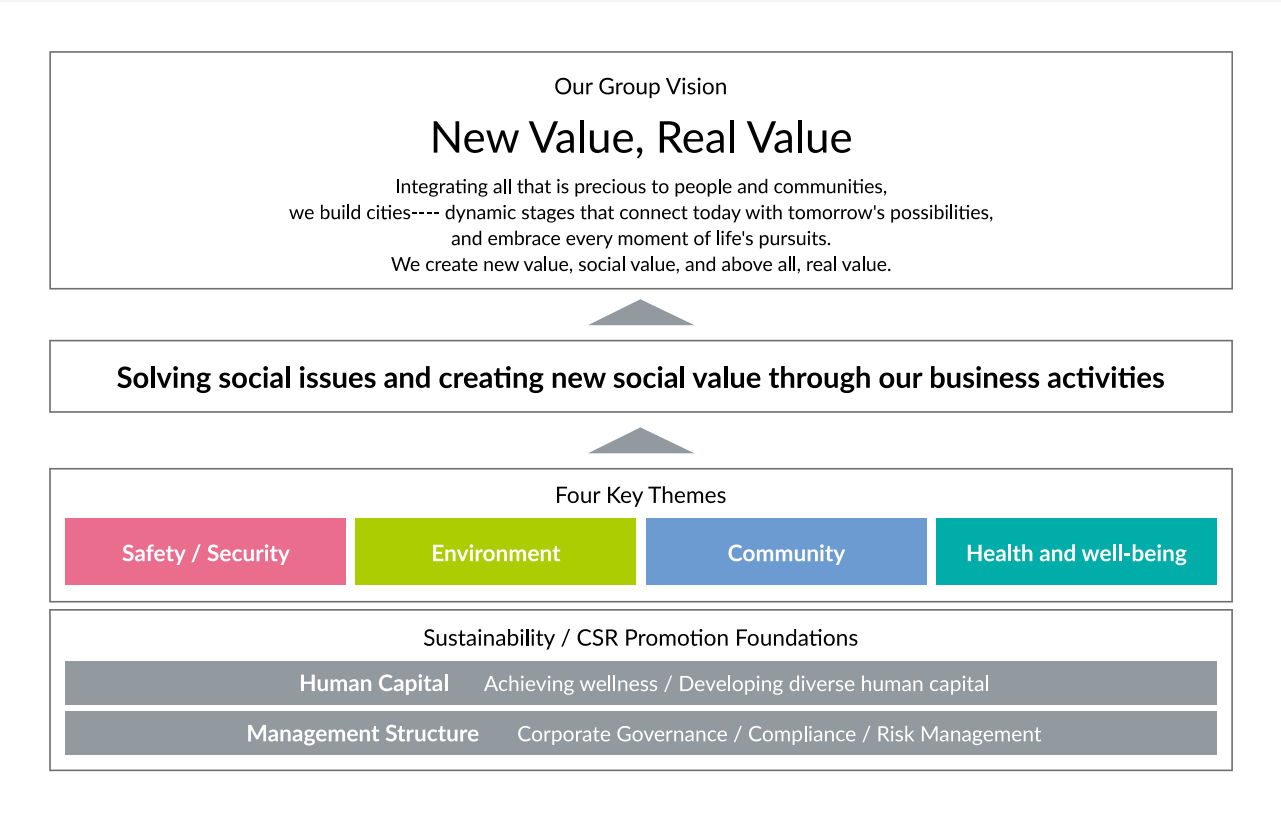


The Nomura Real Estate Group's Stance on Sustainability

The Nomura Real Estate Group has adopted “New Value, Real Value” as the Group’s corporate philosophy and sustainability 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: "Safety and Security," "Environment," "Community," and "Health and Well-being"; two Promotion Foundations: "Human Resources and "Management Structure." Based on these, the Group promotes management strategies and sustainability in an integrated manner.



Sustainability Management



Learn about the Group's management structure and policies.

Materiality determination process



Learn about the process used for formulating the Group's material issues and about the dialogue with different stakeholders.

Business and Sustainability



Learn about the Group's responses to stakeholder expectations and social issues in relation to each of its business activities.

Special Feature



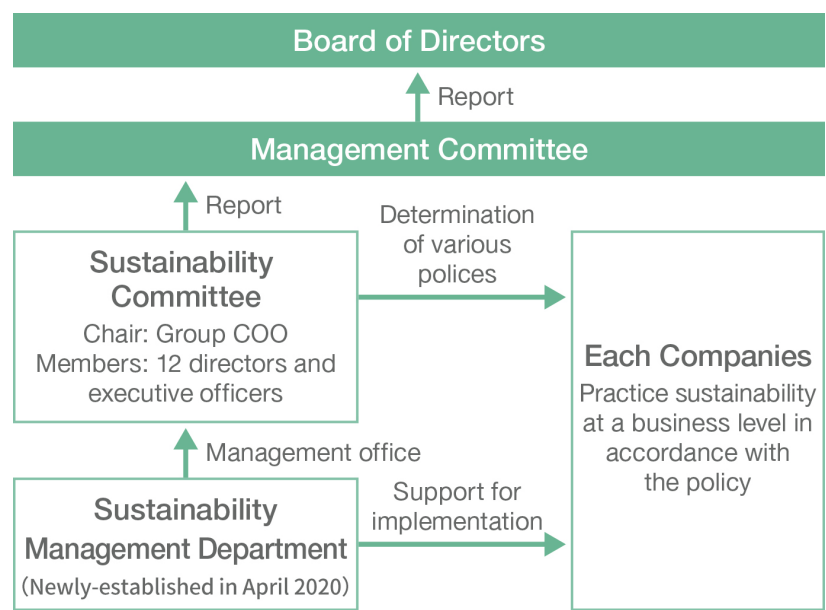
Learn about the Group's key sustainability initiatives.

Sustainability Management





















Sustainability Management and Sustainability Policies and Objectives of the Nomura Real Estate Group

In April 2020, the Group established the new Sustainability Promotion Department to further strengthen and promote its sustainability activities. The Sustainability Committee, chaired by the Nomura Real Estate Holdings executive vice president and Group COO, reviews the Sustainability policies, checks progress against Sustainability targets, and deliberates and makes decisions on activity plans. The results of its examinations are then reported to the Board of Directors and reflected in management plans and business activities.

In fiscal 2019, CSR Committee (current Sustainability Committee) and CSR Promotion Council meetings were held a total of five times. In line with these policies, we will continue to follow the PDCA cycle and promote sustainability activities.



Nomura Real Estate Group's Policy on Sustainability

Sustainability Theme	Group Policy	Material Issues	Group Targets / Indicators	Related SDGs
E	Environment	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	Appropriate utilization of resources and pollution control	Reducing waste discharge Promoting use of domestic/certified timber	  
		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	
	Community	Safety and security in disasters	Expanding of disaster preparedness	  
		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	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	
G	Human Capital	Health and safety of employees	Preventing work-related accidents Promoting thorough physical and mental health management Promoting taking of paid leave Preventing overwork	  
			Promoting active participation by women Supporting childcare and nursing care	
		Promotion of diversity	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	
	Management Structure	Corporate governance	Ensuring diversity in Board of Directors	  
		Compliance	Observing compliance requirements	
		Risk management	Implementing thorough risk management	
		Human rights	Implementing thorough human rights training	
		Improved supplier management	Compliance with CSR procurement guidelines	

Reflecting Sustainability/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 sustainability/ESG perspectives, such as climate change, into decisions on director compensation. Directors are assigned roles that reflect the sustainability/ESG perspectives. In determining the amount of compensation, variable compensation is calculated based on their performance results.

☐ [Please click here for details on officers' compensation plans.](#)

Materiality determination process

Process of Determining the Four Key Themes

In fiscal 2015, the Group's four key themes were determined through the following process.

Step 1. Examine social issues extensively

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. Identify key themes for the Group

The CSR Committee (current Sustainability 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. Identify key themes for stakeholders

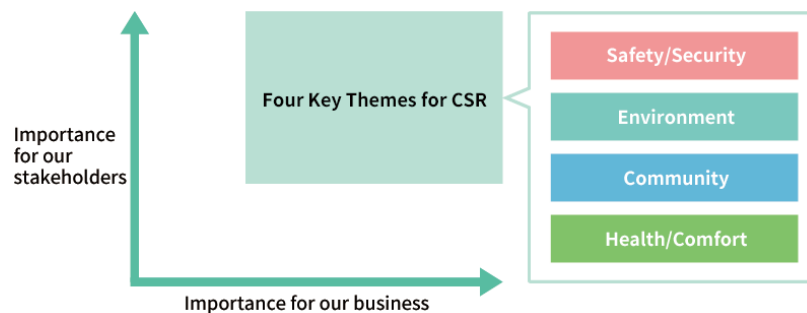
Questionnaire surveys and interviews were conducted to ask major stakeholders which social issues the Group needs to address.

Themes believed to be important to stakeholders were identified.

Major Stakeholders	Reasons for Selection	Opportunities for Dialogue	Main Topics
Customers	The trust of customers is essential for the Group to promote sustainable business activities. The Group is committed to listening to customers and meeting their expectations.	<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	Employees are the basis of all business activities. The Group recognizes that having employees engage in their work with enthusiasm and in good physical and mental health is a source of growth for the Group's business activities and for the employees themselves.	<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 • Mid- to long-term careers
Local Communities	The Group believes that working with local communities is important for promoting sustainable business. It also recognizes the importance of confronting the issues faced by local communities and engaging in dialogue with them to encourage community revitalization.	<ul style="list-style-type: none"> • Opinion exchange • Questionnaires 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation
Government	Being engaged in the development business, it is essential for the Group to have partnerships with the government, including in the area of permits and approvals. To build urban areas for the future (tomorrow), the Group will promote its business activities while maintaining communication with the government.	<ul style="list-style-type: none"> • Opinion exchange 	<ul style="list-style-type: none"> • Community revitalization • Environmental conservation • Compliance
Suppliers	All of the Group's business activities are supported by suppliers. The Group recognizes its mission as creating healthy and pleasant working environments for all 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	The Group recognizes that the understanding and trust of its shareholders and investors is essential for conducting sustainable business activities. It will promote appropriate information disclosure and communication.	<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. Finalize four key themes

Based on the perspectives of both stakeholders and the Group, candidate themes were mapped according to their importance and the four key themes were selected.



In regard to the four key themes, social issues, primary reasons, the Group's approach, and related strategies and so on were clarified.

Four Key Themes	Safety and Security	Environment	Community	Health and Well-being
Stakeholders	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities	Employees, suppliers, customers, local communities

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 comfort 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>

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 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 allows diverse people including seniors 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 the environmental performance, acquire green building certification, and improve environmental consciousness and customer services through 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	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY
	13 CLIMATE ACTION		13 CLIMATE ACTION	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS		10 REDUCED INEQUALITIES	
					11 SUSTAINABLE CITIES AND COMMUNITIES			

Process of Determining the Sustainability Policies and Objectives

Step 5. Identify activities and business related to each key theme

Following interviews with business divisions, business and operations related to the Four Key Themes were identified and investigated with the business units.

Step 6. Evaluate and discuss issues

Issues relating to the environment, society, and governance within international frameworks and responsible investment were clarified.

Step 7. Determine and approve policies and materiality

Following deliberation by the CSR Committee, the Group-wide CSR Objectives were determined. The CSR Objectives were approved by the Nomura Real Estate Holdings Board of Directors..

[The Sustainability Policies and Objectives](#)

Dialogue with Stakeholders

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

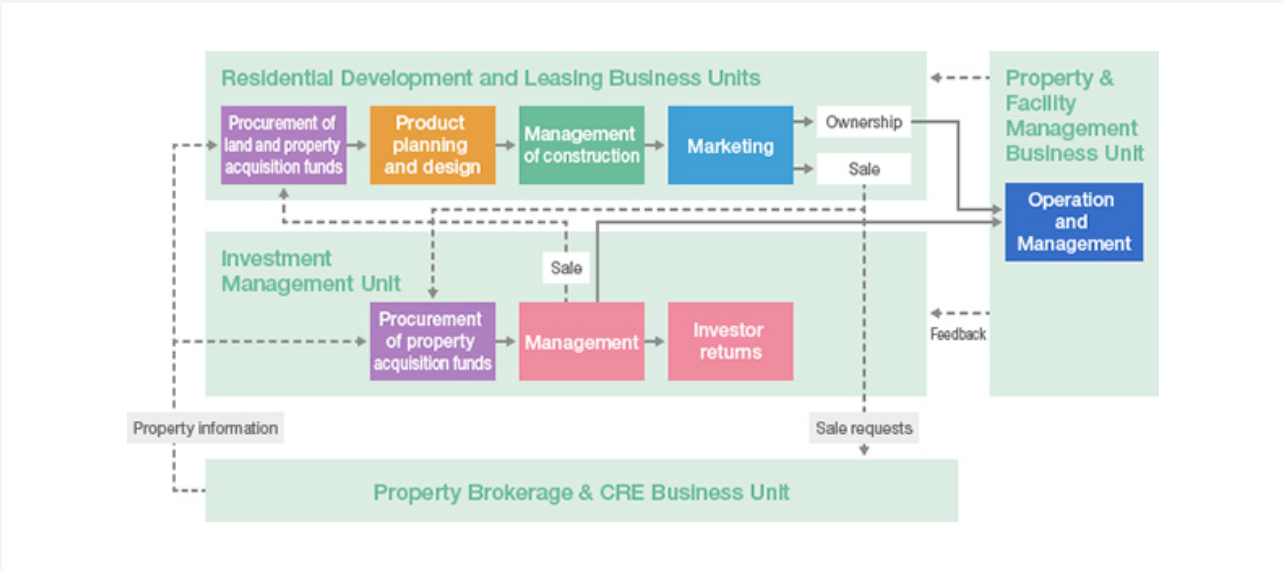
Stakeholders	Main Responses
Customers	<ul style="list-style-type: none"> •I expect the Group to revitalize the community and improve its image amongst local residents •I expect the Group to give consideration to ecosystems and select highly sustainable materials

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

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 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

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
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"> Enhancing environmental management Increasing safety and security quality in design and construction Implement measures to increase lifespan and improve durability Ensuring safety and security during emergencies Showing consideration to and supporting the revitalization of communities Responding to population aging and diversity and support health Improving customer satisfaction and well-being Raising supplier management levels
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"> Response to climate change Using water resources efficiently Consideration for biodiversity Appropriate resource use and pollution prevention Increasing safety and security quality in design and construction Ensuring safety and security during emergencies Show consideration to and supporting the revitalization of communities Ensuring supplier safety Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
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 • Improving customer satisfaction and well-being
Investments 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"> • Enhancing environmental management • Responses to climate change • Using water resources efficiently • Appropriate resource use and pollution prevention • Increasing safety and security quality in operations and management • Ensure safety and security during emergencies • Show consideration to and supporting the revitalization of communities • Raising supplier management levels

Business Activities	Main Activities	Major Stakeholders	Response to Major Social Issues
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 support services etc. 	Customers, local communities, business owners, service providers, construction companies, employees, etc.	<ul style="list-style-type: none"> • Response to climate change • Using water resources efficiently • Appropriate resource use and pollution prevention • Increasing safety and security quality in operations and management • Ensuring safety and security during emergencies • Show consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Ensuring supplier safety • Raising supplier management levels
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"> • Show consideration to and supporting the revitalization of communities • Responding to population aging and diversity and support health • Improving customer satisfaction and well-being

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

Provision of Sustainable Products and Services

The Group helps to address social issues through business, through the provision of sustainable products and services.

Important Issues	Products and Services
Environment	Introduction of the “YUKAIfull” floor air-conditioning system News Release
	Received an award from the Minister of the Environment for acquisition of a third-party evaluation and certification of our environmental management system News Release
	Development of net zero energy homes (ZEH) in condominiums News Release
	Development of condominiums using wooden structural members that encourages the recycling of forest resources and helps to reduce CO2 emissions and promote health News Release
	Urban development for reducing CO2 emissions in Proud City Hiyoshi News Release
Safety and Security	Provision of re:Premium, a service designed to lengthen large-scale repair cycles at PROUD condominiums News Release
	Attractive 30 announced, a service designed to lengthen the cycle of large-scale repairs for condominiums, providing long-lasting safety and security News Release
Community	Revitalization of Communities Based on the BE UNITED Initiative News Release
Health and Wellbeing	Development of Senior Housing with Support Services News Release
	Kodomo Mirai Project promotes sports activities and community revitalization, designed to nurture spiritually rich children News Release