

Third-Party Comments (CSR Report 2020)



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Overall this Report conveys the Nomura Real Estate Group's improvement efforts and the specific results of those efforts since the previous fiscal year. The matters pointed out and recommendations in my comment last year have been responded to appropriately, and I understand from the Report that the Group is making sincere efforts as a corporation with the spirit of self-improvement.

1. Highly Evaluated Points

- The Group is not just making efforts toward achieving its targets for reduction of greenhouse gas emissions but also aims to further promote and accelerate its initiatives. The Top Message refers to the Group's even higher level of commitment to its initiatives, including starting its response to the TCFD recommendations that I recommended in my comment last year (it endorsed the recommendations of the Task Force in September 2020) and taking on the challenge of acquiring Science Based Targets (SBT) Initiative Certification.
- Similarly, the Top Message refers to the foreign technical intern trainees and the problems of local residents related to timber procurement and shows that the Group has specific awareness of human rights issues and will step up its efforts in that area. In addition, the Report discloses that the Group has commenced work on establishing a human rights due diligence system, as recommended in my comment last year.
- The Group COO serves as the Chairman of the Sustainability Committee and the Group has established a management system for integrating business and sustainability. Also, in the message from the COO there are commitments to focus on the central SDGs themes of climate change and human rights.
- Since joining the UN Global Compact in 2019, the Group has actively participated in sectional committee activities and has collaborated and cooperated with and gained knowledge from other companies on human rights and other themes.
- The Group has good initiatives appropriate to a real estate company for responding to both the physical and nonphysical aspects of social needs. These include initiatives for increasing the lifespans and durability of buildings and responding to issues such as the aging society and the multicultural society, as well as tools such as the Barrier Free Quality of Life Guidebook and the Resident Manuals for Foreign Residents. I hope the Group will enhance these initiatives even more going forward.

2. Recommendations for Further Initiatives in the Future

- I look forward to seeing deepening of the Group's initiatives based on international models regarding business and human rights and expansion of information disclosure in that area. Examples include incorporating such initiatives into the Nomura Real Estate Group Policy on Sustainability, exposing the human rights risks in the business overall and creating systematic descriptions of the risks identified.
- It is good that the Group stated concurrence with the Keidanren (Japan Business Federation) Biodiversity Declaration Initiatives in 2019. I hope the Group will continue to focus on and display leadership in biodiversity conservation, which is a significant global environmental issue in line with global warming. I think that, with the holding of the UN Biodiversity Conference (COP 15), it will become more important as a problem of increasing concern to stakeholders so I recommend that the Group should make even greater efforts to disclose information in that area.
- As well as complying with its CSR Procurement Guidelines formulated in 2018, I hope the Group will seek to increase the effectiveness of the Guidelines through a combination of a variety of methods such as requests for self-checks, checks on compliance status, and site visits. For example, as timber procurement is a significant problem, I recommend continually reviewing the Guidelines and conducting site visits together with local organizations and others in high risk countries, while referring to the Tokyo Olympics and Paralympics timber procurement guidelines and examples from other companies, etc.
- Regarding consideration for diversity, it is good that changes in the rate of employment of persons with disabilities over the past five years are disclosed in the ESG data. I recommend that not only the numbers showing improvement trends but also the types of efforts that have been made should be referred to in the Report.

3. Conclusion

COVID-19 has prompted us to reconsider the appropriate state of society and has made it more important than ever for us to realize a resilient and sustainable society. I also look forward to the announcement of the ultra-long-term vision that looks beyond 2030, referred to as planned in the Top Message. I hope the Nomura Real Estate Group will continue and expand its improvement efforts to date while deepening its dialogue with stakeholders.

Response to the Third Party Comments

The Group is deeply grateful to Professor Seki for the valuable opinions he has provided since the fiscal year ended March 2020 regarding the Group's sustainability promotion efforts.

Our Group Vision is "New Value, Real Value." Under this vision, we recognize that we must work to address various social issues to realize a sustainable society and fulfill our responsibility for future generations. As a member of society, we will continue to advance these efforts in the environmental and social fields.

In the environmental field, in 2019, we established CO2 emissions reduction targets in Scope 1 and 2. This fiscal year, we have further strengthened our efforts and we endorsed the TCFD recommendations and our targets got approved by the Science Based Targets initiative (SBTi) by expanding the coverage of the targets to Scope 3. We have thus established more specific goals and strengthened our efforts to meet those targets. Going forward, as a real estate developer, we would like to consider our Group's approach in actual business fields including matters such as the utilization of renewable energy and appropriate use of forests and timber that contributes to CO2 reduction.

Meanwhile, in the social field, we recognize that exposing the human rights risks and creating systematic descriptions of them, which is pointed out in the opinions about our responses to human rights, as well as increasing the effectiveness of the Group's CSR Procurement Guidelines, are urgent issues that we must address in particular. We have already launched a task force to formulate human rights policies during this fiscal year and will also move on to a specific action plan to strengthen engagement in the CSR Procurement Guidelines as a priority issue.

As for the need to realize a resilient and sustainable society, which is another issue pointed out, we consider that the Group's role has been more significant than ever due to the serious natural disasters in the past and the last year's COVID-19 pandemic. We will proceed to consider from the perspective of what kind of resilience can be built, including urban development and local residents.

Drawing on this year's third-party opinion, the Group will continue to strengthen its sustainability initiatives through dialogue with stakeholders and provide new value to society and customers.

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The Chairman of the Sustainability Committee, Nomura Real Estate Group

As of the end of March 31, 2021