

Message from the Sustainability Committee Chairman



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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.