

CSR

Third Party Comments

**Yoshinao Kozuma**

Professor
Faculty of Economics
Sophia University

After leaving the doctoral program at the Sophia University Graduate School of Economics, Professor Kozuma became a research assistant at the Nagoya Institute of Technology and attended the Limperg Instituut, the Inter-University Institute for Accounting and Auditing in the Netherlands, as a guest researcher. He became an associate professor at the University of Shizuoka, and then took up his current position as professor in the Faculty of Economics at Sophia University after first working as an associate professor. He has held successive positions as the chair or member of various CSR- or environment-related advisory panels, research societies, etc. for the Ministry of the Environment; the Ministry of Economy, Trade and Industry; the Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Agriculture, Forestry and Fisheries; the Cabinet Office; and the Japanese Institute of Certified Public Accountants. He is currently the chair of the Ministry of the Environment's Committee to Revise the Environmental Accounting Guidelines. He specializes in non-financial reporting and environmental accounting. His recently published works include Carbon Labelling for Visualizing CO2 Emissions (Chuokezai-sha, Inc.) and Assurance on Environmental Reports (Dobunkan Publishing Co., Ltd.).

1. International acclaim for sustainable community development activities

Nomura Real Estate Development has so far acquired a number of environmental certifications for the properties at markets, and this year achieved the remarkable feat of being the first company outside of France to receive EcoQuartier certification, a national certification program conducted by the French government.

This certification is granted to community-building projects that conform to the EcoQuartier charter, which outlines a sustainable urban planning approach. Funabashi Morino City's acquisition of the certification is testament to its having gone beyond the level of simply demonstrating a regard for the environment to become a living environment based on a highly-sustainable development concept.

In preparation for a final review in three years' time, Funabashi Morino City's sustainable community development is tirelessly moving forward, and we expect to reach step 4 of EcoQuartier certification.

2. Results of socially-oriented initiatives

This year saw us make great achievements in socially-oriented initiatives.

One of these was meeting certain standards under the action plan associated with the Act on Promotion of Women's Participation and Advancement in the Workplace. Nomura Real Estate Development was selected as an “Eruboshi” company under a Health, Labor and Welfare Minister system for companies that have made outstanding achievements in women's involvement in the workplace. This comes after our adoption of an indefinite-term employment system for contract employees as part of human resource system revisions made in fiscal 2016, and demonstrates the strong regard for vulnerable employees in management behavior.

In addition, this fiscal year we began publicizing quantitative human resource data. This also was an improvement made in response to a suggestion made in past years, and was an admirable effort.

3. Method for identifying key themes

Beginning this fiscal year, we have made the decision to disclose our method for identifying CSR key themes, something that was not previously made clear. This is another example of an effort deserving of recognition.

The criteria for selecting key themes, the method for making initial selections, and the stakeholder engagement model in the identification process are all appropriate as established.

However, the process by which the four key themes were ultimately identified is not clear. This is due to the fact that there is no verbiage regarding issues such as the environment or human rights risk in the supply chain, which should be key themes given what is important to stakeholders, and that CSR procurement criteria important to real estate business are ill-defined. This seems to be an area where further planning will be needed.

4. Priorities going forward

Becoming a company that works towards the needs of a sustainable society will require incorporating a regard for the environment and society into business strategy and adopting a sustainable business model.

Although the Nomura Real Estate Group's management vision is aligned with this path, there is a lack of information regarding the target and achievement management essential to assessing the effectiveness of the PDCA cycle, and the scope within which environmental and other data is tabulated differs from that of the organizations being reported on. As such, the degree to which CSR management is being practiced is opaque. If there is indeed a companywide CSR management system in place, the Company will need to disclose the details. Otherwise, it will need to quickly establish such a system.

Response to the Third Party Comments

We thank Mr. Kozuma for his opinions and insights concerning efforts needed to sustainably develop the CSR activities of the Group.

Guided by our Group Vision, which lays out our corporate philosophy and approach to CSR activities, the Nomura Real Estate Group carries out its business strategies and CSR activities as a unified effort. Our focus going forward will be on developing priorities and targets for each department and then creating a Groupwide CSR system that transcends departmental boundaries.

To ensure that our Group Vision is perpetuated, we will be focused on creating the kind of companywide CSR structure that Mr. Kozuma has suggested.

As we move forward, the Group will continue to fulfill the expectations of our stakeholders while working to earn their trust as we undertake CSR management that will improve corporate value and bring about a more sustainable society.

Seiichi Miyajima
Executive Vice President and Representative Director
Group COO
Chair of CSR Committee, Nomura Real Estate Holdings Inc.
President, Nomura Real Estate Development Co., Ltd.