



# Sustainability Report 2021





Toward 2030

## About KPIs

In 2019, Japan Real Estate Investment Corporation (JRE) became the first J-REIT to disclose information based on the recommendations put forth by the TCFD, and announced environmental KPIs in 2020 to further respond to climate change risks. As a leader in the J-REIT industry, JRE will continue to promote ESG initiatives in the future.

CO<sub>2</sub> Emissions\*<sup>1</sup>

Reduce by **35%**

Carbon Intensity

**60** kg-CO<sub>2</sub>/m<sup>2</sup> or lower

Waste Recycling Rate

**90%** or higher

Water Usage\*<sup>1</sup>

Reduce by **20%**

Zero Energy Buildings\*<sup>2</sup>

Own **5~10**

\*<sup>1</sup> Carbon intensity basis

\*<sup>2</sup> Includes ZEB Ready and ZEB Oriented buildings

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**About the JRE ESG Website**  
Details regarding this report are posted on JRE's ESG website [external site]. Please refer to it as necessary.  
<https://jre-esg.com/en/>

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Message from the President

The global spread of COVID-19 is having a massive impact on society and the economy, with no clear exit from the situation as yet in sight. In such circumstances, the sustainability of societies and companies around the world is being put to the test.

Japan Real Estate Asset Management Co., Ltd. (JRE-AM), Japan Real Estate Investment Corporation's asset management company, positions proactive environmental, social, and governance (ESG) initiatives as one of the top priorities of its management strategy. This is not only because greater society expects us to engage in efforts to improve social sustainability through enhancing ESG-related efforts but also because we believe that these efforts will maximize long-term returns for unitholders in a listed J-REIT such as JRE. In 2018 JRE-AM established the ESG Office consisting of three to four dedicated members for ESG, and in the same year, became a signatory to the United Nations Principles for Responsible Investment (the PRI) (Please refer to page 7 for more information). In 2019, JRE disclosed information in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, making it the first J-REIT to do so. In 2020, we established environmental key performance indicators (KPIs) to further address climate change risks that include our target for reducing CO<sub>2</sub> emissions by 2030. After setting KPIs for 2030, we acquired our first ZEB Ready Certification which plays an important role in reducing CO<sub>2</sub> emissions. Furthermore, we became the first J-REIT to procure funds through a sustainability-linked loan. We are proud to be lauded as the front running J-REIT in ESG initiatives as a result of these efforts. JRE publishes its sustainability report on an annual basis in order to disclose such ESG initiatives in an easy-to-understand manner.

One of the reasons I think that active ESG initiatives will lead to long-term returns for investors goes back to my experience when I was engaged in office building development at Mitsubishi Estate London Limited. I was involved with over five newly built office buildings and was always engaged in hot discussions with the design teams—teams of experts in design,

machine & equipment, structure, cost, and construction management—on how we could acquire a strong BREEM\* rating. When making these decisions, the question of where to find the balance between the profitability of an investment and the environmental performance of a building has always been a difficult one. On the other hand, even if costs increased a little, the best tenants were almost always willing to pay a higher rent than usual to move into an office building if it meant giving due consideration to the environment and comfort.

One strong impression that I drew from this experience was that tenants have become more aware of ESG than I had previously thought. There have been an increasing number of companies worldwide that make ESG a strong point of consideration in their core businesses. For these companies it is infeasible from a business strategy point of view to operate in an office building that does not factor in ESG. What this means is that JRE's active commitment to ESG initiatives, coupled with increasing the number of office buildings that large number of tenants opt for, will lead to long-term returns for investors. I am confident that this is a win-win situation.

We have made it our mission to anticipate changes in the business environment and improve the competitiveness of our portfolio constantly, through forward-thinking and proactive asset management. Our ESG efforts may take some time to bear results, but we intend to use this sustainability report as a way to regularly share information with our stakeholders and confirm the progress of our efforts as we work toward our goals. JRE is eager to fulfill its social responsibilities through its ESG initiatives and link these to long-term returns for unitholders.

\* Building Research Establishment Environmental Assessment Method, the ubiquitous sustainability rating for buildings in the U.K.

President & CEO

Naoki Umeda



ESG HIGHLIGHTS

Acquisition of  
**ZEB Ready** Certification for Higashi-Gotanda 1Chome Building

Percentage of green building-certified properties  
**76.2%**  
(Based on acquisition price)

PRI Assessment Result  
· Strategy & Governance  
· Property  
**A+**

GRESB Real Estate Assessment  
**★★★★★  
5 Stars**

MSCI ESG Rating  
**A**

ISS ESG Corporate Rating  
**Prime Status**

Basic Policy and Management Structure of ESG Issues

Basic Policy and Management Structure of ESG Issues

JRE is committed to endeavoring to enhance consideration towards the environment, social contributions, and corporate governance to improve the sustainability of society. We recognize that this is an important social responsibility for a listed enterprise to assume, and also believe that it is essential for maximizing our unitholder value.

To put our commitment into practice based on the above recognition, JRE-AM has established its Sustainability Policy to communicate its priority issues and basic policies on sustainability with regard to its real estate investment management. Under the Policy, we implement various initiatives, including environmental impact reduction through facility upgrades and acquisition of Green Building certifications, as well as contribution actions to the local communities.

Sustainability Committee

JRE-AM convenes its Sustainability Committee with a view to implementing the Sustainability Policy in order to improve sustainability and maximize its unitholder value.

Members of the committee:

President & CEO (Chief Sustainability Officer)  
Head of ESG Office, Real Estate Management Department (Sustainability Officer)  
General Managers of other departments and those practically in charge of sustainability at each department

Reporting details, meeting frequency, and examination process:

The Sustainability Committee meets four times a year in principle and executes the PDCA cycle by examining and planning measures, reporting and evaluating the progress and analysis results, and then examining and planning improvement actions, thereby making improvements on a continual basis.

For the matters examined by the Sustainability Committee, JRE-AM makes decisions and implements measures based on its decision making rules, and the results are reported to JRE’s Board of Directors once a year.



Shinjuku Front Tower

Human Rights Initiatives

As a member of society, the Mitsubishi Estate Group , to which JRE-AM belongs, is keenly aware of the importance of respect for human rights. To fulfill our responsibility to respect the basic human rights of all stakeholders, not only those involved in Group businesses, we set up the Mitsubishi Estate Group Human Rights Policy on April 1, 2018. Respect for human rights is part of the Mitsubishi Estate Group Guidelines for Conduct, which all employees are expected to follow on a daily basis. These Guidelines stress the importance of respect for human rights and

diversity, which means that employees show concern for human rights and the environment in the course of their business activities. The Human Rights Policy is intended to ensure that we, as a good corporation, understand that internationally mandated human rights are a bare minimum that we must go beyond, that we reaffirm the importance of supporting, protecting and respecting human rights and that we work to respect the fundamental human rights of every single person involved in the Group’s businesses.

Sustainability Policy

- 1 Contribution to creating a low-carbon society**  
In order to contribute to creating a low-carbon society, we will proactively promote efficient use of energy, mainly by improving operation systems and introducing appropriate facilities to increase energy conservation.

**2 Contribution to creating a recycling-oriented society**  
In order to contribute to creating a recycling-oriented society, we will promote efficient use of water resources as well as implementing Reduce, Reuse and Recycling initiatives.

**3 Contribution to creating a society in harmony with nature**  
In order to contribute to creating a
- society in harmony with nature, we will support efforts aimed at living harmoniously with the natural environment through planting initiatives conducive to biodiversity conservation.

**4 Enhancement of safety and security**  
As part of disaster prevention and response initiatives, we will organize emergency drills based on public-private partnerships, and develop business continuity plans.

**5 Initiatives aimed at officers and employees**  
We will provide education and training programs for officers and employees to raise environmental awareness and build capacity, as well as support a diverse human workforce and flexible work styles to meet individual lifestyles.
- 6 Collaboration with external stakeholders**  
We will collaborate with property management companies and other suppliers to work together to increase tenant satisfaction and build harmonious relationships with local communities.

**7 Information disclosure and obtaining environmental certifications**  
We will endeavor to disclose ESG (Environment, Society and Governance)-related information to our investors and various other stakeholders. Also, we will work to obtain environmental certifications and ratings, including the Green Building certification, on a continuous basis.

As stated above, we will develop sustainability promotion systems, comply with laws, regulations, and other rules pertaining to ESG, and implement sustainability initiatives, thereby contributing to creating a sustainable society through real estate management business.

Policy for Implementing the Sustainability Policy

- **Energy Conservation Policy**

► **GHG Emissions Reduction Policy**  
Based on our Sustainability Policy, we have set targets for reducing energy consumption and greenhouse gas emissions to improve the performance of our real estate portfolio. To achieve these goals, we will implement initiatives such as improving building operations, updating to energy efficient equipment, and informing tenants about energy conservation.
- **Green Procurement Policy**  
We have established a “Green Procurement Policy” to promote sustainability initiatives in the supply chain. This policy serves as a guideline for selection criteria for products to be procured and selection and evaluation criteria for suppliers.

► **Basic Concepts of Health and Well-being of JRE-AM’s Officers and Employees**  
Our human capital such as officers or employees is one of the most important operation source for us to realize sustainable growth. Based on this idea, we
- will practice the corporate management which enables co-enrichment of the company and employees through initiatives to raise physical and mental health of employees, and to promote work-life balance and improve job satisfaction.

► **Basic Concepts of Health and Well-being of Tenant Workers**  
We strive to enhance value and competitiveness of JRE’s assets through providing office buildings promoting health and well-being for tenant workers and increasing their productivity and satisfaction.

Mitsubishi Estate Group Code of Corporate Conduct (excerpt)

- Respecting Human Rights and Employee Diversity**  
We respect human rights and believe that diversity maximizes value.
- 1 We respect human rights at all times.

2 We reject discrimination and harassment in any form.
- 3 We strive to establish a creative and competitive organization that safeguards and respects the beliefs of the individual as reflected in the diverse communities in which we work and live.

4 We foster an open corporate culture in which all employees are encouraged to speak freely.

Mitsubishi Estate Group Human Rights Policy (excerpt)

We uphold and respect international standards related to human rights. These include the International Bill of Human Rights, which sets out the fundamental human rights possessed by all the people of the world, and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, which contains requirements concerning fundamental rights in the workplace.

We help ensure that respect for human rights is actively practiced in all business activities, and that such activities do not infringe on the human rights of other people. If such activities nevertheless result in a violation of the human rights of others, efforts shall be made to minimize the negative impact.

We carry out human rights due diligence in order to minimize any negative impact caused by human rights violations occurring as a result of the Group’s business activities. We maintain a framework for human rights due diligence and make improvements to the framework on an ongoing basis or if problems arise in order to improve its efficacy.

Furthermore, in the event that the activities of a business partner or any other individual or organization affiliated with the Mitsubishi Estate Group directly have a negative impact on the human rights of others, even if we were not directly involved in fostering such a negative impact, we shall endeavor to make improvements together with stakeholders to ensure respect for human rights and eliminate all violations.



Disclosure Policy and Signatory to International Initiatives

Disclosure Policy, Signatory to International Initiatives, Evaluations from External Parties, and Certifications

JRE-AM attaches great importance to ESG-conscious investing in order to continuously improve the value of assets under management, and is a signatory or participant in the following international initiatives, and will actively engage in initiatives and disclosure in line with these frameworks.

In addition, several of JRE-AM's ESG initiatives have been evaluated highly by external organizations in Japan and overseas. Going forward, we will maximize long-term returns by strengthening our environmental, social, and governance initiatives.

Information Disclosure Policy

JRE strives to disclose ESG-related information to its investors and other stakeholders.

As ESG garners more support globally, JRE also regards it as its social responsibility to improve its sustainability and disclose initiatives in pursuit of that goal, both of which are necessary to maximize its unitholder value. Accordingly, we will promote ESG initiatives and the ESG information disclosure while fostering mutual communication with various stakeholders.

Specifically, we refer to the Global Reporting Initiative Standards (GRI Standards), an international sustainability framework for ESG-related reporting, and standard for the real estate industry put forth by the Sustainability Accounting

Standards Board (SASB) for the disclosure of a wide range of ESG information on the JRE ESG website. We hope both this report and our ESG website will further deepen understanding of JRE's ESG activities.

Reporting scope and period

In principle, the reporting scope shall be JRE's entire portfolio and the report will be made every year.

The current reporting period is the fiscal year that started on April 1, 2020 and ended on March 31, 2021, but the report for the year does include some information outside this period.

International Initiatives

International Initiatives to which JRE-AM is Signatory or Participant

JRE-AM has become a signatory to the following international initiatives and participated in UNGC based on the idea that asset management considering ESG is essential to sustainable asset value growth.

Signatory to PRI

Signatory to UNEP FI

Participation in UNGC

Signatory to the Principles for Responsible Investment (PRI)

PRI comprises an international network of investor signatories and encourages the incorporation of environment, social, and governance issues into investment decision-making processes, with the aim to help companies enhance long-term investment performance and better fulfill their fiduciary duty.

JRE-AM became a signatory in August 2018 in solidarity with the basic approach of PRI.

Signatory of:



Signatory to United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a broad-based and closely knit partnership between UNEP and more than 200 banks, insurance, and securities companies around the world to promote sustainable finance. Since it was established in 1992, it has cooperated with financial institutions, policymakers, and regulatory authorities to promote a shift to a financial system that integrates economic growth and consideration for ESG issues.

JRE-AM agreed with the basic approach of UNEP FI and became a signatory in August 2018. It also participates in the UNEP FI Property Working Group. As of March 2020, this

working group consisted of approximately 30 representative real estate institutions in the world and promotes and encourages Responsible Property Investment (RPI).



Participation in the United Nations Global Compact (UNGC)

UNGC is a voluntary, global initiative supporting a global framework for sustainable growth through the demonstration of creative, responsible leadership by the respective corporations and organizations as principled members of society.

First proposed in 1999, as of August 2021 participants currently includes more than 13,000 organizations and companies based in 162 countries. It engages in activities based on ten universally accepted principles in the four areas of human rights, labor, environment, and anti-corruption.

Mitsubishi Estate Co., Ltd. became a signatory of the UNGC and the Mitsubishi Estate Group was registered as a participant in April 2018. Along with this, JRE-AM has participated in this initiative as a member of the Mitsubishi Estate Group.



Shinjuku Eastside Square



Disclosure Policy,  
External Evaluation, and Certifications

GRESB Real Estate Ratings

In the 2021 GRESB Real Estate Assessment, JRE received the 5 Stars rating, which is the highest GRESB rating (five-level rating) based on relative evaluation of overall scores, for the fourth consecutive years. It also received Green Star rating for the sixth consecutive year, meaning that JRE has demonstrated an excellent ESG management system and performance record.

What is GRESB?		
GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).		
Assessment Type	Content of the Assessment	Rating
GRESB Real Estate Assessment	Evaluates ESG performance in terms of “management & policy” and “asset portfolio performance”	<div>Green Star</div> <div>Highest rating</div> <div>Obtained for the sixth consecutive year</div>
	Relative assessment based on the total score (GRESB Rating)	<div>★★★★★</div> <div>5 Stars</div> <div>Highest rating</div> <div>Obtained for the fourth consecutive year</div> <div>GRESB ***** 2021</div>
GRESB Public Disclosure	Evaluates the level of ESG disclosure	<div>A</div> <div>Highest rating</div> <div>Obtained for the fourth consecutive year</div> <div>GRESB Public Disclosure 2021</div>

PRI Assessment Result

About the PRI Assessment Result

PRI signatories are required to report annually on the status of their ESG integration practices for evaluation. JRE-AM has received the highest “A+” rating in 2020 as shown at under. This is the highest result among all signatories worldwide.

Module	Score
Strategy & Governance	A+
Property	A+

\* The rating system is a 6-rank scale (A+, A, B, C, D and E.)

Signatory of:



Participation in the CDP's Climate Change Program

CDP Score

JRE has received the “B” designation in the 2020 Carbon Disclosure Project (“CDP”) Climate Change Program.



About CDP

CDP is an international non-profit organization researching measures taken against global warming by listed companies with the support of institutional investors around the world. CDP has gradually come under the spotlight in recent years as a private-sector effort working to ensure the effectiveness of the Paris Agreement. Since 2003, CDP has been sending out questionnaires to major companies around the world seeking the disclosure of information with relation to areas such as business risks and opportunities coming about due to greenhouse gas emissions and climate change. CDP then assesses corporate actions being taken against the issue of climate change based on their responses. In terms of assessments, there are eight grades; A, A-, B, B-, C, C-, D, and D-. JRE has participated in the CDP Climate Change Program since 2018.

MSCI ESG Ratings

Evaluations

In 2021, JRE received a rating of A (AAA-CCC tier rating) in the MSCI ESG Ratings assessment.



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About the MSCI ESG Ratings

MSCI ESG Ratings by MSCI ESG Research LLC comprise a rating system where companies are rated on a seven-tier scale ranging from ‘AAA’(highest) to ‘CCC’(lowest) according to their exposure to industry-specific environmental and social, governance (ESG) risks and their ability to manage those ESG risks. MSCI ESG Ratings are used by over 1,300 investors worldwide and as the foundation of over 1,000 investment indexes, such as The MSCI Japan ESG Select Leaders Index, which has been selected as an ESG index for passive investment tracking by the Government Pension Investment Fund (GPIF).

Achieved Institutional Shareholder Service (ISS) ESG Corporate Rating “Prime” Status

About the ISS ESG Corporate Rating

JRE achieved ISS ESG Corporate Rating Prime status in March 2020. ISS highly noted JRE for eco efficiency, climate change strategy, and environmental management. Prime status companies are regarded as sustainability leaders in their industry.



Efforts to Acquire Environmental Certifications

JRE will continue to acquire various green building certifications, including DBJ Green Building certifications, and CASBEE certifications.

As of March 2021, 76.2% of our portfolio has been green certified, obtaining one or more certifications out of DBJ Green Building certification, CASBEE certification, as well as BELS certification. In addition, the Higashi-Gotanda 1Chome Building became the first JRE property to acquire a ZEB Ready Certification based on the design and renovation plan for the building, assuming that the renovation will be carried out in the future.



Front Place Nihonbashi

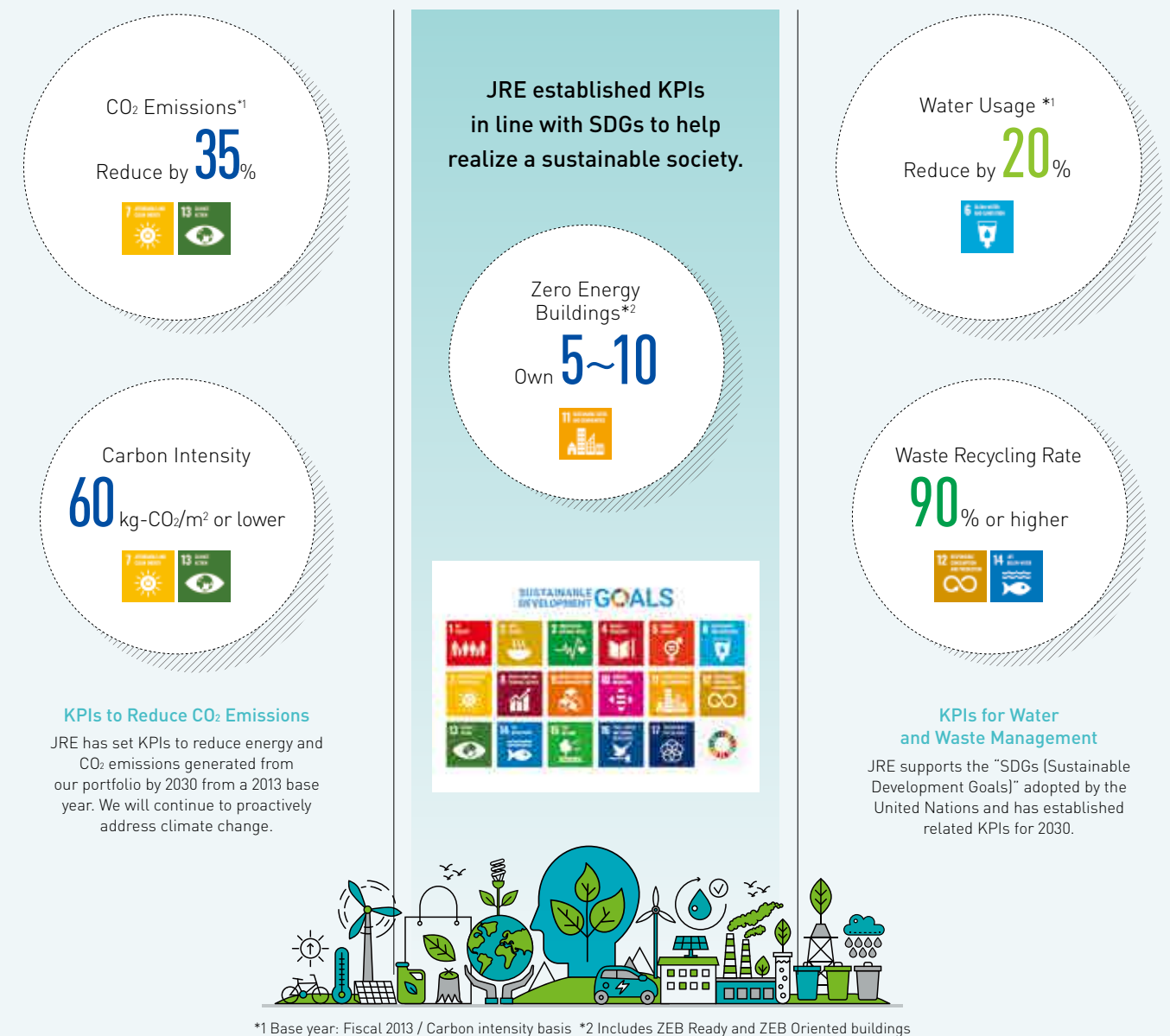


# ENVIRONMENT

JRE implements measures to improve the environmental performance of its real estate portfolio based on the Sustainability Policy items “1. Contribution to creating a low-carbon society” and “2. Contribution to creating a recycling-oriented society.”

- 12 KPIs and Strategies to Reach Targets
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## KPIs and Strategies to Reach Targets



	Fiscal 2013 (base year)	Fiscal 2020	Fiscal 2030 targets
➤ Carbon Intensity	92.1kg-CO <sub>2</sub> /m <sup>2</sup>	68.9kg-CO <sub>2</sub> /m <sup>2</sup> Reduce by 25.2%	60kg-CO <sub>2</sub> /m <sup>2</sup> or lower Reduce by 35%
➤ Water Usage	0.793m <sup>3</sup> /m <sup>2</sup>	Reduce by 38.9%	Reduce by 20%
➤ Waste Recycling Rate	—	56.6%	90% or higher
➤ ZEB Ownership	—	1 ZEB	5~10 ZEBs

# Environmental Measures

## Contributions to the Environment through Real Estate Investment Management

### Environment Management Systems (EMS)

#### ■ Grasping Accurate Data and Executing a PDCA Cycle

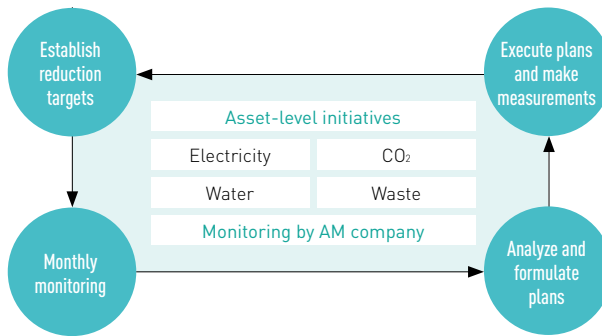
JRE measures and gains an understanding of the energy consumption, water use, and waste of each building on a monthly basis. We outsource data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property manager and ensuring accurate data. We also constantly monitor the reduction effects of green refurbishments such as LED and AC upgrades.

Aggregated data disclosed in “WEB information” on JRE’s website has been given limited assurance in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000) by a third-party organization (Ernst & Young ShinNihon LLC).

#### ■ Monthly Data Entry, Analysis, and Feedback

JRE-AM recognizes environmental data aggregated via EMS as an important indicator, as well as performance data. Therefore, the data and analysis of the various indicators are reported to the Chief Sustainability Officer (President & CEO) on a monthly basis. This is not a matter of simply circulating documents. Instead, these indicators are reported and analyzed at meetings and are an important part of decision-making for future asset management and CAPEX investments.

### PDCA Cycle for Environmental Data



### Environmental Contribution in Collaboration with Tenants

Aiming to make environmental contributions by collaborating with tenants, JRE has been gradually introducing Green Leases in terms of both operational improvement and efficiency retrofits.

Moreover, JRE is conducting diverse sustainability initiatives together with our tenants.

### Incorporating ESG Criteria for Property Acquisition

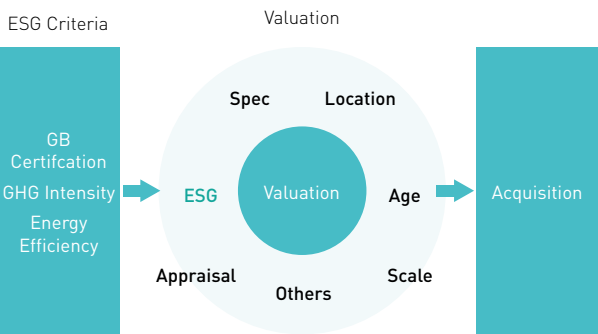
JRE has newly added the following factors to the assessment criteria (such as location and building specifications) it applies when acquiring properties.

#### ESG criteria to be incorporated

- Green building certifications
- Environmental performance including CO<sub>2</sub> emissions

In establishing the abovementioned framework, JRE has obtained a second-party opinion from CSR Design Green Investment Advisory, Co., Ltd.

#### Process of Real Estate Investment



### Environmental Risk Assessment at the Time of Acquisition

When acquiring real estate properties, JRE conducts on-site inspections and also investigates on soil contamination and toxic substances such as asbestos and PCBs by obtaining real estate appraisal reports and engineering reports in addition to receiving related disclosure materials from the sellers.

### Consideration to Urban Greenery and Biodiversity

JRE’s Sustainability Policy stipulates that it will support efforts aimed at living harmoniously with the natural environment and contribute to creating a society in harmony with nature. JRE gives consideration to biodiversity in the operation of buildings by endeavoring to conserve and improve the ecosystem on property premises and adjacent urban green areas and natural areas.

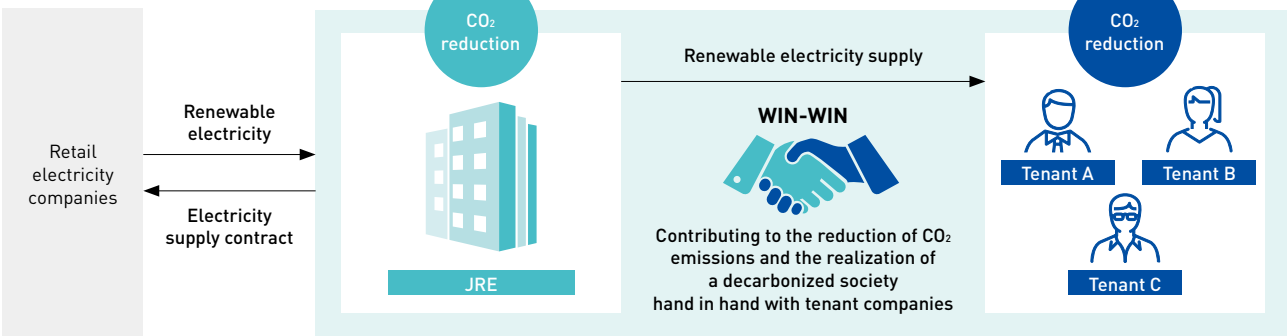


### Accelerated Use of Electricity Made from Renewable Energy (RE100 Compatible)

JRE accelerates the use of electricity made from renewable energy recognized by RE100\* (“renewable electricity”). Doing so reduces a building’s CO<sub>2</sub> emissions to zero, including the CO<sub>2</sub> emissions of tenant areas. JRE plans to introduce renewable electricity into more than 80% of its properties of 100% operational control by the end of April 2022 and complete all the switch by the end of September 2022. Thanks to this, JRE will accomplish its fiscal 2030 CO<sub>2</sub> emissions reduction target ahead of schedule. Also, the reduction of CO<sub>2</sub> emissions will further accelerate if JRE proactively introduces renewable electricity into the buildings other than 100% operational control.

\* RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

### JRE’s Switch to Renewable Electricity (Outline)



### Introduction of Renewable Energy

JRE promotes the reduction of CO<sub>2</sub> through the utilization of renewable energy in solar generation at some of the office buildings owned by JRE such as Otemachi Park Building and Shinjuku Front Tower.



Otemachi Park Building

## Green Procurement Policy

JRE-AM has set the Green Procurement Policy as one of the policies to implement the specific items put forth in the Sustainability Policy. The Green Procurement Policy provides guidelines on the selection of products to be procured by JRE-AM as well as on the selection and evaluation of suppliers. JRE-AM promotes sustainability measures across its supply chain based on this policy.

### PM Company Selection Criteria and Evaluation Measures

JRE has established selection criteria for property management (PM) companies to which it commissions the management of properties, and evaluates all of the PM companies once a year, in principle. In addition to the companies’ building management and maintenance abilities, JRE evaluates the PM

companies based on their environmental friendliness in terms of operations, occupational health and safety measures for their employees, and understanding of and cooperation with the Sustainability Policy set by JRE-AM. Moreover, JRE requests the PM companies to make proposals to help JRE reduce environmental impacts, such as energy efficiency measures in buildings. In this way, JRE makes environmental improvement efforts in cooperation with the PM companies.

### Other Measures

JRE makes contracts with professional firms to conduct energy assessment of a selection of our properties, and utilizes the results to understand the current level of their energy performance and to formulate improvement plans for the future.



# Climate Change

## Climate Change Initiatives

JRE believes that climate change is more than an environmental issue. We also believe that it bears a major influence on social and industrial structures, and therefore greatly impacts our business activities. To maintain sustainable and stable earnings over the long term and overcome the wave of oncoming changes

stemming from climate change, it is important that we evaluate the risks and opportunities that climate change presents, and reflect them in our operational policies and asset management accordingly.

## Global Trends

### Global Trends in Climate Action

The Paris Agreement is an international framework adopted in 2015 and signed by 197 countries, with the goal of limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it even further to 1.5°C. It also aims to achieve net zero greenhouse gas (GHG) emissions by the second half of this century. To achieve these goals, efforts are being made and regulations are being strengthened in many countries and regions and in every industry, aimed at reducing emissions. Furthermore, the possibility of even stronger regulations for reducing emissions has been also discussed.

The fact of the matter is that climate change (global warming) was already underway in the latter half of the 20th century, according to the Intergovernmental Panel on Climate Change (IPCC)\*. This is starting to become apparent through a growing frequency of heatwaves as well as heavy rain and other natural disasters. We are expected to respond to these and other physical risks of climate change as a major issue, as they may bear a strong influence on business.

\* The IPCC Special Report on Global Warming of 1.5°C, published by the IPCC in 2018.

### Supporting the TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD), launched in 2016, has discussed and made recommendations on how financial institutions and companies should disclose information pertaining to the impact that the above effects of climate change will have on business. At present time, the TCFD recommendations have received worldwide support from a great number of financial institutions, companies, investors, and governments.

JRE-AM became a supporter of the TCFD in June 2019. As a supporter, JRE-AM is now evaluating the risks and opportunities that climate change presents to all of our business and promoting disclosure of climate-related information to our stakeholders.



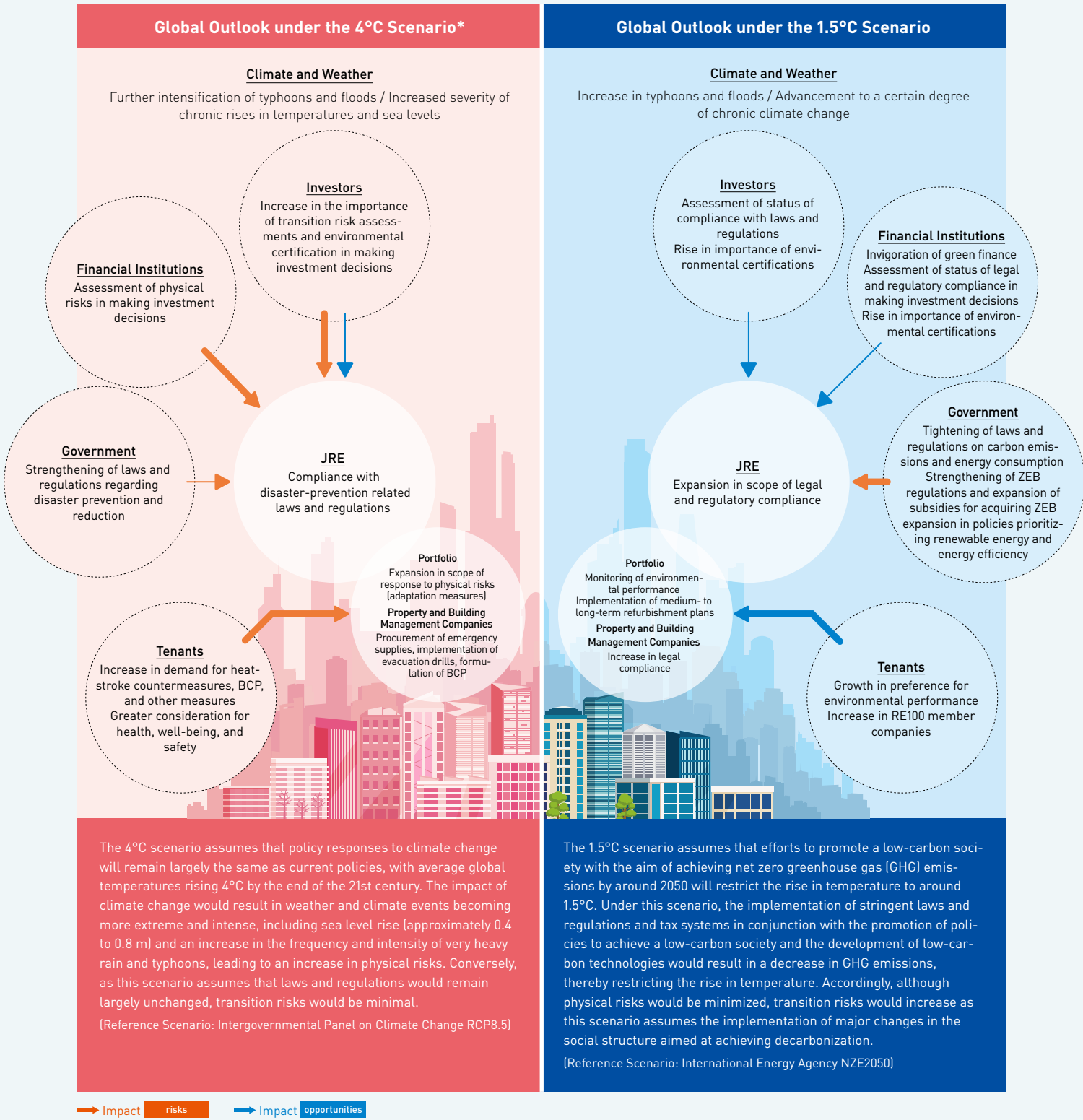
## Governance Related to Climate Change

JRE-AM convenes its Sustainability Committee, chaired by the President & CEO of JRE-AM. The committee determines risks and opportunities related to climate change and investigates and decides on strategies to address these risks and opportunities.



## Scenario Analysis

Using scenarios published by international organizations and other entities that predict the impact of global warming and climate change and of the changes that may occur in the business environment as a result of long-term policy trends in relation to climate change, JRE has examined how its businesses could be affected.



\* Reference material: Prediction for Japan by the Japan Meteorological Agency based on Representative Concentration Pathway (RCP) 8.5 (as at the end of the 21st century)

Climate change	Compared with the end of the 20th century
Annual average temperature	Rise of approx. 4.5°C
Occurrence of very heavy rain (200 mm per day) (days per year)	Approx. 2.3 times
Occurrence of violent showers (50 mm per hour) (times per year)	Approx. 2.3 times
Sea level	Rise of approx. 0.71 m

Climate change	Compared with the end of the 20th century
Sea-surface temperature	Rise of approx. 3.58°C
Typhoons	Increase in intensity

Source: Climate Change in Japan 2020 - Report on Observations and Projections Assessment on Atmosphere, Land, and Oceans, Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Japan Meteorological Agency (JMA)

Examination of Financial Impact Based on Scenario Analysis

JRE examined the magnitude of the financial impact of risks and opportunities that it identified for the aforementioned 4°C and 1.5°C scenarios. We have examined the impact of each scenario for 2030 (medium-term prospects) and 2050 (long-term prospects). The results are outlined in the following table.

Note: Approach to financial impact (minor/moderate/major): Quantitative and qualitative analysis carried out to assess the relative impact.

Category		Risk and Opportunity Factors	Financial Impact						JRE Initiatives
			Changes in Cash Flow	Classification	4°C Scenario		1.5°C Scenario		
					Medium-Term 2030	Long-Term 2050	Medium-Term 2030	Long-Term 2050	
Transition Risks and Opportunities	Policy and Legal	Introduction of CO <sub>2</sub> emission regulations Adoption of carbon taxes	Increase in cost of complying with laws and regulations (e.g., carbon taxes, carbon credit purchases)	risks	Minor	Minor	Moderate	Major	-Set CO <sub>2</sub> reduction target (35% reduction compared with FY2013) -Reduce energy intensity in a planned manner -Proactively conduct resource efficiency-related capital improvements using internal carbon pricing (in cooperation with external experts) -Replace existing properties with those with good environmental performance -Manage energy consumption using our proprietary EMS -Introduce renewable energy
		Introduction of carbon emission-related regulations Introduction of health and well-being regulations Strengthening of energy regulations	Rise in expense of acquiring environmental certification	risks	Minor	Minor	Minor	Minor	-Acquire environmental certifications and energy-efficiency ratings based on a medium- to long-term GHG emissions reduction plan
			Enhancement of property competitiveness thanks to complying with laws and regulations	opportunities	Minor	Minor	Moderate	Major	-Set CO <sub>2</sub> reduction target (35% reduction compared with FY2013) -Reduce energy intensity in a planned manner -Proactively conduct resource efficiency-related capital improvements using internal carbon pricing (in cooperation with external experts) -Acquire ZEB properties -Convert existing properties to ZEBs in a proactive and planned manner -Manage energy consumption using our proprietary EMS -Introduce renewable energy -Acquire environmental certifications and energy-efficiency ratings based on a medium- to long-term GHG emissions reduction plan
	Technology	Spread of low-carbon technology (Improvement of environmental performance of existing properties)	Increase in costs incurred in procuring ZEB properties and in conducting research on converting properties to ZEBs and installing new technology	risks	Minor	Minor	Moderate	Moderate	-Acquire ZEB properties -Convert existing properties to ZEBs in a proactive and planned manner
			Rise in retrofit costs associated with introducing energy efficient equipment and renewable energy and promoting the carbon neutralization of real estate	risks	Minor	Minor	Minor	Moderate	-Cooperate with external experts -Provide support for technical assessments and equipment, such as those for energy efficiency -Review lifecycle costs -Formulate medium- to long-term refurbishment plans based on achieving net zero emissions -Promote a switch to the use of power from renewable energy sources
			Reduction in utility costs thanks to ZEB conversion and green refurbishments	opportunities	Minor	Minor	Moderate	Major	-Implement planned equipment retrofitting at JRE-owned buildings
	Market and Reputation	Changes in social values regarding environmental performance	Decrease in fund procurement costs through use of green finance	opportunities	Minor	Minor	Moderate	Moderate	-Proactively leverage green finance -Procure funds through sustainability-linked loans -Issue green bonds
		Rise in asset value resulting from improved green performance	Rise in investment appetite of institutional investors thanks to attainment of environmental certifications and acquisition of high ratings from global ratings institutions	opportunities	Minor	Minor	Moderate	Moderate	-Disclose ESG-related initiatives via our ESG website -Disclose environmental performance data -Proactively participate in various ESG evaluations (such asGRESB, CDP, and MSCI)
		Growth in importance of transition risks	Increase in fund procurement costs stemming from a high climate risk assessment	risks	Minor	Minor	Minor	Moderate	-Reduce portfolio energy intensity in a planned manner -Proactively conduct resource efficiency-related capital improvements using internal carbon pricing (in cooperation with external experts) -Replace existing properties with those with good environmental performance
		Rise in value of environmental performance	Rise in property value and increase in average rents thanks to the acquisition of environmental certification, such as ZEB and DBJ Green Building Certification	opportunities	Minor	Minor	Moderate	Major	-Acquire environmental certifications and energy-efficiency ratings based on a medium- to long-term GHG emissions reduction plan -Contribute to improving portfolio competitiveness by acquiring properties with good environmental performance through the adoption of ESG evaluation criteria at the time of acquisition
		Changes in tenants' environmental performance needs	Decrease in earnings resulting from JRE properties becoming stranded assets following a relative decline in their environmental performance	risks	Minor	Minor	Moderate	Moderate	

Category		Risk and Opportunity Factors	Financial Impact						JRE Initiatives
			Changes in Cash Flow	Classification	4°C Scenario		1.5°C Scenario		
					Medium-Term 2030	Long-Term 2050	Medium-Term 2030	Long-Term 2050	
Physical Risks and Opportunities	Acute	Increase in typhoons, concentrated heavy rains, floods, and building inundation	Increase in the cost of refurbishments and expense of up-front countermeasures and property insurance premiums stemming from inundation of JRE-owned properties	risks	Minor	Moderate	Minor	Minor	- Perform inundation risk assessment in due diligence process - Understand inundation risks by checking hazard maps, including for properties already under JRE-ownership - Implement hard (e.g., installation of water-stopping plates) and soft (e.g., evacuation drills and formulation of BCP) disaster measures
			Loss of sales opportunities due to inundation of JRE-owned properties	risks	Minor	Moderate	Minor	Minor	
			Decrease in asset value of properties with a high risk of inundation	risks	Minor	Minor	Minor	Minor	
			Increase in market competitiveness by maintaining a highly resilient portfolio	opportunities	Minor	Moderate	Minor	Minor	
	Chronic	Advancement of rise in annual average temperatures	Rise in costs resulting from a growth in demand for air-conditioning	risks	Minor	Moderate	Minor	Minor	- Install highly efficient air-conditioning (implement as an energy-saving measure)
			Advancement of rise in sea water levels	Increase in costs incurred for measures to tackle rising sea levels	risks	Minor	Minor	Minor	

Note: BCP: Business continuity planning ; EMS: Environmental management system

Climate Change-Related Risks, Opportunities and JRE’s Response

Transition Risks

Reduction of CO<sub>2</sub> emissions:

To respond to the future possibility of even stronger regulations for reducing emissions, such as obligation to reduce total emissions or introduction of carbon taxes, JRE has set a reduction target for its entire portfolio of 35% compared to 2013 to be achieved by 2030.

Reduction of carbon intensity (CO<sub>2</sub> emissions per unit floor area):

Rising awareness on climate change risks has been appearing in not only the real estate industry but in every industry around the world. Also, an increasing number of office building tenants have

started to make efforts to address climate change as an important issue. JRE believes that properties with high CO<sub>2</sub> emissions will decrease in value while properties with high energy efficiency will increase in value as this market trend continues. By 2030, JRE aims to reduce the average carbon intensity of its entire portfolio to 60 kg-CO<sub>2</sub>/m<sup>2</sup> as well as own 5–10 zero energy buildings (ZEBs). We believe improving energy efficiency of each asset will prevent it from becoming a “stranded asset,” and increase its value in the market. We will pursue higher profits by utilizing ZEB properties and other highly competitive, high-performance green buildings to appeal to our tenants.

Physical Risks

“Hard” Measures at Buildings to Address Natural Disasters (Typhoons, Heavy Rain)

To address flooding caused by typhoons and heavy rain, which affect Japan due to geographical factors, we have taken “hard” measures at buildings that include installing water-stopping plates in building apertures, preparing sandbags and water-stopping sheets, and have installed water-proofed doors for underground rooms with important equipment.



“Soft” Measures for When Disasters Occur

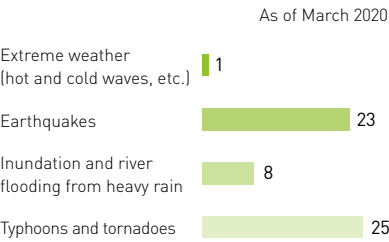
Disaster countermeasures and training appropriate to each type of disaster are implemented by a top-class PM company in Japan. In addition, appropriate “soft” measures have been taken, which include holding disaster prevention council meetings with tenants, distributing BCP manuals, and introducing a system between JRE-AM and PMs to assess the damage in the event of disaster.



Resilience of JRE Portfolio According to Past Cases of Disasters and Data

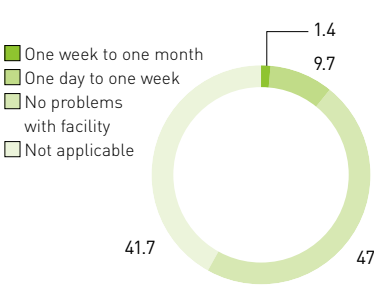
Japan is a country that experiences numerous natural disasters. Over the past 10 years, Japan has been struck by several catastrophic disasters, such as the 2011 Great East Japan Earthquake (earthquake and tsunami), the Heavy Rain Event of July 2018 (heavy rain, inundation), the 2018 Hokkaido East Iburi Earthquake (earthquake, landslides, wide-ranging power outages), and Typhoon Faxai (strong winds, house damage, long-term power outages) and Typhoon Hagibis (heavy rain, river collapse, inundation) in 2019.

1 Types of Disasters that Have Caused Damage in the Past (number of cases)\*

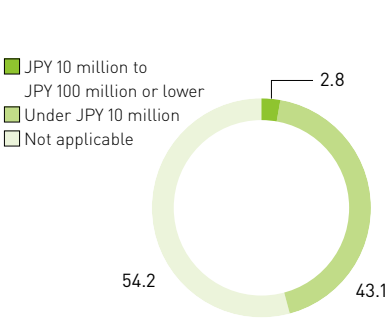


\* There are 32 properties that have never been affected by disasters.

2 Time Required for Post-Disaster Building Repairs (%)



3 Repair Costs (%)



JRE's portfolio has not been exempt from these disasters and several properties have been affected by these disasters in some way, but thanks to the resilience of the buildings and the strong response from PM companies, damage to these buildings has been limited. 1

Even when a disaster occurs, buildings are restored within one week in almost all cases, with repairs costs under JPY 10.0 million. 2 3

In addition, there is only example of a building becoming inoperable (closed, etc.) due to a disaster.

The reduction through renovations and ZEB properties above is supported by the engineering study conducted by Mitsubishi Jisho Sekkei Inc. We conducted theoretical scenario analysis supported by the extensive track record of renovations of Mitsubishi Jisho Sekkei Inc., as well as studies based on the on-site inspections. The study results are as follows (comparison of the same property):

The theoretical scenario analysis supported by the Mitsubishi Jisho Sekkei Inc.

	FY2013	Case I	Case II	Case III
Emissions (t-CO <sub>2</sub> /year)	105,386	89,314	84,590	82,620
Compared to 2013	—	-15.3%	-19.7%	-21.6%
Emissions per unit floor area (kg-CO <sub>2</sub> /m <sup>2</sup> )	92	67.6	64	62.6
Compared to 2013	—	-26.5%	-30.4%	-32.0%
Extra cost	—	No additional cost	JPY 1.1 billion	JPY 3.2 billion

The Mitsubishi Jisho Sekkei CO<sub>2</sub> Reduction Study Report can be viewed here  
[https://jre-esg.com/en/pdf/mjs-report\\_20200509.pdf](https://jre-esg.com/en/pdf/mjs-report_20200509.pdf)

Based on the results, JRE will work on the way between Case II and Case III. When carrying out renovation work on individual property, not only will we simply refurbish aging facilities and work on energy efficiency but we will also strive to further improve profitability by increasing the total value of our property, while considering the needs of tenants and customers.

Asset-level Renovation Projects and Value-add Approach

While improving the energy efficiency of individual buildings serves as an advance response to the transition risk of reducing GHG emissions, it also serves as an opportunity to improve profitability by increasing net operating income (NOI) via savings of utility costs and raising appeal for environmentally conscious tenants.

JRE is reducing utility costs by upgrading to LED lighting. Furthermore, we are moving forward with asset-level green refurbishment projects. These projects receive a green premium after conferring with tenants comprising increased rent and payment into a cooperative green fund, resulting in lower emissions and higher profitability.

▶ Please refer to page 21 for more details.

Future ZEB Achievements in JRE's Portfolio

JRE aims to own 5-10 ZEBs by 2030 (including ZEB Ready and ZEB Oriented buildings). In collaboration with Mitsubishi Jisho Sekkei Inc., we have started to verify the future possibility to make the existing properties to ZEBs through renovations. In March 2021, we acquired ZEB Ready Certification for the Higashi-Gotanda 1Chome Building. The ZEB Ready Certification—JRE's first—is based on the design and renovation plan for the building, assuming that the renovation will be carried out in the future. JRE will continue to promote its ZEB initiatives in order to achieve its KPIs.

**ZEB Ready**

Source: The Ministry of the Environment's ZEB Portal

Reduction of 50% or more through energy efficiency

Previous building energy consumption 100%

ZEBs consume 50% or less energy

Higashi-Gotanda 1Chome Building (Shinagawa Ward, Tokyo)

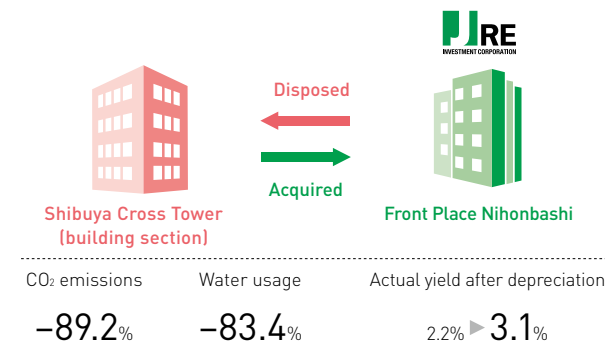
BELS ZEB 5 stars

この建物のエネルギー消費量 53%削減  
2021年3月5日交付 国土交通省告示に基づく第三者認証

External Growth Opportunities

With the cooperation of JRE-AM's sponsor, Mitsubishi Estate Co., Ltd, we continue to build a portfolio that balances profitability with adaptability to a decarbonized society by leveraging property replacements and mutual trading to replace older properties with newly constructed buildings with high energy efficiency.

Example of Property Replacement with Sponsor:



Financial Strategy Opportunities

As the financial impact of climate change comes increasingly to light, it is likely that financial institutions and investors will place more focus on green financing. In order to obtain advantageous funding opportunities as a green investment and lending target, JRE is actively utilizing green finance as follows.

- Procurement of funds through sustainability-linked loans
- Issuance of green bonds

To ensure that our green commitment can be objectively verified, we are making use of DBJ Green Building certification, BELS certification, and other certifications, establishing a system for evaluating and measuring positive impacts on the environment and society, and also actively reporting to external parties.

▶ Please refer to page 21 for more details.

JRE's Approaches toward Climate Change Opportunities and JRE's KPI

While climate change presents business risks, it also provides opportunities for socioeconomic reform and new value creation. JRE is driving the below strategies to increase value and to seize REIT growth opportunities in terms of internal growth, external growth, and financial strategy.

Internal Growth Opportunities Effective CAPEX (capital expenditure) control/internal carbon pricing

1. Effective CAPEX Control

JRE-AM has a dedicated engineering team (Lifecycle Design Office), which is engaged in efficiently controlling CAPEX and refurbishment works of over 70 properties. Furthermore, we collaborate with the engineering team of Mitsubishi Jisho Sekkei Inc., which is one of the leading architectural firms in Japan, to conduct technical assessments of our properties, review lifecycle costs of the existing properties, and control costs.

2. Internal Carbon Pricing

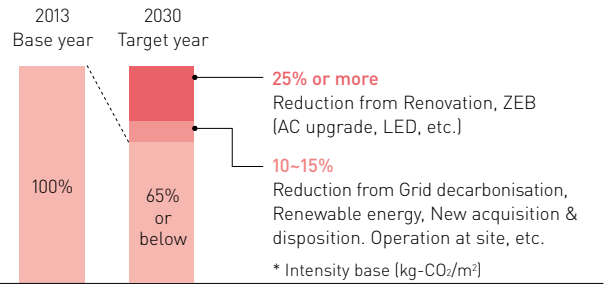
JRE develops a medium-term construction budget every year. As for green refurbishments (air conditioning and LED upgrades, toilet & washroom refurbishment for common areas, etc.), we calculate how much we can have the energy and water reduction effects from these works. The impacts we calculate are converted into t-CO<sub>2</sub> equivalent, which helps us know how much CO<sub>2</sub> saved of the entire portfolio and how much it costs to reduce 1t-CO<sub>2</sub>.

Generally, introduction of renewable energy has been considered cost effective to reduce GHG emissions rather than

renovation work. However, JRE has found that retrofitting existing buildings will also reduce GHG emissions without significant additional costs.

3. Pathway for CO<sub>2</sub> Emissions Reduction by 2030

CO<sub>2</sub> Emissions Reduction Pathway  
JRE aims for 35% reduction of CO<sub>2</sub> emissions by 2030 (carbon intensity basis). The breakdown of the reduction is shown in the bar chart below. We expect 25% reduction mainly from renovation works of existing buildings and ZEBs.



# Green Finance

## Sustainability-Linked Loans

JRE announced to borrow funds, as described below, which will be procured through sustainability-linked loans (the “SLLs”), the first such arrangement in the J-REIT industry in January 2021. Sustainability-linked loans are loan instruments that aim to facilitate and support environmentally and socially sustainable economic activity and growth. In this loan scheme, the borrower sets sustainability performance targets (“SPTs”) based on its business management strategy, and the lender incentivizes the borrower’s achievement of those objectives by aligning loan terms to the borrower’s performance against the relevant predetermined SPTs.

In the SLLs, focus is placed on climate change risks, especially reduction of CO<sub>2</sub> emissions. Among the JRE’s environmental KPIs for fiscal 2030, the following targets have been set as the SPTs.

- Reduce CO<sub>2</sub> emissions by 35%  
(Base year: Fiscal 2013 / Carbon intensity basis)
- Own five ZEBs

Moreover, the SLLs are designed in such a way that, based on the above SPTs, achievement confirmation shall be made several times and, if the predetermined levels are achieved upon each confirmation, the reduction in the interest rate will be offered.

### Overview of the Borrowings

	Loan 1	Loan 2
Lender	The Norinchukin Bank	
Loan amount	JPY 5,000 million	JPY 5,000 million
Borrowing date	January 29, 2021	
Principal repayment date	July 31, 2031	January 30, 2032

## Second-party Opinion

In concluding the agreement for the SLLs, JRE has obtained a second-party opinion from Japan Credit Rating Agency, Ltd. (JCR) with regard to conformity with the SLLP and the rationality of the established SPTs.

## Model Cases in the Model Creation Projects by the Ministry of the Environment

The SLLs have been selected to the “Model Cases in the Model Creation Projects on Sustainability-Linked Loans 2020” by the Ministry of the Environment of Japan, cited to serve as a model in terms of environmental awareness and represent a pioneering fund procurement method.

Furthermore, the framework of the SLLs selected as the model case has been confirmed to conform to the Guidelines by Ministry of the Environment and its contractors (Japan Credit Rating Agency, Ltd. and E & E Solutions Inc.).

## Green Bonds




JRE issues Green Bonds in order to further promote our sustainability initiatives. Going forward, we will promote energy conservation, improve customer satisfaction, and encourage acquiring green building certifications through various measures such as refurbishment work and other ESG investments that give consideration to the environment, and achieve Positive Impact\* by doing so.

\* “Positive Impact” is defined as “that which produces a positive impact on society or the environment and simultaneously ensures the market-level return”. It is advocated by the United Nations Environment Programme Finance Initiative (UNEP FI).

# TOPICS

## Refurbishments of Shiba 2Chome Daimon Building


Refurbishment work of Shiba 2Chome Daimon Building has been planned based on the concept of Positive Impact advocated by the United Nations Environment Programme Finance Initiative (UNEP FI). Among the eligibility criteria for eligible green projects, this project meets, “refurbishments with more than a 10% reduction in CO<sub>2</sub> emissions or energy consumption” and “3 Stars under the DBJ Green Building certification.” Additionally, as for DBJ Green Building certification, our efforts to contribute toward disaster prevention and BCP were highly evaluated, as were our efforts to install highly efficient air conditioning and LED lighting inside the building.




Elevator hall after renovation   Rest room after renovation

### Overview of the Refurbishment

The refurbishment has been planned based on the concept of Positive Impact advocated by the United Nations Environment Programme Finance Initiative (UNEP FI).



Adopted highly efficient air-conditioning units and LED lights to reduce environmental load



Enhanced convenience and security by replacing tenant doors and adopting card access security systems



Switched to individually controlled air-conditioning and renovated rest rooms, etc., caring for tenant employees’ health and comfort



Enhanced the property’s presence by innovating internal fittings of common areas to renew impression

### Achieving Positive Impact


The impacts derived from the refurbishment were greater than initially expected. The results are as follows.



Energy \*1  
Reduced **44.3%**



Water \*1  
Reduced **49.5%**



CO<sub>2</sub> \*1  
Reduced **32.8%**



Average rent per area increased by **17.5%**



Tenant Satisfaction Level\*3  
Increased to **80%**

\*1 Comparison of annual results for 2020 and 2017  
\*2 Comparison between 31 Mar. 2021 [unofficially confirmed basis] and 31 Mar. 2018 [actual results]  
\*3 In relation to offices, elevator hall, and restroom facilities after refurbishment

### Overview of Refurbishments and Property

<b>Project Name</b> Shiba 2Chome Daimon Building Refurbishment Project	<b>Property Overview</b>
<b>Project System</b> Design supervision: Mitsubishi Jisho Sekkei Inc. PM company: Tokio Marine & Nichido Facilities, Inc. Design and construction: OBAYASHI CORPORATION and others Construction period: April 2018–2021 (completion)	<b>Name of property:</b> Shiba 2Chome Daimon Building <b>Location:</b> 2-3-3 Shiba, Minato-ku, Tokyo <b>Area:</b> Land: 2,820m <sup>2</sup> Building: 16,235m <sup>2</sup> <b>Structure:</b> Steel-framed reinforced concrete structure, 2 floors below ground, 8 floors above ground <b>Time of construction:</b> March 1984 <b>Type of ownership:</b> Land and building <b>Time of acquisition:</b> September 2001



JRE-AM supports activities aimed at Positive Impact, which is advocated by the United Nations Environment Programme–Finance Initiative (UNEP FI).

21 Japan Real Estate Investment Corporation

Japan Real Estate Investment Corporation 22



# SOCIETY

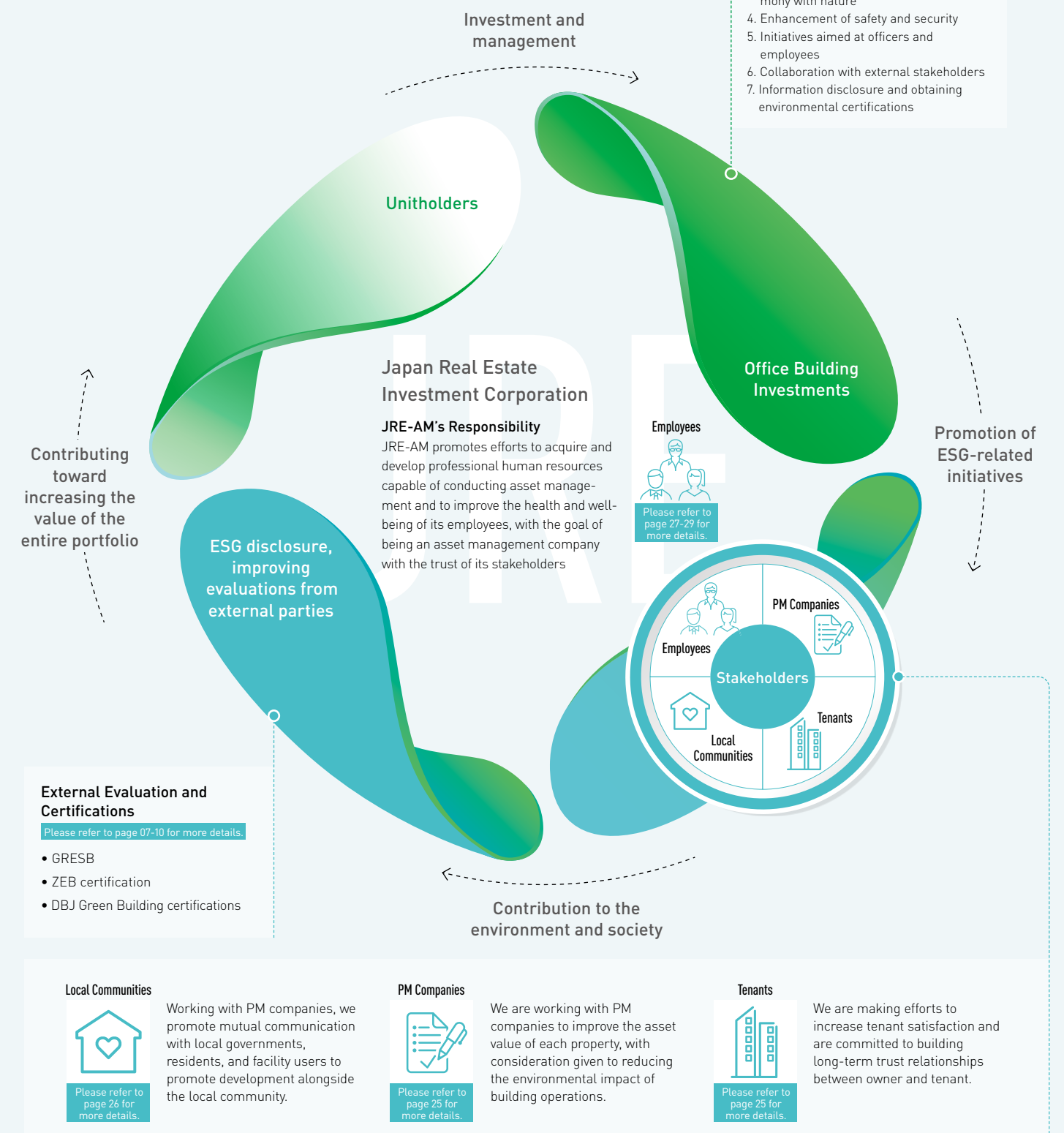
Based on its ESG Basic Policy, JRE-AM strives to improve the value of properties by promoting investment management of office buildings with consideration for the health and well-being of tenant workers. Similarly, JRE-AM practices corporate management that enriches both the Company and employees through efforts to improve the physical and mental health of officers and employees.

- |   |   |
|---|---|
| <p><b>24</b> Relationship Between JRE's Real Estate Investments and Stakeholders</p> <p><b>25</b> Stakeholder Engagement</p> <p>25 Tenants and Partners</p> | <p>26 Local Communities</p> <p>27 Employees (Human Capital Development)</p> <p>28 Well-being</p> <p>29 Creating Fair Work Environments</p> <p><b>30</b> Non-Financial Data Highlights</p> |
|---|---|

## SOCIETY

### Relationship Between JRE's Real Estate Investments and Stakeholders

JRE makes investments based on its ESG Policy and conducts office building management and operations in order to generate stable and sustainable profits. We are creating a system to improve property value and generate returns over the medium-to-long term by both increasing stakeholder engagement and promoting environmental initiatives.



# Stakeholder Engagement

Tenants and Partners

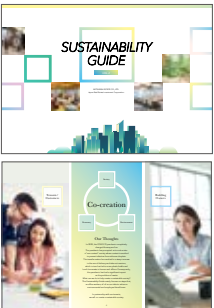
Sustainability Program for Tenants

JRE is implementing various initiatives to increase the satisfaction and enhance the sustainability of tenants in each building.

Sustainability Guide to Promote Owner and Tenant Collaboration  
JRE creates and distributes the Sustainability Guide as part of its efforts to promote collaboration with tenants. The Sustainability Guide introduces activities that we can do in the office, mainly from the viewpoints of the “environment” and “tenant well-being.”

Sustainability Guide VOL.1  
Theme Work Style Reform

Sustainability Guide VOL.2  
Theme 1 Offices in the “New Normal” Era  
Theme 2 Waste Recycling



Survey on Tenant Satisfaction

We carry out satisfaction surveys to achieve a high level of customer satisfaction and realize sustainable buildings.

■ Example of tenant satisfaction survey  
In a bid to increase the asset value, JRE conducted the renovation work for common areas in Shiba 2Chome Daimon Building, including switching from central to individual air conditioning systems and upgrading them to more energy-saving ones, converting to LED lights in the building, and installing card access security systems, which led to increased satisfaction of its tenants in a survey on how they are satisfied with the building and its management.



Feedback of Environmental Data / Online Tenant Services on the Internet

We provide feedback to tenants including energy, water usage, and waste-related data. In addition, we provide online feedback and services using our proprietary system.

Percentage of Buildings with Green Leases	72 buildings total 66.7%
Percentage of Buildings Receiving Environmental Data Feedback	72 buildings total 40.3%
Percentage of Buildings Conducting Survey on Tenant Satisfaction	72 buildings total 26.4%
Percentage of Buildings Receiving Online Tenant Services	72 buildings total 58.3%

[As of March 31, 2021]  
\* The above percentages were calculated based on the number of buildings

Feedback on Sustainability to PMs

JRE conducts surveys for PMs for all properties in the portfolio based on the GRESB-related questions, a global real estate sustainability certification. Based on the survey results, we analyze sustainability efforts at each asset level.  
As for the survey results and each property’s sustainability efforts, we provide PM companies with opportunities to provide feedback.

We believe that property managers who are connected with tenants and visitors to each building will improve the level of sustainability of our entire portfolio by raising their sustainability-related knowledge and awareness.

ESG Seminars for Stakeholders

JRE offers ESG seminars for our business partners, master leases, and property managers, among others, for the purpose of raising stakeholder awareness. We invite ESG experts from outside the Company to cover global ESG trends and discuss specialized fields such as GRESB and ZEB.  
We believe that raising sustainability awareness not only within JRE, but among all our stakeholders, will benefit sustainability efforts at each asset level.



Seminar held in May 2019, with over 180 attendees

Local Communities

JRE has been participating in a range of activities to contribute to local communities and local society. We also foster mutual communication with various stakeholders, including local authorities, local residents, and visitors to our properties, through such activities.

Contribution to Community Development

JRE addresses issues related to community development, including urban redevelopment and revitalization as part of investing in and operating office buildings located in major cities throughout Japan. JRE works to improve the long-term value of its portfolio by contributing to the sustainable development of cities through cooperation with local stakeholders, including local governments, regional councils, tenants, and our sponsor that is a developer.

Local Contribution in the Event of a Disaster

For Akasaka Park Building and others, we have established a system to host stranded commuters in the event of a disaster, and for Otemachi Financial City we have concluded an agreement with Chiyoda ward to host stranded commuters in such an event. In addition, we have installed a well on the premises of Kanazawa Park Building and a regional warehouse on the premises of Harumi Front for disaster control. We also participate in disaster control drills held in Mitsubishi UFJ Trust and Banking Building and other buildings. Through these activities, we strive to contribute to the community by offering places where they can turn to in the event of disaster, thereby contributing to local communities.



Support for Local Events, Local Group

Activities, and Artistic and Cultural Activities. For Shiodome Building, we support the local summer festival by providing a venue and supplying human resources while holding local music events in the open spaces and common areas of Higashi Nibancho Square and Tokyo Opera City Building on a regular basis. Furthermore, we support a range of artistic and cultural activities conducted in Tokyo Opera City Building, which comprises multiple cultural facilities. In these ways and others, JRE has committed to promoting regional revitalization as well as artistic and cultural activities by supporting a range of events.



## TOPICS

Introducing town development to increase sustainability

Urban redevelopment project in cooperation with Mitsubishi Estate Co., Ltd.: Link Square Shinjuku

Link Square Shinjuku, which is directly connected to the pedestrian deck of Shinjuku Station, was completed and opened in 2019 and has helped bring new liveliness to the area as a hub connecting the Shinjuku, Yoyogi, and Sendagaya area.  
The subsequent redevelopment project removed the three aged buildings which were built according to old earthquake resistance standards and constructed a new 16-story complex consisting of offices, commercial facilities, and facilities that contribute to the community, which has greatly enhanced the attractiveness of the area while enhancing the disaster preparedness function for the community.

Strategy to Attract Tenants to Achieve Urban Revitalization

For our properties in the Tokyo area, we have adopted a strategy to attract tenants that will help to make the city more attractive and revitalize the region based on the Urban Development System Utilization Policy for New City Development of the Tokyo Metropolitan Government.



Social Initiatives  
<https://jre-esg.com/en/society/society.html>



Employees (Human Capital Development)

Basic Policy

JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to JRE-AM. As the asset management company for JRE, JRE-AM believes that acquiring and training top-level human resources is a very important aspect of maintaining top-level management. In

addition, JRE-AM has highlighted efforts related to officers and employees as an important issue in its Sustainability Policy. To achieve these goals, JRE-AM is promoting efforts to improve the health and well-being of its employees by creating a system to acquire and develop professional human resources who can handle the responsibility of asset management.

Talent Pipeline & Development Strategy

We have access to professionals with extensive experience and expertise in real estate investment and asset management as seconded staff from our shareholder, Mitsubishi Estate Co., Ltd. and also recruit experienced, talented individuals, to acquire competent personnel on a timely basis.

We employ a human resources development strategy that includes a support for acquiring various qualifications and specialized training after joining the Company. In addition, we are developing an easy-to-work-in environment for employees that

is mindful of their health and well-being.

Whereas JRE-AM currently does not hire new graduates, we continually host junior employees (with fewer than ten years' experience) seconded from our shareholder who regularly recruit new graduates. By creating a well-balanced, diverse workforce consisting of both young and experienced professionals, we ensure that our specialized knowledge and skills in real estate asset management are shared and passed on within the company, thereby enhancing the sustainability of the organization as a whole.

Human Capital Development

Learning and Development for All Employees

We encourage all employees, including permanent, seconded, contract, and temporary staff, to pursue self-development and professional development. We conduct our own training programs that increase knowledge of the REIT industry and awareness of compliance issues. Furthermore, we encourage employees to actively participate in a variety of training programs offered by our shareholder. By participating in such programs, we expect each employee to develop as both a business person and an industry professional.

Specialized Skills Training

We offer training programs led by external lecturers and experts that improve employees' professional and practical skills, helping them become professionals in the fields of REITs and real estate asset management. Further, we encourage all employees and officers to pursue educational opportunities outside the

company by subsidizing relevant educational expenses such as the costs of attending seminars and training programs offered by external organizations.

Advanced Leadership Development

At JRE-AM, managerial positions are given to those who display management potential and show a willingness to acquire specialized knowledge from both inside and outside the Company. After these managers are appointed, we expect them to improve their management abilities on a voluntary basis. To support their participation in management seminars and symposiums, we bear the costs of these activities. To ensure up-to-date knowledge of laws, such as the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations, we periodically invite external experts to lecture on these topics, and also provide training for managers conducted by our shareholder.

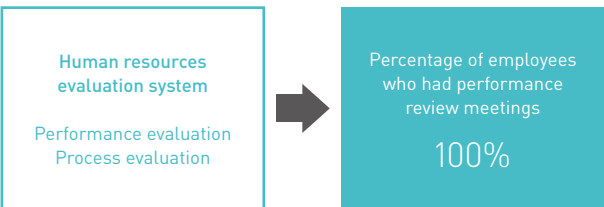
Examples of training programs by external lecturers in FY2020 (20 programs were conducted in total):

- case 1 Compliance training for those engaged in investment management business (July and August 2020, February 2021)
- case 2 Internal Audit Seminar (June and July 2020)

- case 3 Anti-Money Laundering Training (August 2020)
- case 4 Sustainability Seminar (January 2021)
- case 5 Anti-Harassment Training (February 2021)

Fair Performance Evaluation and Remuneration

JRE-AM has introduced an evaluation system for all employees based on performance and processes. At the beginning of the fiscal year, each employee sets his or her own targets with advice from their managers, and bonuses are paid based on the degree of achievement of those targets. Employees receive comprehensive feedback on their performance and specific contributions through the Semi-Annual Follow-Up Meeting and the Final Appraisal Meeting.



Well-being

Employee Health and Well-being

We believe that the physical and mental health of employees and the creation of an accommodating work environment are important management issues in terms of improving business performance. Based on this understanding, we implement various measures to promote the physical and mental health of employees, help them achieve a good work-life balance, and increase worker motivation.

Creating Productive and Employee-friendly Workplace  
JRE-AM Office Environment

- A work environment that enhances productivity through consideration for health and well-being

We moved to our new office at Otemachi Park Building in December 2017. Otemachi Park Building is a state-of-the-art building aiming to offer an employee-friendly workplace that reforms working styles and improves creativity and productivity of workers, featuring advanced energy efficient facilities, BCP functions, and facilities focused on coexistence with the environment. The building is equipped with a designated lounge space for tenants complete with a fitness room, nap room, shower room, etc., in addition to a nursery and a community plaza with natural greenery that is designed with consideration for biodiversity.

- Office Design Promoting Internal Communication  
To coincide with our relocation, we have adopted a free seating



system for employees and have upgraded communication spaces within the Company. These spaces are aimed at invigorating in-Company communication and have been set up to add a playful touch to our office and promote employees' physical activities. We believe that these offices will facilitate work style reforms and lead to improved productivity.

Promote Diverse Work Styles

We endeavor to provide a comfortable working environment by offering various employee benefit programs and promoting a better work-life balance so that no employee has to give up their employment for childbirth, childcare, nursing care, or other life events.

Introduction of a Fully Flextime System that Abolishes Core Working Hours

We have introduced a flextime system for all employees. Under this system, prescribed work hours are managed by the month and not by the day, meaning that employees can measure their work obligations and private affairs and come up with a workstyle that takes into account a proper work-life balance.

Employee Voice

Promoting a Diverse Workforce

I came to Japan in 2013 to study as a postgraduate and joined JRE-AM in February 2020 from my previous position at a bank. The workplace atmosphere at JRE-AM is friendly and conducive to good communication. As there are systems in place that allow for a high degree of freedom, I find it to be a comfortable place to work, where I can follow a workstyle that suits me.

When internal interactions brought me into contact with a variety of approaches and value systems, I gained a sense that the Company's aim of creating a workplace where employees can work enthusiastically, regardless of their

nationality, helps make JRE a highly diverse organization. I believe that finding ways to identify with and accept each other, irrespective of linguistic or cultural differences, is vital for communication. As disagreements are a natural occurrence, I will endeavor to communicate with others with awareness of the need to consider the approaches that underpin their views before offering my own opinions.



Creating Fair Work Environments

Communication with Employees

We implement the following measures to foster an open and efficient communication environment among all employees.

Satisfaction Survey

At JRE-AM, we consider our employees to be our closest stakeholders, and we believe that improving their satisfaction is important for sustainable growth.

For this reason, we regularly conduct annual surveys of all employees on a wide range of topics, including the work environment, ease of working including benefits, and educational support, in a way that prevents the identification of individuals. Through this survey, we strive to actively collect honest opinions and frank views. The results of this survey are fed back to the President & CEO, and are used for improvement activities. In addition, the HR department conducts interviews with employees to gather their opinions on how to improve operational efficiency.

Anti-harassment

We conduct anti-power harassment and anti-sexual harassment training regularly to raise awareness, and provide employees with the tools and guidance they need to identify, prevent and remove sexual/power harassment from the workplace. Furthermore, we keep everyone informed about the existence of the compliance hotline.

Support for promoting a strong team culture

We provide a certain amount of subsidies for expenses related to employee social gatherings, such as welcome parties and year-end parties, to support building and maintaining a strong team culture among employees. We believe it helps not only with

creating a comfortable work environment but also strengthening the company's competitiveness through open communication.



JRE's 20th anniversary of IPO

Employee hotlines & grievance reporting

For the purpose of empowering staff, uncovering risks/problems, and increasing workplace satisfaction, all employees can consult with either the GM of the Compliance Department, a legal advisory firm, or an external specialist organization on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Every employee can access the above hotlines at any time and consultations can be made anonymously, and whistleblowers are given protection under the Whistleblower Protection Act. If deemed necessary, the contact point will report the details of the consultation to the President & CEO and the President & CEO will conduct an investigation in consideration of the human rights of the employees and take the measures necessary for resolution of the issue.

Policies and Initiatives amid COVID-19

Amid the ongoing impact of COVID-19, we are making a variety of efforts to protect the health of JRE-AM's employees and our tenants and to provide a safe working environment. We will continue keep an eye on social trends and respond to requests from the government in a flexible manner.

Consideration for Employees

We are conducting operations while staying mindful of work-life balance in an effort to prevent infection. Therefore, we have established rules for adopting teleworking and are promoting staggered commuting. We have clarified work priority and promote the use of IT through online meetings and other means, and have set up a system that allows work to be carried out smoothly even when working from home. In the office, we are careful to apply disinfectants and wear masks to prevent infection. The company also provides PCR testing as a benefit. Moreover, JRE-AM has entered into an advisory contract with an industrial physician in consideration for the physical and mental health of employees. JRE-AM's employees can receive health consultations based on this contract. These consultations can be conducted online if requested and they will continue to be used as a measure to support the mental health of employees amid COVID-19.

Consideration for Tenants

We have installed cameras for measuring temperature at some buildings to monitor visitors' health condition in real time. In addition, we are thoroughly implementing the provision of alcohol-based sanitizers and the disinfection of handrails and other surfaces in common areas, and placing markings on floors to indicate standing positions in places where people line up, such as elevator lobbies. We are striving to offer peace of mind and safety for tenants by restricting as required the use of lounges, smoking rooms, and other areas, as well as the number of people who can use them at the same time.



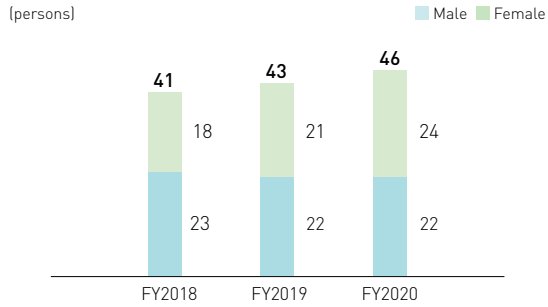
Temperature measurement with a non-contact thermometer

Non-Financial Data Highlights

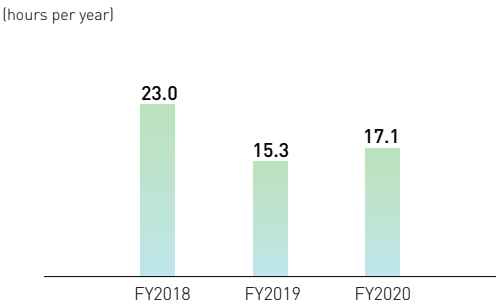
Employee-related data is listed below. Particularly notable is data related to the active participation of women, as the proportion of female employees at JRE-AM has increased for the past consecutive year, far exceeding the average for Japanese companies of 25.8%.\* In addition, results from the reporting period below show a 100% return and retention rate for employees 12 months after taking childcare leave.

\* Source: "Corporate awareness survey on promoting the participation of women in their workforce" conducted in August 2020 and released by Teikoku Databank Ltd.

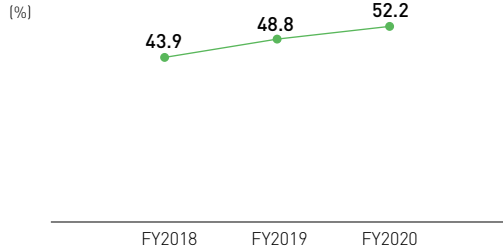
Number of Employees



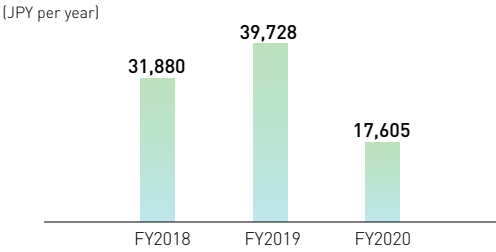
Training Hours per Employee



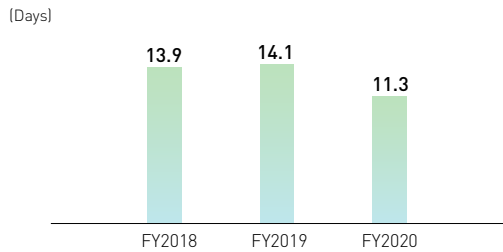
Female Employee Ratio



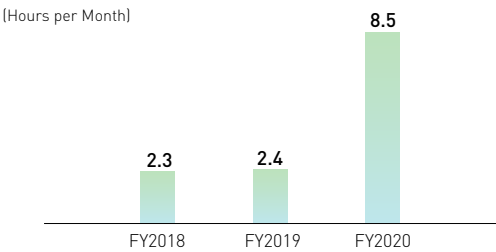
Training Expenses per Employee



Annual Paid Leave per Person



Monthly Average Overtime



Promote Diverse Workforce

	FY2018	FY2019	FY2020
Number of Employees	41	43	46
Foreign employees	0	1	2
Of which female senior management	2	2	3
Of which Female directors	1	0	0*

\* One female director has been appointed in April 2021, and ratio of female directors became 25%.



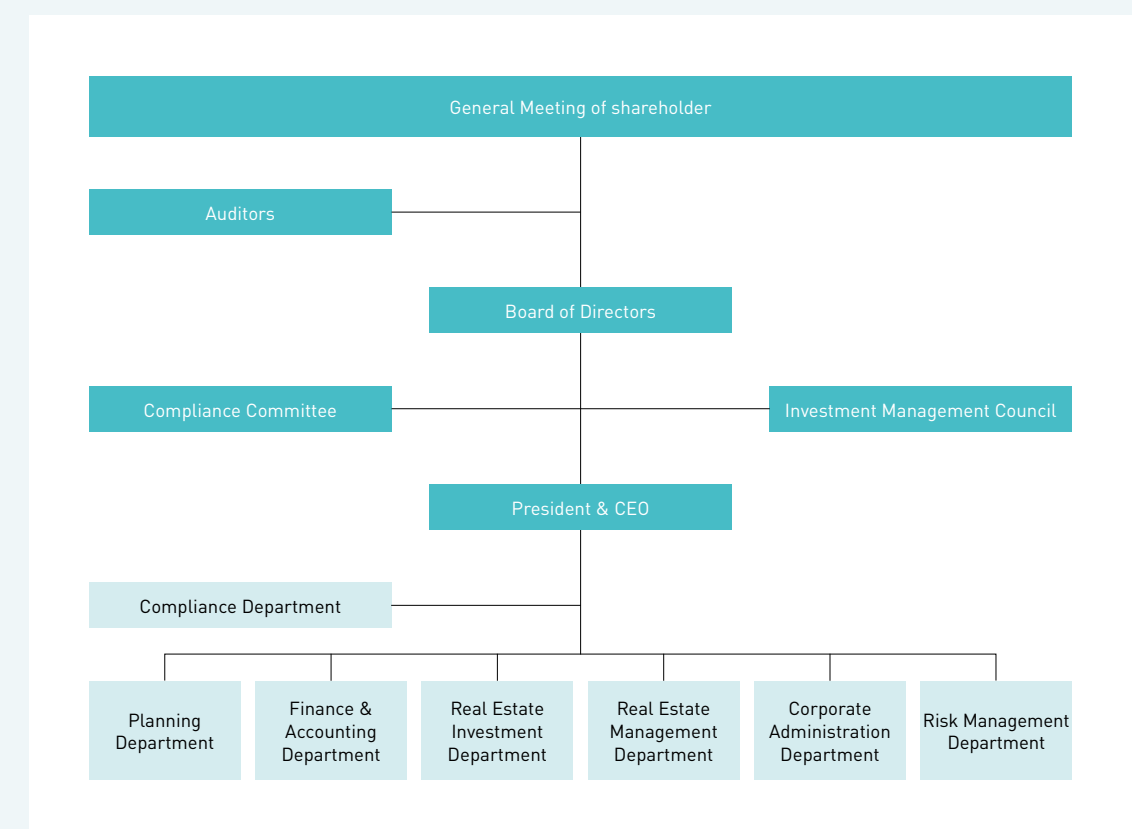
# GOVERNANCE

Our basic policy as an investment corporation and asset management company is not only to comply with laws and regulations, but to meet social demands as well. Taking care to have each employee perform his or her duties with high ethical standards and strict self-discipline raises our reputation among investors and garners the trust of the wider society.

- 32 Management System
- 33 Risk Management
- 36 Compliance System

## Management System

JRE entered into an entrustment contract for asset investments with JRE-AM. JRE has also entered into business consignment contracts with various trust banks for custodial business related to assets and general business outsourcing. Under the management structure below, JRE-AM conducts asset investments such as acquisition and transfer of properties and leasing spaces to tenants.



For details, please refer to the securities report (Part 2. Details of JRE, Section 4. Status of affiliates, 1. Outline of JRE-AM, [2] Operation system (available only in Japanese).

# Risk Management

In order to gain an understanding of risk inherent in operations and manage them in appropriate fashion, JRE-AM has formulated a Basic Risk Management Policy, Risk Management Regulations, and Risk Management Rules, and has established the Risk Management Department, which handles risk management for JRE and reports the status of risk management for JRE to the Board of Directors.

**1 Basic Risk Management Policy**

This policy defines JRE's basic policy regarding risk management. This policy stipulates: 1) the classification and definition of risks and management in line with the characteristics of each risk; 2) risk identification, assessment, and analysis; 3) activities to mitigate risks based on assessment and the means to monitor these activities; and 4) implementation of measures when risks become apparent. This policy also lays out provisions for an organizational structure regarding risk management and for reporting to the Board of Directors.

**2 Risk Management Regulations**

Under the Basic Risk Management Policy, the Risk Management Regulations clarify the types of risks related to JRE's business operations and where they may occur, and determines management methods and systems to mitigate these risks.

**Types of Risk**

<b>1. Asset management risks</b>	
• Real estate investment risks (risks related to volatility in the real estate market, real estate credit risks, etc.)	• Other asset management risks (market risks, credit risks, operational risks, etc.)
<b>2. Other risks</b>	
• Companywide risks (risks caused by inadequate organizational structure, corporate governance, and internal control systems)	• Reputation risks (risks caused by the spread of negative information or perception)
• Disclosure risks (risks caused by failure to disclose information in a timely and appropriate manner)	• Event risks (risks caused by unpredictable external factors such as earthquakes and other natural disasters)

**Risk Management System**

The Board of Directors determines the Basic Risk Management Policy and supervises the development of an appropriate risk management system. In addition, the Risk Management Department has been established as the department responsible for handling risk management, and risk management managers have been assigned to each department to promote appropriate risk management. Furthermore, the status of risk management is reported to the Board of Directors.

**3 Risk Management Rules**

In accordance with the Risk Management Regulations, the Risk Management Rules stipulate that each department is to clarify the risks to be managed, that each department is to recognize and address these risks, and that the Risk Management Department will monitor these efforts. As a general rule, once every fiscal year, each department uses a "Risk Assessment Table" to revise their list of risks, reassess their approach, and review countermeasures. The Risk Management Department monitors these actions and reports their findings to the Board of Directors.



**4 Efforts Related to Risk Management**

Based on the Risk Management Rules, the "Risk Assessment Table" created by each department is reviewed every year in principle according to the following process in order to properly manage various types of risks and confirm the status of risk management.

**Risk Assessment Process**



**Compliance Risk Management through Three Lines of Defense**

Each department of JRE-AM is proactively and autonomously working on compliance risk management. The following is a summary based on the "Three Lines of Defense" concept.

**1 1st Line of Defense—Self-Control by Front Divisions**

- A compliance manager has been appointed in each department to promote compliance, which includes daily compliance checks and assessments, formulation and implementation of compliance programs, and formulation and implementation of rules and manuals under jurisdiction of each department.
- A risk management manager is appointed in each department to promote efforts such as reviewing the "Risk Assessment Table," gaining an understanding of the types of risks inherent to work under the jurisdiction of each department in order to ensure that these risks are managed appropriately.
- A compliance program has been developed as a concrete implementation plan aimed at achieving proper compliance.



2 2nd Line of Defense—Control by Risk Management and Compliance Divisions

- The Compliance Department drafts general compliance plans, practices compliance, and inspects, checks, and works to improve the level of compliance in each department.
- In addition to planning and promoting the Basic Risk Management Policy, the Risk Management Department monitors the status of risk management in each department and provides direction based on the “Risk Assessment Table.”
- A Compliance Committee has been set up to examine, deliberate over, and make decisions on compliance-related concerns and pressing matters such as important transactions that involve key related parties. Independent external experts also serve in the committee as members.
- A variety of compliance training is conducted to ensure an understanding of the laws and regulations to be complied with, and to ensure that officers and employees can engage in activities while maintaining thorough compliance.

3 3rd Line of Defense—Review by Audit Divisions

- Internal audits are conducted every year to inspect and verify the appropriateness and effectiveness of legal compliance, internal management, risk management, crisis management, and other systems from the perspective of ensuring investor protection and fair market formation as an asset management company.

Preventing Fraud and Corruption at the Asset Management Company

The Mitsubishi Estate Group has declared that it will carry out equitable, transparent corporate activities with a primary emphasis on earning trust. The Group’s Guidelines for Conduct forbid not just actions that could be construed as collusion with government officials or other actions considered illegal, but also entertainment and gift-giving that goes beyond the bounds of social convention.

When providing support related to the activities of political groups, the Group ensures it is appropriate in accordance with relevant laws and regulations such as the Political Funds Control Act and the Public Offices Election Act, as well as internal regulations such as the Mitsubishi Estate Group Guidelines for Conduct.

Moreover, in 2013, the Group established the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption to put in place a system to prevent corruption across the organization. In

2018, the Group established and published the Mitsubishi Estate Group Anti-Corruption Guidelines. The Guidelines document expectations of business partners with the aim of ensuring compliance throughout the supply chain based on the cooperation of all of the Group’s business partners. The Group provides training on corruption prevention to officers and employees and obtains pledges on the Guidelines on the Prevention of Corruption from officers and employees. The Group also holds annual lectures on corruption prevention, particularly for departments and Group companies engaged in international business.

In 2017, an external organization assessed the Mitsubishi Estate Group’s corruption prevention system as a whole. The Group has been working to further strengthen the corruption prevention system by responding to the issues identified through the assessment.

Employee hotlines & grievance reporting

For the purpose of empowering staff, uncovering risks/problems, and increasing workplace satisfaction, all employees can consult with either the GM of the Compliance Department, a legal advisory firm, or an external specialist organization on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Every employee can access the above

hotlines at any time and consultations can be made anonymously, and whistleblowers are given protection under the Whistleblower Protection Act. If deemed necessary, the contact point will report the details of the consultation to the President & CEO, and the President & CEO will conduct an investigation in consideration of the human rights of the employees and take the measures necessary for resolution of the issue.

Basic Principle of Compliance for the Investment Corporation (JRE)

JRE’s basic principle of compliance is to thoroughly observe legal and other relevant norms in regard to the business operation as well as to respond to the requirements from society. This means that the investment corporation administers and oversees the outsourcing companies from the same standpoint, while complying with legal and other relevant norms in its decision-making.

Basic Principle of Compliance for the Asset Management Company (JRE-AM)

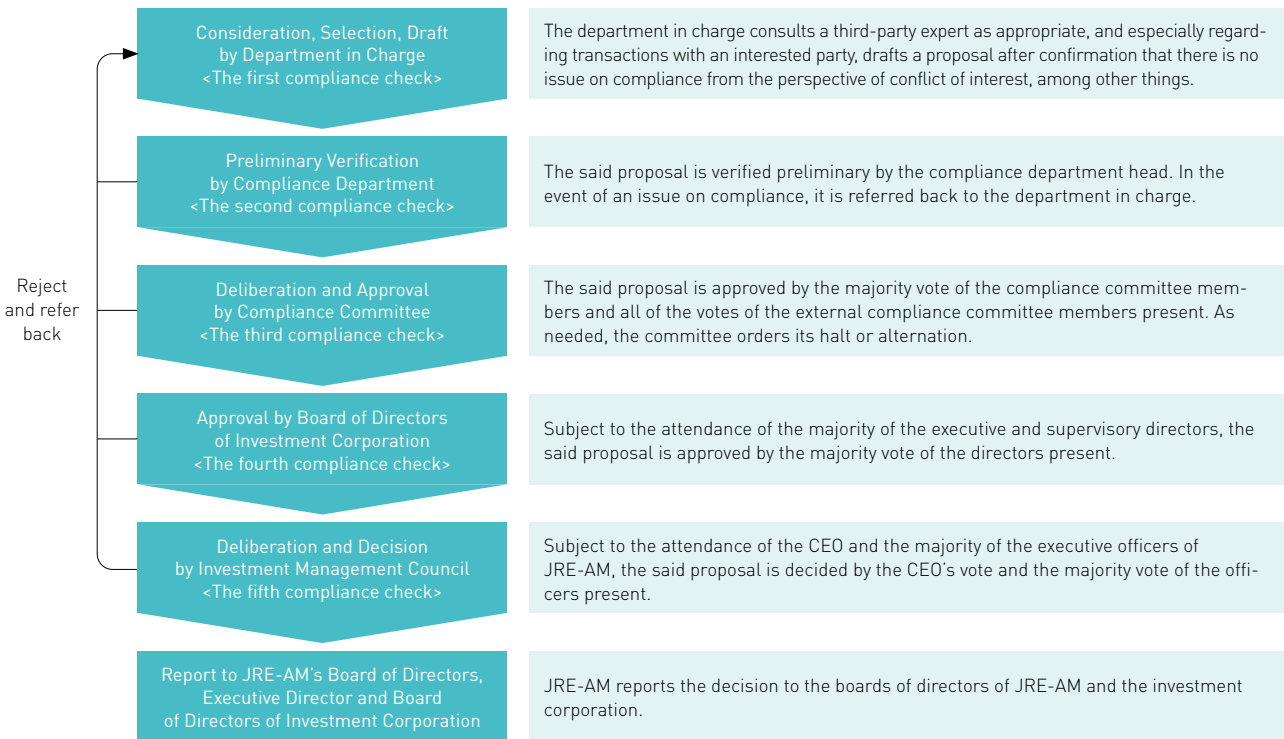
- 1 Ensuring thorough compliance is one of its top priority issues, since JRE-AM understands that any insufficiency in compliance would affect even its management base.
- 2 As an asset management company, JRE-AM recognizes that it bears the responsibility for realizing the values that are required by society in its business operation, and makes proactive and continuous efforts for full compliance to enhance the value of its business operation both qualitatively and quantitatively.
- 3 JRE-AM is determined to achieve a reputation for quality among its investors by promoting compliance activities, and thereby gains the trust of a wide spectrum of society.

Conflict of Interest Policy of JRE-AM

JRE-AM recognizes the importance that its business of investing the assets of the investment corporation (JRE) is to manage the funds of the unitholders of the investment corporation, and makes it a principle that JRE-AM always gives the first priority to the interest of the investment corporation, which entrusts the asset investment to JRE-AM, and performs the asset management services in a loyal, fair, sincere, and equitable way. JRE-AM acts in the best interest of the investment corporation, and discharges the fiduciary duties as an asset management company, and makes a fair deal at all times.

Decision-making structure in internal control system

In a case where a transaction is made with an interested party and above a certain amount



For Mitsubishi Estate Group Guidelines for Conduct, please click here.  
<https://www.mec.co.jp/e/company/chapter/index.html>

For Mitsubishi Estate Group Anti-Corruption Guideline, please click here.  
[https://www.mec.co.jp/e/sustainability/activities/governance/compliance/pdf/anti\\_corruption\\_guideline\\_201903.pdf](https://www.mec.co.jp/e/sustainability/activities/governance/compliance/pdf/anti_corruption_guideline_201903.pdf)



For details, please refer to the report on the management systems of the issuers of real estate investment trust securities (2. Management systems of investment corporations and asset management companies, (3) Measures for transactions that constitute conflicts of interest) [available only in Japanese].

GRI 100:Universal Standard

2021.04

GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-1 Name of the organization	· Overview of JRE	· Corporate Data
		· IR Library	· Annual Report
	102-2 Activities, brands, products, and services	· Portfolio List (Portfolio Overview)	· Portfolio List (Portfolio Overview)
		· IR Library	· Annual Report
	102-3 Location of headquarters	· Overview of JRE	· Corporate Data
		· IR Library	· Annual Report
	102-4 Location of operations	· Overview of JRE	· Corporate Data
		· IR Library	· Annual Report
	102-5 Ownership and legal form	· Organizational Structure	· Organizational Structure
		· IR Library	· Annual Report
	102-6 Ownership and legal form	· Portfolio List (Portfolio Overview)	· Portfolio List (Portfolio Overview)
		· IR Library	· Annual Report
	102-7 Scale of the organization	· Overview of JRE	· Corporate Data
		· Financial Highlights	· Trend of Financial Results
		· IR Library	· Annual Report
	102-8 Information on employees and other workers	· "JRE-AM website">Employee Initiatives	· Basic Employee Data
		JRE has no employees and outsources all asset management operations to the asset management company(JRE-AM), so we disclose the employees of the asset management company here.	
	102-9 Supply chain	· IR Library	· Annual Report
	102-11 Precautionary Principle or approach	· Environmental Initiatives	· Contributions to the Environment through Real Estate Investment Management
		· Climate Change Initiatives	· Climate Change-Related Risks and JRE's Response
	102-12 External initiatives	· International Initiatives	· Signatory to PRI · Signatory to UNEP FI · Participation in UNGC
		· External Evaluation and Certifications	· Commitment to GRESB · PRI Assessment Result · Participation in the CDP's Climate Change Program
		· Climate Change Initiatives	· Global Trends (Supporting the TCFD Recommendations)
	102-13 Membership of associations	· "JRE-AM website">About JRE-AM	· Memberships
	102-14 Statement from senior decision-maker	· JRE Information	· Message from Executive Director
		· About JRE's ESG Measures	· Message from Our President
	102-15 Key impacts, risks, and opportunities	· Basic Policy on ESG / Management Structure	· Sustainability Policy
		· About JRE's ESG Measures	· Message from Our President
		· Climate Change Initiatives	· Climate Change-Related Risks and JRE's Response
	102-16 Values, principles, standards, and norms of behavior	· Basic Policy on ESG / Management Structure	· Sustainability Policy
		· "The website of Mitsubishi Estate Co., Ltd.">CORPORATEINFORMATION : PROFILE OF MITSUBISHI ESTATE>CODEOF CONDUCT	· The Mission of Mitsubishi Estate Group · Mitsubishi Estate Group Code of Conduct · Mitsubishi Estate Group Guidelines for Conduct
		· Compliance System	· Basic Principle of Compliance for the AssetManagement Company (JRE-AM)
	102-18 Governance structure	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· Governance Structure of JRE	· Governance Structure of JRE
		· Management System	· Management System

GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-19 Delegating authority	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· Management System	· Management System
	102-20 Executive-level responsibility for economic, environmental, and social topics	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· compliance system	· Compliance System
	102-21 Consulting stakeholders on economic, environmental, and social topics	· Environmental Initiatives	· Contributions to the Environment through Real Estate Investment Management
		· Social Initiatives	· Collaboration with Suppliers · Stakeholder Engagement · Relationship with Local Communities
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives
		Initiatives for stakeholder engagements are included in the matters under the jurisdiction of Sustainability Committee and periodically reported to JRE's board of directors' meeting.	
	102-22 Composition of the highest governance body and its committees	· Basic Policy on ESG / Management Structure (Environmental, Social and Governance) Issues	· Sustainability Committee
		· Governance Structure of JRE	· Governance Structure of JRE
		· Compliance System	· Compliance System
	102-23 Chair of the highest governance body	· History/Directors' Profile	· Directors' Profile
		· "JRE-AM website">About JREA	· Corporate Data
	102-24 Nominating and selecting the highest governance body	· IR Library	· Articles of Incorporation
	102-25 Conflicts of interest	· Compliance System	· Conflict of Interest Policy of Asset Management Company
	102-26 Role of highest governance body in setting purpose, values, and strategy	· Basic Policy on ESG / Management Structure	· Sustainability Committee
	102-27 Collective knowledge of highest governance body	· Basic Policy on ESG / Management Structure	· Sustainability Committee
	102-29 Identifying and managing economic, environmental, and social impacts	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· Management System	· Risk Management
	102-30 Effectiveness of risk management processes	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· Management System	· Risk Management
	102-31 Review of economic, environmental, and social topics	· Basic Policy on ESG / Management Structure	· Sustainability Committee
	102-32 Highest governance body's role in sustainability reporting	· Basic Policy on ESG / Management Structure	· Sustainability Committee
	102-33 Communicating critical concerns	· Basic Policy on ESG / Management Structure	· Sustainability Committee
		· Management System	· Risk Management
		· Compliance System	· Conflict of Interest Policy of Asset Management Company
	102-34 Nature and total number of critical concerns	No significant concerns are reported during the reporting period.	
	102-35 Remuneration policies	· Governance Structure of JRE	· Governance Structure of JRE
	102-36 Process for determining remuneration	· Governance Structure of JRE	· Governance Structure of JRE



GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-41 Collective bargaining agreements	Not applicable as JRE does not have employees.	
	102-43 Approach to stakeholder engagement	· Environmental Initiatives	· Contributions to the Environment through Real Estate Investment Management · Collaboration with Suppliers
		· Social Initiatives	· Stakeholder Engagement · Improving Tenant Satisfaction · Relationship with Local Communities
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives
	102-47 List of material topics	· Basic Policy on ESG / Management Structure	· Sustainability Policy
		· Disclosure of ESG-Related Information	· GRI Content Index · SASB Framework (GRI Standard Content Index)
	102-48 Restatements of information	Not applicable	
	102-49 Changes in reporting	Not applicable	
	102-50 Reporting period	· Disclosure of ESG-Related Information	· Reporting scope and period
	102-51 Date of most recent report	17/4/2020	
	102-52 Reporting cycle	· Disclosure of ESG-Related Information	· Reporting scope and period
	102-53 Contact point for questions regarding the report	· Disclosure of ESG-Related Information	· Inquiries
	102-55 GRI content index	· Disclosure of ESG-Related Information	· GRI Content Index
201 Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	· Environmental Initiatives	· Environmental Performance
		· Disclosure of ESG-Related Information	· GRI Content Index / SASB Framework
		· Climate Change Initiatives	· Climate Change-Related Risks and JRE's Response

List of material topics

Sustainability Policy	GRI Material Topics
1. Contribution to creating a low-carbon society	"302:Energy" / "305:Emissions"
2. Contribution to creating a recycling-oriented society	"303:Water and Effluents" / "306:Waste"
3. Contribution to creating a society in harmony with nature	"303:Water and Effluents" / "306:Waste"
4. Enhancement of safety and security	"403: Occupational Health and Safety" / "416: Customer Health and Safety" "Customer Satisfaction (G4 Construction and Real Estate Sector Disclosures PR5)"
5. Initiatives aimed at officers and employees	"401:Employment" / "404:Training and Education"
6. Collaboration with external stakeholders	"308:Supplier Environmental Assessment" / "414:Supplier Social Assessment" / "Customer Satisfaction(G4 Construction and Real Estate Sector Disclosures PR5)"
7. Information disclosure and obtaining environmental certifications	"Sustainability Certification(G4 Construction and Real Estate Sector Disclosures CRE8)"

GRI 300: Environmental Standards

Energy ("Contribution to creating a low-carbon society")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Environmental Performance · Contributions to the Environment through Real Estate Investment Management · Collaboration with Supplier	
		· Green Finance	· Sustainability-Linked Loans · Green Bonds	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
302 Energy 2016	302-1 Energy consumption within the organization	· Environmental Initiatives	· Environmental Performance	○*1
	302-2 Energy consumption outside of the organization	Energy consumption outside of the organization is not subject to reporting, therefore it is not applicable.		
	302-3 Energy intensity	· Environmental Initiatives	· Environmental Performance	○*1
	302-4 Reduction of energy consumption	· Environmental Initiatives	· Environmental Performance · Contributions to the Environment through Real Estate Investment Management	
		· Green Finance	· Sustainability-Linked Loans · Green Bonds	
	302-5 Reductions in energy requirements of products and services	· Environmental Initiatives	· Environmental Performance · Contributions to the Environment through Real Estate Investment Management	○*2

Water ("Contribution to creating a recycling-oriented society" / "Contribution to creating a society in harmony with nature")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Environmental Performance · Contributions to the Environment through Real Estate Investment Management · Collaboration with Supplier	
		· Green Finance	· Sustainability-Linked Loans · Green Bonds	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
303 Water and Effluents 2018	303-3 Water withdrawal	· Environmental Initiatives	· Environmental Performance	
	303-5 Water consumption	· Environmental Initiatives	· Environmental Performance	

\*1 Ernst & Young ShinNihon LLC was engaged to provide independent limited assurance on the Environmental Performance Data on the company's website.

\*2 CSR Design Green Investment Advisory, Co., Ltd. reviewed accuracy of JRE's ESG performance.

Emissions (“Contribution to creating a low-carbon society”)				Reviewed by a third-party organization
GRI Index		Location on the Company’s web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	・Basic Policy on ESG / Management Structure	・Sustainability Policy	
	103-2 The management approach and its components	・Basic Policy on ESG / Management Structure	・Sustainability Policy	
		・Environmental Initiatives	・Environmental Performance ・Contributions to the Environment through Real Estate Investment Management ・Collaboration with Supplier	
		・Green Finance	・Sustainability-Linked Loans ・Green Bonds	
		・Complaint Handling and Dispute Resolution	・JREA’s Complaint Handling and Dispute Resolution Measures	
		・Climate Change Initiative	・Climate Change-Related Risks and JRE’s Response	
	103-3 Evaluation of the management approach	・Basic Policy on ESG / Management Structure	・Sustainability Committee	
		・Climate Change Initiatives	・Governance	
		・External Evaluation and Certifications	・Commitment to GRESB	
305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	・Environmental Measures	・Environmental Performance>WEB information	○*1
	305-2 Energy indirect (Scope 2) GHG emissions	・Environmental Initiatives	・Environmental Performance>WEB information	○*1
	305-3 Other indirect (Scope 3) GHG emissions	・Environmental Initiatives	・Environmental Performance>WEB information	○*1
	305-4 GHG emissions intensity	・Environmental Initiatives	・Environmental Performance	○*1
	305-5 Reduction of GHG emissions	・Environmental Initiatives	・Environmental Performance ・Contributions to the Environment through RealEstate Investment Management	

Waste("Contribution to creating a recycling-oriented society"/" Contribution to creating a society in harmony with nature")				
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Environmental Performance · Contributions to the Environment through RealEstate Investment Management · Collaboration with Supplier	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
306 Waste 2020	306-3 Waste generated	· Environmental Initiatives	· Environmental Performance>WEB information	
	306-5 Waste directed to disposal	· Environmental Initiatives	· Environmental Performance>WEB information	

Supplier Environmental Assessment ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Contributions to the Environment through Real Estate Investment Management · Collaboration with Supplier	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier applicable of environmental criteria was not newly hired.		
	308-2 Negative environmental impacts in the supply chain and actions taken	No specific supplier with significantly negative environmental impact was determined during the recent period.		

GRI 400: Social Standards

Employment ("Initiatives aimed at officers and employees")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiativesues	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
401: Employment 2016	401-1 New employee hires and employee turnover	· "JRE-AM website">Employee Initiatives	· Employee Initiatives	○*2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	· "JRE-AM website>Employee Initiatives	· Employee Initiatives	○*2
	401-3 Parental leave	· "JRE-AM website>Employee Initiatives	· Employee Initiatives	○*2
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
403: Occupational Health and Safety 2018	403-6 Promotion of worker health	· Social Initiatives	· Improving Tenant Satisfaction>Initiatives for the-safety and health of tenants	○*2
		· "JRE-AM website">Employee Initiatives	· Employee Health and Well-being	○*2

\*1 Ernst & Young ShinNihon LLC was engaged to provide independent limited assurance on the Environmental Performance Data on the company's website.

\*2 CSR Design Green Investment Advisory, Co., Ltd. reviewed accuracy of JRE's ESG performance.



Training and Education ("Initiatives aimed at officers and employees")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
		· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
404: Training and Education 2016	404-1 Average hours of training per year per employee	· "JRE-AM website">Employee Initiatives	· Employee Initiatives	○*2
	404-2 Programs for upgrading employee skills and transition assistance programs	· "JRE-AM website">Employee Initiatives	· Employee Initiatives	○*2
	404-3 Percentage of employees receiving regular performance and career development reviews	· "JRE-AM website">Employee Initiatives	· Employee Initiatives	○*2

Local Communities ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	・ Basic Policy on ESG / Management Structure	・ Sustainability Policy	
	103-2 The management approach and its components	・ Basic Policy on ESG / Management Structure	・ Sustainability Policy	
		・ Social Initiatives	・ Relationship with Local Communities	
		・ Complaint Handling and Dispute Resolution	・ JREA's Complaint Handling and Dispute Resolution Measures	
	103-3 Evaluation of the management approach	・ Basic Policy on ESG / Management Structure	・ Sustainability Committee	
		・ External Evaluation and Certifications	・ Commitment to GRESB	
413 Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	・ Social Initiatives	・ Relationship with Local Communities	◯*2
	413-2 Operations with significant actual and potential negative impacts on local communities	Note: Properties owned by JRE are referred as Office in the requirement of this item taking into account the general meaning of the report. Please see Portfolio List of JRE's website regarding properties held by JRE.  No specific office with significantly negative impact on local communities was determined during the reporting period.		

Supplier Social Assessment ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Collaboration with Supplier	
	103-3 Evaluation of the management approach	· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
		· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier applicable of social criteria was not newly hired.		
	414-2 Negative social impacts in the supply chain and actions taken	No specific supplier with significantly negative social impact was determined during the recent period.		

Customer Health and Safety ("Enhancement of safety and security")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Contributions to the Environment through Real Estate Investment Management	
		· Social Initiatives	· Improving Tenant Satisfaction	
		· Climate Change Initiatives	· Climate Change-Related Risks and JRE's Response	
	103-3 Evaluation of the management approach	· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
		· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	· Social Initiatives	· Improving Tenant Satisfaction>Initiatives for the safety and health of tenants	○*2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	· Social Initiatives	· Improving Tenant Satisfaction>Initiatives for the safety and health of tenants  JRE sets "Adaptation to new earthquake-resistant standards or equivalent structure/strength" as one of its acquisition criteria. All properties in the current portfolio held by JRE also meet the same criteria.	○*2

Others

Sustainability Certifications ("Information disclosure and obtaining environmental certifications")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· External Evaluation and Certifications	· Sustainability Certification	
	103-3 Evaluation of the management approach	· Green Finance	· Sustainability-Linked Loan · Green Bonds	
		· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
Sustainability Certifications [G4 Construction and Real Estate Sector Disclosures CRE8]	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	· Environmental Measures	· Sustainability Certification	○*2

Customer Satisfaction ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· "JRE-AM website">Employee Initiatives	· Employee Initiatives	
	103-2 The management approach and its components	· Basic Policy on ESG / Management Structure	· Sustainability Policy	
		· Environmental Initiatives	· Improving Tenant Satisfaction	
	103-3 Evaluation of the management approach	· Complaint Handling and Dispute Resolution	· JREA's Complaint Handling and Dispute Resolution Measures	
		· Basic Policy on ESG / Management Structure	· Sustainability Committee	
		· External Evaluation and Certifications	· Commitment to GRESB	
Customer Satisfaction [G4 Construction and Real Estate Sector Disclosures PR5]	Results of surveys measuring customer satisfaction.	· Social Initiatives	· Improving Tenant Satisfaction	○*2

Activity Metrics

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Unit
IF-RE-000.A	Number of assets	73	72	assets
IF-RE-000.B	Leasable floor area	871,326	873,873	m <sup>2</sup>
IF-RE-000.C	Percentage of indirectly managed assets	0.01	0.01	%
IF-RE-000.D	Average occupancy rate	99.7	97.9	%
	Note: Fiscal years refer to the period starting from April 1 and ending at March 31 of the following year. Fiscal 2020 represents the September 2020 period and March 2021 period. The number of assets and the leasable area are the figures for the entire year and include properties sold during each fiscal period. Accordingly, they differ from the figures at the end of fiscal periods (excluding leasehold land assets). The average occupancy rate is the portfolio average of the year-end occupancy rate at the end of each fiscal year.			

Disclosure Topic: Energy Management

SASB Disclosure Code	Disclosure Metric		Fiscal 2019	Fiscal 2020	Unit
IF-RE-130a.1	Energy consumption data coverage		100%	100%	Percentage (%) by floor area
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage		244,904	230.019	MWh
	Percentage grid electricity		79.02	77.56	%
	Percentage renewable electricity		1.28	1.77	%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage		-4.10	-7.40	%
	Percentage of area with data coverage		93.64	97.77	Percentage (%) by floor area
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating		20.69	21.34	Percentage (%) by floor area
	Percentage of eligible portfolio that is certified to ENERGY STAR Not applicable as the ENERGY STAR Program does not cover real estate in Japan				
	Reference information	Percentage of eligible portfolio with Green Building certification	74.30	75.65	Percentage (%) by floor area
		Notes: Properties that have obtained BELS certification have been included. Reference information: Percentage of eligible portfolio that has DBJ Green Building certification or CASBEE certification. Percentage of properties to have acquired environmental certification is 76.2% based on acquisition price.			
IF-RE-130a.5	<div>■ Description of how building energy management considerations are integrated into property investment analysis and operational strategy (Please refer to the “Environment” section of this report beginning on page 11 for more information)</div> <p>Based on the Sustainability Policy items “1. Contribution to creating a low-carbon society” and “2. Contribution to creating a recycling-oriented society”, JRE has set reduction targets for energy consumption and greenhouse gas emissions in order to improve the environmental performance of its real estate portfolio.</p> <p>In order to achieve these targets, JRE’s asset management company, JRE-AM implements measures to improve the operational performance of buildings, conduct energy efficiency retrofits, and engage tenants on energy efficiency based on its “Energy Conservation Policy”, which stipulates operational policies for improving energy efficiency of the real estate portfolio, and its “GHG Emissions Reduction Policy”, which aims to create a low-carbon society.</p> <p>In light of growing worldwide concern in recent years over the risks from climate change, JRE recognizes the importance of implementing an appropriate response, which includes reduction of GHG emissions is an important management issue in regard to our business strategy for ensuring the sustainability of business activities. We have been working to reduce energy consumption and GHG emissions of our portfolio, and have achieved a lower consumption levels and emissions than in previous years. In fiscal 2019, we verified the possibility of reducing CO<sub>2</sub> emissions from over 70 of our properties and established reduction targets for 2030. Going forward, JRE will contribute to a shift to a low-carbon society through the reduction of GHG emissions while securing its preparedness to natural disasters and other phenomena arising from climate change.</p> <p>JRE is steadily implementing equipment retrofitting that includes switching to LED lighting and installing more energy efficient air conditioning units to reduce its environmental impact based on its sustainability plan.</p>				

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Unit
IF-RE-130a.5	<div>JRE measures and gains an understanding of the energy consumption, water use, and waste of each building on a monthly basis, outsourcing data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property manager and ensuring accurate data. We also constantly monitor the reduction effects of green refurbishments such as LED and AC upgrades. JRE has established selection criteria for property management (PM) companies to which it commissions the management of properties, and evaluates all of the PM companies once a year, in principle. In addition to the companies’ building management and maintenance abilities, JRE evaluates the PM companies by their environmental friendliness in terms of operations, occupational health and safety measures for their employees, and understanding of and cooperation with the Sustainability Policy set by JRE-AM. Moreover, JRE requests the PM companies to make proposals to help JRE reduce environmental impacts, such as measures to reduce energy consumption as part of their management duties. In this way, JRE makes environmental improvement efforts in cooperation with the PM companies. JRE makes contracts with professional firms to conduct energy assessments of a selection of its properties, and utilizes the results to understand the current level of their energy performance and to formulate future policies. Over the past three years, 42% of the properties in our portfolio (based on floor area) have been inspected by a professional firm. JRE will continue to acquire Green Building certifications as well as other environmental certifications and evaluations. As of the end of March 2021, we have acquired DBJ Green Building certifications, CASBEE certifications for real estate, and BELS certifications for a total of 51 properties (without counting properties with more than one certification multiple times), with a coverage rate of 76.2% based on acquisition price.</div>			

Disclosure Topic: Water Management

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Unit
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100	100	Percentage (%) by floor area
	Water withdrawal data coverage as a percentage of floor area in regions with high or extremely high baseline water stress At this time, there are no properties located in regions with high or extremely high baseline water stress.			
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	887,660	656,771	m <sup>3</sup>
IF-RE-140a.3	Like-for-life percentage change in water withdrawn for portfolio area with data coverage	-5.57	-27.15	%
	Percentage of area with data coverage	93.64	97.77	Percentage (%) by floor area
IF-RE-140a.4	<div>■ Description of water management risks and discussion of strategies and practices to mitigate those risks</div> <div>At this time, there is no region in Japan where water stress has been deemed high or extremely high, so JRE’s portfolio is subject to low risk of water shortage. However, as a general rule, public water and sewerage services are purchased for properties within JRE portfolio, and if the usage prices are raised, the overall operating costs for the portfolio may increase. Conversely, if we can reduce consumption by improving the efficiency of water usage in buildings, there will be a corresponding reduction in operating costs. For this reason, in its JRE has highlight “Contribution to creating a recycling-oriented society” as the second item of its Sustainability Policy which states, “In order to contribute to creating a recycling-oriented society, we will promote efficient use of water resources as well as implementing Reduce, Reuse and Recycling initiatives.” In keeping with this policy, JRE engages in efficient usage and management of water resources for its portfolio. In fiscal 2020, we set a target of 20% reduction in water consumption intensity relative to Fiscal 2013 as a long-term policy for reducing consumption for fiscal 2030.</div> <div>At JRE, we are employing the following strategies for managing water consumption in our portfolio:<ul style="list-style-type: none"><li>• Implementation of technical evaluations (water-saving diagnoses) on the water-saving potential of buildings</li><li>• Active introduction of water-saving equipment such as water-saving toilets and devices upon retrofit</li><li>• Introduction of on-location water drainage equipment and equipment for water reuse</li><li>• Renewal of irrigation equipment for exterior planting and adoption of landscapings that are easy to manage, with less water consumption</li><li>• Thorough compliance with environmental laws and regulations, monitoring of water consumption, and timely improvement through the implementation of an in-house EMS PDCA cycle</li></ul></div>			



Disclosure Topic: Management of Tenant Sustainability Impact

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Unit
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	(To be disclosed)	(To be disclosed)	Percentage (%) by floor area
	Associated leased floor area	(To be disclosed)	(To be disclosed)	m²
	Reference information			
	Percentage of total leasable floor area for build-ings leased under a green lease agreement	42.3%	67.9	Percentage (%) by floor area
	Of which, floor area percentage for buildings leased under a green lease agreement that con-tains a cost recovery clause	54.9%	53.1	Percentage by building
Note: "Green lease agreements" in the reference information above refers to provisions in leasing contracts related to both refurbishments and arrangements for environmentally conscious building operations. Calculations for fiscal 2019 were based on total floor area.				
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption	100	100	Percentage (%) by floor area
	Percentage of tenants that are separately metered or submetered for water withdrawals	90.7%	91.7	Percentage (%) by floor area
IF-RE-410a.3	<div>■ Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants (Please refer to the "Tenants &amp; Partners" section of this report beginning on page 25 for more information)</div> <p>Aiming to make environmental contributions by collaborating with tenants, JRE has been gradually introducing green leases that incorporate both operational improvements and efficiency retrofits. Moreover, JRE is conducting diverse sustainability initiatives together with our tenants.</p> <p>Sustainability Guide to Promote Owner and Tenant Collaboration: JRE has created the Sustainability Guide and distributes them to its tenants aiming to promote close collaboration with them.</p> <p>The Sustainability Guide provides tenants various tips on what they can do in the office, mainly from the viewpoints of the "environment" and "tenant well-being," supplemented with real-life case studies.</p> <div><div><div>VOL.1 Work Style Reform</div><ul style="list-style-type: none"><li>• Toward a Sustainable Society</li><li>• Our Thoughts</li><li>• Case1: Example of a Large-Scale Office</li><li>• Case2: Example of Small- and Medium-Sized Offices</li><li>• Case3: Creating New Spaces in the Current Office</li><li>• What We Can Do Now</li></ul></div><div><div>VOL.2 Offices in the "New Normal" Era, Waste Recycling</div><ul style="list-style-type: none"><li>• Case1: Offices in the "New Normal"</li><li>• Case2: Waste Recycling</li><li>• What We Can Do Now</li></ul></div></div> <p>In addition to the guide, we have the following engagements with our tenants:</p> <div><ul style="list-style-type: none"><li>• Introductio of an online system that enables tenants to check their energy use</li><li>• Holding Global Warming Prevention Committee meetings open to tenant participation</li><li>• Participation in the energy conservation month campaign and other activities to promote energy efficiency</li></ul></div> <p>In many buildings, tenants enter into leasing contracts in which JRE bills the tenants for utility costs based on actual consumption of energy, water, etc. for which the tenant is obligated to pay the actual cost. This scheme therefore provides tenants with incentives to reduce actual consumption. Tenants are also able to reap the repair-related benefits of green leases, with these costs being shared with the property owner.</p>			

Disclosure Topic: Climate Change Adaptation

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones	551,331	676,024	m²
Note: Amount recorded refers to the total floor area of properties located in areas where inundation of more than 0 m in depth is expected based on hazard maps (primarily the maximum expected scale) issued by local governments. Japanese hazard maps (maximum estimated scale) are developed for areas with an annual exceedance probability of 1 in 1,000 for flood damage. In addition, as these floor areas are based on hazard maps, the risk of flooding may change at different points in time for the same property when each local government updates its hazard map.				
IF-RE-450a.2	■ Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks (Please refer to the "Climate Change" section of this report beginning on page 15 for more information)			

