

NTT Urban Development Group

ESG Additional Report 2017

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About ESG Additional Report

This is a concise and systematic information disclosure report compiled for stakeholders with interest in information regarding NTT Urban Development Group's ESG (Environment, Society and Governance). This report contains a summary of policy, approach and activities relating to the main areas of ESG and their results. Guides to other materials containing appropriate and more detailed content are provided (hyperlinks).

An easy-to-read summary covering the essence of CSR information has also been released in an English digest version that details new topics.

○Reporting Organizations

We strive to report activities of the whole NTT Urban Development Group. The activities of individual NTT Urban Development Corporation entities are clearly stated.

○Reporting Period

Fiscal 2016 (April 1, 2016 to March 31, 2017)

* Some activities occurring before and after the reporting period are included.

○Enquiries

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1 Governance

1) Corporate Governance

In regards to corporate governance, refer to p. 41–53 (Corporate governance) of the [Annual Securities Report](#).

2) Risk Management

In regards to risk management, refer to p. 16–17 (Operating risks) and p. 43–46 (Development of internal control system; Status of the development of a risk management system) of the [Annual Securities Report](#).

3) Corporate Ethics

Regarding corporate ethics and compliance (including anti-corruption and the same shall apply hereafter) within NTT Urban Development Corporation, guidelines etc. relating to corporate ethics and compliance have been established and publicized on the company's homepage. Also, a Corporate Ethics Promotion Committee has been established to deliberate policies that run against corporate ethics and compliance, and deal with violations. Furthermore, in addition to providing guidance and supervision to ensure there are no compliance violations or corruption, our board members and organization head, in order to create awareness building among our workers, provide corporate ethics and compliance training annually along with a questionnaire regarding the training to create a thorough understanding. We have also continued dissemination to employees of the “Corporate Ethics and Compliance Help Line”, which serves as reception.

In our company regulations, and at time of filing a procedure, it is made clear to those filing a report to reception that they will, in no way, receive any unfavorable treatment from the company for making the report.

When commencing transactions with foreign companies, in addition to conducting credit checks including their presence on sanctions lists in advance, we encourage inclusion of items relating to anti-corruption in the contract.

Due to these activities, there has never been disciplinary action taken against an employee at NTT Urban Development Corporation for corruption. We have also never paid any corruption-related fines or damages.

4) CSR Management

Based on “CSR Basic Policy”, NTT Urban Development Group has embodied and enhanced “CSR through business itself”. The main areas are customer satisfaction activities, disaster prevention, environmental activities and employee awareness.

With NTT Urban Development Corporation executive vice president serving as committee chairman, CSR Committee meetings, comprising of full-time auditors, in addition to heads of major organizations, are periodically held where various opinions on important matters are raised and consolidated. Based on the decisions of the CSR Committee, our CSR Promotion Office, with close cooperation between each section, branch office and group company, promotes activities at each location. As a part of this, annual training takes place for every group employee.

Our group actively participates in events to strengthen NTT Group cooperation, starting with the “NTT Group CSR Conference”.

◆ Basic CSR Policy of the NTT Urban Development Group

CSR message

As a member of the NTT Group, we will help create a sustainable society that offers comfortable lifestyles. We will achieve this by providing quality real estate services that realize urban planning that satisfies the needs of customers and members of the wider public and brings smiles to their faces.

CSR Themes

■ Communication with stakeholders

We view customers, members of the wider public, and every person and company involved in urban planning as important partners. By communicating with these partners sincerely, we will realize better urban planning.

■ Creation of comfortable and lively living spaces

By creating living spaces that are safe and comfortable for everyone and business spaces that are functional and convenient, we will develop appealing, lively urban areas.

■ Promotion of environmentally friendly development

We will reduce the environmental burden associated with urban planning. Furthermore, we will innovate to develop comfortable urban areas that incorporate nature.

■ Creation of workplaces where diversity is respected

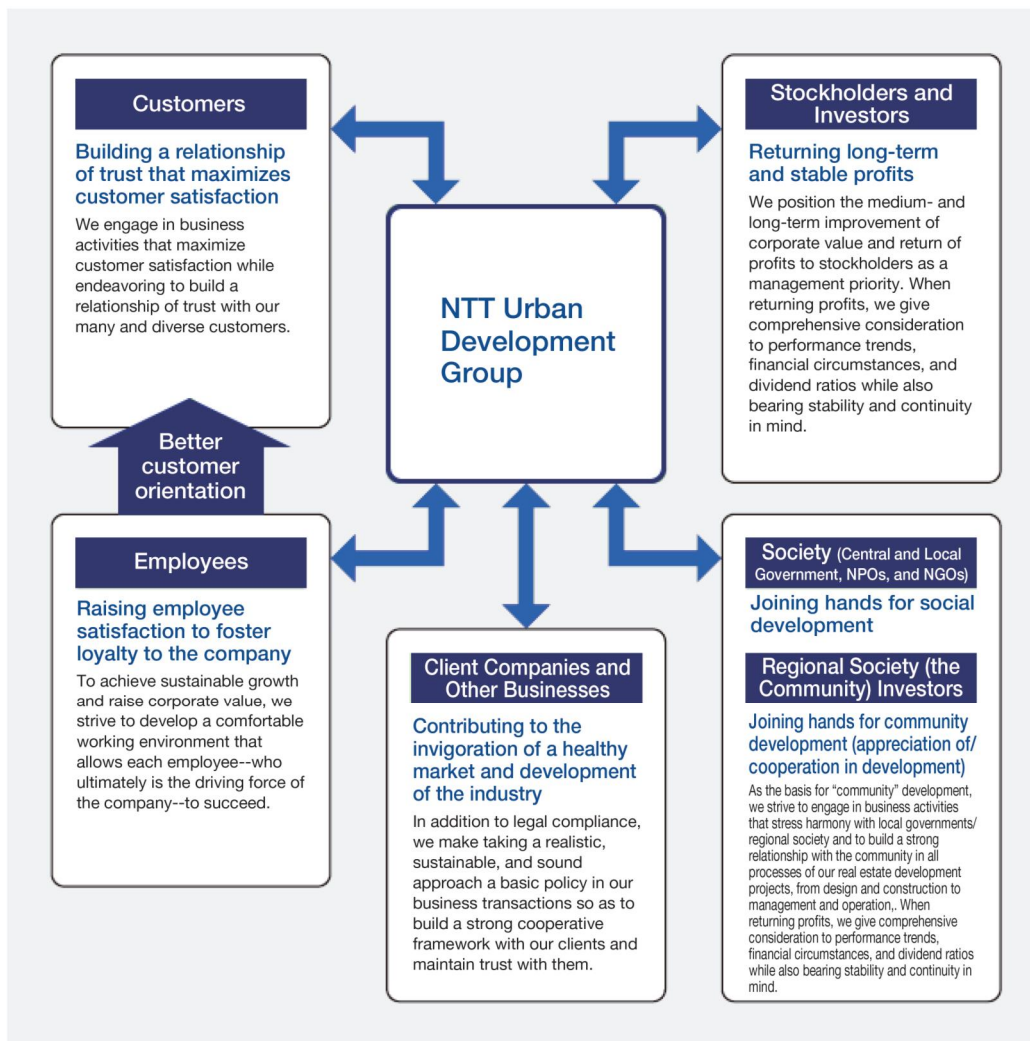
We will respect employees' individuality and emphasize diversity to create vibrant workplaces.

■ Sound business activities

Maintaining a strong sense of gratitude, ethics, and human rights, we will conduct business activities responsibly to enrich society.

5) Relationship of Trust with Stakeholders

NTT Urban Development Group consistently strives to maintain and develop a trusting relationship with all our stakeholders.



6) Principle ESG External Evaluations

- Listed on FTSE 4Good Index (September 2008–)
- Listed on FTSE Blossom Japan Index (June 2017–)
- GRESB 2-star rating (2016)

* Selected as “Sector Leader” for the Asia Multi-Complex (Residential / Office Section) in the GRESB (Global Real Estate Sustainability Benchmark) real estate assessment.

2 Society

1) Creation of Comfortable and Lively Living Spaces

NTT Urban Development Group has developed many high quality and reliable office buildings centered in areas that are easily accessed by public transport. By employing optimum telecommunications infrastructure and building equipment for each building, and providing convenience, comfort and safety, we continue to provide an environment that contributes to business productivity. We also acquire buildings in the U.K and U.S.A, and provide the same high quality environment as we do with our domestic properties. In commercial facilities that we develop and manage in major Japanese cities, we are revitalizing regions in cooperation with the local tenants.

In residential development, we are aiming to create houses that can be lived in for generations while maintaining the building's asset value. We have also been focusing recently on creating an environment where the elderly and their families can live with peace-of-mind.

In development overall, we strive for urban development that places importance on the local history and culture.

2) Safety / Quality

① Office buildings / Commercial facilities

NTT Urban Development Corporation, based on the August 2009 "Safety and Quality Policy", is consistently involved in creating high quality buildings and services where anybody can live safely with peace-of-mind.

NTT Urban Development Corporation Policy on Safety and Quality

We provide comfortable environments through the creation of safe, secure, and high-quality buildings and services.

We strive to assure safety in the in the present, future, and in emergency situations, and maintain and improve quality in all aspects of planning, design, construction, and management processes.

Action policies

1. To meet the needs and wishes of our customers, we will strive to assure continued safety and quality in line with changing times.

- | |
|--|
| <ol style="list-style-type: none">2. We will implement measures based on our commitment to customer safety as a maximum priority.3. We will endeavor to deliver maximum durability, reliability, and functionality, and also promote disaster preparedness, crime prevention, security measures, maintenance, and universal design. |
|--|

Akihabara UDX (Chiyoda-ku, Tokyo), which houses NTT Urban Development Corporation's headquarters, has acquired BOMA 360 designation in the superior building accreditation program, "BOMA 360 Performance Program", of Building Owners and Managers Association (BOMA) International.

Barrier-free Buildings

At Shinagawa Season Terrace, a large-scale multi-complex facility opened in 2015, we strived for a detailed design for a facility that anybody can use with ease. We also underwent checks by employees in wheelchairs from NTT Claruty Corp., NTT Group's special subsidiary company employing disabled workers.
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Also, in preparation for the 2018 completion of NTT Urban Development Corporation's "Otemachi 2-Chome Redevelopment Project", in regard to lower level flow line plans and necessary equipment, we have enlisted the help of NTT Claruty Corp. from an early stage in the planning.
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② Residential

In the "Wellith" condominium series provided by NTT Urban Development Group, in order to create good quality living with "comfort for now and the future", and to preserve the quality of our customers' important asset after handing over the keys, building operation and maintenance is conducted by our group companies.

In house making, we are striving to ensure quality by managing design and construction content at those stages based on quality standards and each technical manual. In addition, we are sharing our ideas from a wide perspective throughout all our residential projects with the "Wellith Code". So, in order to have our customers understand our reliable quality, we actively utilize the "Housing Performance Indication System" which fairly evaluates housing performance with nationally certified third-party organizations.

In rental housing, we are basically designing and constructing buildings that do not pale in comparison to condominiums in terms of quality.

The six senses of quality behind the Wellith brand

- **PERMANENCE:** To engage in initiatives towards long-lasting housing that will serve as stock for better communities through the leveraging of technologies used to construct robust buildings of a high public nature, such as buildings used for communications services.
- **CREATION OF LANDSCAPES:** To engage in Group-wide initiatives towards the resolution of environmental issues based on the “Green Design Guideline for Buildings”. This is also used for environmental creation in relation to condominium apartment buildings.
- **SAFETY AND SECURITY:** To engage in crime and disaster prevention measures through a concerted effort from the entire Group, starting with earthquake-proofing measures upon which a large part of the trust placed in the Group is based, and to strive to create spaces with particular attention paid to safety and security, through safety considerations for indoor environments and the like.
- **RELIABLE MANAGEMENT:** To strive to provide a rich array of after-sales services and comprehensive apartment management befitting the trust placed in the Group by customers backed by a concerted effort from the Group as a whole.
- **COMFORTABILITY:** To strive to expressly respond to the ever advancing and diversifying needs of our customers based on the history and tradition of our housing construction business, which has overseen the construction of tens of thousands of homes.
- **ADVANCED INFORMATION TECHNOLOGY:** To apply the latest technologies of the NTT Group in condominium apartments at the earliest possible stage.

3) Customer Satisfaction

① Office buildings / Commercial facilities

At NTT Urban Development Corporation, we have established the “CS Committee”, “CS Promotion Practice”, and “Service Improvement Committee” as places to look into how to improve customer service. The CS Committee carries out customer service policy and commendations in our office rental business, and CS Promotion Practice identifies individual issues in each building, and conducts horizontal development of good practices and problem solving across

the organization. And the Service Improvement Committee is involved in everyday customer service by having the whole staff of each building be involved in the disaster prevention center, security, and cleaning.

At these investigative committees, results from a periodic “CS Questionnaire” for tenants are shared and utilized.

We have also established a commendation system for partner companies whose contributions to our customers are outstanding, and the recipients are introduced in “CS Activity NEWS” which is published four times a year.

② Residential

For subdivisions, we have set up the “Residential CS Promotion Office” to consolidate customer opinions, and we are striving to provide detailed, face-to-face service directly to the customer.

In rental housing, we are, as landlords, working hard to communicate with customers after they move in. Especially for service-included housing for the elderly, we place great importance on dialogue with each and every customer.

4) Disaster Prevention

① Office buildings / Commercial facilities

NTT Urban Development Corporation has established emergency and normal time systems, and basic items related to response, and we are conducting Business Continuity Management activities in order to limit human casualties and physical damage and restore business operations at an early stage. Concerning large-scale earthquakes and tsunami which have a high probability of striking in the future, and flood damage resulting from the frequent occurrence of localized torrential downpours caused by environmental change, we are investigating measures from a wide perspective and progressing in a sequential manner.

In addition to checking the earthquake resistance of each building structure, we are working on earthquake-proofing measures for evacuation areas and ceilings of important rooms, earthquake-proofing measures for elevators, and measures for building flooding by installing flood control plates. Furthermore, we are also promoting the introduction of a system that judges the extent of damage to building structures after a large-scale earthquake. Also, we are providing disaster prevention systems and disseminating evacuation procedures,

holding anti-disaster drills and seminars, and distributing disaster prevention guidebooks etc. according to the situation of each building.

② Residential

From the experiences of the Great East Japan Earthquake, NTT Urban Development Corporation is reviewing its condominium / rental apartment disaster prevention measures from a wide perspective, and taking measures that are appropriate for each property. Disaster prevention equipment such as power generators, collapsible “manhole toilets” that can be used when the water supply is cut off, “Kamado benches”, which are benches used in relaxation and refreshment spaces that can be quickly transformed into cooking stoves, and emergency drinking water production systems, are being installed in accordance to the situation of each property.

5) Community

① Communication with the community

At NTT Urban Development Group, not only do we develop office buildings, commercial facilities, hotels and apartment buildings, but management also places a lot of importance on communication with the local community.

In developing, we strive to make sure the appearance of the building is in harmony with the surrounding scenery, and aim to reflect the various needs of the community and neighborhood in the plans. In management, we are also actively participating in community councils.

② Local / Social contribution activities

NTT Urban Development Group continues to have each branch and group company contribute to activities such as local beautification and safety, and local development.

We have also established a volunteer support system. In addition to a support system where, as a company, our employees are engaged in volunteer activities in regions where large-scale disasters have struck, we have also introduced a “Matching Gift Program”, where our company contributes the same amount of money donated by our employees, and a “Volunteer Gift Program”, where items and equipment are donated to volunteer programs that our employees are involved in.

Citizenship Activities Policy

As a corporate citizen, we shall work with others to promote community development activities and contribute to the prosperity of society.

When implementing citizenship activity programs, we shall:

1. Leverage our core business

We shall endeavor to enhance our contribution to society by effectively leveraging our resources as a general real estate company and integrating achievements with our business activities.

2. Work with communities

We shall foster dialogue with communities and conduct activities that contribute to their development.

3. Support the personal growth of employees

We shall provide our employees with learning opportunities to grow not only as employees but also as members of society so as to develop their awareness of corporate citizenship and motivate them to participate in citizenship activities.

6) Workplace

① Career support

At NTT Urban Development Corporation, in order to actively support employees who aim to improve their skills, we have established a self-development support program where the company bears the costs of gaining qualifications (approx. 100 qualifications) from correspondence courses and Web seminars (280 courses and seminars). We are also aiming to nurture human resources who can be active globally, and offer study abroad opportunities at foreign graduate schools and short-term study abroad language programs.

② Work-life balance

At NTT Urban Development Corporation, with the goal of realizing a work-life balance for each employee, as well as setting up a company system above legal requirements we conduct training related to information about the system and post it on our company home page and encourage understanding and use of the system. We have also introduced no-overtime days (every Wednesday, Friday and paydays), in an attempt to have individuals spend a fulfilling time with

their families or for self-development etc. The rate for general employees taking annual paid leave is almost 100%.

Based on the needs related to flexible ways of working for employees, we have also introduced a work-from-home system. With the introduction of this system, commutation time has been reduced, and as well as that time being able to be used effectively for child-rearing or caring for elderly family members, or self-development etc., employees are saying that their productivity has also increased. In the future, we will strive to promote employee understanding of the system and create an environment where it can be used.

③ Diversity

At NTT Urban Development Corporation, centered on the “Diversity Promotion Office” established in October 2014, we are aiming for penetration of the overall diversity management in organization. In March 2016, in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workforce, we enacted a general employer action plan. Over the four years from April 1, 2016 to March 31, 2020, we have set a goal of doubling the rate of female executive numbers from fiscal 2012, and a target female employment rate of 50%. As well as creating employees and workplace understanding for use of the system, we are developing policies such as holding training and seminars related to support for employees before and after taken leave of absence, ways of working reform and increasing productivity, and female career support etc.

We are also involved in reemployment after retirement and employment of disabled workers, and consideration toward sexual minorities.

These activities are also linked to consideration toward diversity in the community development that NTT Urban Development Corporation is engaged in.

Nadeshiko Brand selection and awarding of Kurumin accreditation mark

The Tokyo Stock Exchange (TSE) and Ministry of Economy, Trade and Industry select businesses from the TSE First Section who have shown excellence in promoting women’s participation for the “Nadeshiko Brand”. NTT Urban Development Corporation was selected for its first “Nadeshiko Brand” in March 2015 as a real estate business.

Also, in August 2015, as a “business supporting child-rearing”, we were

awarded the Minister of Health, Labour and Welfare approved next-generation development promotion certification mark “Kurumin”.

Acquisition of silver accreditation in the PRIDE Index

In October 2016, NTT Urban Development Corporation acquired silver accreditation in the “PRIDE Index”. This index, where the private organization *work with Pride* evaluates company efforts in relation to sexual minorities, is the first of its kind to be established in Japan. The whole group was commended for publishing LGBT related news releases, stipulations in our group policy, establishment of internal and external LGBT consultation counters, conducting of training for employees, and application of marriage leave, bereavement leave, marriage celebration bonus, condolence payment, congratulatory telegram and condolatory telegram system for employees with same-sex partners.

* LGBT: Term coined by using the first letter of the words Lesbian, Gay, Bisexual and Transgender, and is used as a general term for sexual minorities.

④ Health and Safety

At NTT Urban Development Corporation, based on the ideal of “health and safety first”, has established a health and safety committee composed of the company, employee representatives, health administrators, and industrial physicians and public health nurses, and with the aim of maintain health and safety in the workplace, the committee gathers once a month for discussions and information sharing. We are working on matters relating to support for employee health administrators (providing health consultations with industrial physicians, establishment of a health consultation counter with a fulltime public health nurse, providing health checks and detailed examinations), working hour optimization and promoting taking of planned holidays, and whether workplace safety is ensured or not. Also, in new employee training and new management training, we hold lectures related to health and safety.

The number of accidents occurring at NTT Urban Development Corporation in 2016 was 0 (previous year 0), and there have been no accidents requiring time off work or deaths in the past three years (rate of incidence 0%).

Workplace-related data (NTT Urban Development Corporation parent company, fiscal 2016 or as of end of March 2017)

- Employee numbers
Male: 325 / Female: 78
- Average length of service
16.2 years
- Gender-specific administration / executive numbers
Administration (individual) Male: 165 / Female: 7
Administration (including temporary employees) Male: 238 / Female: 11
Executive positions Male: 17 / Female: 1
- New employee numbers
Fiscal 2016 15
Fiscal 2017 13
- Successful qualifying examination candidate numbers
Approx. 30 (real estate brokers, first-class architects etc.)
- Average training time per employee
Approx. 30 hours.
- Number of employees leaving within 3 years *Fiscal 2014 new employees
1 (11 new employees)
- Disabled person employment rate
2.30% *Includes special subsidiary figures

7) Human Rights

At NTT Urban Development Group we continue to promote work based on the “[NTT Group CSR Charter](#)” and “NTT Group Human Rights Charter”.

The board of directors decides upon important matters regarding human rights awareness efforts. We have also created a human rights awareness promotion committee (CSR Committee) in order to improve and establish respect for human rights awareness. The committee makes efforts to, in the event of human rights violations taking place, prevent reoccurrence by taking appropriate measures based on speedy and accurate investigations to determine the cause. The CSR Committee Secretariat is based in our headquarters’ general affairs department. In regards to human rights issues, we continue to foster respect for human rights awareness through training and providing information within the company.

NTT Group Human Rights Charter

We recognize that the respect for human rights is a corporate responsibility and aim to create a safe, secure and rich social environment by fulfilling its responsibility.

1. We*1 respect internationally recognized human rights*2, including the Universal Declaration of Human Rights in all company activities.
2. We responsibly respect for human rights by efforts to reduce any negative impacts on human rights holders. We respond appropriately when negative impacts on human rights occur.
3. We aim to not be complicit in infringing human rights, including being involved in discrimination, directly or indirectly.
4. When negative impacts on human rights are done by a business partner and are linked to a product or service of the NTT Group, we will expect them to respect human rights and not to infringe on them.

*1 "We" means the NTT Group and its officers and employees.

*2 "Internationally recognized human rights" are rights included in declarations and rules that form the basis for international standards of universal human rights throughout the world and specifically refer to the following.

United Nations (the Universal Declaration of Human Rights and the two Covenants on human rights)

·The Universal Declaration of Human Rights (adopted by the United Nations General Assembly in 1948)

·International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights (adopted by the United Nations General Assembly in 1966, in force from 1977)

International Labour Organization (eight basic principles of the Core Conventions of the ILO Declaration)

·The eight core principles of the ILO Declaration on Fundamental Principles and Rights at Work (adopted at the 86th International Labour Conference in 1998) are: Forced Labour, Freedom of Association and Protection of the Right to Organize, Right to Organize and Collective Bargaining, Equal Remuneration, Abolition of Forced Labour, Discrimination (Employment and Occupation), Minimum Age Convention, and Elimination of the Worst Forms of Child Labour.

3 Environment

1) Environmental Management

NTT Urban Development Corporation recognizes and is focus on environmental conservation activities as an important issue in business management. In the CSR Committee, headed by NTT Urban Development Corporation's executive vice president, as well as deliberating and deciding upon activity plans, we also hold environmental conservation meetings at the workplace level when appropriate.

As a basic way of thinking, as well as establishing an "environmental policy", we have also established "basic action themes" in order to soundly promote efforts in business activities and individual actions. Also, in line with the NTT Group-wide "NTT Group Design Guideline for Buildings", we conduct design by taking into consideration effects on the environment for the whole life cycle of the building.

NTT Urban Development Corporation, in promoting environmental conservation activities, is continuously cooperating with NTT Group. We are also participating in "Green NTT" which promotes the generation and use of natural energy throughout the whole NTT Group.

Environmental Policy

We will strive to realize healthy and safe urban environments through the creation, maintenance, and management of sustainable urban areas and building spaces that contribute to reduced resource consumption, environmental burden, and waste as well as to coexistence with the natural environment (with consideration for health and comfort).

Basic Action Themes

1. Control of Global Warming

We will control our emissions of greenhouse gases through resource-saving and energy-saving activities.

2. Effective Resource Utilization and Waste Reduction

We will promote efforts to reduce waste as well as the separated collection of waste and the use of recycled products.

3. Coexistence with the Natural Environment

We will strive to achieve harmony between natural mechanisms and human activity through development planning that considers conservation of the natural environment and recycling, measures against natural

disasters, and other approaches.

4. Participation in/Support for Activities in the Local Community

We will engage in environmental conservation activities by actively participating in and supporting such activities in local communities.

5. Protection of the Ozone Layer

We will promote the recovery, reuse, and destruction of ozone-depleting substances.

The NTT Group's Green Design Guideline for Buildings

The NTT Group issues this “Green Design Guideline for Buildings” for application throughout the Group to promote the design of environment-symbiotic buildings (called “green design of buildings”) that gives every regard to effect on the environment. The Guideline aims to assure that an attentive consideration on the effect of buildings on the environment be maintained throughout their entire life cycle.

●The concepts incorporated into the Green Design Guideline for Buildings:

1. Prolongation of building life span
2. Restrained use of halogen and fluorocarbon gas
3. Restrained use or non-use of poisonous materials
4. Resources and energy conservation
5. Respect to the natural environment
6. Use promotion of recycled or reprocessed materials
7. Reduction of disposed materials

Visit here (<http://www.ntt.co.jp/design/>) for the full text of the Green Design Guideline for Buildings.

2) Environmental Compliance

NTT Urban Development Group strives to monitor and comply with national and international laws and regulations related to environmental conservation. In fiscal 2016, we were not imposed any penalties for violations.

3) Measures against Global Warming

① Office buildings / Commercial facilities

NTT Urban Development Group, in building design, has worked on improving energy-saving performance from an overall perspective in areas such as construction, materials used, various types of equipment, including air conditioning and lighting, and control systems. Also, in building management, starting with the promotion of making energy usage “visible”, we are promoting detailed consideration for energy-saving. To effectively promote building energy-saving, because cooperation from the tenants, who are the users, is indispensable, we are making communication and cooperation efforts that meet the needs of each building such as providing venues for regular meetings.

Also, we have installed solar power generation systems on the rooves of the buildings and are promoting the use of the “Green Power Certification System”, which allows the trading of environmental added value electricity form natural energy.

In global warming measures, we have set a general target of improving energy consumption (basic unit) by 1% annually over the medium- to long-term. In fiscal 2016, NTT Urban Development Corporation’s energy consumption (crude oil equivalent) per building operation area was 37.66 l/m² (an improvement of 0.5% from fiscal 2015).

Third party verification of energy consumption data is based on Tokyo Metropolitan ordinances and conducted on our four main buildings.

Estimated Energy Consumption and CO₂ Emissions

Item	Fiscal 2014	Fiscal 2015	Fiscal 2016
Energy consumption (crude oil equivalent) (kl)	55,997	58,240	52,598
Consumption rate (l/m ²)	37.94	37.86	37.66
CO ₂ emissions (t-CO ₂)	101,725	108,959	93,101

Acquisition of Building Energy-saving Accreditation

We are also promoting acquisition of accreditation from BELS (Building-Housing Energy-efficiency Labeling System), a system where a third party organization evaluates and certifies energy performance in new and existing buildings. In fiscal 2016, three of our office buildings, Urbannet

Nihonbashi 2-chome Building, Urbannet Kanda Building, and Urbannet Sapporo Building gained accreditation.

② Residential

NTT Urban Development Corporation designated “environmental construction” as one of the important fields in the 2010 established “Wellith Code”, and stipulates basic measures such as using energy-saving lighting fixtures, the introduction of motion detection sensors in places where continuous lighting is not necessary, and installation of energy use display panels. In addition to these, we are introducing energy-saving specifications that meet the needs of the property such as improved thermal insulation performance and the introduction of effective energy systems.

Furthermore, from 2012 we have been developing environmentally friendly apartments that have adopted new specifications. From the point of view of eco-designs using wind, solar, water and greenery, sharing services, visualization of energy consumption and carbon offset, we are providing properties that are clearly distinct from conventional apartments.

4) Water Resources Conservation

① Office buildings / Commercial facilities

At NTT Urban Development Group, in response to the characteristics and situation of the buildings we develop and manage, in addition to installing water-saving toilets and excessive water use prevention devices, we have introduced equipment that uses recycled wastewater (rooftop rainwater or bathroom wastewater, kitchen wastewater etc.).

Water related data (Unit: 1000 m³)

Item	Fiscal 2014	Fiscal 2015	Fiscal 2016
Service water usage	1,163	1,166	1,107
Recycled wastewater usage	395	362	379

(Scope) Office buildings / Commercial facilities owned by NTT Urban Development Corporation

② Residential

Even in NTT Urban Development Corporation’s “Wellith” condominium series,

we are making efforts to include water-saving in the designs. Taking into account the needs of the property, we are introducing appliances and equipment like showers that save water with water stop functions and water-saving toilets, while also considering the functionality and amenities.

5) Heat Island Countermeasures

The “heat island effect”, in which the urban temperature is higher than that of its surroundings brings about health hazards such as unpleasant living conditions and heatstroke, and ecosystem problems.

At NTT Urban Development Group, over eight years starting in 2006, we trialed a greening project by planting food plants (sweet potato etc.) on the rooftops of some of our properties (office buildings and private nursing homes), and are applying the knowledge and know-how we accumulated to offices and housing.

In addition to that, regarding properties we own, we are conducting diversified efforts such as plant arrangement, wall greening, car park greening, use of water retentive paving material, and the installation of mist spraying (lowering of the surrounding temperature with artificially generated mist).

6) Protection of Biodiversity

① Office buildings / Commercial facilities

At NTT Urban Development Group, in developing office buildings and commercial facilities, we are actively introducing natural elements, starting with trees and plants, and watering places depending on each location and the characteristics of the property. As well as conducting careful maintenance and retaining favorable natural conditions, we are creating an environment that the users of the facilities can enjoy. In doing so, as well as pursuing comfort for the people, we are also striving to contribute to biodiversity conservation in urban areas.

② Residential

Content relating to biodiversity conservation has been included as part of “Environmental Creation” in the “Wellith Code”. With planting planning that keeps the harmony between nature and the building in mind, and installing plates with the names and characteristics of the plants, we are taking care in providing a sense of closeness with nature and the ecosystem.

Biological Diversity-related Certification

Property	Acquired Certification
Shinagawa Season Terrace (Minato-ku, Tokyo)	Development Project Contributing to the Community and Environment Through Green Conservation / Creation (Urban Development Edition SEGES) *1 City Oasis *1
Gran Park (Minato-ku, Tokyo)	City Oasis *1
Wellith Toyonaka Momoyamadai (Toyonaka, Osaka)	JHEP Certification *2 Highest rank (AAA)

*1 Organization for Landscape and Urban Green Infrastructure data *2 Ecosystem
Conversation Society-Japan data

7) Waste Management

① Long-life design

At NTT Urban Development Corporation we focus on the long life of buildings and conduct building design based on NTT Group's "Green Design Guideline for Buildings", which sets the principles of i) ensuring flexibility (the ability to flexibly deal with changes in function and use), ii) focus on maintainability (ease of maintenance), iii) renewal handling, and iv) improvement in durability.

Also, in our condominiums, as well as making room layout changes that come with changes in the makeup of families in the future and maintenance easier, the main frame construction etc. is built to the highest grade of deterioration measures in the housing performance indication system (where large-scale repair work is unnecessary for roughly 75-90 years).

② Construction waste recycling

When newly developing land where existing buildings are standing, construction waste is generated when dismantling the buildings. As well as requesting reliable operators to dispose of the waste, by putting manifesto (report) management into practice, we aim to maintain a recycling rate of above 98%.

Estimated Construction Waste Recycling Rate (%)

Item	Fiscal 2014	Fiscal 2015	Fiscal 2016
Concrete blocks	99.9	99.4	99.3
Asphalt/Concrete blocks	100.0	98.4	100.0
Woodchips	99.1	96.7	92.6
Overall	99.9	99.2	99.1

③ General waste recycling

NTT Urban Development Group continually promotes the recycling of general waste emitted by buildings and commercial facilities we own and manage. Not only for spaces we can manage directly such as common areas, but also general waste from spaces managed by all our tenants, we ask for cooperation in regards to waste reduction and separation. For example, at Otemachi First Square (Chiyoda-ku, Tokyo), we achieved a recycling rate of 100% in fiscal 2015 and fiscal 2016.

8) Forest Conservation

In order to contribute towards, even if just a little, solving the growing problem of deforestation, NTT Urban Development Group is working on the reduction of paper usage through paperless meetings and the promotion of double-sided printing etc. In fiscal 2016, the 19 tons of copy paper used in employee offices was 0.8 tons less than the previous year. For paper products we use, priority is placed on purchasing products with environmental friendly specifications.

9) Environmental Accounting

◆Environmental Conservation Costs (Unit: 1,000 yen)

Category	Main Activities	Fiscal 2016		Fiscal 2015	
		Investment	Cost	Investment	Cost
I Project Area	1.Pollution prevention costs	26,038	70,848	32,002	62,448
	2.Global warming conservation costs	376,489	475,156	404,546	462,225
	3.Resource recycling costs	4,162	66,477	23,905	91,529
	Subtotal	406,689	612,481	460,453	616,202
II Upper stream/lower stream costs		0	0	0	0

III Management activity costs	50,736	93,481	37,364	94,113
IV R&D costs	0	0	0	0
V Social activity costs	670	4,446	0	6,032
VI Environmental damage response costs	0	0	0	0
Total	458,095	710,408	497,817	716,347

■Reporting period: April 1, 2016 to March 31, 2017

■Scope: NTT Urban Development Corporation

■Method: Totaling items that could be directly grasped with data acquired from within the company.