



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, use of renewable energy, and appropriate resource use.

In addition, we comply with environmental laws and regulations and implement appropriate environmental management.

Enhancing Environmental Management .....	49
Responses to climate change .....	54
Efficient Use of Water Resources .....	61
Consideration for Biodiversity .....	63
Appropriate Resource Use and Pollution Prevention .....	68

# Enhancing Environmental Management

## Approach and Policies

As environmental problems including climate change, depletion of natural resources, and destruction of ecosystems become increasingly severe, international frameworks such as the Paris Agreement and the Sustainable Development Goals (SDGs) have been launched and responding to environmental problems has become an urgent social issue.

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 environment problems that have substantial impact on 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 of environmental problems throughout the Group and reduce environmental impact by complying with environmental laws and regulations, conducting supplier management, and obtaining environmental certifications. As a result of deliberations by the CSR Committee during fiscal 2017, we identified the following five matters as particularly important issues, and we are working to step up our initiatives in these areas.

- Enhancing Environmental Management
- Responses to climate change
- Use water resources efficiently
- Show consideration for biodiversity
- Use resources appropriately and prevent pollution

## ■ Nomura Real Estate Group Environmental Philosophy

Nomura Real Estate Holdings established the Nomura Real Estate Group Environmental Philosophy as a guide for Group environmental measures. Based on the 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 the current natural environment down 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, deliberates on and decides related policies and action plans.

Starting in fiscal 2018, environmental management targets were set, and the Committee monitors progress.

## Targets

The Group seeks to obtain environmental, green building certifications for new construction and owned properties (DBJ Green Building,<sup>\*1</sup> LEED,<sup>\*2</sup> and CASBEE<sup>\*3</sup>).

### \*1 DBJ Green Building

A certification program developed by the Development Bank of Japan to promote real estate development that considers environmental performance, disaster preparedness, and security as well as social needs from diverse stakeholders.

### \*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 local assessment programs such as CASBEE Kawasaki, which are tailored and administered by local governments.

## Environmental Management System

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.

## CSR Procurement Guidelines Established

The Group established the Nomura Real Estate Group CSR Procurement Guidelines. The Group will continue its efforts with suppliers to address environmental issues.

### 【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of environmental sections)】

#### Consideration for the Environment

- Endeavor to make continuous improvements for reducing environmental impacts 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

The Group undertakes environmental responses in the design and construction phases of condominiums, leased offices, and other structures in accordance with 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. Revisions were made in fiscal 2017 to reinforce responses to social and environmental problems.

### 【Details of revisions (excerpts)】

- Statement of primary energy consumption
- Set a target of acquiring at least BELS★★★\*
- 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

\*BELS stands for Building-Housing Energy-efficiency Labeling System, which was established by the Ministry of Land, Infrastructure, Transport and Tourism

## Performance

### Promotion Measures

Fiscal 2017 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 certification for newly-constructed properties

Type	FY 2017
Acquisition rate by newly-constructed office buildings, retail facilities, logistics facilities, and condominiums	100%

List of Environmental Certifications Acquired (FY 2017)

Certification name	Property
DBJ Green Building	<p>【Office Buildings】 PMO Shibuya, PMO Tamachi Higashi, PMO Higashi-Shinbashi, PMO Hatchobori Shinkawa, PMO Kyobashi Higashi</p> <p>【Retail Facilities】 GEMS Ebisu, GEMS Kayabacho, GEMS Jingu-Mae, GEMS Sangenjaya</p> <p>【Logistics facilities】 Landport Takatsuki</p> <p>【Rental housing】 PROUD FLAT Monzen-nakacho, PROUD FLAT Miyazakidai</p>
LEED	Landport Takatsuki

### Environmental Compliance

In fiscal 2017, the Group did not commit any violations of environmental laws and regulations in the manufacture, sale, or management of its products and services. The Group also did not receive any external indications of violations.

# Responses to climate change

---

## Approach and Policies

---

The Nomura Real Estate Group uses energy and natural resources in the course of conducting business activities, and we are well aware that the substantial impact of climate change on business continuity is a major management issue.

Stricter environment regulations and increased natural disasters resulting from climate change will impede the continuation of business and lead to risks of higher material procurement costs and construction expenses. Moreover, it is possible that operating costs including electricity fees and insurance premiums will increase, with major impacts on customers including residents and tenant companies.

Based on this understanding, the Group is working with stakeholders including suppliers such as design and construction companies as well as customers to carry out low-carbon and energy-saving measures and promote efficient energy use and renewable energy utilization.

In addition, we are creating added-value business and contributing to the creation of sustainable societies by providing products and services in response to these issues.

## Management

---

### ■ Management Structure

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 address climate change. 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, deliberates on and decides related policies and action plans. Starting in fiscal 2018, climate change targets were set, and the Committee is monitoring progress.

## Targets

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

- Reduce CO<sub>2</sub> emissions

### [Quantified Target]

30% Reduction in the Group's CO<sub>2</sub> emissions (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 a company's CO<sub>2</sub> 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

- Reduce energy consumption
- Promote solar power generation

## ■ Responding to Physical Risks

When developing real estate, the Group confirms hazard maps and implements localized severe rain and flooding countermeasures in accordance with quality manuals.

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.



## ■ Environmental Performance Assessments During Product Planning and Design

When developing housing, office buildings, retail facilities, logistics facilities, and so on, 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 with environmental performance assessment points 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 use 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 undertaking business intended to save energy and create a low-carbon society, and is pursuing the acquisition of environmental certifications.

## 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.

### Initiatives at the PROUD Tsunashima SST Condominium

The PROUD Tsunashima SST (located in Yokohama City, Kanagawa Prefecture), a condominium developed by the Group, acquired LEED Gold certification and CASBEE Yokohama S rank (self-assessment) for its initiatives to reduce carbon and save energy.



### Initiatives at the Yokohama Nomura Building

The Yokohama Nomura Building (located in Yokohama City, Kanagawa Prefecture), which was developed by the Group, received LEED CS certification (Gold), CASBEE NC certification (S rank), and SEGES certification.



A cogeneration system

#### 【Environmental Features】

- BCP performance was enhanced using a mid-story seismic isolation structure, a dual-fuel emergency generator,<sup>\*1</sup> and a cogeneration system.<sup>\*2</sup>
- Natural ventilation fans directly introduce outside air in consideration of reducing air conditioning loads over the medium term and business continuity during power outages.
- Reinforcement of environmental performance (cogeneration systems, rainwater use systems, etc.)

<sup>\*1</sup> Generators that can generate electric power using medium-pressure gas and oil. Such generators have higher reliability during emergencies compared to conventional generators.

<sup>\*2</sup> A system that uses waste heat produced during gas electric power generation as a heat source for building air conditioning. Such systems offer outstanding energy-saving performance and can operate partial air-conditioning functions even during power outages.

## Yokohama Global Warming Countermeasures Award Winner

Nomura Real Estate Development won the Yokohama Global Warming Countermeasures Prize of the 25th Yokohama Environmental Activities Award for undertaking business with outstanding global warming countermeasures.

### Use of Renewable Energy

The Group is using the roofs of Landport logistics facilities to operate a solar power generation business.

As of March 2018, solar panels were installed on a total of 12 buildings with annual output of 11.55 million kWh.



Landport Takatsuki

### Purchase of Green Electric Power

The Group purchases green electric power. In fiscal 2017, the Nihonbashi Muromachi Nomura building (located in Chuo-ku, Tokyo) purchased 1 million kWh of power over the year.

### Helping Customers 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 see 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.

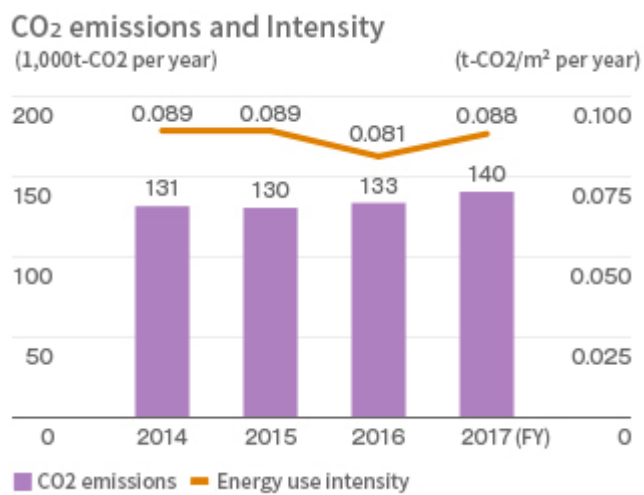
## Performance

### Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

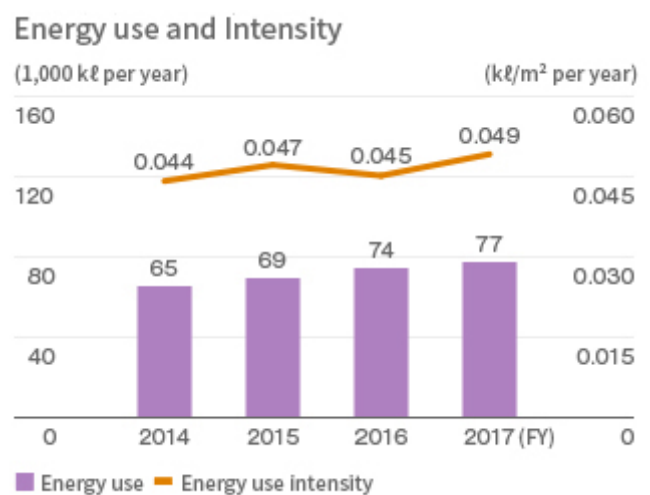
\* Unless otherwise indicated, the reporting scope is the Group.

#### Reduce CO<sub>2</sub> emissions



	FY 2014	FY 2015	FY 2016	FY 2017
<b>CO<sub>2</sub> emissions (1,000t-CO<sub>2</sub> per year)</b>	131	130	133	140
<b>Emissions intensity (t-CO<sub>2</sub>/m<sup>2</sup> per year)</b>	0.089	0.089	0.081	0.088

#### Reduce energy consumption



	FY 2014	FY 2015	FY 2016	FY 2017
<b>Energy use (1,000 kℓ per year)</b>	65	69	74	77
<b>Energy use intensity (kℓ /m<sup>2</sup> per year)</b>	0.044	0.047	0.045	0.049

\* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m<sup>2</sup>).

## Promote solar power generation

	<b>FY 2017</b>
<b>Solar power generating facility installation rate at Landport logistics facilities</b>	100%
<b>Electric power generated at Landport logistics facilities</b>	11.55 million kWh/year

# 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, there may be substantial impacts on business in the future including risks in overseas business, 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

Nomura Real Estate Holdings' 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 Nomura Real Estate Holdings and Group company directors and others and is chaired by the Nomura Real Estate Holdings executive vice president, deliberates on and decides related policies and action plans.

Starting in fiscal 2018, targets regarding efficient water resource use were set, and the Committee is 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.

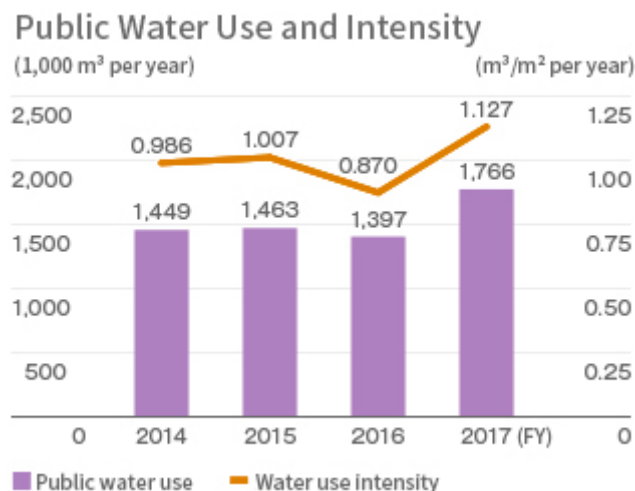
In addition, fixtures are systematically replaced with water-saving devices when performing renovations.

## Performance

### Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

### Reduction in Water Use



	FY 2014	FY 2015	FY 2016	FY 2017
<b>Public water use (1,000 m³ per year)</b>	1,449	1,463	1,397	1,766
<b>Water use intensity (m³/m² per year)</b>	0.986	1.007	0.870	1.127

\* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m²). However, data concerning waste volume and water use covers only some facilities. (Waste volume: 114 facilities with 1,395,411.05 m²; water use 163 facilities with 1,566,969.01 m²)

# Consideration for Biodiversity

---

## Responses to climate change

---

In the course of constructing and demolishing building and procuring construction and raw materials in real estate and urban development, the Nomura Real Estate Group has an impact on 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, and 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 this understanding, the Group works with design and construction companies and other suppliers to minimize impacts on biodiversity through real estate development and materials procurement that achieves harmony with nature.

## Management

---

### ■ Management Structure

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 address 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, deliberates on and decides related policies and action plans.

Starting in fiscal 2018, targets regarding consideration for biodiversity were set, and the Committee is monitoring progress.



## Targets

The Group seeks to acquire biodiversity certification (ABINC,<sup>\*1</sup> JHEP,<sup>\*2</sup> SEGES<sup>\*3</sup>) 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 published 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 (excerpt of sections dealing with biodiversity)】

- 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.

## 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 with consideration not just for the comfort of customers and local residents, but also for the surrounding environment and ecosystems.

### 【Main Points of Tree Planting Plans that Consider Biodiversity】

- Improving green coverage rates through effective use of bushes and tall trees
- Cool spots created by tall trees
- Continuity with neighboring green areas and consideration for their ecosystems
- Maintenance of vegetation and green areas by experts

## Performance

### Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

\* Unless otherwise indicated, the scope of reporting is the Group.

### Acquisition of Biodiversity Certification (ABINC/JHEP/SEGES)

#### Number of Biodiversity Certifications Acquired in Fiscal 2017

	FY 2017
<b>Number of Certifications Acquired for Newly Developed Properties</b>	4

## List of Projects that Acquired Certification

Certification Name	Property
ABINC	<p>【FY 2017】</p> <ul style="list-style-type: none"> <li>• PROUD City Kichijoji (condominium in Mitaka City, Tokyo)</li> <li>• Hino City Project (condominium in Hino City, Tokyo)</li> <li>• Musashino Koganei Project (condominium in Koganei City, Tokyo)</li> </ul> <p>PROUD Season Inagi Minamiyama</p> <p>【Ongoing】</p> <ul style="list-style-type: none"> <li>• Yokohama Business Park (offices and other facilities in Yokohama City, Kanagawa Prefecture)</li> <li>• PROUD Kokubunji (condominium in Kokubunji City, Tokyo)</li> <li>• PROUD City Musashino Mitaka (condominium in Musashino City, Tokyo)</li> <li>• Roka Koen The Residence (condominium in Setagaya-ku, Tokyo)</li> </ul>
JHEP	<p>【Ongoing】</p> <ul style="list-style-type: none"> <li>• PROUD City Musashino Mitaka (condominium in Musashino City, Tokyo)</li> </ul>
SEGES	<p>【Ongoing】</p> <ul style="list-style-type: none"> <li>• Yokohama Nomura Building (office building in Yokohama City, Kanagawa Prefecture)</li> <li>• PROUD City Urawa (condominium in Saitama City, Saitama Prefecture)</li> </ul>

## PROUD City Musashino Mitaka Acquires ABINC and JHEP Certifications

The Group obtained ABINC certification (Association for Business Innovation in harmony with Nature and Community) and AA rank certification under JHEP (Japan Habitat Evaluation and Certification Program) for PROUD City Musashino Mitaka (Musashino City, Tokyo) for plans that give consideration to the preservation of the abundant natural environment and ecosystems in Musashino City.

## 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 the time enjoyably.

These measures were implemented in accordance with ABINC (Association for Business Innovation in harmony with Nature and Community), and ABINC certification was subsequently obtained.



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 every year since 2008 at the Yokohama Business Park (YBP) (Yokohama City, Kanagawa Prefecture) 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

# 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 the natural environment as well as customers' health. Accordingly, proper use is essential.

Against the backdrop of rising concerns regarding the depletion of natural resources and the perception of the generation of large amounts of waste and the resulting pollution as social issues, the Group is aware that the appropriate use of resources and measures to reduce the amount of waste generated are its responsibility.

It is essential that these measures be undertaken not only by the Group independently, but in cooperation with customers (residents, tenant companies, facility users), suppliers, and other stakeholders.

The Group is working to reduce its environmental impact by reducing waste, properly managing chemical substances, and appropriately using resources with consideration for sustainability.

## Management

---

### ■ Management Structure

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 promote appropriate resource use and pollution prevention.

In addition, the CSR Committee, which comprises directors of Nomura Real Estate Holdings and Group companies and others and is chaired by the executive vice president of Nomura Real Estate Holdings, deliberates on and establishes related policies and action plans.

Starting in fiscal 2018, targets regarding appropriate resource use and pollution prevention were set, and the Committee is monitoring progress.

## Targets

The Group has set the following two targets to promote appropriate resource use and pollution prevention.

- Reduction in Waste Discharge
- Encourage the use of domestic / certified lumber

## Responses Regarding Substances of Environmental Concern

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

### Soil Contamination Surveys

When acquiring land, the Group investigates the history of use of the site, and if soil contamination is suspected, hires specialists to conduct soil surveys. If soil contamination is found, 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.

### 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 (the 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) at the time of completion of construction.

## Appropriate Asbestos Measures and Ongoing Monitoring

The Nomura Real Estate Group handles asbestos found during demolition work with the utmost caution and care by cordoning off affected areas and ensuring regular third-party testing to determine presence and concentration. 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 and reduce waste discharge throughout the life cycles of products and services.

## ■ Collaboration with Suppliers

The Group established the Nomura Real Estate Group CSR Procurement Guidelines. Going forward, we will continue working with suppliers to reduce impact on the environment.

### 【Nomura Real Estate Group CSR Procurement Guidelines (excerpts of related provisions)】

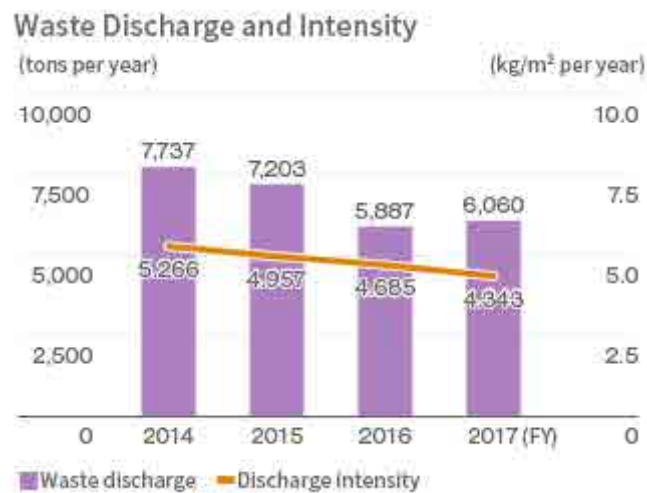
- Endeavor to appropriately manage hazardous chemicals and reduce the amounts used.
- Endeavor to reduce and appropriately manage waste.
- When procuring raw materials, take into consideration the conservation of biodiversity and sustainable use of resources. In particular, when procuring wood and wood products, take due care not to use illegal logged timber, and endeavor to use wood that has been produced by sustainable methods, such as with recycled wood and certified wood.

## Performance

### Promotion Measures

Fiscal 2017 performance against the set targets was as set forth below.

#### Reduce waste discharge



	FY 2014	FY 2015	FY 2016	FY 2017
<b>Waste discharge (tons per year)</b>	7,737	7,203	5,887	6,060
<b>Discharge intensity (kg/m<sup>2</sup> per year)</b>	5.266	4.957	4.685	4.343

\* Environmental data covers facilities subject to reporting under the Act on the Rational Use of Energy (in the 2017 fiscal year, 184 facilities with a total of 1,592,806.91 m<sup>2</sup>). Data concerning waste volume and water use, however, covers only some facilities. (Waste volume: 114 facilities with 1,395,411.05 m<sup>2</sup>; water use 163 facilities with 1,566,969.01 m<sup>2</sup>)

#### Encourage the use of domestic / certified lumber

The Group established the Real Estate Group CSR Procurement Guidelines, which provide for the sustainable use of resources and the use of wood materials.