



## Sustainability activities(ESG) **Environment**

Through urban development and providing products and services that leverage property development and property-related services, the Company will contribute to reducing CO2 emissions to address climate change as a shared international concern. As such, we have identified decarbonization, biodiversity, and circular design as our three priority issues (materiality) and will promote them Company-wide. In addition, the Group has to date been actively participating in international initiatives, from obtaining SBT certification (35% reduction compared to fiscal 2019) and endorsing the TCFD to joining the RE100, and we intend to continue playing an active role in such initiatives.

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# Environment

## Group Policy

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## Management

We are taking measures to improve Group-wide environmental management under the leadership of Nomura Real Estate Holdings president and Group CEO.

The Sustainability Committee, which comprises Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings president and Group CEO, deliberates on and decides related policies and action plans. The Sustainability Committee also sets targets and monitors progress for the Group's priority issues: decarbonization, biodiversity, and circular design.

An environmental subcommittee has been established as the Sustainability Committee's subordinate organization under the supervision of the officer responsible for quality management and architectural design. Furthermore, we have signed the UN Global Compact in May 2019. 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.

### Environmental Subcommittee

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Consists of members from the architecture and product design-related departments at Nomura Real Estate Development, the environmental technology-related departments at Nomura Real Estate Partners, and the Sustainability Management Department and meets as needed. In fiscal 2021, it held two meetings to mainly discuss reducing CO<sub>2</sub> emissions and using renewable energy.

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# Environmental Management

## Approach and Policies

[Group Policy \(Environment\)](#)

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## Management

[Management \(Environment\)](#)

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## Targets and Results

### Targets

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The Group acquires environmental, green building certifications, including DBJ Green Building <sup>\*1</sup>, LEED <sup>\*2</sup>, CASBEE <sup>\*3</sup>, and BELS <sup>\*4</sup>, for new construction and owned properties and meets the following two quantitative targets.

#### Quantified Targets

Percentage of newly constructed fixed and income-producing properties (excluding rental housing) that acquire environmental certification each year: 100%

Target percentage of properties owned by Nomura Real Estate Master Fund, Inc. (NMF) with green certification (three stars or more or equivalent to): 70% (by FY2030)

 [Key performance indicators \(KPIs\) for priority issues \(materiality\) up to 2030](#)

**Acquisition Rate of ISO 14001 (coverage rate: 18.6%\*)**

Company name	Name of branches/offices	Scope of registered activities	Certification organization	Certification acquisition date
<b>Nomura Real Estate Partners Co., Ltd.</b>	Yokohama Business Park offices (A1, A2, A3, C1, C2, and C3 buildings) at the Yokohama Division	Planning and provision of comprehensive building management services (facility management, cleaning, and security)	Japan Quality Assurance Organization (JQA)	March 5, 2004 (JQA-EM3815)

※ The net lettable area of the Group as of the end of fiscal 2021, which is 827,737 m<sup>2</sup>, was used as the denominator, and the floor area of the relevant offices of the Yokohama Business Park, which is 154,103 m<sup>2</sup>, was used as the numerator

**Acquisition of Green Building Environmental Certification**

Type	FY2018	FY2019	FY2020	FY2021
<b>Acquisition rate by business properties for sale (including new development and pending application)</b>	100%	100%	100%	100%

## List of Environmental Certifications Acquired (FY2021)

Certification Name	Property	
<b>DBJ Green Building Certification</b>	Office buildings	PMO Kojimachi PMOEX Shin-Osaka PMO Yotsubashi Honmachi Nomura Real Estate Development Otemachi-Kita Building Nomura Real Estate Development Nihonbashi Odenma Building
	Retail facilities	GEMS Roppongi MEFULL Fujisawa MEFULL Sugamo KAMEIDO CLOCK
	Logistics facilities	Landport Ome III (car park building) Landport Koshigaya Landport Ageo Landport Niiza Landport Komaki ANNEX

## Acquisition of Energy Rating

Type	FY2018	FY2019	FY2020	FY2021
<b>Number of certifications acquired</b>	9 properties	14 properties	17 properties	16 properties

Certification name	Property
<b>BELS (Building-Housing Energy-efficient Labeling System)</b>	13 properties mentioned above except Landport Ome III (parking building) + 3 properties (hotel around TAKAYAMA, NOHGA HOTEL KIYOMIZU KYOTO, Summit Store Urayasu Station North Exit branch)

※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.

## Percentages of Properties Owned by NMF with Green Certification (with three stars or more or equivalent to)

Type of certification	Number of properties (buildings)	Total floor area (m <sup>2</sup> )	Ratio (%)
Green certification (three stars or more)	59	1,351,372.77	56.0
Total	283	2,412,705.10	100

※ Green certification (with three stars or more or equivalent to) refers to DBJ Green Building Certification (three stars or more) or BELS Certification (three stars or more), or CASBEE for Real Estate (B+ or higher). The figure is calculated based on the floor area of NMF's properties, excluding land. The green certification ratio is as of August 31 of the following fiscal year.

### Environmental Compliance

In fiscal 2021, the Group did not commit any material violations of environmental laws and regulations (including pollution and water use) in the manufacture, sale, or management of its products and services.

## Initiatives

### Environmental Management System

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The Group is increasing the sophistication of its environmental initiatives through the use of an internationally acknowledged environmental management system (EMS).

Yokohama Business Park Offices (A1, A2, A3, C1, C2, and C3 buildings) at the Yokohama Division of Nomura Real Estate Partners Co., Ltd. acquired ISO 14001 certification for their environmental management system and are carrying out various initiatives including waste reduction, resource recycling, and energy-saving measures. At certified offices, annual internal audits as well as audits by external certification organizations are conducted to ensure their compliance with the EMS and environmental laws and regulations and the effectiveness of measures for controlling environmental pollution.

## Environmental Management at Suppliers

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In accordance with the Nomura Real Estate Group Procurement Guidelines, the Group has distributed its Procurement Guidelines to more than 4,600 suppliers to address environmental issues throughout the supply chain. In fiscal 2020, we conducted monitoring interviews with ten10 major suppliers. In fiscal 2021, we identified our top 200 suppliers (around 80% of the total) as key suppliers and surveyed 89 of them on the on the guidelines (around 40% of the total). The results were shared with all companies that responded to the questionnaire. As a result, 13 suppliers responded that they are either not taking action or are unsure of whether they are taking action on biodiversity conservation and the sustainable use of resources in their raw material procurement, which we identified as a risk in the supply chain. We directly engaged with ten of the 89 suppliers. In fiscal 2021, no suppliers were found to pose environmental risks.

### **Nomura Real Estate Group 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 recycled wood and certified wood.



## Environmental Responses in the Design and Construction Stages

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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.

[Click here for details of the Design and Construction Standards and the Quality Manual](#)

## Assessment of Environmental Performance in Newly Developed Properties

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When developing PROUD condominiums in the Residential Development Business Unit, the Group requires project implementers to submit Environmental and Product Planning Sheets and to improve residential environmental performance and quality. Similarly, when developing office buildings, commercial facilities and logistics facilities in the Commercial Real Estate Development Unit, the Group requires project implementers to submit Sustainability Assessment Sheets and to quantify the environmental performance and quality of each development project.

### **Environmental and Product Planning Sheets (excerpt)**

- Description of U-value<sup>\*1</sup>, and BEI-value<sup>\*2</sup>
- Description of environmental certification status, energy-saving equipment, and energy-creating equipment
- Comprehensively cover safety and security, the environment, community, and health and well-being
- Promotion of community design and universal design

※1 U-value: Insulation performance of concrete, thermal insulation materials, sashes, etc.

※2 BEI-value: Energy-saving performance of the entire building, including thermal performance of building envelopes as well as equipment, such as heating and cooling systems and hot water supply systems

## Environmental Education

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In addition to providing environmental education to all employees every year as part of the rank-specific training programs (the Group's new employee and key employee training programs), we also publish our environmental initiatives in internal newsletters to promote environmental awareness among our employees. In addition, our Environmental Subcommittee, which consists of the persons in charge of architecture, product design and technology at each Group company, shares information on environmental issues and the latest environmental technologies.

Environmental Subcommittee (as of April 2022)

<b>Officers in charge</b>	Officers in charge of Quality Management and Architectural Design, Nomura Real Estate Holdings, Inc.
<b>Departments in charge</b>	Residential Product Planning & Marketing Dept., Quality Management Dept., Engineering Management Dept., Architectural Design Office, Nomura Real Estate Development Co., Ltd., Environmental Engineering Dept., Corporate Planning Dept., Nomura Real Estate Partners Co., Ltd.
<b>Secretariat</b>	Sustainability Management Dept., Nomura Real Estate Holdings, Inc.

# Decarbonization

## Approach and Policies

### Group Policy (Environment)

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Under the Group Policy, the Group will promote the reduction of total CO<sub>2</sub> emissions throughout the supply chain by promoting energy saving, low-carbon business, utilization of renewable energy in the buildings that we develop in order to resolve issues related to climate change.

## Management

### Management (Environment)

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## Targets and Results

### Targets ---

The Group has set the following three targets to address climate change.

#### **Target 1. Reduce CO<sub>2</sub> emissions**

Long-term target

Achieving carbon neutrality in [Scopes 1 and 2](#) and [Scope 3](#) <sup>\*1</sup> across the Group, by 2050

Mid- to long-term target

35% reduction in the Group's total CO<sub>2</sub> emissions in [Scopes 1 and 2](#), and [Scope 3 \(Categories 1 and 11\)](#) <sup>\*2</sup> by 2030 from the fiscal 2019 baseline (approved by the Science Based Targets initiative (SBTi) in November 2020)

### Short-term target

15% reduction in the Group's total CO<sub>2</sub> emissions in [Scopes 1 and 2](#), and [Scope 3 \(Categories 1 and 11\)](#), by 2025 from the fiscal 2019 baseline.

※1 Scope 1: Direct emissions from fuel combustion, etc., Scope 2: Indirect emissions associated with use of electricity and heat purchased by the Company, Scope 3: Indirect emissions other than those in Scopes 1 and 2

※2 In Scope 3, Category 1 (emissions from construction of buildings, etc.) and Category 11 (emissions from use of sold products, etc.) are targeted, which cover approximately 88.45% of the Scope 3 emissions recorded in fiscal 2020.

▣ [Key performance indicators \(KPIs\) for priority issues \(materiality\) up to 2030](#)

## Target 2. Reduce Energy Use

### Mid- to long-term target

The power consumption in the Group will be 100% renewable electricity by 2050. (joined RE100 in January 2022)

### Short-term target

Switching electricity consumed by all leasing properties\* owned by Nomura Real Estate

Development to renewable electricity by fiscal 2023.

※ Excludes leasing properties (including the portion used by tenants) for which Nomura Real Estate Development has concluded direct electricity supply contracts with power companies, properties that Nomura Real Estate Development owns units in or are jointly owned with other parties, and properties planned to be sold or demolished, as well as the common use areas of some rental housing.

## Target 3. Promote Solar Power Generation

### Results

#### Result 1. Reduce CO<sub>2</sub> emissions

Scopes 1 and 2 (Nomura Real Estate Group)

(Unit: t-CO<sub>2</sub>)

	FY2018	FY2019	FY2020	FY2021
Scope1	24,018	23,627	20,119	21,542
Scope2	136,569	126,960	112,087	107,514
Scope1+2	160,586	150,588	132,206	129,056
Scope1+2 Intensity(kg-CO <sub>2</sub> /m <sup>2</sup> per year)	80.70	74.06	63.56	61.93

※ FY2018 data covers 190 facilities with a gross floor area of 1,989,974 m<sup>2</sup>; for FY2019, FY2020, and FY2021 data, refer to Scopes 1 and 2 Gross Floor Area by Use and Number of facilities aggregated for Scopes 1 and 2.

Scopes 1 and 2 Gross Floor Area by Use

	FY2019	FY2020	FY2021
<b>Total (m<sup>2</sup>)</b>	<b>2,033,422</b>	<b>2,079,952</b>	<b>2,058,781</b>
<b>Offices</b>	1,423,113	1,447,598	1,456,228
<b>Fitness facilities</b>	127,295	130,130	130,130
<b>Commercial facilities</b>	347,445	362,504	361,993
<b>Hotels</b>	64,469	68,620	41,109
<b>Logistics facilities</b>	49,547	49,547	49,547
<b>Parking lots</b>	17,141	17,141	15,422
<b>Training centers</b>	654	654	654
<b>Heating and cooling center</b>	3,758	3,758	3,758

Number of facilities aggregated for Scopes 1 and 2

	FY2019	FY2020	FY2021
<b>Total (buildings)</b>	<b>183</b>	<b>191</b>	<b>181</b>
<b>Offices</b>	104	110	101
<b>Fitness facilities</b>	45	48	48
<b>Commercial facilities</b>	15	13	16
<b>Hotels</b>	12	13	10
<b>Logistics facilities</b>	1	1	1
<b>Parking lots</b>	4	4	1
<b>Training centers</b>	1	1	1
<b>Heating and cooling center</b>	1	1	1

Scope 3 (Nomura Real Estate Group)

(Unit:t-CO<sub>2</sub>)

Category	FY2019	FY2020	FY2021
1 Products and services purchased	969,704	453,707	702,271
2 Capital goods	71,164	97,862	159,373
3 Fuel- and energy-related activities that are not included in Scopes 1 and 2	27,473	24,854	24,358
4 Transportation and delivery (upstream)	4,081	3,164	4,465
5 Waste generated by businesses	6,858	5,317	7,503

6	Business trips	1,421	936	963
7	Employers' commuting	2,395	2,409	1,917
8	Lease assets (upstream)	-	-	-
9	Transportation and delivery (downstream)	-	-	-
10	Processing of products sold	-	-	-
11	Use of products sold	2,203,005	834,184	1,214,723
12	Disposal of products sold	62,603	19,605	38,859
13	Lease assets (downstream)	19,011	14,025	13,539
14	Franchise	-	-	-
15	Investments	-	-	-
<b>Total</b>		<b>3,367,714</b>	<b>1,456,063</b>	<b>2,167,970</b>

※ Calculation for Category 8 is included in Scopes 1 and 2.

※ Categories with no figures indicate that emission sources do not exist.

## Result 2. Reduce Energy Use

### Energy Consumption Performance (Nomura Real Estate Group)

	FY2018	FY2019	FY2020	FY2021
<b>Energy consumption (MWh/year)</b>	445,772	422,490	381,817	379,428
<b>Energy consumption intensity (MWh/m<sup>2</sup> per year)</b>	0.224	0.208	0.184	0.182

※ FY2018 data covers 190 facilities with a gross floor area of 1,989,974 m<sup>2</sup>, for FY2019, FY2020, and FY2021 data, please refer to Scopes 1 and 2 gross floor area by use and number of facilities aggregated for Scopes 1 and 2.

※ The change in energy consumption in 2021 from the previous year was -0.63%.

### Energy Consumption by Facility Type

	FY2019	FY2020	FY2021
<b>Total (m<sup>2</sup>)</b>	-	-	<b>379,428</b>
<b>Offices</b>	-	-	189,086
<b>Fitness facilities</b>	-	-	74,705
<b>Commercial facilities</b>	-	-	74,607
<b>Hotels</b>	-	-	9,904
<b>Logistics facilities</b>	-	-	2,360
<b>Parking lots</b>	-	-	198
<b>Training centers</b>	-	-	52
<b>Heating and cooling center</b>	-	-	28,516

## Energy Consumption by Energy Type

(Unit:MWh)

	FY2019	FY2020	FY2021
<b>Purchased electricity</b>	255,089	228,825	220,740
<b>City gas</b>	116,068	108,034	116,840
<b>LPG</b>	507	183	436
<b>Class A heavy oil</b>	2,546	1,401	1,303
<b>Gasoline</b>	2,156	0	0
<b>Light oil</b>	0	0	4
<b>Kerosene</b>	5,089	3,544	2,779
<b>Heat</b>			-
<b>Steam</b>	16,552	18,555	18,119
<b>Cold water</b>	24,482	21,275	19,208
<b>Renewable energy (in-house power generation)</b>	1,000	1,818	7,882

## Renewable Energy Consumption

	FY2019	FY2020	FY2021
<b>Total (MWh)</b>	<b>1,000</b>	<b>1,818</b>	<b>7,882</b>
<b>Offices</b>	1,000	1,000	6,230
<b>Fitness facilities</b>	-	-	-
<b>Commercial facilities</b>	-	406	975
<b>Hotels</b>	-	413	677
<b>Logistics facilities</b>	-	-	-
<b>Parking lots</b>	-	-	-
<b>Training centers</b>	-	-	-
<b>Heating and cooling center</b>	-	-	-

※ For FY2019, FY2020, and FY2021 data, refer to Scopes 1 and 2 gross floor area by use and number of facilities aggregated for Scopes 1 and 2.

### Result 3. Promote Solar Power Generation

Solar Power Generating Facility Installation Rate and Electric Power Generated at Landport Logistics Facilities

	FY2018	FY2019	FY2020	FY2021
<b>Solar power generating facility installation rate at Landport logistics facilities (%)</b>	92.9	94.7	90.0	76.0
<b>Electric power generated at Landport logistics facilities (million kWh/year)</b>	12,081	15,194	21,926	22,801

## Initiatives

### Joining RE100

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Nomura Real Estate Holdings, Inc. joined RE100, a global initiative leading the transition to 100% renewable electricity in January 2022.

### Approved by Science Based Targets initiative (SBTi)

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Nomura Real Estate Holdings, Inc.'s CO<sub>2</sub> emissions reduction targets were approved by the SBTi on November 24, 2020.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



## Agreed to Recommendations Made by the Task Force on Climate related Financial Disclosures (TCFD)

Nomura Real Estate Holdings, Inc. and Nomura Real Estate Asset Management Co., Ltd. are fully aware that the substantial impact of climate change on their business continuity is a major management issue, and they therefore agreed to recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in order to further promote their initiatives.

📄 [Special Feature: TCFD](#)



## Business Strategies for Decarbonization

To achieve its [Scope 1, 2, and 3 reduction targets](#), the Group is promoting energy saving, low-carbon business, utilization of renewable energy.

### Group's Initiatives to Reduce CO<sub>2</sub> Emissions

	Initiatives
<b>Emissions in own business operations (Scope 1, 2)</b>	Use of electricity with non-fossil certificates, use of renewable energy in owned assets, initiate/consider renewable energy projects such as in-house renewable power generation
<b>Emissions in the construction stage (Scope 3, category 1)</b>	Use of timber, which is regarded as low-carbon building material
<b>Emissions from customers (Scope 3, category 11)</b>	Establishment of energy conservation performance standards for new buildings completed before FY2029 (based on energy conservation performance (BEI) indicators)

## Net Zero Energy House Initiatives

The Group is developing net zero energy house (ZEH)\* in condominiums from the perspective of comprehensive environment impact reduction. In fiscal 2021, PROUD Musashi-Shinjo Station Marks was selected as a Super High-Rise ZEH-M Demonstration Project of the Ministry of the Environment, Trade and Industry. Also, in fiscal 2022, the Aobadai 2-Chome Project (tentative name) was selected as a

Ministry of the Environment High-Rise ZEH-M Support Project. Looking ahead, we plan to adopt ZEH- and ZEB-oriented standards for all new buildings by 2030. We will also launch initiatives for adopting the same standards to detached housing from fiscal 2022.

### Net Zero Energy House\*: Dissemination Result and Future Target

Result for FY2020/FY2021	Result for FY2022	Target for FY2025
0%	25%	50% or more in all detached houses

※ Housing designed to achieve a net zero annual primary energy consumption by greatly improving the insulation performance of the building envelope by installing highly efficient facilities and equipment to maintain the quality of the indoor environment while substantially reducing energy consumption and then introducing renewable energy.

[ZEH Condominium Initiatives \(Japanese only\)](#)

### “Yukai-full” Enables Condominiums to Reduce CO<sub>2</sub> Emissions

Nomura Real Estate Development developed an air-conditioning system, “Yukai-full”, that makes it possible to reduce CO<sub>2</sub> emissions and realize a healthy and comfortable life, and has installed it in more than 1,000 units.

Yukai full was selected as one of the best 100 products in the 2020 Good Design Awards in recognition of its simple air conditioning system and technology that combines temperature control with standardized comfort.

[News Release \(Japanese only\)](#)

### Environmental Performance Assessments During Product Planning and Design

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 of 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, and Environmental and Product Planning Sheets are used to improve the environmental performance.

※ Thermal insulation performance rating: A housing performance evaluation system pursuant to the Housing Quality Assurance Act. Levels indicate performance in the thermal environment.

[Assessment of Environmental Performance in Condominiums](#)

## Helping Customers to Save Energy

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The Group not only strives to reduce CO<sub>2</sub> emissions from buildings, but also helps condominium residents and tenant companies to save energy.

Specifically, the Group provides a system that calculates total energy consumption and a system that makes it possible to visualize the amount of energy used, realizes energy savings using the enecoQ system, and provides eco-information via a member newsletter.

## Smart Community Collaboration and Cooperation

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Nomura Real Estate Development has entered into an agreement regarding smart community collaboration on Proud City Hiyoshi with Kanden Realty & Development, Panasonic Homes, Kansai Electric Power and Tokyo Gas. In this project, we are able to reduce CO<sub>2</sub> emissions and supply electric power during disasters by implementing the energy management in the entire area.



Proud City Hiyoshi (rendered image)

## Reduction of Chlorofluorocarbons

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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.

## Use of Renewable Energy in Logistics Facilities

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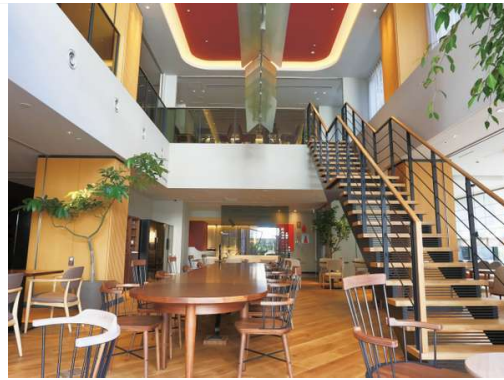
The Group is promoting renewable energy utilization through the solar power generation business. As of March 2022, solar panels were installed on a total of 19 buildings at Landport logistics facilities, with annual output of 22,801 MWh per year for the entire portfolio.

In addition, each hotel of the Nomura Real Estate Group (NOHGA HOTEL UENO TOKYO, NOHGA HOTEL AKIHABARA TOKYO, and HOTEL NIWA TOKYO) has acquired the Eco Mark certification from the Eco Mark Office and is promoting the use of green power by procuring all of its electricity from renewable energy sources.

[🏠 Global Environmental Initiatives of NOHGA HOTEL UENO TOKYO](#)



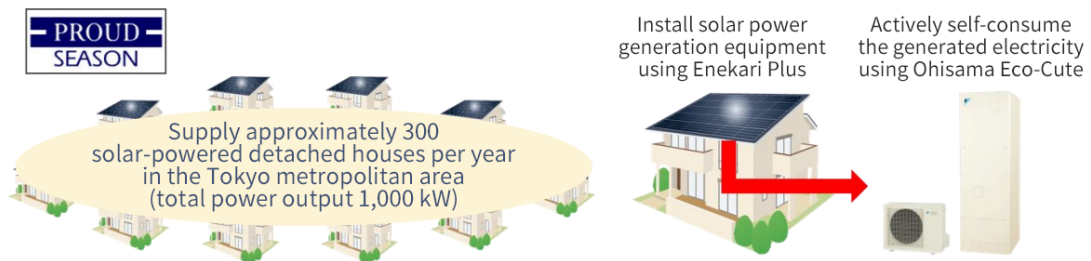
Landport Kashiwa Shonan



NOHGA HOTEL UENO TOKYO

## Solar Power Generation in Detached Housing in the Tokyo Metropolitan Area

Nomura Real Estate Development, in collaboration with TEPCO Energy Partner, has decided to launch a Virtual Mega Solar project in May 2022 to install solar power generation capability at the same scale as mega solar power generation (total output 1,000 kW) in the PROUD SEASON (detached housing). This is the first initiative in Japan to introduce solar power generation with a total output of 1 MWh to detached houses for sale in the Tokyo metropolitan area (300 houses per year on the roof of PROUD SEASON houses), and the two companies will promote this as an initiative for localized generation and consumption of electric power, to conserve and generate energy in the Tokyo metropolitan area, where there are few areas of fallow land to be utilized.



Conceptual image of Virtual Mega Solar

## Participation in Initiatives Related to Climate Change

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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 accordance with the voluntary action plan on the environment established by the Real Estate Companies Association of Japan, the Group endorsed the environmental targets in the real estate industry, and it promotes measures to respond to climate change by working to achieve CO<sub>2</sub> emissions reductions that exceed the statutory required standards.

## Independent Third-Party Assurance Report

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We have asked Lloyd's Register Quality Assurance Ltd. (hereinafter LRQA) to provide assurance on the environmental data.

Please refer to the following Independent Assurance Statement for detail.

 [LRQA Independent Assurance State](#)

## Approach and Policies

### Group Policy (Environment)

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Under the Group Policy, recognizing that the loss of biodiversity poses risks of harming the living and business environments of our stakeholders, we will contribute to CO<sub>2</sub> absorption and conservation of the natural environment through urban greening and forest development to restore forest cycles in Japan and provide habitats for diverse species. In addition, considering our participation in the 30by30 Alliance for Biodiversity, established by the Ministry of the Environment, we will work toward conserving at least 30% of our national lands and sea areas as natural environment zones by 2030.

## Management

### Management (Environment)

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## Targets and Results

### Targets ---

#### **Target 1.**

In order to promote sustainable initiatives with due consideration of biodiversity, the Group specifies areas that require special attention and seeks to acquire biodiversity certifications.

#### **Target 2.**

The Group has set a target to promote the use of domestic/certified timbers to promote the appropriate use of resources and control pollution.

 [Key performance indicators \(KPIs\) for priority issues \(materiality\) up to 2030](#)

**Result 1. Number of Biodiversity Certifications Acquired (ABINC, JHEP, SEGES)**

	FY2018	FY2019	FY2020	FY2021
<b>Number of Certifications Acquired for Newly Developed Properties</b>	2	0	2	3

**Result 2. Promote the Use of Domestic/Certified Lumber**

To reduce the risk of disrupting the ecological balance and impact on local communities due to illegal logging, the Group established the Nomura Real Estate Group Procurement Guidelines and requests its suppliers to use resources and timber sustainably.

## Initiatives

**Agreed to the Declaration of Biodiversity by Keidanren (Japan Business Federation)**

In fiscal 2019, The group agreed to the Declaration with the Keidanren Biodiversity Declaration Initiatives. We are aware that initiatives for biodiversity are important management issues for the Group which is engaged in real estate and urban development. Therefore, we will promote these initiatives, taking into consideration the natural environment and ecosystems.

**Joined the TNFD Forum**

The Group supports the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum in July 2022. The TNFD is an international organization that was conceptualized at the 2019 World Economic Forum Annual Meeting (Davos) and established in June 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wildlife Fund (WWF), and the UK-based environmental NGO Global Canopy. Through its participation in the TNFD Forum, the Group will



continue to assess the impact of all its business activities on biodiversity and promote initiatives for conservation and restoration.

## Participation in the 30by30 Alliance for Biodiversity

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30by30 is a target for nations to conserve or protect at least 30% of their lands and sea areas by 2030 to halt the loss of and restore biodiversity (nature-positive).



In order to achieve the target, the Ministry of the Environment has established the 30by30 Alliance for Biodiversity to expand the protected areas in Japan (currently about 20% of the land and 13% of the sea) and to promote efforts to certify areas that have been conserved by the private sector and others as OECMs. Nomura Real Estate Holdings joined this alliance in July 2022.

## Acquisition of Biodiversity Certification

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The Group actively seeks to acquire biodiversity certification for new construction and owned buildings, such as ABINC certification (certification registered by the Association for Business Innovation in harmony with Nature and Community)<sup>\*1</sup>, JHEP (Japan Habitat Evaluation and Certification Program)<sup>\*2</sup>, and SEGES (Social and Environmental Green Evaluation System series)<sup>\*3</sup>, which assess and certify apartment buildings, office buildings, and other structures regarding efforts to create biodiversity friendly green areas. For PROUD Kokubunji, which was the Group's first ABINC certification acquired in the condominium version, we surveyed the green areas on the site and worked to preserve and restore them as the Musashino Forest in accordance with the ABINC certification standards.

For PROUD Tower Meguro MARC as well, we secured about 82% of its large site (approximately 2.0 hectares) as open areas and considered local vegetation in the planning and development of these areas.

We will continue to develop real estate projects in harmony with nature.

※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.



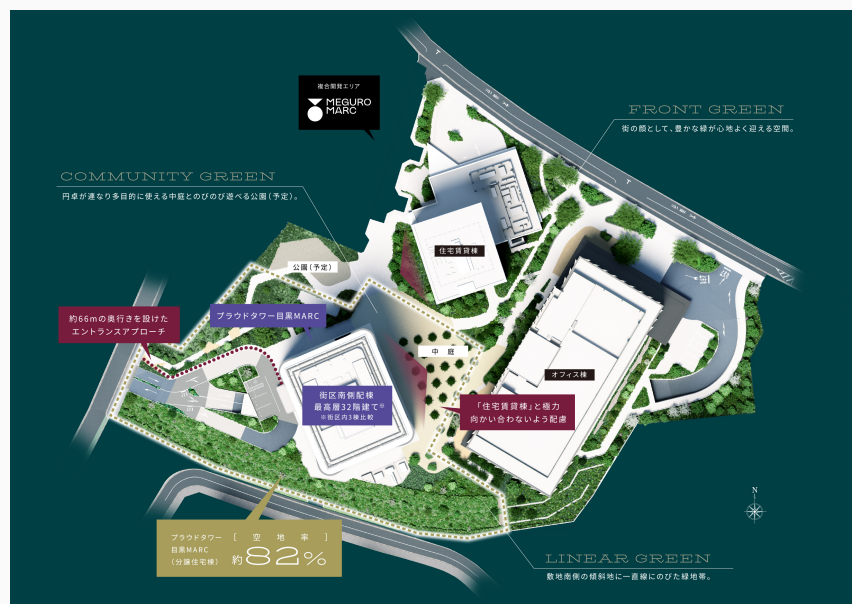
ABINC Certifications Acquired

Year of certification	Certified facilities/condominiums
FY2014	Yokohama Business Park (urban/SC version)
FY2015	PROUD Kokubunji (condominium version)
	Roka Koen The Residence <sup>*1</sup> (condominium version)
	PROUD City Musashino Mitaka (condominium version)
FY2017	PROUD City Kichijoji <sup>*1</sup> (condominium version)
	PROUD Tower Musashi Koganei Cross <sup>*1</sup> (condominium version)
	PROUD Season Inagi Minamiyama (detached housing complex version)
	Project for Noritake Shinmachi 3-chome, Nishi-ku, Nagoya City <sup>*1</sup> (condominium version)
FY2018	HARUMI FLAG <sup>*1</sup> (acquired ABINC ADVANCE certification <sup>*2</sup> )
	The Gardens Ota Tamagawa <sup>*1</sup> (condominium version)
FY2020	PROUD Tower Meguro MARC (urban/SC version)
	Minamiyama Club House (detached housing complex version)
FY2021	PROUD City Musashino Mitaka (condominium version)
	PROUD City Kotake Mukaihara (condominium version)

※1 Application by multiple vendors

※2 ABINC ADVANCE certification: Certification for long-term projects covering a wide area

PROUD Tower Meguro MARC (urban/SC version)



Site plan of the entire premises of PROUD Tower Meguro MARC

## Consideration for Biodiversity in Design, Construction, and Raw Materials Procurement

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The Group has distributed its Procurement Guidelines to more than 4,600 suppliers to ensure biodiversity is taken into account in the design, construction, and raw material procurement processes throughout the supply chain. In fiscal 2020, we conducted monitoring interviews with ten major suppliers. In fiscal 2021, we identified our top 200 suppliers (around 80% of the total) as key suppliers and surveyed 89 of them (around 40% of the total). We provided feedback on the results to all companies that responded to the survey and engaged directly with ten companies.

Going forward, we will continue to encourage suppliers to consider 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 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.](#)

## Green Areas and Tree Planting in Consideration of the Surrounding Environment

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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. In all development projects, the Group requires project managers to submit Environmental and Product Planning Sheets for residential development projects and Sustainability Assessment Sheets for commercial real estate development projects, which include consideration for biodiversity.

### Examples of key assessment points on the Environmental and Product Planning Sheet

- Acquisition of biodiversity certification
- Ingenuity and consideration in tree selection (e.g., use of existing trees)
- Ingenuity and consideration in the landscape of the roadside and surrounding areas (e.g., continuity with roadside trees)
- Creating green roofs and walls

### Promoting Forest Cycling in OKUTAMA TOWN

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In August 2021, we entered into a comprehensive partnership agreement with OKUTAMA TOWN in Tokyo, where we operate. With this agreement, we will work toward preserving the biodiversity and rich natural environment of Tokyo's forests. Furthermore, we will manage these forests, currently consisting of 74.2% cedar and cypress (average stand age of 63 years) and 25.8% broad-leaved trees, by, for example, applying forest management methods that contribute to biodiversity with an emphasis on environmental conservation.

### Project to Create Firefly Habitats in the Yokohama Business Park

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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. (In fiscal 2020 and 2021, no exhibits were conducted to help contain the spread of the COVID-19 pandemic.) 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

## Use of Domestic Lumber

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Nomura Real Estate Holdings and Wing Co. Ltd. became the first private company to sign a triparty “Agreement on the Promotion of Timber Use in Buildings” with the Ministry of Agriculture, Forestry and Fisheries, on March 9, 2022. With this agreement, we aim to use a total of 10,000 m<sup>3</sup> of domestic timber as building materials over the next five years. Through this, we will strive to develop a stable supply chain for domestic timber and promote cyclic use of domestic forest resources and, in turn, achieve both utilization and conservation of forest resources at the same time. We plan to use the timber that we procure as part of this as the building materials in our detached housing business.

In addition, we actively promote the use of domestic and certified timber. In our future construction projects, we plan to apply domestic lumber for the interiors of common areas in PROUD condominiums and introduce a wooden hybrid structure in our office building brand H<sup>1</sup>O.

Domestic lumber not only allows us to provide a more comfortable living environment for our customers but also leads to the reduction of CO<sub>2</sub> emissions and prevention of natural disasters by preserving the recycling of forest resources.

- [News Release \(First private company to sign an agreement with the Ministry of Agriculture, Forestry and Fisheries to promote the use of wood in buildings\) \(Japanese only\)](#)
- [News Release \(Initiatives of the Residential Development Business\) \(Japanese only\)](#)
- [News Release \(Initiatives of the Commercial Real Estate Business\) \(Japanese only\)](#)



Asukayama Residence's common use building made of domestic lumber (rendered image)



H<sup>1</sup>O Gaizenmae (rendered image)

## Promoting the Use of Wood Products in Hotel Businesses

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As part of its environmental protection efforts, Nomura Real Estate Hotels is reviewing the amenities in its guestrooms and switching to biomass and wood-based products to reduce the amount of plastic used. Items to be updated included toothbrushes and hairbrushes made from rice husks, a biologically derived material, and toothbrushes and slippers made from natural bamboo. The switchover is scheduled to start in September 2022 in the four hotels operated by Nomura Real Estate Hotels: HOTEL NIWA TOKYO, NOHGA HOTEL UENO TOKYO, NOHGA HOTEL AKIHABARA TOKYO, and NOHGA HOTEL KIYOMIZU KYOTO.

[📄 News Release \(Initiatives in Hotel Businesses\) \(Japanese only\)](#)

## Use of Certified Wood-derived Paper and Plant-based Inks in the Residential Development Business

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As a general rule to further reduce environmental impact, the Nomura Real Estate Development's Residential Development Division only uses paper made from wood from properly managed forests for its brochures, guides, direct mail, drawings, and newspaper inserts. In addition, it uses vegetable oil inks for printing, which biodegrade more readily than traditional petroleum-based solvents used in the past. Consequently, printed materials with these types of paper and inks display the appropriate logo and statement. We will continue to use environmentally sound products and strive to reduce our environmental impact.

# Circular Design

## Approach and Policies

### Group Policy (Environment)

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Under the Group Policy and recognizing that the depletion of natural resources associated with urban development is a major social issue, we will contribute to realize a decarbonized society and circular economy by reducing waste discharge and by providing urban development and services that promote longer building lifespans, the reuse of materials, and the sharing of spaces.

## Management

### Management (Environment)

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## Targets and Results

### Target

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**Target 1. The Group has set a target to reduce the amount of waste discharge to promote the appropriate use of resources and control pollution.**

**Target 2. The Group is working to reduce its water use.**

**Target 3. 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.**

 [Key performance indicators \(KPIs\) for priority issues \(materiality\) up to 2030](#)

**Result 1. Waste Discharge (Nomura Real Estate Group)**

	FY2018	FY2019	FY2020	FY2021
<b>Waste discharge (tonnes per year)</b>	6,832	6,594	5,112	7,213
<b>Discharge intensity (kg/m<sup>2</sup> per year)</b>	4.867	5.159	3.047	3.504

※ Data covers 125 facilities (1,403,672 m<sup>2</sup>) for FY2018, 121 facilities (1,278,147 m<sup>2</sup>) for FY2019, 106 facilities (1,677,683 m<sup>2</sup>) for FY2020, and 119 facilities (1,527,759 m<sup>2</sup>) for FY2021.

**Result 2. Volume of Water Intake, Discharge and Use (m<sup>3</sup> per year)**

	FY2018	FY2019	FY2020	FY2021	
<b>Water intake</b>		2,062,756	2,287,731	1,698,073	1,920,973
	<b>Surface water</b>	1,784,612	2,017,367	1,395,108	1,555,279
	<b>Recycled water</b>	101,750	103,768	161,533	202,625
	<b>Ground water</b>	176,393	166,596	141,432	163,069
<b>Water use intensity (m<sup>3</sup>/m<sup>2</sup> per year)</b>	1.03	1.12	0.81	0.93	
<b>Water discharge (sewage water)</b>	1,938,782	2,179,558	1,398,456	1,600,913	
<b>Water use</b>	123,974	108,173	299,617	320,060	

※ Scopes cover 190 facilities (2,010,041 m<sup>2</sup>) for FY2018, 183 facilities (2,033,422 m<sup>2</sup>) for FY2019, 191 facilities (2,079,952 m<sup>2</sup>) for FY2020, and 181 facilities (2,058,781 m<sup>2</sup>) for FY2021. Water intake in FY2021 increased by 13.13% from the previous fiscal year.

**Result 3. Provide Products and Services with Long Lifespans and High Durability**

	FY2018	FY2019	FY2020	FY2021
<b>Number of completed properties that offer the re:Premium service</b>	5	17	9	13
<b>Number of properties that adopted the Attractive30 service</b>	11 (1,384)	23 (3,211)	23 (2,390)	28 (2,936)

※ Numbers in parentheses indicate the number of units sold.

# Initiatives

## Reduction and Appropriate Management of Waste Discharge

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The Group plans to reduce 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](#)

### Restoring Condominiums

The Group is working to restore old condominiums into homes with new value. We expanded PROUD Uehara Forest, which was established more than 30 years ago, by utilizing its excess floor space with the latest technologies while improving its livability. As a result, it was certified in 2019 as excellent long-term housing for the first time as an old condominium built by a private developer. It was also certified as having a service life of 65 years by a third-party evaluation agency.

[News Release \(Japanese only\)](#)

### Reduction and Reuse of Waste

The NOHGA Hotel, operated by the Group, is working to reduce and reuse waste through such efforts as reducing the use of plastics by eliminating single-use toiletries and using biodegradable bamboo straws derived from plant fibers. It is also using name plates and handkerchiefs made from reused scraps of leather and Japanese clothing.

[NOHGA HOTEL ENVIRONMENTAL MANAGEMENT](#)



Eliminating single-use toiletries



Name plate made from reused leather scraps



## Effective Utilization of Water Resources

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The Group intends to reduce water consumption throughout the life cycles of products and services.

### **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.](#)

## Water Risk Assessment

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The Group conducts water risk assessments on its properties using the Aqueduct, a tool designed for that purpose. As a result, all properties built by the Group in fiscal 2021 were found to be located in “Low” or “Low-medium” water risk areas and outside of “Medium-high” and higher water risk areas. Therefore, no water was taken from areas designated as “High” or “Extremely-high” by the properties built in fiscal 2021. We will continue to periodically monitor the water risk.

## Collaborating with External Partners to Reduce Water Use

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The Group is a formal member of the Environmental Committee in the Real Estate Companies Association of Japan. In 2013, this committee formulated the Real Estate Industry Environmental Action Plan, which includes specific initiatives such as introducing highly effective water-saving fixtures and automatic faucets and flushing systems. It is aiming for the entire industry to work together in an effort to reduce water usage.

## Initiatives for Longer Life and Increased Durability

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The Group Intends to extend the lifespans of its buildings by using highly durable materials with long lifespans and implementing appropriate management and repair plans.

## Measures to Lengthen Cycles for Large-Scale Repair Work

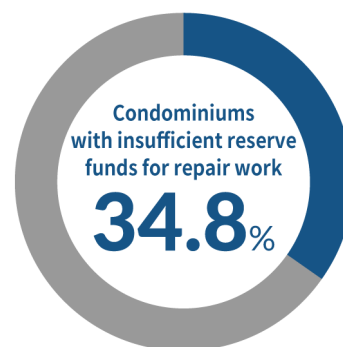
In order to reduce the economic and psychological burdens on condominium residents and management associations and to reliably carry out large-scale repair plans, the Group offers products and services intended to lengthen large-scale repair work cycles.

## Measures at Completed Condominiums

Due to the aging of the population and the increase in vacant dwelling units, about 35% of condominiums are unable to accumulate sufficient reserves for repairs as scheduled (source: data by Ministry of Land, Infrastructure, Transport and Tourism). The re:Premium repair and maintenance service offered by the Group is designed to extend the cycle for large-scale repair work for PROUD condominiums that have already been completed. The service can extend the typical 12-year cycle for large-scale repair work to 16 to 18 years and result in ultra-long-term improvement plans of up to 60 years after the completion of construction. It extends the lifespans of buildings and reduces demolition waste. It also reduces the psychological and economic burdens on customers by substantially cutting lifecycle costs. For these reasons, the Group is striving to expand the scope of properties that adopt the re:Premium service.

In fiscal 2020, drainage pipe repair work in the common use areas for replacing older pipes made of different materials with plastic pipes all at once to improve performance and reduce lifecycle costs for the Coop Nomura Higashi Rokugo, which is under Group management, was certified as a model project for extending the life of condominium stock with the support of the Ministry of Land, Infrastructure, Transport and Tourism.

[News Release\(Japanese only\)](#)



Source: Ministry of Land, Infrastructure and Transport, 2018 Condominium general survey result report

## 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. Under this initiative, the Group will promote the adoption of highly durable materials and construction techniques and the introduction of the re:Premium service to realize an extension of the cycle for large-scale repair work.

[News Release\(Japanese only\)](#)

## Collaboration with Suppliers

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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 Procurement Guidelines and is working with all of its suppliers to reduce its environmental load.

### **Nomura Real Estate Group 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.](#)

# Addressing Environmental Pollutants

## Approach and Policies

### Group Policy (Environment)

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Under the Group Policy, the Group will work to reduce environmental pollution by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications.

## Management

### Management (Environment)

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## Initiatives

### Response to Soil Contamination/Water Pollution

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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.

The Group takes appropriate action to prevent environmental impact and detrimental health effects caused by soil contamination and chemical substances.

## Proper Management and Reduced Usage of Chemicals

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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

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The Group handles asbestos found during demolition work with the utmost caution and care by cordoning off affected areas and ensuring regular third-party testing of concentration and emissions. We also conduct continuous monitoring to ensure that no problems exist.