Approach and Policies

The Nomura Real Estate Group constructs buildings and spaces that serve as foundations for the lives and businesses of stakeholders and subsequently provides operation, management, and services over the long-term.

Accordingly, with changes in ages, culture, language, and other structural elements and diversification of stakeholders occurring as a result of low birthrate, aging population, increases in inbound visitors, and the diversification of individual values related to houses and offices, as well as lifestyles and work styles, 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 respond to the aging and diversifying population, support peoples' health and lengthen their healthy lifespan.

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 and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding responses to the aging and diversifying population and supporting health, and is monitoring the progress.

Targets

The Group has set the following two targets to respond to the aging and more diverse population and support health.

- Promote barrier free/universal design
- Support health and promote increases in healthy lifespan

Promoting Barrier Free/Universal Design

In addition to complying with laws and regulations such as the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc., the Group established barrier free/universal design standards to supplement its Design Standards and Quality Manuals, and complies with these standards at all of its developed properties. The Group promotes universal design with the aim of providing products and services that can easily be used by a wide range of individuals irrespective of not only disability, but also differences in age, body, and language.

☐ Compliance with Design and Construction Standards and Quality Manuals

【Seven Principles of Universal Design】

- Equity: Facilities are equally usable by everyone
- Diversity: Facilities can be used in a variety of ways
- Simplicity: Methods of use are easy to understand
- Perceptible information: Information is easily conveyed
- Safety: Facilities do not pose any risks
- Efficiency: Facilities can be easily used with low physical effort
- Operability: Facilities are easy to operate



Examples of Universal Design

Barrier Free and Quality of Life Guidebook

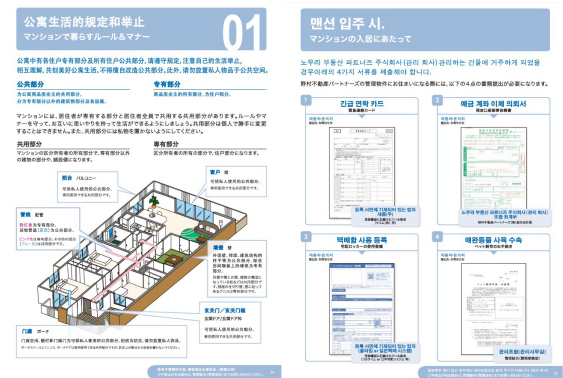
Nomura Real Estate Group and the Sonoda Lab of Meiji University Graduate School created the Barrier Free and Quality of Life Guidebook under an industry-academia joint research project. The Guidebook is used in condominium design. The Guidebook identifies plans for seniors, wheelchair users, and the 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 provides healthcare programs and other services not only to residents but also to the local community, thus 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 2019, a total of 3,288 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

Developing exercise programs for children through an industry-academia collaboration

Through an industry-academia collaboration with Tokyo Gakugei University and NPO Tokyo Gakugei Univ. Children Institute for the Future, Nomura Real Estate Life & Sports launched a joint research project on the effects of children's exercise program and started the development of new education programs from February 2019.

Performance

Promotion Measures

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

Promoting Barrier Free/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	FY 2018
Development of senior housing with support services (cumulative units completed)	125 units	125 units

Improving customer satisfaction and well-being

Approach and Policies

The Nomura Real Estate Group constructs buildings and spaces that serve as foundations for the lives and businesses of stakeholders and subsequently provides operation, management, and services over the long-term.

In the face of changes in social structures and diversification of individual values related to houses and offices, as well as lifestyles and work styles, communicating with stakeholders and providing products and services that reflect their needs is an important responsibility of the Group.

Based on this awareness, the Group cooperates with suppliers, universities, healthcare institutions, NPOs, and other organizations to raise customer satisfaction and well-being.

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 well-being.

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding the improvement of customer satisfaction and well-being, and is monitoring progress.

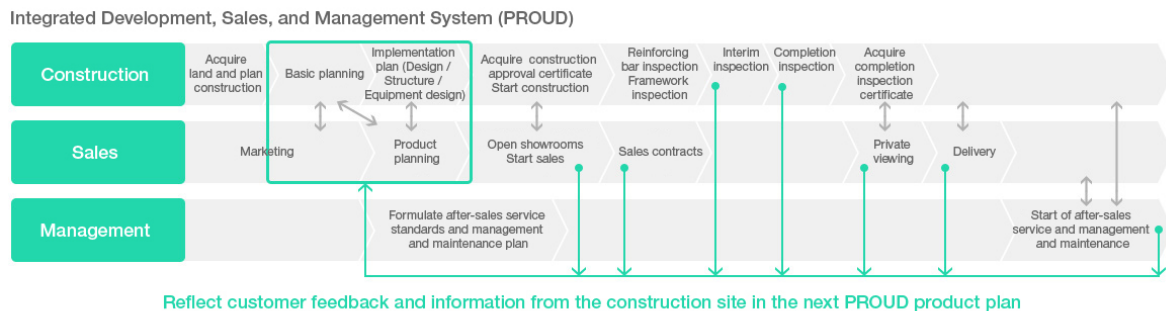
Targets

The Group has set the following two targets to improve customer satisfaction and well-being.

- Improve communication to raise customer satisfaction
- Enhance well-being 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.



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.

Implementation of a Livability Satisfaction Survey

Every year the Group conducts a Livability Satisfaction Survey of PROUD condominium residents one year after they moved in. In fiscal 2018, 1,536 households, which accounted for 24.6% of the households surveyed, responded to the survey. 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 2018, we received opinions and requests relating to kitchens, toilets, balconies, parking facilities, and other facilities in exclusive areas and common areas, and we are investigating improvement measures.

Carrying out Satisfaction Surveys of Tenant Companies

Every year the Group conducts a Tenant Satisfaction Survey relating to the Group's services among tenants of retail facilities owned by the Group. Based on the results of the survey, we consider and implement improvement measures.

In fiscal 2018, we started conducting a satisfaction questionnaire for tenant companies of PMO office buildings at the time of contract renewal starting from October and the comprehensive evaluation result marked 4.1 points on a 5-point scale.

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 2018, the Group received awards for nine projects. This was the 17th consecutive year in which the Group won Good Design Awards.

※ * The Good Design Award: Japan's unique comprehensive design evaluation and commendation system, operated by the Japan Institute of Design Promotion.

【Award-Winning Projects】

- "Makeshift HUB base" * Selected for Best 100
- PROUD TOWER Kibakoen
- PROUD Shinjuku Nakaochiai
- ZUTTOCITY-PROUD CITY Tsukaguchi
- TERRASSE NAYABASHI (PROUD TOWER Sakae)
- PROUD Komagome Tresage
- PROUD Shirokanedai
- The Master's Garden Yokohama Kamiooka
- Roka Koen The Residence



PROUD Shirokanedai

[News Release](#)

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

Performance

Promotion Measures

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

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

Improve Communication to Raise Customer Satisfaction

In fiscal 2018, the following questionnaires were conducted: *Figures in brackets indicate survey response rates

【Residential Development Business Unit】

- Livability Satisfaction Survey (24.6%)
- After-Service Questionnaire (Condominiums: 71.1%; Detached houses: 44.8%)
- Survey at hand-over event (39.6%)
- Leased Condominium Residents Survey

【Commercial Real Estate Business Unit】

- PMO Tenant Business Satisfaction Survey

【Property & Facility Management Business Unit】

- Condominium Board of Directors Questionnaire
- Fitness Gym Customer Questionnaire

【Property Brokerage Business Unit】

- Contracting Party Satisfaction Survey (62.5%)

Improvements in Well-being

	FY 2016	FY 2017	FY 2018
Number of Good Design Awards Won	3 properties	8 properties	9 properties



Promotion Foundation

Human Capital

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

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Health and Safety of Employees

Approach and Policies

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

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

Management

Management Structure

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

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and reports the results to the Board of Directors.

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

Targets

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

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

Measures for Health and Safety Improvements by Management

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

Risk Management and Legal Compliance Regarding Working Hours

The Group complies with laws and regulations regarding working hours in each country and is endeavoring to reduce overtime work by establishing a system for managing and improving the situation.

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

Health and Safety Risk Management

The Group endeavors to identify issues relating to employee health and safety in advance.

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

Improving Health Management

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

Preventing Overwork

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

【Main Measures】

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

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

Information Sharing and Training on Health and Safety

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

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

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

Performance

Promotion Measures

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

Prevent Overwork

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

Encourage employees to take paid vacation time

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

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

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

Prevent industrial accidents

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

Lost time injury frequency rate (LTIFR)

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

*1. The Group's performance

*2. Nomura Real Estate Development performance

*3. (Number of occupational accidents resulting in lost days/Total work time) x 1,000,000


*4. Nomura Real Estate Development did not experience any lost work days due to occupational accidents in fiscal 2018.

Responses to Incidents

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and taking measures to improve workplace environments so that this type of incident does not occur again. The Group will continuously promote taking measures to improve workplace environments in fiscal 2018 and thereafter.

For further details, refer to the following.

 [Appropriate Labor Management and Measures for Improving Workplace Environments](#)

Promotion of Diversity

Approach and Policies

The Nomura Real Estate Group believes that innovation generated by diversity is essential for the continuous creation of new value for society. Accordingly, we established the Nomura Real Estate Group Code of Action^{*}, which stipulates respect for fundamental human rights and prohibits discrimination and harassment. We also conduct diversity management to ensure equal hiring and employment for all persons regardless of individual attributes so that all employees can fully demonstrate their diverse individuality and capabilities.

In addition, the Nomura Real Estate Holdings Basic Corporate Governance Policy provides that the Board of Directors shall be made up of diverse directors with varied knowledge, experience, and skills.

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

Management

Management Structure

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

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors. The CSR Committee annually sets targets regarding diversity, and is monitoring the progress.

Targets

The Group has set the following three targets regarding diversity.

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

Main Measures for Promoting Work Style Reforms and Diverse Working Styles

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

【Main Measures】

Promoting diverse work styles

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

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

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

Raising awareness regarding shorter working hours

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

Support for childcare and nursing care

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

Initiatives for Empowering Women

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

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

Support for Childcare and Nursing Care

The Group has instituted personnel programs that make it possible for employees to continue working even after certain life events such as childbirth or the need to provide child care or family care. We provide information on and raise awareness of these programs on the Group intranet, etc. and are working to create workplace environments that facilitate the use of these programs.

【Main Programs】

- Childcare leave
- Family care leave
- Holiday childcare support program and subsidies for a portion of babysitter expenses
- Paternity leave programs
- Reduced working hours for family care

Promoting the Hiring of Persons with Disabilities and Seniors

The Group actively hires persons with disabilities and seniors.

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

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

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

Performance

Promotion Measures

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

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

Promote employment of women

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

Promote diverse work styles

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

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

Hire and utilize diverse human capital

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

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

Creating Fair Work Environments with Meaningful Work

Approach and Policies

The Nomura Real Estate Group believes that creating fair work environments where employees can perform meaningful work is essential for employees to demonstrate their individuality and maximum capabilities. Accordingly, we promote the creation of workplace environments where employees can work with reassurance by pursuing fair employee evaluations and remuneration and equitable social benefits, and by respecting fundamental rights such as the freedom of association and the right to collective bargaining. We also aim to be a company in which each employee can actively work and is kept motivated.

Furthermore, the Nomura Real Estate Group signed the UN Global Compact in May 2019 to enhance the protection of employees' rights and make work more fulfilling for employees. We will comply with the four labor principles of the UN Global Compact and take additional measures.

Management

Management Structure

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

Targets

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

Fair Evaluations and Remuneration

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

Target Management System

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

Evaluation of Superiors and Career Development

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

Creating Fair Work Environments

Labor-Management Dialogues

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

Communication with Employees

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

Provision of Social Benefits

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

Main Social Benefits Provided by Nomura Real Estate Development

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

* Only career-track employees are eligible.

Implementation of Employee Satisfaction Survey

Nomura Real Estate Development conducts an employee satisfaction survey every year. The survey collects suggestions to management and employee opinions on work and the workplace.

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

Fostering a Corporate Culture that Encourages Challenges

Nomura Real Estate Group Awards Presented

The Group has presented the Nomura Real Estate Group Awards every year since 2016 to foster a corporate culture where employees are willing to tackle the challenges of value creation through innovation, encourage group-wide tie-ups, and raise individual and organizational motivation.

Under this program, exceptional businesses, products, and services of the year are recognized. In fiscal 2019, award winners include "a classwork for elementary school [Machi wo mirume]," an educational program provided by Group employees in elementary schools. "Machi wo mirume" was created to cultivate interest and awareness among children regarding the towns that they live in and to encourage them to care about feelings of people from different walks of life in towns.

【Evaluation Criteria】

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



First price for "Machi wo mirume"

Business Idea Proposal Program

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

Performance

Promotion Measures

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

Raise employee satisfaction

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

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

Turnover rates

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

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

Responses to Legal and Other Violations

In 2017, the Nomura Real Estate Development Head Office and four regional offices (Kansai Branch, Nagoya Branch, Sendai Branch, and Fukuoka Branch) received a recommendation for corrective action and guidance from the Labor Standards Inspection Offices with jurisdiction regarding the discretionary work system for planning work that applied to some employees.

We take this matter extremely seriously and are conducting comprehensive labor-management and

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

For further details, refer to the following.

 [Appropriate Labor management and Measures for Improving Workplace Environments](#)

Improving Human Capital

Approach and Policies

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

【Nomura Real Estate Development Basic Human Development Policies】

- Proactive medium-to-long-term human development that provides a focus for careers
- Human development that responds to change over time, fosters innovation, and supports future management

【The Qualities and Skills Nomura Real Estate Development Looks For】

- High level of specialization and execution
- Diverse viewpoints and values
- Broad perspectives
- Business formation skills
- Organizational management skills

Management

Management Structure

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

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates and decides on related policies and action plans and reports to the Board of Directors.

Targets

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

Group Personnel Division Meetings Held

The Group holds monthly Group Personnel Division Meetings attended by officers responsible for human resources and managers of human resource divisions of Group companies. Participants exchange information and opinions regarding human resources development and best practices and implement group-wide measures for human capital improvement.

Training Framework

The Group provides rank-specific training to enable each employee to perform higher level of duties and acquire a broad range of knowledge and experiences.

Nomura Real Estate Development has established N-COLLEGE, a self-skills development system for employees, which provides programs to study for real estate-related certifications for professionals, such as real estate transaction specialist, real estate appraiser, and first-class registered architect, and programs covering general business skills, such as programs in finance and language study.

Role	Required Skills	Rank-specific training			Career seminar	Programs for selected employees	Open and for selected employee Programs	"You Can Do It!" Skill Development Program		
		Logical thinking, problem solving, leadership, organizational management	Finance knowledge	Compliance and human rights				Recommended Courses	Prerequisite Courses	Skill enhancement courses
GM Human capital who can perform post-division manager roles	Broad perspective (Business, Group business) Organizational management Business transaction skills Business implementation skills High degree of specialization and executive abilities	General Manager (GM) class Management skills for all Group companies including problem solving from a group and management perspectives, business formation, management strategies Nomura Real Estate Holdings (KY) 3 months			Life and Career Planning Seminar for employees aged 50 years and older Career and Organizational Contribution	For selected employees Human Management School (inter-company connection) Management skills	Open and for selected employees: Business school (inter-company transaction/courses attended at clients) Open: Business school courses (Business school with artificial enrichment) Open: Group synergy (training (group transformation and action))			
SM Human capital who can perform post-division manager roles		Senior Manager (SM) class follow-up Inspection of management and leadership style (individual assessment) Newly appointed Senior Manager (SM) class Formulation and dissemination of operational policies Group-based problem solving Knowledge needed for management of subsidiaries (assessment, leadership, etc.) Nomura Real Estate Holdings (KY) 3 days								
M Human capital who can support post-division and department manager roles		Newly appointed Management (M) class Understanding of operational policy, basic organizational management abilities, knowledge necessary as a manager Nomura Real Estate Holdings (KY) 3 days		Newly appointed Management (M) class Compliance, anti-money laundering, human rights Policy responses to anti-money laundering		For selected employees: Business school courses assigned to an overseas unit (Global human capital development) (KY) 3 days (inter-company development)				
L Human capital who can perform project leader or team leader roles		Leadership (L) class follow-up Inspection of leadership style (individual assessment) Nomura Real Estate Holdings (KY) 1 day Newly appointed Leadership (L) class Leadership (group-based problem solving), ability to involve others (problem solving (delegation), leadership style) Nomura Real Estate Holdings (KY) 2 days		Newly appointed Leadership (L) class Compliance, anti-money laundering, human rights Knowledge and understanding as a leader						
P1 Human capital who can perform central roles on a team		Newly appointed Professional 1st (P1) class Ability to set own goals and achieve them (group-based problem solving, advanced level) Nomura Real Estate Holdings (KY) 2 days		Newly appointed Professional 1st (P1) class Compliance, anti-money laundering, human rights Career knowledge as a professional and business partner (advance problem solving) Policy responses to anti-money laundering						
P2 Qualified team players		Fourth year after joining the company Ability to move forward (group-based problem solving, introductory level) Nomura Real Estate Holdings (KY) 1 day	Finance training (F) Basic to Advanced Accounting 4th to 10 years' day							
P3 Development of fundamental skills		Third year after joining the company Ability to work in a team (problem-solving delegation) Nomura Real Estate Holdings (KY) 1 day Second year after joining the company Ability to move forward (group-based problem solving) Nomura Real Estate Holdings (KY) 1 day Following in first year after joining the company Thinking ability (logical reasoning) Nomura Real Estate Holdings (KY) 1 day New employee introduction Training ability (logical thinking), business manner, business ethics Nomura Real Estate Holdings (KY) 3 days, Nomura Real Estate Development (KY) 1 day	Finance training (F) Basic Finance Knowledge First year's day	New employee introduction Compliance, anti-money laundering, human rights Basic knowledge as a member of society						

Joint Group Implementation

New Measures in Fiscal 2018
Finance training (implemented in two stages)
* Alternative to promotion matters
Program when assigned to an overseas division

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

Incentive from a Long-Term Perspective

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

 [News Release](#)

Performance

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

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

Training Participation Performance^{*1}

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

*1. Performance for Nomura Real Estate Holdings and Nomura Real Estate Development

*2. Covers only mandatory training and does not include open and selective training or e-learning courses.

*3. Calculated using the following formula: Return on investment in employees' skill development = Turnover rates/Total training expense (100 million yen).

Group-wide Training Performance

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

Ensuring Supplier Safety

Approach and Policies

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

 ["Nomura Real Estate Group CSR Procurement Guidelines"](#)

Management

Management Structure

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

Targets

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

Ensuring Safety of Construction Sites

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

【Outline of the Construction Safety and Security Guidelines】

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

Supplier Council Meetings on Health & Safety Held

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

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

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

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

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

Performance

Promotion Measures

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

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



Promotion Foundation

Management Structure

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

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Corporate Governance

Philosophy and policies

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

 [Basic Corporate Governance Policy PDF 560KB](#)

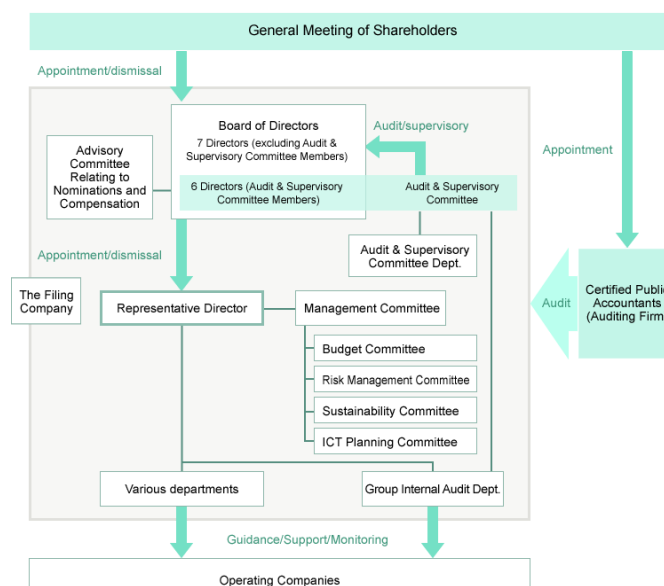
Corporate governance report

 [Corporate Governance Report PDF 646KB](#)

(Last updated: June 23, 2020)

Corporate Governance System

Chart of Corporate Governance System



Board of Directors

The Board of Directors bears the responsibility of realizing effective corporate governance for all shareholders, and through this, achieving sustainable growth of the Company and working to maximize long-term corporate value. To fulfill this responsibility, the role of the Board of Directors is to ensure the fairness and transparency of management by fully supervising management, and make the best decisions for the Company through important business execution decisions, etc. The Company's Board of Directors comprises seven Directors (excluding Directors who serve as Audit & Supervisory Committee Members) (of which one is External Director) and six Directors who serve as Audit & Supervisory Committee Members (of which four are External Directors). The Company elects diverse Directors with various knowledge, experience and skills in order to ensure the necessary balance and diversity as a holding company that manages companies that conduct business in various areas. In order to strengthen the supervisory function of the Board of Directors and realize highly fair and transparent management, five out of the 13 Directors are Independent External Directors.

Board Members

Audit and Supervisory Committee

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

The members of our Audit and Supervisory Committee are as follows:

Chairperson:	Takao Orihara (Full-time)
Members:	Takao Orihara (Full-time), Yasushi Takayama (Full-time), Akira Ono (Independent External Director), Yoshio Mogi (Independent External Director), Akiko Miyakawa (Independent External Director) and Tetsu Takahashi (Independent External Director)

Nomination and Compensation Advisory Committee

The Company has set up an Advisory Committee Relating to Nominations and Compensation, the majority of which are independent external directors, as an advisory organization to strengthen the impartiality, objectivity and accountability of the functions of the board of directors in relation to decisions on director and executive officer nominations and compensation. The committee will discuss matters relating to the nomination of and compensation for directors and executive officers, successor plan, policy for training, etc. and shall report the outcome of discussions to the Board of Directors. The Members of the Advisory Committee Relating to Nominations and Compensation of the Company are as follows.

Chairperson:	Atsushi Yoshikawa (Director and Chairperson of the Board of Directors)
Members:	Atsushi Yoshikawa (Director and Chairperson of the Board of Directors), Tetsuro Higashi (Independent External Director), Akira Ono (Independent External Director and Audit & Supervisory Committee Member), Yoshio Mogi (Independent External Director and Audit & Supervisory Committee Member) and Shoichi Nagamatsu (Part-time Director)

Management Committee

The Company has introduced a system of executive officers with an aim to strengthen Group management, to separate and enhance the business execution function from the decision-making and supervisory functions. Each executive officer appointed by the Board of Directors is delegated management authority based on the Company's internal rules and other stipulations to execute business under the direction of the president & representative director and policies approved by the Board of Directors of the Company.

The Management Committee, which is comprised of the Chief Executive Officer and Executive Officers, determines certain matters regarding the execution of business at overall group companies. Director and Chairperson of the Board of Directors and Directors who are Audit & Supervisory Committee Members attend meetings of the Committee, where they express their opinions as necessary.

Other Committees

Under the Management Committee, there are the following committees that discuss the Group's management policies, issues to be coped with, etc.

[Budget Committee]

For the compilation of budgets, preparation of medium-term business plans and other matters, the Committee discusses the planning, exercise and other matters regarding budgets and medium-term business plans.

[Risk Management Committee]

With the aim of securing the continuity and stable development of business through the exercise of risk management, the Committee discusses matters in connection with internal controls, risks in the Group's management and other matters.

[Sustainability Committee (formerly CSR Committee until March 31, 2020)]

The Committee discusses matters on the promotion of sustainability/CSR/ESG and others for the purpose of establishing policies and plans and managing results regarding the promotion of sustainability/CSR/ESG, deepening Group employees' understanding and disclosing various information thereof.

[ICT Planning Committee]

The Committee discusses investment plans and other matters for preparing the ICT base and establishing information systems with the aim of improving the ICT environment and its effective use.

Accountability of the Board of Directors

Appointment of directors

The directors of Nomura Real Estate Holdings are elected at the general meeting of shareholders every year in accordance with the Articles of Incorporation, differentiating directors who are Audit and Supervisory Committee members from other directors. In order to ensure the necessary balance and diversity as a holding company that oversees companies operating in a wide range of fields, directors are those with a variety of knowledge, experience and ability, regardless of nationality and gender. In order to function effectively, we have no more than 12 directors (excluding directors who are Audit and Supervisory Committee members) and no more than 6 directors who are Audit and Supervisory Committee members.

Outside directors

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

[Independence standards for Outside directors]

Extract from Article 14 of the Basic Corporate Governance Policy

Article 14: The Board of Directors has established its own standards for the independence of Outside directors in addition to the standards stipulated by the Tokyo Stock Exchange when appointing a candidate as an Outside director.

- (1) Executives of other companies that have mutual offices with the Company or its subsidiaries
- (2) Major business partners*1 of the Company or its subsidiaries, or persons whose main business partner*1 is the Company or its subsidiaries (if the business partner is a corporation, the person who carries out the business)
- (3) Consultants, accounting professionals, or legal professionals who have earned more than 10 million yen in monetary or other property benefits in addition to executive compensation from the Company or its subsidiaries in the last fiscal year
- (4) Persons who belong to corporations that provide specialized services such as law firms, accounting firms, consulting firms, etc. that earn large amounts monetary or other property benefits*2 from the Company or its subsidiaries
- (5) Major shareholders of the Company (if the major shareholder is a corporation, the person who executed the business of the corporation or the person who executed the business in the past), executives or previous executives of lead securities companies
- (6) Close relatives of persons described in (1) and (5)

*1. Major business partners are those whose transactions with the Group exceed 2% of the annual consolidated sales of the Company or the business partner in the last fiscal year

*2. A large monetary or other property benefits are profits that exceed 2% of the annual consolidated sales for the previous fiscal year of the corporation

Full name	Reason for appointment	Main activities
Tetsuro Higashi	Mr Higashi was selected as an Outside director to contribute to strengthening the supervisory function of the Board of Directors and ensuring fair and transparent management by drawing on his wealth of knowledge, experience, and profound insights related to corporate management in his long career as a corporate manager. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange and he was designated as an Independent Director.	Mr. Higashi attended 13 out of 13 meetings of the Board of Directors held after he assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Akira Ono	Mr Ono has great knowledge, experience and profound insights as a legal expert acquired through his many years working as an attorney. Although he has no direct experience in the management of a company, he was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before he was designated as an Independent Director.	Mr. Ono attended 15 out of 16 meetings of the Board of Directors and 13 out of 13 meetings of the Audit & Supervisory Committee held during the fiscal year under review and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.
Yoshio Mogi	Mr Mogi has great knowledge, experience and profound insights concerning corporate management acquired through his many years working as a corporate manager. He was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.	Mr. Mogi attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after he assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.

Akiko Miyakawa	<p>Ms Miyakawa has great knowledge, experience and profound insights as an expert at accounting and auditing acquired through her many years working as a Certified Public Accountant. Although she has no direct experience in the management of a company, she was selected as an Outside director who is also an Audit & Supervisory Committee Member because it is expected that her extensive experience and knowledge will contribute to strengthening the supervisory function and the corporate governance structure of the Board of Directors, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, it was determined that there is no risk of conflict of interest with general shareholders as specified by the Tokyo Stock Exchange before designating him as an Independent Director.</p>	<p>Ms. Miyakawa attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after she assumed the position on June 25, 2019, and asked questions and expressed opinions on proposals, deliberations and other matters as necessary.</p>
Tetsu Takahashi	<p>Tetsu Takahashi has great knowledge, experience and profound insights as a legal expert acquired through his many years working as a lawyer. He has never in the past been involved in the management of a company except as an outside director, however he has been selected as an External Director as Audit & Supervisory Committee Member because it is expected that his extensive experience and knowledge as a representative of a law firm and an outside director and outside audit & supervisory board member of other companies will contribute to strengthening the supervisory function of the Board of Directors and the corporate governance structure, as well as to enhancing the auditing structure. Furthermore, based on his attributes and relationship with NREH, we determined that there is no risk of conflict of interest (Translation) 12 with general shareholders as specified by the Tokyo Stock Exchange before designating his as an Independent Director</p>	-

Assessing the effectiveness of the Board of Directors

For the Assessment of the Effectiveness of the Board of Directors in Fiscal Year ended March 2020, as was the case in the previous fiscal year, the Company conducted questionnaires and interviews of all directors (including Audit & Supervisory Committee Members) utilizing a thirdparty evaluation organization. The analysis and assessment based on discussions at a meeting of the Board of Directors regarding the results are outlined below.

	Evaluation results
Members:	The scale of the Board of Directors and the ratio of independent external directors are broadly appropriate.
Discussions:	Discussions are free and lively, exceeding internal and external limits and leveraging the knowledge and experience of each Director. In particular, discussions were further enhanced in the fiscal year ended March 31, 2020 through the opinions, etc. from newly appointed external directors.
Operation:	Continuous improvements to the operation, such as ensuring provision of materials prior to meetings, were broadly evaluated as having contributed to improving the effectiveness of the Board of Directors. On the other hand, there is further room for improvement regarding the operation, such as further clarifying the discussion points in the proposal explanations and materials. By continuing to strive for thorough improvements to the operation, the Company will take measures to further improve the effectiveness of the Board of Directors.
Matters for discussion:	Discussions about various management challenges were enhanced by continuous improvements to the operation, such as narrowing down of matters for discussion by the Board of Directors and providing opportunities for deliberation outside of regular Board of Directors meetings. For Fiscal Year ending March 2021, the Company aims to improve strategic discussions further about enhancing corporate value and corporate governance.

Compensation plan of Directors

Outline of compensation plan of Directors

The Company's compensation of Directors (excluding Audit & Supervisory Committee Members and External Directors) consists of fixed compensation, comprising base compensation, and variable compensation, comprising bonus and share-based compensation. Each compensation item is as follows.

〈Base compensation〉

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

〈Bonus〉

The amount of bonus is determined according to the Company's business performance, such as consolidated business profit, and evaluation of individuals.

The individual evaluations are used to evaluate the progress of single-year and the medium- to long-term initiatives, for which achievements are difficult to measure based only on financial results.

	Fiscal Year ended March 2019	Fiscal Year ended March 2020
Business Profit	79,623 million yen	82,833 million yen
YoY	-	+4.0%

* Business profit = operating profit + share of profit (loss) of entities accounted for using equity method + amortization of intangible assets associated with corporate acquisitions

〈Share-based compensation〉

The share-based compensation consists of a performance-based portion, and a non-performance-based portion. The performance-based compensation adopts performance-sharing ("PS") (Translation) 18 providing incentive for enhancement of medium-term performance such as by delivering the Company's shares and payment of an amount equivalent to the proceeds of converting the Company's shares into cash ("delivery, etc.") after three years of the commencement of each business year, and non-performance-based compensation adopts restricted shares ("RS") providing an incentive for long-term contributions and enhancement of corporate value by delaying delivery, etc. until retirement as an officer.

This share-based compensation system is expected to have an effect that it will function as an incentive to improve corporate value in the medium-to long-term and align interests with the Company's shareholders by linking Directors' compensation to the Company's share price. Also, this share-based compensation system adopts the system of executive compensation BIP (Board Incentive Plan) trust (the "Trust"). The number of shares, etc. to be delivered, etc. is set at one Company's share per one point, according to the number of points calculated based on the below formula.

[Calculation formula of points]

● PS portion

The number of points (the "Number of PS Points") to be granted to Target Directors, etc. for each fiscal year during the covered period is calculated by dividing the amount of predetermined base compensation with respect to each executive position by the share price as of the acquisition of the Company's shares by the Trust. The number of achievement-linked points shall be calculated by multiplying the Number of PS Points granted for each fiscal year by the achievement-linked coefficient determined based on the level of performance three years after the beginning of the applicable fiscal year. As the achievement-linked coefficient may vary in a range of 0-200% depending on the level of achievement of target ranges set based on the "business profit" from the viewpoint of profit growth, and return on equity (ROE) from the viewpoint of maintaining the capital efficiency, from the management benchmarks listed in the Mid- to Long-term Business Plan. This portion enhances the consistency with the features of the real estate business, which spans the medium-to longterm, and provides a clearer incentive toward better performance for the medium-to the longterm.

The range of management benchmarks was determined by the Board of Directors as shown in the table below based on the Mid- to Long-term Business Plan and the like after passing through the deliberation process of the Advisory Committee Relating to Nominations and Compensation, a majority of whose members are Independent External Directors.

- [The ranges for the fiscal year ending March 2021, the third year from the start of the system in the fiscal year ended March 2019]

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥75,400 million ~ ¥105,600 million

ROE: 6.5% ~ 12.5%

- [The ranges for the fiscal year ending March 2022, the third year from the start of the system in the fiscal year ended March 2020]

The achievement-linked coefficient: 0% ~ 200%

Business profit: ¥70,800 million ~ ¥99,200 million

ROE: 6.5% ~ 12.5%

● RS portion

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

〈Payment policy for fixed and variable compensation〉

Compensation of Directors concurrently serving as Executive Officers consists of base compensation, bonuses, and share-based compensation. This works as a clear incentive to improve performance not only for the short term, but also for the medium- to long- term. The policy of each payment ratio is as shown below.

Compensation for the Chairperson of the Board of Directors (directors other than executive directors), due to their position of overseeing execution from an objective standpoint and enhancing corporate value over the long term, is composed of base compensation and the RS portion of share-based compensation, to align interests with the Company's shareholders.

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

• [Compensation ratios for Directors concurrently serving as Executive Officers]

Fixed compensation: 50% (Base compensation)

Variable compensation: 50% (Bonus: 25%, Share-based compensation: 25%)

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

Compensation for each category of executive

FY 2019

Director category	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)	Number of directors applicable
Directors (Excluding Directors who also serve as Audit & Supervisory Committee Members) (Excluding External Directors)	467	259	101	106	6
Directors (Audit & Supervisory Committee Members) (Excluding External Directors)	102	102	—	—	3
External Directors	69	69	—	—	8

* The number of Directors (excluding Directors as Audit & Supervisory Committee Members and External Directors) is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of two Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The number of Directors (Audit & Supervisory Committee Members) (excluding External Directors) is two as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of one Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The number of External Directors is five as of the end of the Fiscal Year ended March 2020. The reason for the difference with the number of directors applicable shown above is the inclusion of three External Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019.

* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020 (including compensation in stock options recorded as an expense for the Fiscal Year ended March 2020 (3 million yen)).

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

Full name	Director category	Payer	Total amount of compensation, etc. (million yen)	Base compensation (million yen)	Bonus (million yen)	Share-based compensation (million yen)
Eiji Kutsukake	Director	Filing company	130	64	35	29
Seiichi Miyajima	Director	Filing company	107	55	30	21

* The payment amount in "Share-based compensation" is the amount recorded as an expense for the Fiscal Year ended March 2020.

Internal control system

Internal control system

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

Risk management system

Nomura Real Estate Holdings established a Risk Management Committee to promote risk management activities within the Group. The Committee is made up of directors and executive officers of the Company and Group companies, and deliberates matters relating to risk management, compliance, and

information security for the entire Group, and discusses countermeasures for when risks occur.

Compliance System

The Nomura Real Estate Group Code of Ethics was formulated as a guideline, as we consider compliance, such as observance of laws, regulations, and corporate ethics as one of the most important management issues. Furthermore, the Risk Management Committee and the Group Legal Compliance Department were established to promote continuous education and enlightenment activities for executives and employees as a group and provide advice, guidance and support to group companies. There has also been a whistle-blowing hotline set up for group employees to collect information on risks. The Company guarantees the anonymity of whistleblowers and prohibits the negative treatment of whistleblowers.

Internal Audit System

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

Audit and Supervisory Committee Audit System

The Audit & Supervisory Committee is comprised of six members, two Audit & Supervisory Committee Members (full-time) and four Audit & Supervisory Committee Members (Independent External Directors). (Translation) 25 Of the four Audit & Supervisory Committee Members (Independent External Directors), one Member was newly elected at the 16th Ordinary General Meeting of Shareholders of the Company, held on June 23, 2020. The two full-time Members were elected to strengthen the effectiveness of audit and supervision functions through the collection of information from Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, employees, etc., attendance at important meetings and close cooperation with the Internal Audit Dept.

The Audit & Supervisory Committee holds regular meetings prior to monthly Board of Directors meetings with all Members attending the meetings. It also holds irregular meetings as necessary. During the fiscal year ended March 2020, the Committee held 13 meetings. Each of the monthly meetings took approximately three hours. After receiving audit reports from the Internal Audit Dept.,

reports on important meetings, including those of the Management Committee, from the full-time Audit & Supervisory Committee Members and quarterly financial reports from the Finance & Accounting Dept., the Members of the Audit & Supervisory Committee, among other activities, exchanged opinions with Group CFO, Executive Officer and Supervisor of Management Division on a regular basis and confirmed what was discussed at meetings of the Advisory Committee Relating to Nominations and Compensation. The Company also adopts measures to enhance the effectiveness of audits, having established an Audit & Supervisory Committee Dept. to support the execution of duties by the Audit & Supervisory Committee and appointed full-time staff dedicated to the department.

Accounting audits

1. Name of auditing firm

Ernst & Young ShinNihon LLC

The Company appointed Ernst & Young ShinNihon LLC as the Accounting Auditor pursuant to the Companies Act.

2. Continued auditing period

Since June 2004

3. Certified Public Accountants involved in auditing

CCertified Public Accountant/ Designated and Engagement Partner Shuji Kaneko

Certified Public Accountant/ Designated and Engagement Partner Toru Nakagiri

Certified Public Accountant/ Designated and Engagement Partner Natsuki Saiki

Ernst & Young ShinNihon LLC takes measures to ensure that Engagement Partners do not continue their involvement in NREH accounting audits for more than seven consecutive accounting periods (Translation) 30 (five accounting periods for Head Engagement Partners at listed companies).

4. Assistants involved in auditing

Certified Public Accountants: 6/ Part-qualified Accountants, etc.: 5/ Other: 8

5. Auditing company selection policy and reasons

The Audit & Supervisory Committee established the standards concerning the evaluation and selection of Accounting Auditors. When a need arises to select an Accounting Auditor, the Audit & Supervisory Committee chooses an appropriate audit firm after it obtains necessary information from candidates, hold interviews and make questions focused on the quality assurance systems, independence, audit execution systems and estimates for audit fees.

Furthermore, the committee discusses and determines the appropriateness of reappointment of the Company's Accounting Auditor and the team engaged in the audit each year after it obtains necessary information and receives reports from the Accounting Auditor and considers the execution conditions of its duties (including the execution conditions in the previous fiscal years), based on the above evaluation criteria for the Accounting Auditor.

If the Accounting Auditor is recognized as falling under any of the items listed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the Accounting Auditor with the

unanimous consent of all Audit & Supervisory Committee Members. In addition, notwithstanding the above, if it is recognized that the Accounting Auditor's fulfilment of appropriate auditing would be difficult due to the occurrence of reasons that compromise the eligibility or independence of the Accounting Auditor, the Audit & Supervisory Committee shall propose the dismissal or non-reappointment of the Accounting Auditor at a General Meeting of Shareholders.

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

The Audit & Supervisory Committee judges it proper to reappoint the current audit firm based on the evaluation from the aspects of the audit firm's quality management conditions, independence of the audit team in charge of the Company and expression of its professional skepticism, appropriateness of audit fees, effectiveness of communication between management and the Audit & Supervisory Committee and response to fraud risks.

Shareholder Rights and Securing Impartiality

Cross-holding shares

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

[Basic Policy on Cross-holding Shares]

Excerpt from "Basic Corporate Governance Policy"

Article 4 1. The Company's policy on cross-holding shares, is that they enhance the corporate value of the Company by strengthening business relationships and aid in the creation of strategic business tie-ups.

2. While cross-holding shares, the Board of Directors annually evaluates the rationality of continuing to own said shares by regularly monitoring the state of transactions with the Group and the management status of investee companies, and seeing how they contribute to the enhancement of corporate value.

Shares that do not pass this evaluation will be sold.

3. When voting on cross-held shares, the Company judges whether or not they contribute to the enhancement of the corporate value of the company through the enhancement of corporate value of the investee company.

4. In the event that a company that holds the Company's shares as cross-held shares (a cross-held share holder) has indicated its intention to sell or otherwise transfer said shares, the Company will take the appropriate measures so as to not impede the sale of shares, such as by suggesting reductions in transactions, etc.

5. Transactions with cross-held shareholders will only be made after fully verifying economic rationality, as with other business partners.

Performance

Initiatives to promote

FY2019 Conference Results

Types of Meetings	Number of meetings held
Board of Directors	16
Audit and Supervisory Committee	13
Management Committee	41
CSR Committee(Current Sustainability Committee)/ CSR Promotion Committee	5
Risk Management Committee and Group Risk Meeting	12

* Scope of report: Nomura Real Estate Holdings

Attendance of outside directors

Name	Attendance
Satoko Shinohara	Ms. Shinohara attended 15 out of 16 meetings of the Board of Directors held during the fiscal year ended March 2020.
Tetsuro Higashi	Mr. Higashi attended 13 out of 13 meetings of the Board of Directors held after he assumed the position on June 25, 2019.
Akira Ono	Mr. Ono attended 15 out of 16 meetings of the Board of Directors and 13 out of 13 meetings of the Audit & Supervisory Committee held during the fiscal year ended March 2020.
Yoshio Mogi	Mr. Mogi attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after he assumed the position on June 25, 2019.
Akiko Miyakawa	Ms. Miyakawa attended 13 out of 13 meetings of the Board of Directors and 9 out of 9 meetings of the Audit & Supervisory Committee held after she assumed the position on June 25, 2019.

Compliance

Approach and Policies

The Nomura Real Estate Group has positioned compliance with laws, regulations, corporate codes of conduct, and so on as a key management issue and formulated the Nomura Real Estate Group Code of Action as a compliance guide. In addition, Nomura Real Estate Holding established a Risk Management Committee and Group Legal/Compliance Department, conducts ongoing education and training for officers and employees throughout the Group, and provides advice, guidance, and support to Group companies.

Furthermore, the Group signed the UN Global Compact in May 2019 to further strengthen its compliance initiatives. In accordance with the principles of the UN Global Compact, we will take measures to avoid extortion, bribery, and other forms of corruption.

The Nomura Real Estate Group Code of Action

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

【Table of Contents of the Code of Action】

Chapter 1 General provisions

Article 1 (Purpose)

Article 2 (Positioning)

Article 3 (Definitions)

Article 4 (Revision or abolition)

Chapter 2 Basic position

Article 5 (Awareness and behavior as a member of society)

Article 6 (Respect for basic human rights)

Article 7 (Observance of compliance)

Article 8 (Consideration for the global environment)

Article 9 (Corporate social responsibility)

Chapter 3 Behavior that gains customer trust

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

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

Article 12 (Customer consultation, response to complaints)

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

Article 14 (Management of customer information)

Chapter 4 Maintaining a fair relationship with business partners

Article 15 (Implementation of fair competition and fair trade)

Article 16 (Implementation of highly transparent transactions)

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

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

Article 19 (Management of information on business partners)

Chapter 5 Relationship with officers and employees

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

Article 21 (Maintenance and improvement of work environment)

Article 22 (Prohibition of insider trading)

Article 23 (Sincere business activities)

Article 24 (Operational records and reports)

Article 25 (Management of company assets and information)

Article 26 (Reporting illegal or unethical behavior)

Chapter 6 Relationship with society

Article 27 (Disclosure of corporate information)

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

Article 29 (Exclusion of anti-social forces)

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

Chapter 7 Miscellaneous provisions

Article 31 (Preparation of guidelines)

Article 32 (Use of guidelines)

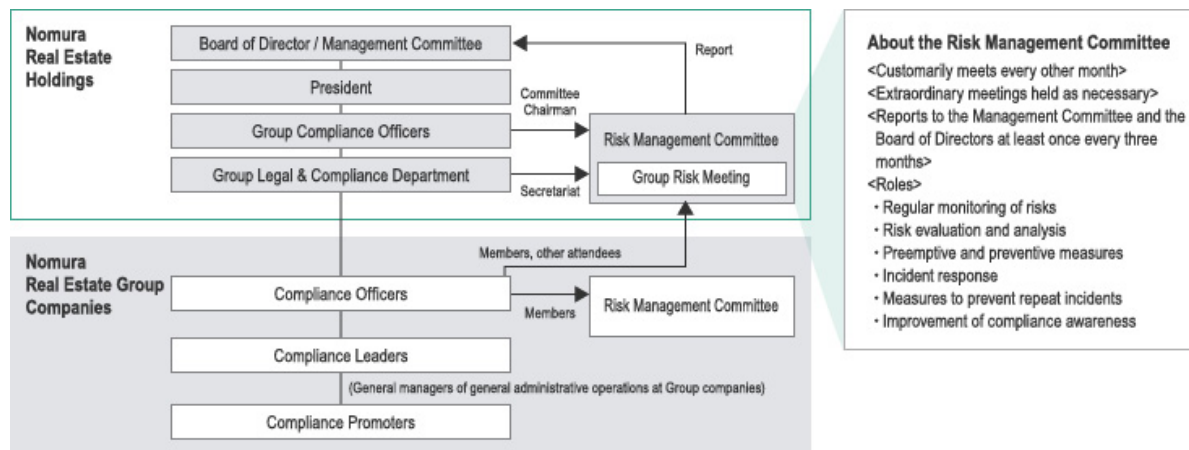
Article 33 (Application to overseas subsidiaries and affiliates)

Management

Compliance Promotion Framework

Nomura Real Estate Holdings has established a Risk Management Committee and Group Legal/Compliance Department to develop and implement a framework for compliance. In addition, the position of Compliance Officer has been established at each Group company, and Compliance Leaders and Compliance Promotion Officers have been appointed under the Compliance Officer to ensure compliance throughout the Group.

Serious violations of the Code of Action are reported to the Company's Board of Directors by the Risk Management Committee Chairman and appropriate responses are being taken.



The Nomura Real Estate Group Risk Helpline

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

In addition, we have established the Helplines for Business Partners for reporting on compliance violations or possible misconducts, in order to carry out fair transactions with corporate customers and other business partners.

Policy on Political Participation

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

Policies on the Preventing Bribery and Corruption

The Group prohibits the provision of entertainment or gifts incompatible with common sense to public officials (including foreign public officials) in pursuit of self-interest.

Specifically, the Group Code of Action provides, with regard to receipt or provision of entertainment or gifts from or to business partners, "Nomura Real Estate Group officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense" and "No officer or employee shall use their professional position to request or accept benefits or favors from a business partner." The Group strictly implements the Code of Conduct, for instance, detailed reporting and documentation of the details of entertainment or goods provided or received by its officers and employees.

The Group complies with the Guidelines for the Prevention of Bribery of Foreign Public Officials established by the Ministry of Economy, Trade and Industry and formulated its own Policy on the Prevention of Bribery of Foreign Public Officials, which can be found on the Group website. In accordance with this policy, the Group formulated the Regulations on the Prevention of Bribery of Foreign Public Officials and the Anti-Bribery Guidelines and has established specific internal procedures relating to the provision of entertainment, gifts, invitations, and donations to foreign public officials and the use of agencies and so on. The Group also conducts periodic training on the prevention of bribery for officers and employees in overseas business units.

 [Policy on Anti-Bribery of Foreign Public Officials](#)

Implementation of Fair Competition and Fair Trade

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

Guidelines on Social Media

The Nomura Real Estate Group as Guidelines on the Use of Social Media state that use of social media must exhibit an awareness of the individual as position as a member of society and exemplify a high level of ethics following the norms of society at all times when posting, regardless of whether such posting is for personal or professional reasons.

As a part of our compliance training program, we implement periodic measures intended to raise awareness and provide information on areas of caution and risks relating to the posting information on social media.

Excluding Anti-Social Forces from Business Relationships

The Nomura Real Estate Group has established a provision within its Code of Action that prohibits business transactions with anti-social forces or related organizations. It is our strict policy to exclude anti-social forces from our business relationships.

In line with this policy, we issued a manual that details specific responses and have designated responsible departments and appointed personnel responsible for preventing improper requests to ensure organizational responses by Nomura Real Estate Holdings and each Group company. In addition, we consult and coordinate with legal counsel, the police, and other specialized external organizations to ensure that anti-social forces are excluded from involvement in our business activities and to prevent any harm caused by such anti-social forces.

Complying with Regulatory Requirements and Raising Awareness

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

Performance

Promotion Measures

Compliance

Compliance Hour:

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

Compliance Training:

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

Risk Management

Approach and Policies

The Nomura Real Estate Group regards risk management as a “business management methodology that aims to improve corporate value by managing all risks related to the attainment of corporate group organizational and business objectives in an integrated and unified manner while controlling risk within the company’s risk tolerance limits.”

With the aim of ensuring the soundness of business management through proper management and operation of risks, the Group has formulated the Risk Management Regulations.

As its basic policy, the Group assures business continuity and stable development by implementing risk management and classifies its main risks into four categories, namely “A: Investment risk,” “B: External risk,” “C: Disaster risk,” “D: Internal risk.” Among them, risks listed below are regarded as important risks that should be managed, and performing effective and efficient risk management is provided according to the scale and characteristics of each risk.

〈Important risks needing to be managed among main risks〉

- Risks that could have a major impact on Group management
- Risks that could have a major impact on society
- Risk of litigation or other serious problems
- Other major risks that should be managed by the Group

Main Risks

Risk Category		Definition
(A)	Investment risk	Risk related to individual investments (real estate investment, strategic investment (M&A), etc.)
(B)	External risk	Risk related to external factors influencing business
(C)	Disaster risk	Risk caused by disasters that have a large impact on customers and business continuity
(D)	Internal risk	Operational risk occurring at the Company and each group company

Risk Category		Main Risk Items		Basic Response Policies
(A)	Investment risk	1)	Risk associated with real estate investment	Make appropriate responses to risk items for which returns shall be obtained according to the level of risk
		2)	Risk associated with strategic investment (M&A) and new businesses	
(B)	External risk	3)	Risk associated with market changes	
		4)	Risk caused by changes in economic conditions	
		5)	Risk caused by changes in political/social conditions/systems (law, tax system, accounting, others)	Make appropriate responses to risk items that results in reduced competitiveness and lost opportunities
		6)	Risk from lagging behind innovation and changes in the social structure related to the business	
(C)	Disaster risk	7)	Risk caused by disasters (earthquakes, typhoons, floods, tsunamis, volcanic eruptions, major fires, epidemics of infectious diseases, etc.) that have a major impact on customers and business continuity	Make appropriate responses to risk items for which that should be responded to and managed so that the risk does not materialize or the risk is minimized when it materializes
(D)	Internal risk	8)	Risk of violations of laws and ordinances	
		9)	Risk of quality defects	
		10)	Risk of occurrence of information system crisis	
		11)	Risk of inadequate response to matters related to human resources	
		12)	Risk of occurrence of fraud and negligence	

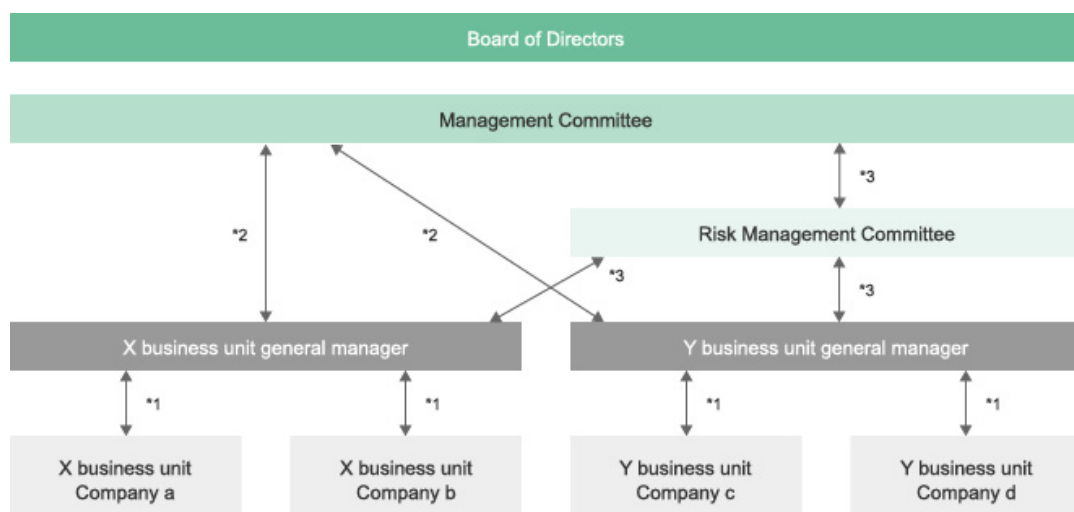
Management

Risk Management Structure

To discuss various risks related to group management, the Company has prescribed the Management Committee as the integrated risk management body and operates a system to regularly monitor, evaluate and analyze the state of main risks, provide necessary guidance and advice to each business unit and Group company while regularly reporting details to the Board of Directors. The Management Committee, which is the integrated management body, directly monitors “A: Investment risk” and “B: External risk,” while the Risk Management Committee, established as a subordinate organization of the Management Committee, conducts regular monitoring, evaluation and analysis of “C: Disaster risk” and “D: Internal risk” and these committees discuss basic response policies regarding risk prevention, response when risk occurs, and prevention of recurrence after risk occurs. Moreover, we established the Group Risk Meeting consisting of directors and executive officers of each Group company appointed by the Chair of the Risk Management Committee to share risk information and response policies within the Group. With regard to risk management, each business unit manager will supervise the risk

management of their affiliated business unit and report on the situation to the Management Committee or Risk Management Committee as necessary. Concurrently, the president of each group company (the head of each division at Nomura Real Estate Development Co., Ltd.) are responsible for reporting risk management matters to the business unit manager in a timely and appropriate manner. In addition, we have defined the organization in charge of business in each group company as the “first line” of risk management, the organization in charge of corporate operations at the Company and each group company as the “second line” of risk management, and the organization in charge of internal audits at the Company and each group company as the “third line” of risk management. With each “line” playing its role in risk management, for example, the “second line” and “third line” of the Company providing support, guidance and cooperation to the “second line” and “third line” of the group companies, respectively, we have established an appropriate defense line.

Risk Management System (conceptual diagram)

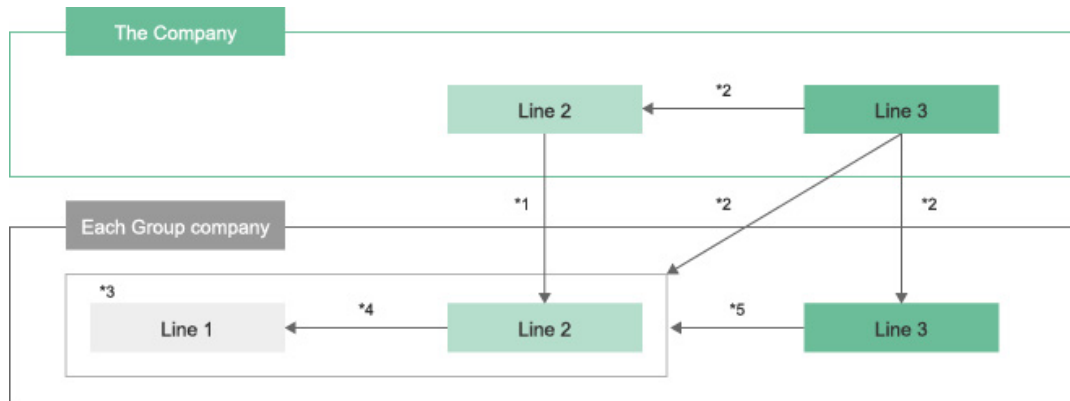


*1. Each company reports on risks to the business unit manager of the affiliated business unit and the business unit manager provides guidance and monitors the risk management of each company.

*2. The head of each business unit reports to the Management Committee on "A: Investment risk" and "B: External risk" that pertains to their own department and the Management Committee provides guidance and monitors the risk management associated with "A: Investment risk" and "B: External risk" of each department.

*3. The head of each business unit reports to the Risk Management Committee on "C: Disaster risk" and "D: Internal risk" that pertains to their own department and the Risk Management Committee provides guidance and monitors the risk management associated with "C: Disaster risk" and "D: Internal risk" of each business unit. Furthermore, the Risk Management Committee reports to the Management Committee on the details of its own deliberations and on the status of each business unit's risk management associated with "C: Disaster risk" and "D: Internal risk."

Defense Line (conceptual diagram)



*1 The Company's second defense line provides appropriate support and guidance for each group company's second defense line with respect to overall risk management based on the Group's management policy and strategic objectives and monitors each group company's second-line activities.

*2 The Company's third line monitors activities of Group companies by providing appropriate guidance to and cooperating with the third lines of each Group company. Concurrently, it audits matters relating to risk management of the second line of the Company, or of the first and second lines of each Group company when necessary, and verifies their effectiveness and efficiency and provides necessary advice.

*3 The first line of each Group company recognizes, evaluates, and controls risks associated with each business, establishes and operates a system that responds to risks, and carries out appropriate risk-taking.

*4 The second line of each group company supports the risk management of the first line of its own company while monitoring to verify whether the risk management of the first line is being properly undertaken.

*5 The third line of each Group company audits matters related to risk management of each department of the first line and second line of its own company, verifies the effectiveness and efficiency, and provides necessary advice.

Business Continuity Plan Established for Emergencies

BCP Formulation

The Group formulated a business continuity plan (BCP) and in anticipation of a major earthquake in the Tokyo Metropolitan region. The plan provides for the chain of command during an emergency and the allocation of duties for the continuation of business as well as the establishment of structures that can respond even at night and on days off and holidays so that the impact of a disaster can be minimized. In addition, a disaster response headquarters establishment drill is conducted once a year with the president of Nomura Real Estate Holdings as the head and other members of the Disaster Response Headquarters participating. During the drills, implementation of initial responses specified in the business continuity plan (ensuring the safety of officers and employees, establishing a chain of command, and restoring business) is confirmed and other actions are taken to prepare for a disaster or other emergency.

Confirming the Safety of Officers and Employees

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

Performance

Risk Management Committee and Group Risk Liaison Committee meetings held

Items	FY 2019
Number of meetings held	12

Human Rights

Approach and Policies

The Nomura Real Estate Group performs important processes from materials procurement to civil engineering, building construction, repair construction, and so on with the cooperation of various suppliers including design and construction companies, contractors, and their service providers. Accordingly, the Nomura Real Estate Group supports and respects international norms on human rights including the International Bill of Human Rights, which sets forth common standards to be achieved by all people including the right to life, freedom of speech and expression, right to work, right to education, and right to live a civilized life; the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), which specifies fundamental rights in labor (the freedom of association, the right to collective bargaining, prohibition of compulsory labor, effective elimination of child labor, and elimination of discrimination in employment and occupation); and the United Nations Guiding Principles on Business and Human Rights, which set guidelines for actions to be taken by companies to protect the human rights of children, and Children's Rights and Business Principles, which show the actions that should be taken by companies to protect children's rights. In addition, we aim to conduct business by complying with laws and regulations on human rights in each country in which the Group conducts business activities.

In addition, the Group has signed the UN Global Compact to further enhance its human rights initiatives. The Group supports the Global Compact's principles of "support and respect the protection of human rights" and "not to be complicit in abuse of human rights," and works to respect human rights and avoid infringing on the human rights of others.

Nomura Real Estate Holdings Personal Information Protection Policy

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

 [Personal Information Protection Policy](#)

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO has been put in charge of this issue for the Group and carries out measures regarding respect for human rights.

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president and Group COO, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding respect for human rights, and monitors progress.

Targets

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

Responses to Human Rights Issues

Consultation/reporting on human rights issues

The Group set up the Nomura Real Estate Group Human Rights Desk as a point of contact for consultation on human rights issues and the Sexual and Power Harassment Hotline as an external point of contact for consultations on issues of harassment, and the Group takes appropriate action with regard to these issues.

In addition, the Group has set up the Nomura Real Estate Group Risk Helpline as a point of contact for whistle-blowing and general consultation on human rights abuse and other issues prohibited in the Code of Action. The Group also established an internal point of contact, as well as external points of contact (the Company's lawyer and outsourcing contractors).

We ensure that the content of information reported to each point of contact is kept confidential and informants will not be treated disadvantageously for making a report. In fiscal 2018, there were 28 consultation matters relating to human rights.

In addition, we established the Helpline for Business Partners (Corporate Customers) as a point of contact for reporting on human rights abuses or possible abuses by employees.

Initiatives for Respecting Human Rights

The Nomura Real Estate Group is promoting an initiative involving the creation of a framework for avoiding infringing on human rights of others, such as forced labor and child labor.

In fiscal 2018, The Group participated in the Human Rights Due Diligence Study Group to understand human rights issues. In addition, we formulated the CSR Procurement Guidelines and requested

suppliers also to respect human rights.

In May 2019, the Group signed the UN Global Compact to further clarify its policy for respecting human rights.

Human Rights Training

To deepen understanding on human rights, the Group makes use of opportunities such as rank-specific training to conduct human rights education. The human rights training conducted in fiscal 2018 is described below. A total of 4,336 persons participated in this training.

In addition, the Harassment Prevention Guide is distributed to all employees to inform personnel about the prohibition of discrimination and harassment and other matters. The Guide contains provisions requesting understanding of and consideration for LGBT* individuals.

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

Participation in the Human Rights Due Diligence Study Group

Nomura Real Estate Holdings participates in the Human Rights Due Diligence Study Group, which is made up of three general contractors, which are suppliers to the Group, and five real estate developers (including Nomura Real Estate Holdings).

The group was established to fulfill the responsibility of companies to "avoid infringing on the human rights of others and address adverse human rights impacts with which they are involved" required by the Guiding Principles of Business and Human Rights.

The Group exchanges information with experts from NGOs and other organizations, study international standards and initiatives expected of business enterprises, and conducts surveys and studies on methods of identifying and addressing impacts on human rights. Through these efforts, we strive to prevent human rights abuses including forced labor in the industry as a whole.

Social Events with Foreign Technical Interns

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



Performance

Promotion Measures

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

Training Conducted

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

Improving Supplier Management

Approach and Policies

The Nomura Real Estate Group conducts its business in cooperation with various suppliers including design and construction companies and construction contractors in all business areas.

Because of this, the Group believes that initiatives throughout the supply chain are essential for implementing effective measures to address social and environmental issues, and we established the Nomura Real Estate Group CSR Procurement Guidelines (the "CSR Procurement Guidelines"). We request that suppliers apply the Guidelines to their business activities with regard to eight topics: compliance, respect for human rights, fair business activities, consideration for the environment, ensuring and improving quality, ensuring information security, whistleblowing systems, and creating business continuity plans.

Going forward, we will continue to improve supplier management in accordance with the Guidelines.

Management

Management Structure

The Nomura Real Estate Holdings executive vice president and Group COO have been put in charge of this issue for the Group and carries out measures to improve supplier management.

In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president, deliberates on and decides related policies and action plans. The CSR Committee annually sets targets regarding improvement of supplier management, and monitors progress.

Targets

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

Nomura Real Estate Group CSR Procurement Guidelines

The Group formulated the CSR Procurement Guidelines (Japanese and English versions) in April 2018 and started implementation of the guidelines to all suppliers from November that year.

Business consignment agreements and purchase orders (including those for new contractors and renewed suppliers) include a provision that requests suppliers to comply with the guidelines.

【Nomura Real Estate Group CSR Procurement Guidelines】

I . Establishment of Compliance Structures

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

II . Respect for Human Rights

②Respect the dignity and basic human rights of all people, including customers, suppliers and employees, and do not engage in discrimination or harassment for reasons of race, ethnic group, age, religion, beliefs, gender, nationality, social status, existence of disability, gender or sexual orientation, gender identity, physical features, existence of illness, or any other reason.

③In addition to ensuring equal employment opportunities, comply with labor-related laws and regulations and rules of employment, implement appropriate labor management, and work to maintain and improve sound and pleasant working environments.

④Along with carefully managing safety and health and preventing industrial accidents, endeavor to maintain physical and mental health and create well-ordered workplaces.

⑤Do not engage in unfair labor practices such as forced labor and child labor, and endeavor to take appropriate care to ensure that such unfair labor practices do not occur in suppliers.

⑥Give consideration to culture and customs as well as local residents and communities in regions where business activities are conducted.

III .Fair Business Activities

⑦In relationships with public employees and the like (including deemed public employees and foreign public employees), maintain sound relationships and do not provide entertainment or exchange gifts in ways that conflict with the National Public Service Ethics Act and Regulations and related national and local laws and regulations, etc.

⑧Do not request, give, or receive from suppliers entertainment or gifts that deviate from sound business customs and social norms.

⑨Exclude all relationships with anti-social forces and groups that pose a threat to social order and security or obstruct fair economic activities. Also, resolutely challenge and totally reject any transactions with or unreasonable demands by such forces or groups.

⑩Comply with anti-monopoly, prevention of unfair competition and intellectual property rights legislation and related laws and regulations, and endeavor to treat suppliers, competitors, and others fairly, without engaging in acts constituting abuse of a dominant market position, blocking of

transactions or other such conduct.

⑪ Do not infringe or improperly use copyright, patents, trademark rights, design rights, or other intellectual property rights.

⑫ Do not participate in money laundering, embezzlement, fraud or any other form of corrupt conduct.

⑬ Carry out appropriate disclosure to customers and society and also endeavor to provide necessary information in an appropriate manner.

IV. Consideration for the Environment

⑭ Endeavor to make continuous improvements for reducing environmental impacts in order to build a sustainable society.

⑮ Comply with environmental laws and regulations in the countries and regions where business activities are carried out.

⑯ Endeavor to reduce emissions of greenhouse gases and contaminants and conserve resources through the life cycles of goods, products, and services.

⑰ Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.

⑱ Endeavor to reduce and appropriately manage waste.

⑲ Endeavor to implement development and greening, taking into consideration the surrounding environment and biodiversity.

⑳ 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.

V. Ensuring and Improving Quality

㉑ Create 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.

㉒ Correctly identify diverse needs and endeavor to provide goods and services that are friendly and beneficial to societies seeking safety and quality.

㉓ In providing goods, products and services, take into consideration the convenience and comfort of users through universal design and other such measures.

㉔ In 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

㉕ Give 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 in order to achieve safety and security through appropriate quality control.

In addition, Nomura Real Estate Partners holds annual meetings of the East Japan Supplier Council Meetings on Health & Safety and West Japan Supplier Council Meetings on Health & Safety where it presents commendations to excellent companies and conducts training on health and safety.

Performance

Promotion Measures

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

Contributions to Local Communities and Society

Approach and Policies

The Nomura Real Estate Group conducts its business based on long-term relationships with local communities in all aspects from development and construction to the operation and management of real estate.

Accordingly, we conduct local and social contribution activities based on our belief that identifying initiatives required in society through dialogues and making contributions to society is a part of our responsibility as a corporate citizen.

We consider that carrying out local and social contribution activities will realize “urban development and community building concerning the future of the global environment and local communities,” which is part of the value creation themes for the Mid- to Long-term Business Plan.

Contribution to the local community

Implementation of Rikuzentakata City Center Reconstruction Plan

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

Kayabuki-no-sato Project

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



Kayabuki-no-sato Project

Support the UN Refugee Support Campaign

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

Supporting Youth Development

Participation in Career University

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

* Career University

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

Internship Program

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

■ On-site Internship Program

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

■ Simulated Experience of Developer Operations

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

Career Support Programs through Collaboration with Universities

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

■ Rikkyo University

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

■ "Future Skills Lecture*" at Meiji University

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

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

Fully-Clothed Swimming Classes Held for Elementary School Students

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



Fully-clothed swimming classes

Number of participants in fully-clothed swimming classes

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

Swimming Lessons for Asthmatic Children

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

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

Nomura Real Estate Urban Net started to participate in "Kodomo Hyakutoban no Ie (children's emergency shelter)" activities at 14 "Nomura's Broker + (Plus)" stores in Tokyo to contribute to keep children safe and be well-received by local communities.

These stores serve as emergency shelters for children when they feel physical danger, such as when they are approached by suspicious persons, and contact their parents or the police if necessary.



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

Supporting Sports

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

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



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

[See here to learn more about the activities of JPSA](#)

Supporting Sports for the Disabled

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



Yuki Nishi

Certified as Tokyo Sports Promotion Companies

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



Editorial Policy

This website was created to provide stakeholders with a better understanding of the CSR/ESG approaches and activities of the Nomura Real Estate Group.

Reporting focuses on the CSR key themes determined by the CSR Committee taking into consideration the opinions from stakeholders: "safety and security", "the environment", "communities", and "health and well-being" as well as "human capital" and "management structure" which are the foundations of the Group.

We have endeavored to disclose information that meets expectations, giving consideration to international CSR frameworks and requests from investors and ratings organizations.

Scope

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

Consolidated subsidiaries in the scope of report:

Nomura Real Estate Development Co., Ltd., Nomura Real Estate Asset Management Co., Ltd., Nomura Real Estate Urban Net Co., Ltd., Nomura Real Estate Partners Co., Ltd., NREG TOSHIBA BUILDING Co., Ltd., Nomura Real Estate Life&Sports Co., Ltd., Nomura Real Estate Heating and Cooling Supply Co., Ltd., Geo- Akamatsu Co., Ltd., Nomura Real Estate Reform Co., Ltd. (merged with Nomura Real Estate Partners Co., Ltd. in August 2018), Nomura Real Estate Wellness Co., Ltd., Nomura Real Estate Amenity Service Co., Ltd., NREG TOSHIBA BUILDING FACILITIES Co., Ltd., NF Power Service Co., Ltd., First Living Assistance Co., Ltd., Midosuji Mirai Development LLC, UNJ Properties LLC, Shinjuku Mirai Development LLC, Toranomom Real Estate Co., Ltd.

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

Referenced Guidelines

Global Reporting Initiative (GRI), Sustainability Reporting Standards
ISO 26000, Guidance on Social Responsibility
SASB (Sustainable Accounting Standards Board)

Reporting Period

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

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

Reporting Cycle

Updated

December 2019

Next Update

December 2020

Statements on the Site

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

Contact Information for Inquiries

Nomura Real Estate Holdings, Inc.

CSR Management Sect, Corporate Communications Department

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

Basic Data

Corporate Overview

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

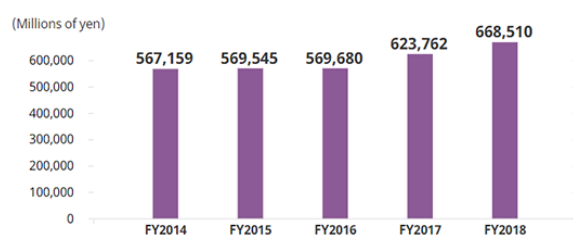
* The following changes were made to the above data in fiscal 2018 in relation to organization structure, ownership, and scale.

- Acquired 75% of shares in Lothbury Investment Management Group Limited (a real estate investment company).
- Acquired all shares in Ryubundo (a hotel properties holding company) and its subsidiary UHM (a hotel operating company).
- Merged Nomura Real Estate Reform with Nomura Real Estate Partners.

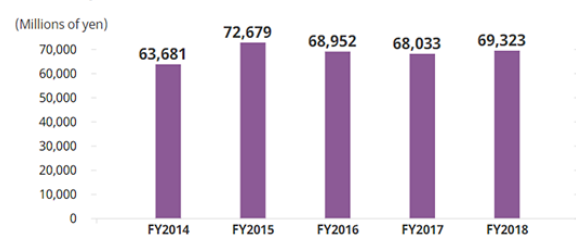
Financial Status

on a consolidated basis

Revenue from Operation

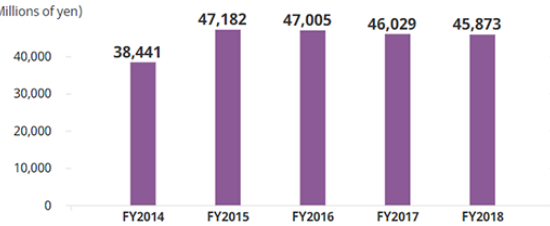


Ordinary Profit

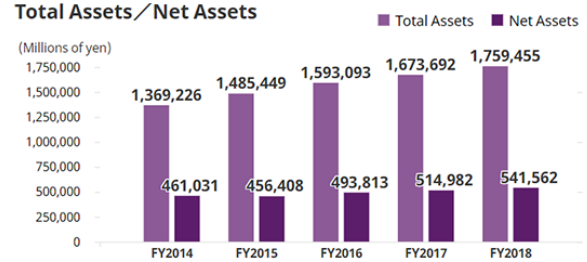


Net Income

(Millions of yen)

**Total Assets/Net Assets**

(Millions of yen)



Employment Data

Number of Employees

(as of April 1)

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

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

New Graduate Employees and Female Employment Ratio

(Joined company on April 1)

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

Index for ESG Investors




























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





















GRI Content Index


















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


















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

Disclosure		Location
102: General Disclosures (2016)		
102-1	Name of the organization	Basic Data
102-2	Activities, brands, products, and services	Basic Data
102-3	Location of headquarters	Basic Data
102-4	Location of operations	Basic Data
102-5	Ownership and legal form	Basic Data
102-6	Markets served	Basic Data
102-7	Scale of the organization	Basic Data
102-8	Information on employees and other workers	Basic Data
102-9	Supply chain	Business and CSR
		Basic Data
102-10	Significant changes to the organization and its supply chain	Basic Data
102-11	Precautionary Principle or approach	Risk Management
		Responses to climate change
		Use resources appropriately and prevent pollution
102-12	External initiatives	Responses to climate change
102-13	Membership of associations	—
102-14	Statement from senior decision-maker	Message from the CSR Committee Chairman
102-15	Key impacts, risks, and opportunities	CSR Management
		Responses to climate change
102-16	Values, principles, standards, and norms of behavior	CSR Management
		Compliance
102-17	Mechanisms for advice and concerns about ethics	Human Rights
		Corporate Governance
		Compliance
102-18	Governance structure	CSR Management
		Corporate Governance
102-19	Delegating authority	CSR Management
		Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Management
		Corporate Governance

102-21	Consulting stakeholders on economic, environmental, and social topics	—
102-22	Composition of the highest governance body and its committees	 Corporate Governance
		 Corporate Governance Report
102-23	Chair of the highest governance body	 List of Officers
102-24	Nominating and selecting the highest governance body	 Corporate Governance
		 Corporate Governance Report
102-25	Conflicts of interest	 Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	 CSR Management
102-27	Collective knowledge of highest governance body	—
102-28	Evaluating the highest governance body's performance	 Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	 Risk Management
102-30	Effectiveness of risk management processes	 Risk Management
102-31	Review of economic, environmental, and social topics	 Risk Management
102-32	Highest governance body's role in sustainability reporting	—
102-33	Communicating critical concerns	 Risk Management
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	 Corporate Governance
		 Corporate Governance Report
102-36	Process for determining remuneration	 Corporate Governance
		 Corporate Governance Report
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
102-40	List of stakeholder groups	 CSR Management
102-41	Collective bargaining agreements	 Create fair and meaningful workplaces
102-42	Identifying and selecting stakeholders	 CSR Management
102-43	Approach to stakeholder engagement	 CSR Management
102-44	Key topics and concerns raised	 CSR Management
102-45	Entities included in the consolidated financial statements	 Basic Data
102-46	Defining report content and topic Boundaries	 Editorial Policy
102-47	List of material topics	 CSR Management
102-48	Restatements of information	—
102-49	Changes in reporting	 Editorial Policy
102-50	Reporting period	 Editorial Policy
102-51	Date of most recent report	 Editorial Policy

102-52	Reporting cycle	 Editorial Policy
102-53	Contact point for questions regarding the report	 Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	GRI content Index
102-55	GRI content Index	GRI content Index
102-56	External assurance	—
Material topics		
103-1	Explanation of the material topic and its Boundary	 CSR Management
103-2	The management approach and its components	 Enhance environmental management
		 Responses to climate change
		 Use water resources efficiently
		 Show consideration for biodiversity
		 Use resources appropriately and prevent pollution
		 Raise safety and security quality in design and construction
		 Raise safety and security quality in operations and management
		 Implement measures to increase lifespan and improve durability
		 Ensure safety and security during emergencies
103-3	Evaluation of the management approach	 Consideration for communities and support for revitalization
		 Responding to an aging and diversifying population and supporting health
		 Improving customer satisfaction and comfort
103-3	Evaluation of the management approach	—
201:Economic Performance (2016)		
201-1	Direct economic value generated and distributed	—
201-2	Financial implications and other risks and opportunities due to climate change	 Responses to climate change
201-3	Defined benefit plan obligations and other retirement plans	 Create fair and meaningful workplaces
201-4	Financial assistance received from government	—
202:Market Presence (2016)		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—
203:Indirect Economic Impacts (2016)		
103-1	Explanation of the material topic and its Boundary	 Show consideration, and support the revitalization of communities
103-2	The management approach and its components	 Show consideration, and support the revitalization of communities
103-3	Evaluation of the management approach	—
203-1	Infrastructure investments and services supported	 Show consideration, and support the revitalization of communities

203-2	Significant indirect economic impacts	 Show consideration, and support the revitalization of communities
204: Procurement Practices (2016)		
204-1	Proportion of spending on local suppliers	—
205: Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	 Compliance
205-3	Confirmed incidents of corruption and actions taken	 Compliance
206: Anti-competitive Behavior (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	 Compliance
301: Materials (2016)		
301-1	Materials used by weight or volume	—
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—
302: Energy (2016)		
103-1	Explanation of the material topic and its Boundary	 Responses to climate change
103-2	The management approach and its components	 Responses to climate change
103-3	Evaluation of the management approach	—
302-1	Energy consumption within the organization	 Responses to climate change
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	 Responses to climate change
302-4	Reduction of energy consumption	 Responses to climate change
302-5	Reductions in energy requirements of products and services	 Responses to climate change
303: Water and Effluents (2018)		
103-1	Explanation of the material topic and its Boundary	 Use water resources efficiently
103-2	The management approach and its components	 Use water resources efficiently
103-3	Evaluation of the management approach	—
303-1	Interactions with water as a shared resource	 Use water resources efficiently
303-2	Management of water discharge-related impacts	—
303-3	Water withdrawal	 Use water resources efficiently
303-4	Water discharge	—
303-5	Water consumption	 Use water resources efficiently
304: Biodiversity (2016)		
103-1	Explanation of the material topic and its Boundary	 Show consideration for biodiversity
103-2	The management approach and its components	 Show consideration for biodiversity

103-3	Evaluation of the management approach	—
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2	Significant impacts of activities, products, and services on biodiversity	 Show consideration for biodiversity
304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
305: Emissions (2016)		
103-1	Explanation of the material topic and its Boundary	 Responses to climate change
103-2	The management approach and its components	 Responses to climate change
103-3	Evaluation of the management approach	—
305-1	Direct (Scope 1) GHG emissions	 Responses to climate change
305-2	Energy indirect (Scope 2) GHG emissions	 Responses to climate change
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	 Responses to climate change
305-5	Reduction of GHG emissions	 Responses to climate change
305-6	Emissions of ozone-depleting substances (ODS)	 Responses to climate change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—
306: Effluents and Waste (2016)		
103-1	Explanation of the material topic and its Boundary	 Use resources appropriately and prevent pollution
		 Implement measures to increase lifespan and improve durability
103-2	The management approach and its components	 Use resources appropriately and prevent pollution
		 Implement measures to increase lifespan and improve durability
103-3	Evaluation of the management approach	—
306-1	Water discharge by quality and destination	—
306-2	Waste by type and disposal method	 Use resources appropriately and prevent pollution
306-3	Significant spills	—
306-4	Transport of hazardous waste	—
306-5	Water bodies affected by water discharges and/or runoff	—
307: Environmental Compliance (2016)		
307-1	Non-compliance with environmental laws and regulations	 Enhancing Environmental Management
308: Supplier Environmental Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	 Enhancing Environmental Management
		 Responses to climate change
		 Use water resources efficiently

		Show consideration for biodiversity Use resources appropriately and prevent pollution
103-2	The management approach and its components	Enhancing Environmental Management Responses to climate change Use water resources efficiently Show consideration for biodiversity Use resources appropriately and prevent pollution
103-3	Evaluation of the management approach	—
308-1	New suppliers that were screened using environmental criteria	Raise supplier management levels
308-2	Negative environmental impacts in the supply chain and actions taken	—
401: Employment (2016)		
401-1	New employee hires and employee turnover	Basic Data Promotion of diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Create fair and meaningful workplaces
401-3	Parental leave	Promotion of diversity
402: Labor/Management Relations (2016)		
402-1	Minimum notice periods regarding operational changes	—
403: Occupational Health and Safety (2018)		
403-1	Occupational health and safety management system	Health and safety of employees Ensure supplier safety
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety of employees
403-3	Occupational health services	Health and safety of employees
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety of employees Ensure supplier safety
403-5	Worker training on occupational health and safety	Health and safety of employees Ensure supplier safety
403-6	Promotion of worker health	Health and safety of employees
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Ensure supplier safety
403-8	Workers covered by an occupational health and safety management system	Health and safety of employees Ensure supplier safety
403-9	Work-related injuries	Health and safety of employees
403-10	Work-related ill health	Health and safety of employees
404: Training and Education (2016)		
404-1	Average hours of training per year per employee	Improving human capital
404-2	Programs for upgrading employee skills and transition assistance programs	Improving human capital
404-3	Percentage of employees receiving regular performance and career development reviews	—

405: Diversity and Equal Opportunity (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Respond to population aging and diversity and support health
		☐ Raise customer satisfaction and comfort
103-2	The management approach and its components	☐ Respond to population aging and diversity and support health
		☐ Raise customer satisfaction and comfort
103-3	Evaluation of the management approach	—
405-1	Diversity of governance bodies and employees	☐ Promotion of diversity
405-2	Ratio of basic salary and remuneration of women to men	—
406: Non-discrimination (2016)		
406-1	Incidents of discrimination and corrective actions taken	☐ Human Rights
407: Freedom of Association and Collective Bargaining (2016)		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	☐ Human Rights
408: Child Labor (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labor	☐ Human Rights
409: Forced or Compulsory Labor (2016)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	☐ Human Rights
410: Security Practices (2016)		
410-1	Security personnel trained in human rights policies or procedures	☐ Human Rights
411: Rights of Indigenous Peoples (2016)		
411-1	Incidents of violations involving rights of indigenous peoples	—
412: Human Rights Assessment (2016)		
412-1	Operations that have been subject to human rights reviews or impact assessments	—
412-2	Employee training on human rights policies or procedures	—
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
413: Local Communities (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Show consideration, and support the revitalization of communities
103-2	The management approach and its components	☐ Show consideration, and support the revitalization of communities
103-3	Evaluation of the management approach	—
413-1	Operations with local community engagement, impact assessments, and development programs	☐ Show consideration, and support the revitalization of communities
413-2	Operations with significant actual and potential negative impacts on local communities	—
414: Supplier Social Assessment (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Raise supplier management levels

103-2	The management approach and its components	☐ Raise supplier management levels
103-3	Evaluation of the management approach	—
414-1	New suppliers that were screened using social criteria	☐ Raise supplier management levels
414-2	Negative social impacts in the supply chain and actions taken	—
415: Public Policy (2016)		
415-1	Political contributions	—
416: Customer Health and Safety (2016)		
103-1	Explanation of the material topic and its Boundary	☐ Raise Safety and Security Quality in Design and Construction
		☐ Raise safety and security quality in operations and management
		☐ Implement measures to increase lifespan and improve durability
		☐ Ensure safety and security during emergencies
103-2	The management approach and its components	☐ Raise Safety and Security Quality in Design and Construction
		☐ Raise safety and security quality in operations and management
		☐ Implement measures to increase lifespan and improve durability
		☐ Ensure safety and security during emergencies
103-3	Evaluation of the management approach	—
416-1	Assessment of the health and safety impacts of product and service categories	☐ Raise Safety and Security Quality in Design and Construction
		☐ Raise safety and security quality in operations and management
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	—
417: Marketing and Labeling (2016)		
417-1	Requirements for product and service information and labeling	—
417-2	Incidents of non-compliance concerning product and service information and labeling	—
417-3	Incidents of non-compliance concerning marketing communications	—
418: Customer Privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	—
419: Socioeconomic Compliance (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	☐ Compliance

Third-Party Comments (CSR Report 2019)



Masao Seki

Professor, School of Business Administration, Meiji University

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

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

1. CSR Management

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

2. Environment

- Real estate properties have a long life span of several decades as social infrastructure. I expect that the Group will implement environmental initiatives with high aims such as leading the transition to a decarbonized society from the aspect of infrastructure with a forward-looking vision of taking the lead toward creating a decarbonized society.
- I recommend that the Group respond to the TCFD recommendations, which are climate change-related initiatives, to analyze the Group's environment-related business risks and opportunities.

3. Human Rights

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

4. Conclusion

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

Response to the Third Party Comments

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

At the Nomura Real Estate Group, we will work to address social issues through our CSR/ESG initiatives while creating new value as we meet the needs of customers and strive to link these efforts to achieving sustainable growth.

In fiscal year 2018, the Nomura real Estate Group, through discussions at the CSR Committee, decided to participate in the UN Global Compact, commenced application of the Group CSR Procurement Guidelines, and set and published long-term goals for GHG emissions reduction for 2030 (Scope 1 and 2 emissions) to strengthen responses to climate change.

Climate change in particular has become a major risk confronting all of society. At the same time, we believe that climate change can also lead to the creation of business opportunities through the development of low-carbon products and services. We will strengthen responses to climate change in particular including promotion of low-carbon and decarbonization in the use phase of products delivered to customers (Scope 3 emissions).

We are still discussing internally how we can concretely link our CSR/ESG initiatives to the business growth. As Professor Seki pointed out, it is not enough to link the CSR/ESG initiatives to the New Mid- to Long-term Business Plan, and we recognize the need to advance the integration of management

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

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

Seiichi Miyajima

Executive Vice President and representative Director, Group COO,

Nomura Real Estate Holdings Inc.

Chair, CSR Committee, Nomura Real Estate Group