

Third-Party Comments (CSR Report 2019)



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

1. CSR Management

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

2. Environment

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

3. Human Rights

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

4. Conclusion

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

Response to the Third Party Comments

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

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

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

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

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

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

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

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