

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

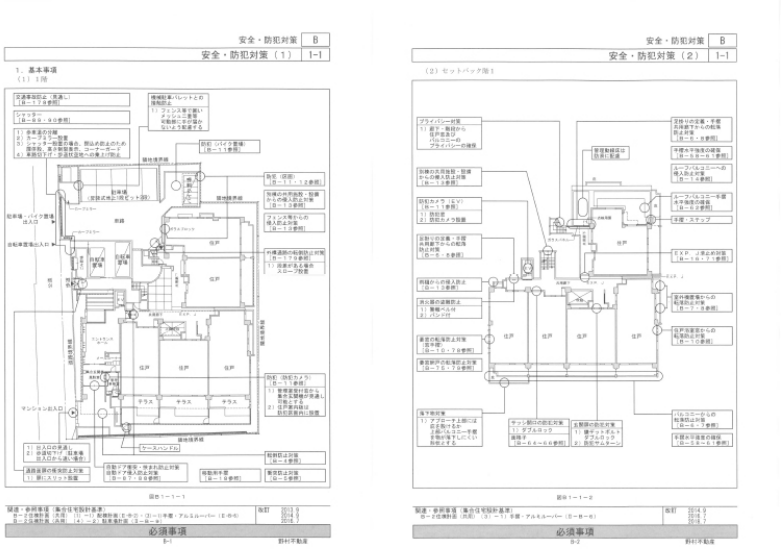
The officer responsible for quality management and architectural design has been put in charge of this issue for the Group, and we are working to enhance the quality of safety and security in design and construction. In addition, the CSR Committee, which comprises Nomura Real Estate Holdings and Group 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.

【ISO20000】

Nomura Real Estate Partners holds ISO 20000 international certification for IT service management system (ITSMS) for services provided to three data centers: Yokohama Data Center #1, Yokohama Data Center #2, and the Osaka Data Center.

*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

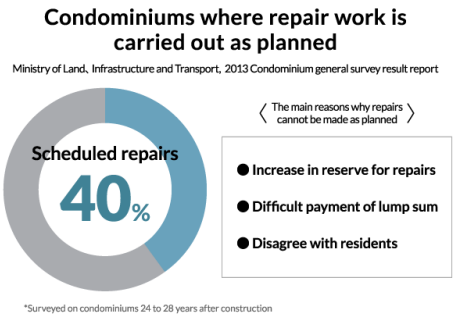
To carry out measures that will increase the lifespans and durability of buildings, the Group strives to provide products and services with long lifespans and high durability.

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

Appropriate Resource Use and Pollution Prevention

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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Appropriate resource use and pollution prevention 64

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 (includingpollution 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 CO_2 emissions
30% Reduction in the Group's CO_2emissions (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 CO_2 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 CO_2 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 CO_2 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 CO_2 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 CO_2 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 CO_2 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 Toyo 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 CO_2 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.

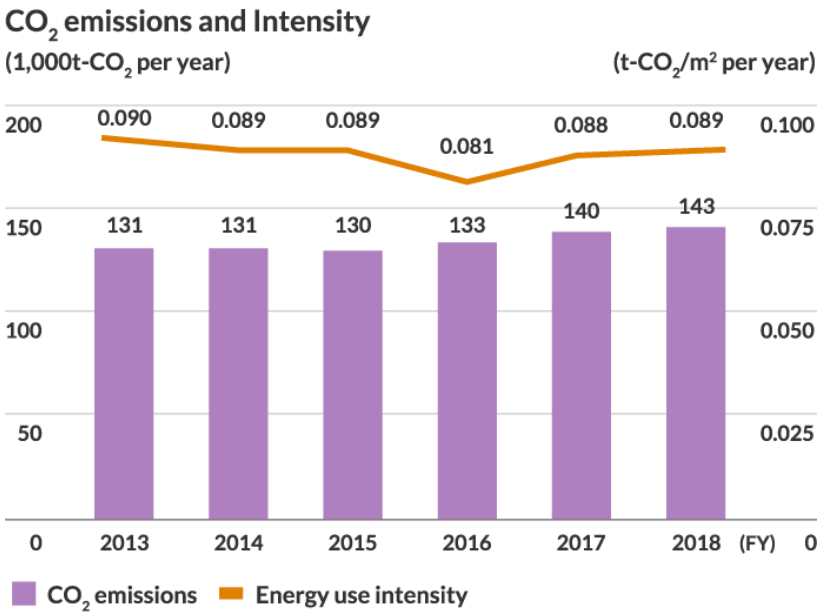
※ CDP: An NGO established in the UK in 2000 that operates a global environmental information disclosure system for investors, corporations, cities, nations, and regions to manage environmental impacts.

Performance

Promotion Measures

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

GHG (CO_2) emissions performance



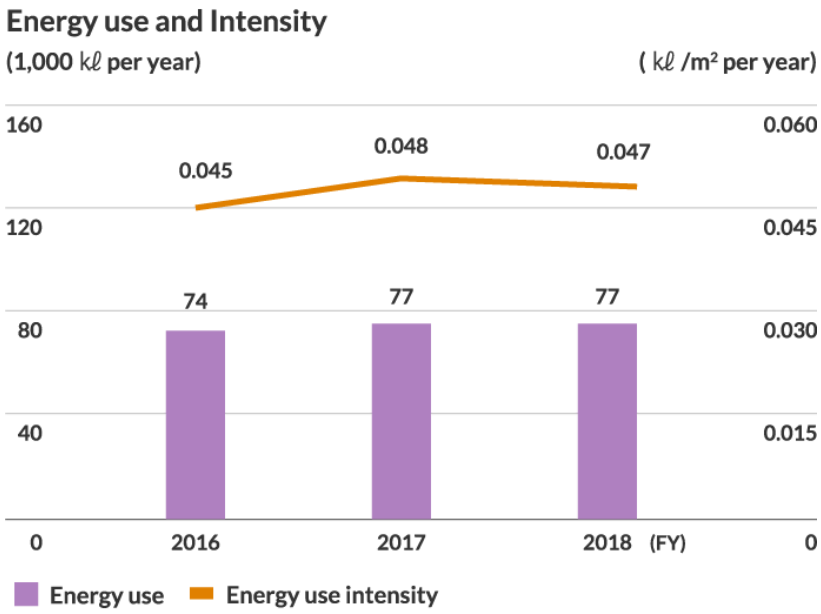
GHG (CO_2) emissions: Total amount

	FY 2013 (base year)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total GHG (CO_2) emissions (thousand t-CO_2/year)	131	131	130	133	140	143
Scope 1	17	—	—	—	18	18
Scope 2	115	—	—	—	122	125
Emissions intensity (t-CO_2/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



	FY 2016	FY 2017	FY 2018
Energy use (1,000 kℓ per year)	74	77	77
Energy use intensity (kℓ/m² 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	【Ongoing】 ・Yokohama Business Park (offices and other facilities in Yokohama City, Kanagawa Prefecture) 【New】 ・Yaguchi 3-chome Project (tentative name)
ABINC ADVANCE	【New】 ・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/FSC 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 of 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 FSC 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..... 69

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.



An inner courtyard designed based on the 100 Design Techniques

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.

Responding to an aging and diversifying population and supporting health..... 75
Improving customer satisfaction and well-being 79

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.

Barrier Free and Quality of Life Guidebook



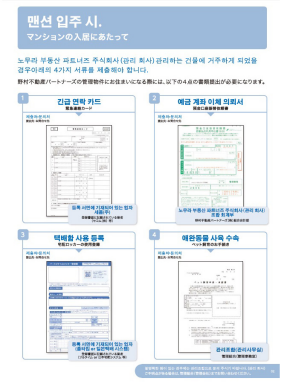
An example of dwelling caring for seniors and wheelchair users

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.

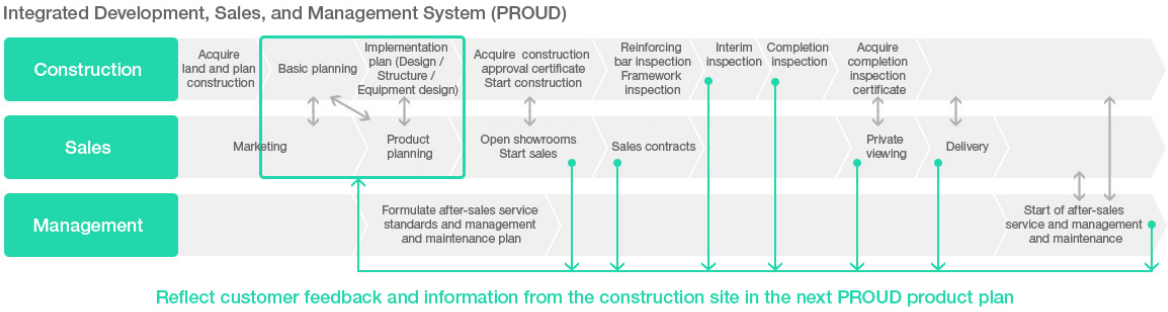
Targets

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