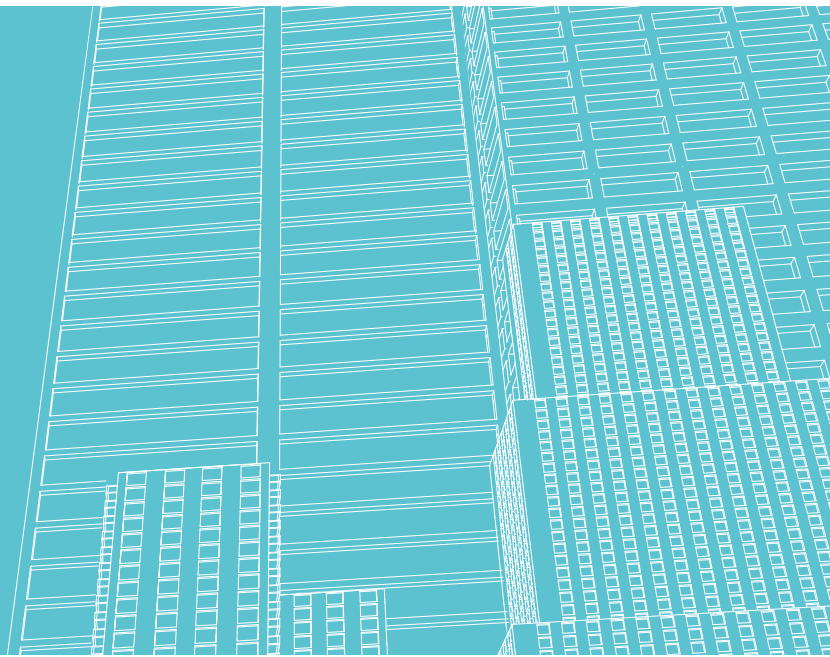


Sustainability Report  
2023



# Contents

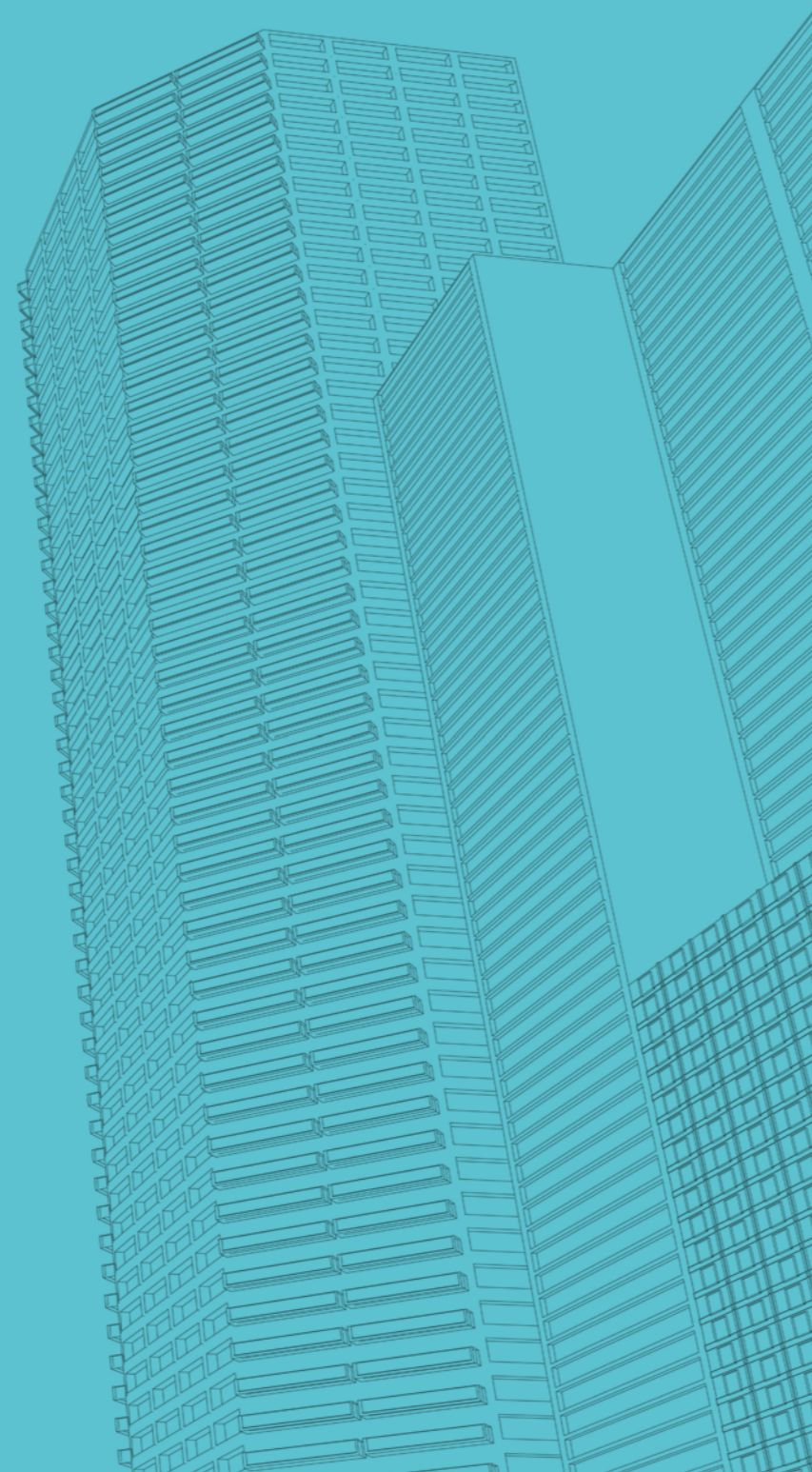
- 01 | Table of Contents
- 03 | Message from the President
- 05 | Basic Policy and Management Structure of ESG Issues
- 09 | Disclosure Policy and Signatory to International Initiatives
- 11 | Disclosure Policy, External Evaluation, and Certifications
- 13 | Environment
  - Setting New Targets for CO<sub>2</sub> Emissions Reduction for 2030 and Declaration on Net-Zero by 2050
  - Environmental Measures
  - Climate Change Initiatives
  - Green Finance
- 27 | Society
  - Relationship Between JRE's Real Estate Investments and Stakeholders
  - Stakeholder Engagement
    - Tenants and Partners
    - Local Communities
    - Employees (Human Capital Development)
    - Well-being
    - Creating Fair Work Environments
  - Non-Financial Data Highlights
- 35 | Governance
  - Management System
  - Governance Structure of JRE
  - Risk Management
    - Compliance System
- 41 | GRI Content Index
- 47 | SASB Framework

#### 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/>

#### Disclaimer

JRE is not liable for any trouble, loss or damage caused by actions as made based on judgements using the information contained in this report. In addition, please note that JRE is not liable for any damages caused by falsification of the text, content leaks, unauthorized use by a third party, or other accidents that are not its responsibility.



#### 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 in 2020, we announced environmental KPIs such as CO<sub>2</sub> reduction targets by fiscal 2030. In 2022, we updated our environmental KPIs in order to further promote our climate change initiative. We have determined new targets that we considered feasible and ambitious based on external expert verification. As a leader in the J-REIT industry, JRE will continue to further promote ESG initiatives in the future.

CO <sub>2</sub> Emissions* (vs FY2019)	Reduce by <b>80</b> %
Carbon Intensity	<b>12</b> kg-CO <sub>2</sub> /m <sup>2</sup> or lower
Waste Recycling Rate	<b>90</b> % or higher
Water Usage* (vs FY2019)	Reduce by <b>20</b> %
Renewable Energy Rate	<b>90</b> %

\*1 Absolute emissions \*2 Intensity (m<sup>2</sup>/m<sup>2</sup>) basis

*Sustainability Report 2023*



Message

## Pursuing the Best for All Our Fellow Stakeholders and Maximizing Unitholder Value

### | ESG HIGHLIGHTS |

- ▶ JRE Yoyogi 1Chome Building  
JRE Kayabacho 2Chome Building  
ZEB Certification (3rd and 4th certifications)
- ▶ Percentage of green building-certified properties (Gross floor area of owned building basis) 76.3%
- ▶ Inclusion in MSCI Japan  
Received a rating of A in MSCI ESG Ratings
- ▶ GRESB Real Estate Assessment  
5 Stars ★★★★★
- ▶ CDP Climate Change Program  
Made the CDP Climate Change "A List"
- ▶ PRI Assessment Result
  - Investment & Stewardship Policy ★★★★★
  - Real Estate Highest rating ★★★★★
- ▶ ISS ESG Corporate Rating  
Prime Status

While social and economic activities disrupted by the COVID-19 pandemic are returning to normal, a number of risks have become increasingly evident globally due to factors including the protracted war between Russia and Ukraine and natural disasters resulting from extreme weather. Such circumstances have reaffirmed the importance of providing for issues from a long-term perspective. For this reason, we will emphatically continue with our initiatives to enhance sustainability. Business activities emphasizing ESG initiatives might entail short-term costs. However, if such costs can be expected to mitigate future risks and increase opportunities, we should view them as investments, rather than costs. The core mission of JRE is to provide high-quality office space while offering long-term investment opportunities and maximizing unitholder value. The basic concept of this core mission is highly compatible with enhancing sustainability in terms of long-term value.

In 2018, JRE established the ESG Office (currently Sustainability Management Department), a dedicated team for ESG—ahead of its industry competitors—and became a signatory to the United Nations Principles for Responsible Investment (the PRI) in the same year. In 2019, JRE became the first J-REIT to disclose information following the Task Force on Climate-related Financial Disclosures (TCFD<sup>\*1</sup>) recommendations. We revised our environmental key performance indicators (KPIs) in 2022, targeting an 80% reduction in CO<sub>2</sub> emissions by fiscal 2030 over the fiscal 2019 levels, and net-zero carbon emissions by fiscal 2050. The new targets have been approved by the Science Based Targets initiative (SBTi<sup>\*2</sup>). JRE is also committed to sourcing 100% of the electricity used at its buildings from renewable energy. In line with this aim, we have joined RE100, a global initiative promoting renewable electricity. In addition, we acquired our fourth ZEB Certification<sup>\*3</sup> in 2022.

Utilizing such ESG initiatives in financing, we have borrowed funds on eight occasions using sustainability-linked loans. Through such achievements and more, JRE has been lauded by stakeholders as the front-running J-REIT in promoting ESG initiatives.

Before taking up my current post in April 2022, I was involved in the management of global real estate investment management companies. During that time, I had the opportunity to engage in surveys regarding ESG measures at group companies in various regions across the globe. These surveys reminded me that, in addition to macro-economic and property performance analyses, evaluations of ESG measures have, in recent years, become important criteria for investors when deciding on investment targets. With their exacting ESG standards, some investors from Europe and North America will not invest in real estate that has inadequate environmental measures. These investors have also established strict standards regarding the governance systems of asset management companies. Given that foreign investors account for approximately 30% of its unitholders, the views of such investors are of the utmost importance to JRE. ESG standards extend beyond the realm of investment. In the United Kingdom, for example, new sales or leasing contracts cannot, in principle, be concluded for buildings with an energy efficiency rating below a certain level on their Energy Performance Certificate. In time, such regulatory trends are likely to spread throughout the world. Indeed, we are already seeing companies selecting the buildings they occupy based on ESG standards.

We aim to pursue the best for all our fellow stakeholders, including tenants of buildings, those involved in property management, neighboring communities, and colleagues who lead the management of our assets, by enhancing sustainability in relation to our business activities, which will, in turn, maximize unitholder value. I hope this sustainability report will lead to a greater understanding of JRE's initiatives, which are based on such ideas.


<sup>\*1</sup> The TCFD was established by the Financial Stability Board, an international institution.

<sup>\*2</sup> The SBTi is an international initiative promoting the establishment of targets based on scientific grounds.

<sup>\*3</sup> The ZEB Certification program defines the energy performance of buildings based on a third-party certification program led by the Ministry of Land, Infrastructure, Transport and Tourism, which focuses on energy savings.

*Shojiro Kojima*

President & CEO,  
Japan Real Estate Asset  
Management Co., Ltd.

 For the full text, please visit the ESG website.  
<https://jre-esg.com/en/esg/message.html>

## 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, Japan Real Estate Asset Management Co.,Ltd. (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 actions to contribute to local communities.

Sustainability Policy	<p><b>1 Climate change initiative (promoting decarbonization and strengthening resilience)</b> In order to make the move toward a decarbonized society, we will reduce greenhouse gas (GHG) emissions through proactively introducing energy efficient equipment and renewable energy. Also, we will strengthen the resilience of our portfolio against the growing frequency and severity of natural disasters.</p>	<p><b>3 Contribution to conserving biodiversity and ecosystem</b> We will conserve biodiversity and ecosystem in such a way as to select and manage native plant species.</p>	<p>We will also create an employee-friendly workplace considering employee's health and well-being.</p>
	<p><b>2 Contribution to resource conservation including water and resource recycling</b> We will protect and conserve water through introducing water saving equipment as well as promoting water reuse. For the sustainable use of resources, we will reduce waste (3Rs: Reduce, Reuse, Recycle) including plastic consumption.</p>	<p><b>4 Enhancement of tenants' health and well-being, and safety</b> We will realize "offices of tenants' choice" through collaborating with our stakeholders such as property management companies.</p>	
	<p><b>5 Creating a workplace where a diverse workforce can thrive</b> We will provide education and training programs for officers and employees to raise ESG awareness and build capacity, as well as support a diverse human workforce and flexible work styles to meet individual lifestyles.</p>	<p><b>6 Enhancement of governance systems</b> We will enhance our governance systems with an aim to maximizing our unitholders' value through complying with laws, regulations, and rules as well as ensuring appropriate management of conflicts of interest.</p>	
	<p><b>7 Stakeholder engagement through information disclosure and ESG evaluations</b> We will endeavor to disclose ESG related information, based on the various ESG reporting frameworks, to each of our stakeholders, including our investors, thereby promoting constructive dialogue with them.</p>		

As stated above, we will develop sustainability promotion systems and reflect risks and opportunities that ESG presents in our business strategies.

Policy for Implementing the Sustainability Policy	<p><b>Energy Conservation Policy</b> <b>GHG Emissions Reduction Policy</b> Based on our Sustainability Policy, we have set targets for reducing energy consumption and GHG 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.</p>	<p><b>Basic Concepts of Health and Well-being of JRE-AM's Officers and Employees</b> Our human capital, such as officers or employees, is one of the most important operation sources for us to realize sustainable growth. Based on this idea, we will practice corporate management that enables the co-enrichment of JRE-AM and employees through initiatives to improve the physical and mental health of employees, and to promote work-life balance and improve job satisfaction.</p>	<p><b>Diversity, Equity and Inclusion (DEI) Promotion Policy</b> We strive to create a workplace where all employees can equally access opportunities to thrive, thereby enabling them to demonstrate their talents to the fullest extent, by uniting individuals and organizations to promote DEI. In addition to helping us attract competent personnel, we believe that promoting DEI leads to business innovations, sophisticated risk management, and a more efficient and vibrant organization as a whole. Based on this idea, we aim to maximize value arising from diverse values and individuality by fostering an open corporate culture.</p>
	<p><b>Green Procurement Policy</b> We have established a "Green Procurement Policy" to promote sustainability initiatives in the supply chain. This policy serves as a guideline for the selection criteria of products to be procured and the selection and evaluation criteria for suppliers.</p>	<p><b>Basic Concepts of Health and Well-being of Tenant Workers</b> 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.</p>	

## Materiality

Based on the Sustainability Policy, JRE and JRE-AM have determined materiality in order to achieve a sustainable society under our corporate social responsibility, recognizing the importance of consideration for ESG. We will annually disclose the progress of KPIs linked to each objective and work towards contributing to the Sustainable Development Goals (SDGs) as well as achieving medium- to long-term growth of JRE through our responses to materiality.



	Materiality, Objective and Target	Supporting SDGs	
Environment	<p><b>Climate Change Initiative</b> <b>Objective</b> • Manage and reduce CO<sub>2</sub> emissions • Manage and reduce energy use</p>	<p><b>KPI</b> • CO<sub>2</sub> emissions: 80% reduction by FY2030 (compared with FY2019) • CO<sub>2</sub> intensity: 12kg-CO<sub>2</sub>/m<sup>2</sup> or below • Renewable energy rate: 90% by FY2030 / 100% by FY2050</p>	 
	<p><b>Conservation of Water Resources</b> <b>Objective</b> • Manage and reduce water use</p>	<p><b>KPI</b> • Water use intensity: 20% reduction by FY2030 compared with FY2019.</p>	 
	<p><b>Recycling and Conservation of Resources</b> <b>Objective</b> • Reduce and reuse waste • Improve resource efficiency through reuse and recycling</p>	<p><b>KPI</b> • Waste recycling rate: 90% or more by FY2030</p>	 
	<p><b>Environmental Consideration of Portfolio</b> <b>Objective</b> • Raise the proportion of "green" properties in our portfolio • Promote sustainable investment (Effective use of ESG criteria for property acquisition)</p>	<p><b>KPI</b> • Maintain more than 70% of our properties are green building-certified • Own 5 to 10 Net Zero Energy Buildings by FY2030</p>	  
Social	<p><b>Tenant Engagement</b> <b>Objective</b> • Collaborate with tenants on ESG through promoting green leases • Realize "offices of tenants' choice" through building management considering tenants' health and well-being</p>	<p><b>KPI</b> • Percentage of buildings with green leases • Percentage of buildings receiving environmental data feedback</p>	 
	<p><b>Human Resources Development and Diversity Promotion</b> <b>Objective</b> • Improve employees' professional and practical skills and help them become professionals in the fields of REITs and real estate asset management through providing continuous specialized training programs and professional qualifications encouragement • Promote the diversity of our workforce which helps us attract competent personnel as well as encourages business innovations</p>	<p><b>KPI</b> • Number of training programs by external lecturers • Training hours per employee • Number of employees with qualifications • Ratio of female senior management &amp; Female employee ratio/Number of employees aged 60 + years/Number of foreign employees</p>	  
	<p><b>Employee Health and Well-being at JRE-AM</b> <b>Objective</b> • Strive to provide comfortable office environment and more generous employee benefits, enabling competent personnel to demonstrate their capabilities fully and to motivate them to stay with JRE-AM for a long time.</p>	<p><b>KPI</b> • Manage and improve employees' data regarding health and well-being / welfare and benefits</p>	 
Governance	<p><b>Enhancing Governance Systems at Both JRE and JRE-AM</b> <b>Objective</b> • Operate the Board of Directors ensuring independence and diversity, which is composed of the directors appointed by the General Meeting of Unitholders • Pursue improvement of management performance through appropriate investment decision and appropriate asset management • Perform the asset management services in a fair way through compliance and efforts to prevent conflicts of interest • Promote investment management that prioritizes the unitholders' interests by introducing asset management fees linked to management performance</p>	<p><b>KPI</b> • Compliance/human rights/business ethics trainings attendance rate • Implementation of risk assessments • Implementation of internal audits • JRE's ① outside director ratio ② female director ratio ③ Board of Directors' meeting attendance rate • JRE-AM's female director ratio</p>	
	<p><b>Information Disclosure and Stakeholder Engagement</b> <b>Objective</b> • Promote information disclosure and dialogue with stakeholders</p>	<p><b>KPI</b> • Issuance of annual sustainability report • Maintaining positive evaluations for ESG Ratings</p>	

For more information, please see our website.  
<https://jre-esg.com/en/esg/policy.html#anchor02>

## Identifying Process for Materiality

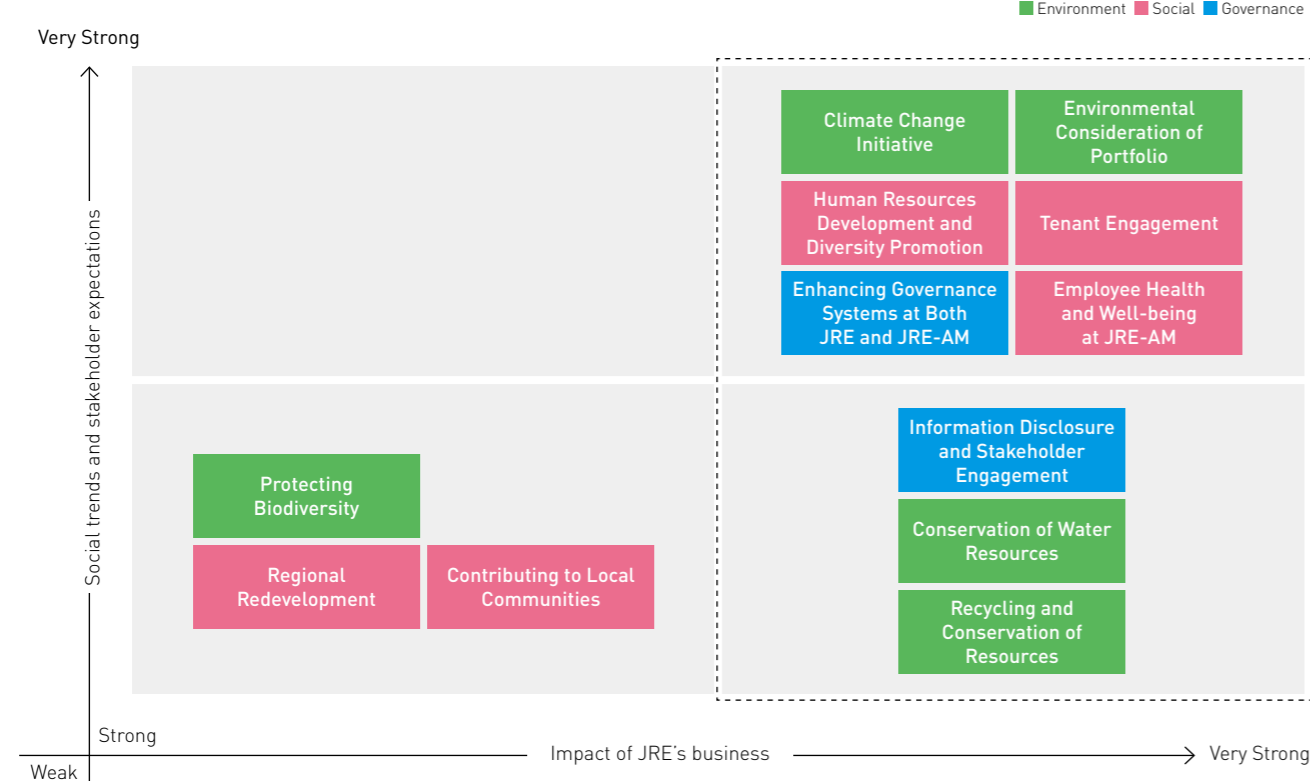
### | STEP 1 | Selection of Issues to Be Considered

We have selected and proposed a wide range of topics from the perspectives of a variety of stakeholders within and outside JRE. This selection was made in reference to the various guidelines and evaluation criteria specified by ESG rating agencies such as SASB Standards, GRI Guidelines, MSCI, FTSE, GRESB and CDP, as well as the status of initiatives undertaken by our peers in the same industry.

### | STEP 2 | Prioritization of Proposed Topics

We have prioritized the proposed topics and created a materiality matrix in terms of their importance to stakeholders and their impact and importance to JRE.

#### Materiality Matrix



### | STEP 3 | Discussion, Confirmation of Appropriateness and Approval on the Management Level

Having determined their priorities, we have discussed these issues at the Sustainability Committee and officially positioned them as JRE's Materiality based on the advice from two ESG experts. Finally, JRE's Materiality was approved at the Investment Management Council of JRE-AM and was reported to the Board of Directors of JRE.

**WEB** Please see the following for details of a discussion in which experts offered advice from their specialist standpoints on behalf of stakeholders for setting up JRE's materiality.  
<https://jre-esg.com/en/pdf/discussion.pdf>



Naoki Umeda, Former President and CEO, Japan Real Estate Asset Management Co., Ltd., and two ESG experts

## 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)
- General Manager, Sustainability 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.

## 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.

### 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.

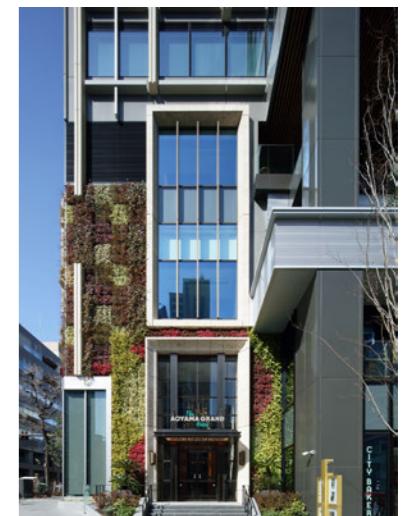
### Mitsubishi Estate Group Human Rights Policy (Excerpt)

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.



the ARGYLE aoyama

## Disclosure Policy and Signatory to International Initiatives

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

JRE and JRE-AM attaches great importance to ESG-conscious investing in order to continuously improve the value of assets under management, and is a signatory to 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 ESG information disclosure while fostering mutual communication with various stakeholders.

Specifically, we refer to the Global Reporting Initiative (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

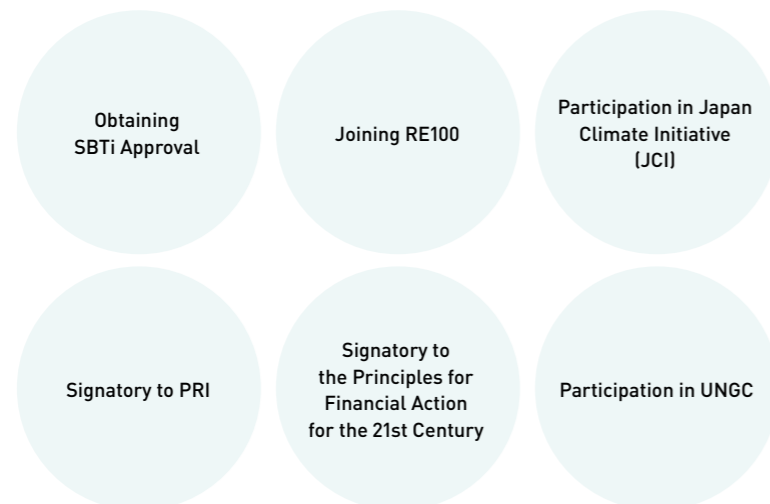
In principle, the reporting scope shall be JRE's entire portfolio and the report will be made every year.

The current reporting period is the fiscal year that started on April 1, 2022 and ended on March 31, 2023 but the report for the year does include some information outside this period.

### International Initiatives

#### Signing and Participating in International Initiatives

JRE and JRE-AM have become signatories 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.



### Obtaining SBTi Approval

The SBTi is a global, joint initiative by CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), established in 2015. It promotes the validation and certification of science-based GHG emissions reduction targets set by private companies to achieve the goal upheld at the Paris Treaty.\*

JRE's CO<sub>2</sub> emissions reduction targets were approved by the Science Based Targets initiative (SBTi) in 2022.

\* limiting global warming due to climate change to below 2°C compared with pre-industrial levels

### Joining RE100

RE100 is a global collaborative initiative comprising companies aiming to source 100% of the electricity used in their operations from renewable energy. The initiative is led by The Climate Group in partnership with the CDP, which operates a global information disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

JRE aims to make 90% of electricity used at our buildings renewable electricity by 2030 and 100% by 2050, and it joined RE100 as the first J-REIT in 2022.

### Participation in Japan Climate Initiative (JCI)

The JCI is a diverse network of non-state actors, such as Japanese companies, local governments, organizations, and NGOs, actively engaged in climate action. JRE-AM joined the JCI in September 2022.

### Signatory to the Principles for Responsible Investment (PRI)

PRI comprises an international network of investor signatories that works to realize the Six Principles established for the finance industry in 2006 under the leadership of the then United Nations Secretary-General, Kofi Annan. This network is promoted through the United Nations Environment Programme (UNEP) and the United Nations Global Compact (UNGC).

PRI 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 agreed with the basic approach of PRI and became a signatory in August 2018.

### Signatory to the Principles for Financial Action for the 21st Century

In June 2019, JRE-AM became a signatory to the Principles for Financial Action for the 21st Century, which were formulated in October 2011, with the Ministry of Environment serving as secretariat, as guidelines for action by financial institutions seeking to fulfill their roles and responsibilities necessary to create a sustainable society.

### Participation in 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 by the then United Nations Secretary-General Kofi Annan, 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 Mitsubishi Estate Group was registered as participants in April 2018. Along with this, JRE-AM has participated in this initiative as a member of Mitsubishi Estate Group.



## Disclosure Policy, External Evaluation, and Certifications

### GRESB Real Estate Ratings

In the 2023 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 sixth consecutive year. It also received Green Star rating for the eighth consecutive year, meaning that JRE has demonstrated an excellent ESG management system and performance record. In addition, JRE received the highest evaluation of A in the GRESB Public Disclosure.

#### 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 the organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching the 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"	<b>Green Star</b> Highest rating Obtained for the eighth consecutive year
	Relative assessment based on the total score (GRESB Rating)	<b>★★★★★</b> <b>5 Stars</b> Highest rating Obtained for the sixth consecutive year
GRESB Public Disclosure	Evaluates the level of ESG disclosure	<b>A</b> Highest rating Obtained for the sixth consecutive year

### 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 as shown at under in its 2021 assessment result.

Module	Score
Investment & Stewardship Policy	★★★★☆
Real Estate	★★★★★ (Highest rating)

Signatory of:



### Participation in the CDP's Climate Change Program

#### CDP Score

In the 2022 Carbon Disclosure Project (CDP) Climate Change Program, JRE made the A List of companies, those with the highest scores, for the first time. A total of 283 companies (including 74 Japanese companies), of almost 18,700 companies evaluated, were named in the Climate Change A List.



#### What is CDP?

CDP is a global non-profit charity that runs the world's environmental disclosure system and assesses over 18,000 companies on their environmental transparency and actions. An assessment questionnaire spanning topics such as governance, risk management, business strategy, and targets and performance is used to score companies among eight levels: Leadership (A/A-), Management (B/B-), Awareness (C/C-), and Disclosure (D/D-). JRE has participated in the CDP Climate Change Program since 2018.

### Inclusion in MSCI Japan ESG Select Leaders Index

JRE was selected as a constituent of the MSCI Japan ESG Select Leaders Index in 2022.

#### About the MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is an index that represents companies with high ESG performance selected based on the data from the MSCI Japan IMI Index. The index has been selected by the Government Pension Investment Fund ("GPIF") as one of their ESG indices for their passive investment strategy.

### 2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

#### Disclaimer

THE INCLUSION OF JRE IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JRE BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### 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 the end of March 2023, 76.3% of our portfolio has been green certified, obtaining one or more certifications out of DBJ Green Building certification, CASBEE certification, and BELS certification. In addition, in fiscal 2022 JRE Kayabacho 2Chome Building received ZEB Ready Certification and JRE Yoyogi 1Chome Building received ZEB Oriented Certification based on the designs and renovation plans for the buildings, assuming that the renovations will be carried out in the future. Moreover, JRE Omori-Eki Higashiguchi Building received the S Rank under CASBEE Real Estate Certification.



#### As of the end of March 2023

	Number of Properties		Gross floor area of owned building basis (m <sup>2</sup> )	Portfolio coverage (Gross floor area of owned building basis)
	Count	Percentage		
DBJ Green Building Certification	★★★★★	1	4,264.56	71.7%
	★★★★	8	294,527.00	
	★★★	25	689,791.80	
	★★	1	10,778.10	
	Subtotal	35	999,361.46	
CASBEE-Real Estate	S	6	37,839.07	3.2%
	A	1	7,416.74	
	Subtotal	7*1	45,255.81	
BELS	★★★★★ [of which, ZEB]	5 (4)	29,166.65	19.8%
	★★★	2	35,728.13	
	★★	3	87,278.84	
	★	8	124,298.05	
	Subtotal	18	276,471.67	
<b>Total</b>	<b>60*1*2</b>	<b>1,063,005.82*3</b>	<b>76.3%*3</b>	

\*1 Counts number of certifications obtained \*2 Includes "DBJ Green Building" certification, CASBEE certification, and "BELS" certification. Total number of properties acquired. \*3 Excludes duplication of DBJ Green Building, CASBEE certification, and BELS for the same property.



JRE Kayabacho 2Chome Building



この建物のエネルギー消費量 53%削減  
2023年3月7日交付 国土交通省告示に基づく第三者認証



JRE Yoyogi 1Chome Building



この建物のエネルギー消費量 46%削減  
2023年3月7日交付 国土交通省告示に基づく第三者認証

# Environment

Based on the Sustainability Policy items "1. Climate change initiative (promoting decarbonization and strengthening resilience)" and "2. Contribution to resource conservation including water and resource recycling," JRE leverages a variety of environmental measures to raise the environmental performance of its real estate portfolio.

- 14 Setting New Targets for CO<sub>2</sub> Emissions Reduction for 2030 and Declaration of Net-Zero by 2050
- 15 Environmental Measures
- 17 Climate Change
- 25 Green Finance

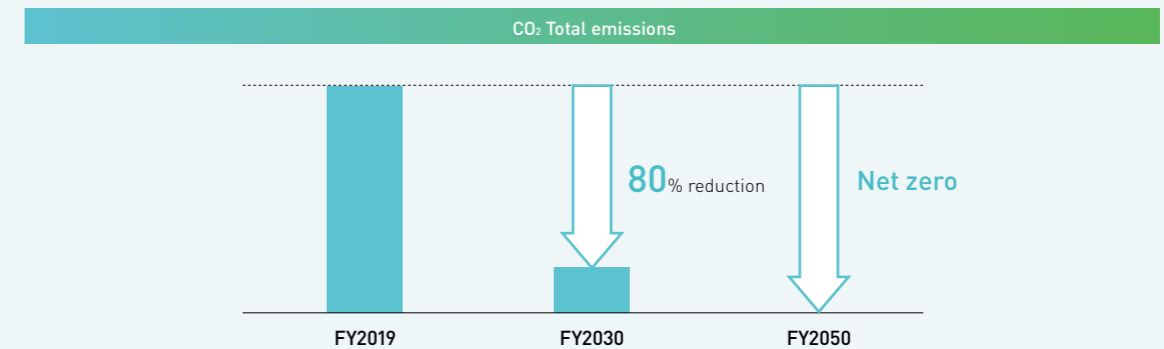


## ▶ Setting New Targets for CO<sub>2</sub> Emissions Reduction for 2030 and Declaration of Net-Zero by 2050

In 2022, JRE formulated the following targets based on data verified by external experts. In the same year, we received approval from the SBTi for our CO<sub>2</sub> emissions reduction targets. In addition, we became the first J-REIT to join the RE100 as we aim to source 100% of our electricity from renewable energy.

JRE will further promote initiatives to realize a decarbonized society by proactively introducing renewable electricity in addition to renovating its buildings and making efforts to own more ZEBs (net zero energy building).

Target year	CO <sub>2</sub> emissions reduction target	Target year	Renewable energy rate
FY2030	80% reduction (vs FY2019)	FY2030	90%
FY2050	Net zero	FY2050	100%



	FY2019 (Base year)	FY2020	FY2021	FY2022	% change (vs FY2019)
<b>▶ Total CO<sub>2</sub> Emissions</b>					
Total (Scope 1 + Scope 2 + Scope 3) (t-CO <sub>2</sub> )	102,942	93,378	71,019	29,836	-71.02%
Intensity (Scope 1 + Scope 2 + Scope 3) (kg-CO <sub>2</sub> /m <sup>2</sup> )	77.7	69.1	51.8	22.2	-71.47%
<b>▶ Renewable Energy Rate (Scope 2) (%)</b>					
	1.6	2.0	16.4	72.9	—
<b>▶ Water Intensity (m<sup>3</sup>/m<sup>2</sup>)</b>					
	0.669	0.485	0.471	0.513	-23.38%
<b>▶ Waste Recycling rate* (%)</b>					
	56.1	55.5	55.3	55.0	—

\* Recycling / Total waste

Note: As we examined the data accuracy, some of the above data may differ from the previously disclosed data.



## → Environmental Measures

### Contributions to the Environment through Real Estate Investment Management

#### Environment Management Systems (EMS)

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

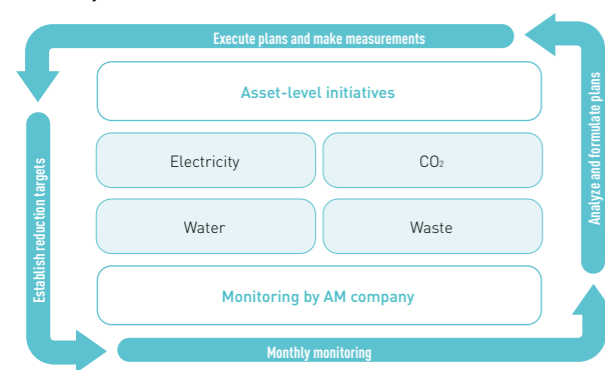
JRE measures and gains an understanding of the energy consumption, water use, and waste of each building on a monthly basis. We outsource data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property management companies 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 and ISAE 3410 (International Standard on Assurance Engagements) 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

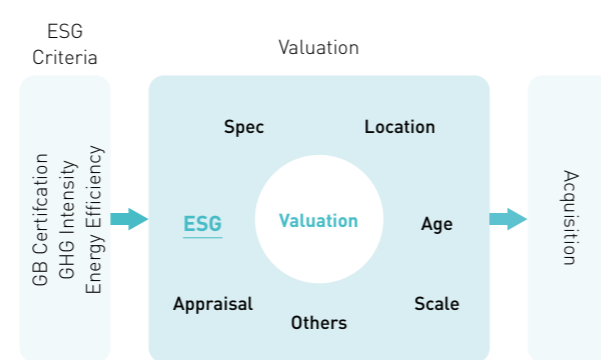
JRE has newly added the following factors to the assessment criteria (such as location and building specifications) it applies when acquiring properties.

##### 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 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 a contribution to conserving biodiversity and the ecosystem. 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.

In fiscal 2023, Otemachi Park Building's Hotoria Plaza was certified as an Other Effective area-based Conservation Measures (OECM) site.



Otemachi Park Building

For more information, please click below (available only in Japanese).  
[https://www.mec.co.jp/news/mec231006\\_hotoria/mec231006\\_hotoria.pdf](https://www.mec.co.jp/news/mec231006_hotoria/mec231006_hotoria.pdf)

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

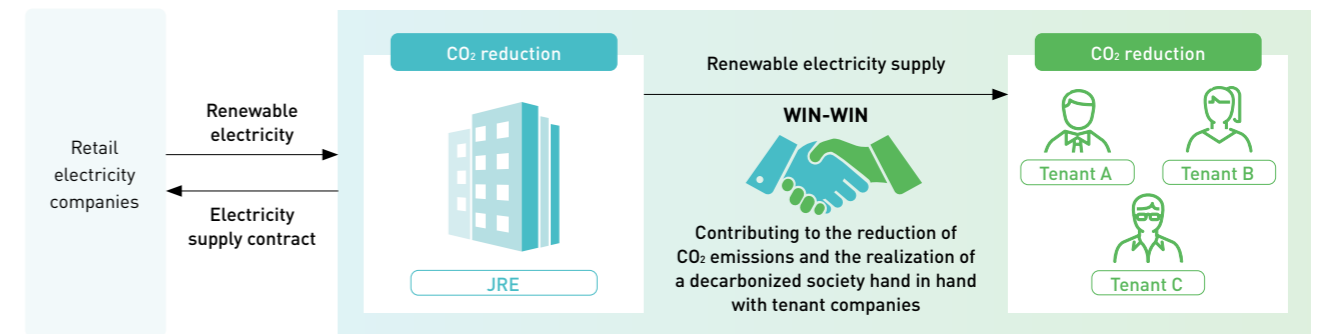
JRE is accelerating the use of electricity that is made from renewable energy recognized by RE100\*1 ("renewable electricity"). Doing so reduces a building's CO<sub>2</sub> emissions to zero, including the CO<sub>2</sub> emissions of tenant areas. As of September 2022, JRE had completed the switch to renewable electricity at its properties of 100% operational control\*2. JRE proactively introduces renewable electricity into the buildings other than 100% operational control and further accelerates the reduction of CO<sub>2</sub> emissions.

\*1 RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

\*2 CIRCLES Hirakawacho, which JRE acquired on March 30, 2023, had not yet introduced renewable electricity at the time of acquisition.



#### 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 from solar generation at some of the office buildings we own.



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Toyosu Front

#### Green Procurement Policy

JRE-AM has set the Green Procurement Policy as one of the Key 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, utilizing 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 just an environmental issue. We also believe that it has 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 have a strong influence on business.

\* The IPCC Special Report on 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 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.

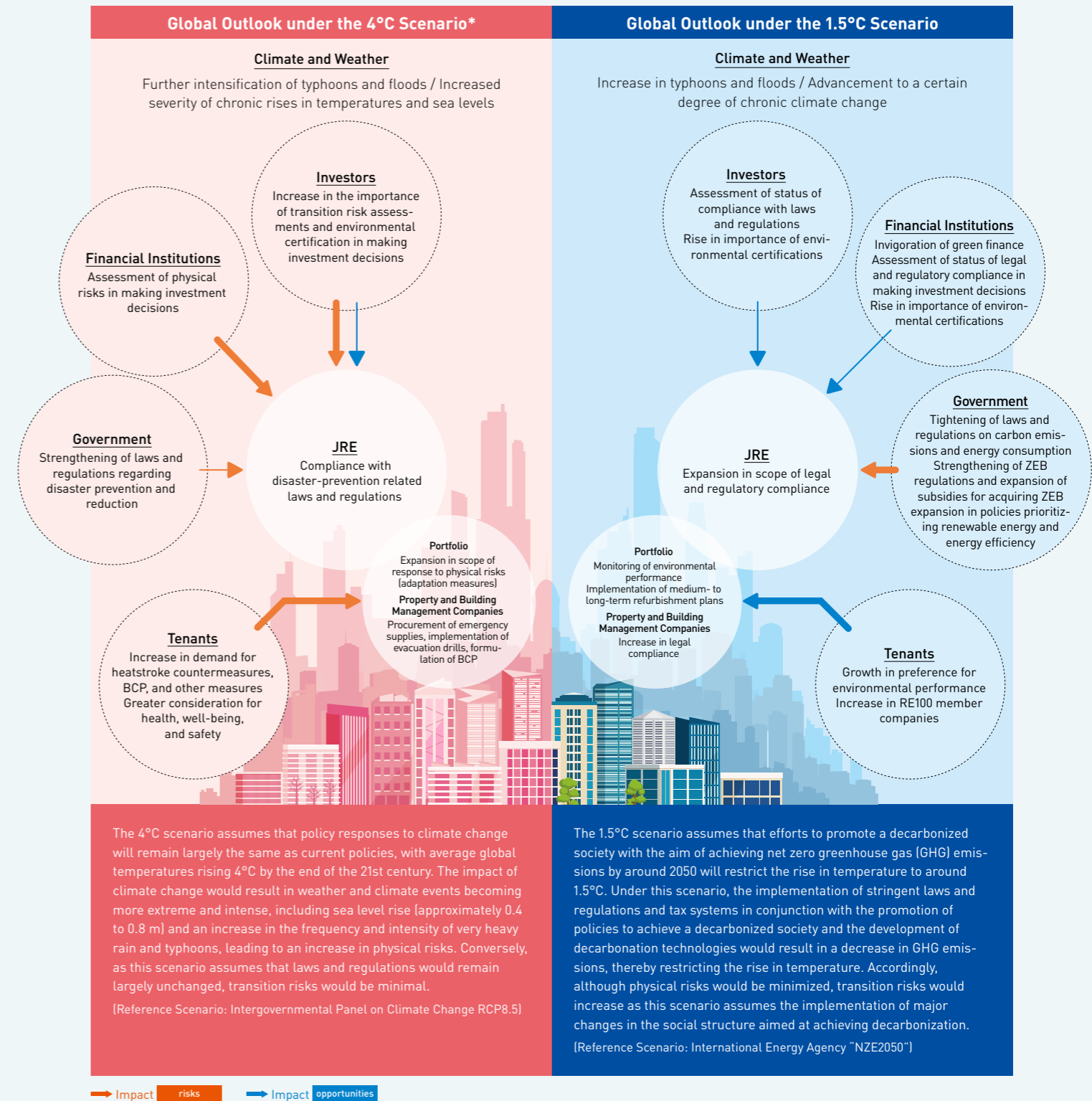


### Governance Related to Climate Change

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	Climate change	Compared with the end of the 20th century
Annual average temperature	Rise of approx. 4.5°C	Sea-surface temperature	Rise of approx. 3.58°C
Occurrence of very heavy rain (200 mm per day) (days per year)	Approx. 2.3 times	Typhoons	Increase in intensity
Occurrence of violent showers (50 mm per hour) (times per year)	Approx. 2.3 times		
Sea level	Rise of approx. 0.71 m		

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. Our qualitative financial impact analysis analyzed the impact for 2030 (medium-term prospects) and 2050 (long-term prospects), while our quantitative financial impact analysis analyzed the impact by envisaging circumstances in 2050 based on the level of operating income in FY2021. The results are outlined in the following table.

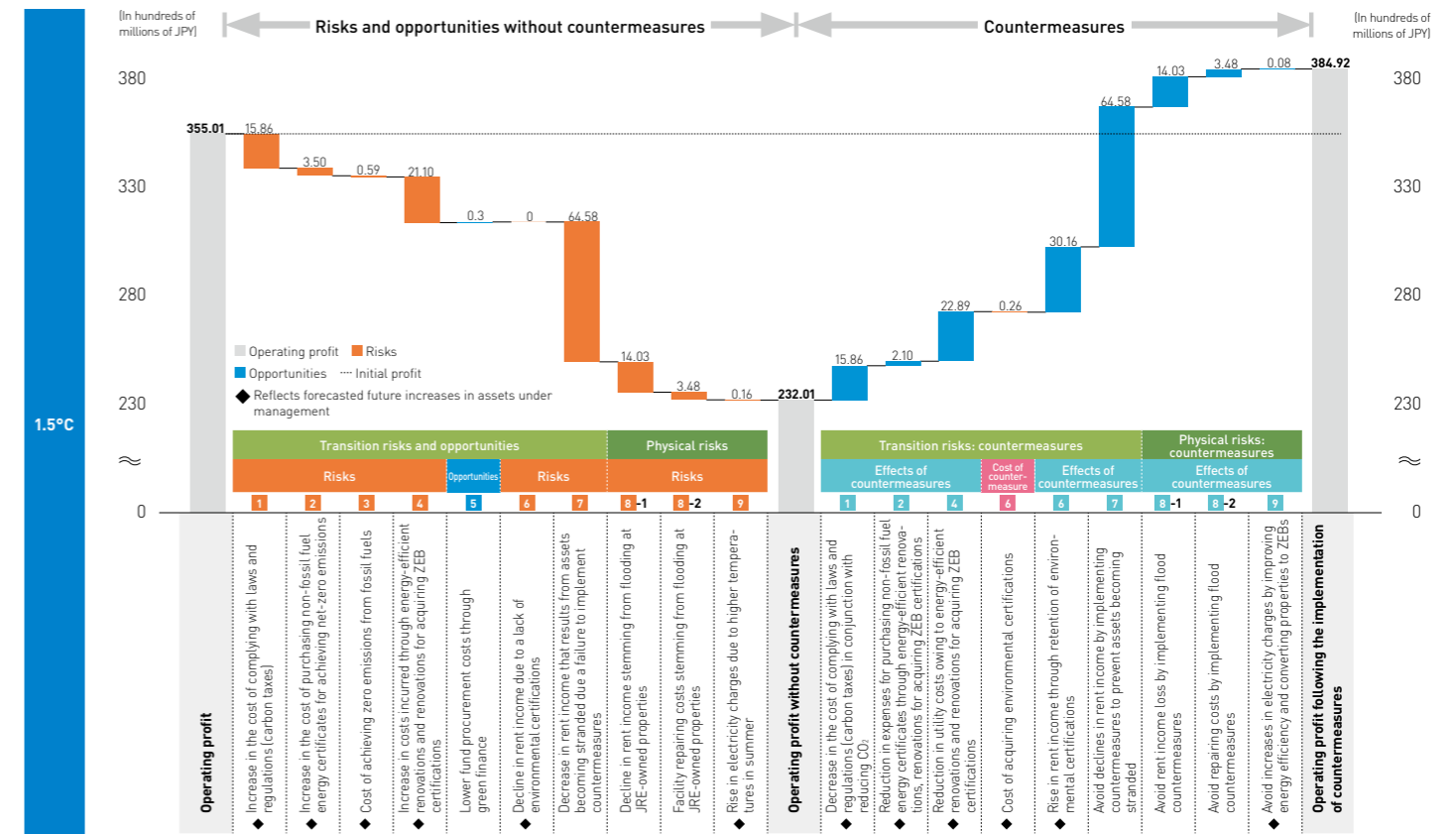
Estimated Result of Risks and Opportunities

Category	Risk and Opportunity Factors	Change in Cash Flow	Classification	*In hundreds of millions of JPY		Explanation of Calculation
				4°C Scenario Long-Term 2050	1.5°C Scenario Long-Term 2050	
Transition Risks and Opportunities	Policy and Legal Introduction of CO <sub>2</sub> emission regulations Adoption of carbon taxes	1 ◆ Changes in the cost of complying with laws and regulations (carbon tax costs imposed on business activities)	Risks	-0.21	-15.86	Significant increase in carbon taxes under the 1.5°C scenario Avoid the imposition of carbon taxes by conducting energy-efficient renovations, introducing renewable electricity, and achieving zero emissions from fossil fuels
			Effects of Countermeasures	0	15.86	
	Technology Spread of low-carbon technology (Improvement of environmental performance of existing properties)	2 ◆ Cost of purchasing non-fossil fuel energy certificates for achieving net-zero carbon emissions	Risks	0	-3.50	Procure all electricity used in business activities from renewable energy (by non-fossil fuel energy certificates) under the 1.5°C scenario Reduce the cost of procuring non-fossil fuel energy certificates by implementing further energy-efficient renovations under the 1.5°C scenario
			Effects of Countermeasures	0	2.10	
			3 ◆ Cost of achieving zero emissions from fossil fuels	Risks	0	
4 ◆ Increase in costs incurred through retrofits, such as energy-efficient renovations and renovations for acquiring ZEB certifications	Risks	0	-21.10	Renovation costs for ensuring that 85% of portfolio is certified as ZEB Ready to reflect expectations under the 1.5°C scenario Significantly reduce utility costs through renovations		
Market and Reputation	Changes in social values regarding environmental performance	5 Lower fund procurement costs through green finance	Opportunities		0	0.30
		6 ◆ Variations in rent income depending on the acquisition of environmental certifications	Risks	0	0	
			Effects of Countermeasures	0	30.16	
7 Changes in tenants' environmental performance needs	Risks	0	-64.58	Decline in rent income that results from assets becoming stranded due to a failure to implement countermeasures Avoid declines in rent income by introducing renewable electricity and achieving zero emissions from fossil fuels to prevent assets becoming stranded		
	Effects of Countermeasures	0	64.58			
Physical Risks and Opportunities	Acute Increase in typhoons, concentrated heavy rains, floods, and building inundation	8-1 Decline in rent income stemming from flooding at JRE-owned properties (in the event of damage on the expected scale)	Risks	-16.37	-14.03	Decline in rent income in the event of flood damage on the maximum expected scale Avoid damage to facilities by implementing planned flood countermeasures
			Effects of Countermeasures	16.37	14.03	
		8-2 Facility repairing costs stemming from flooding at JRE-owned properties (in the event of damage on the expected scale)	Risks	-4.07	-3.48	Expected flood damage repairing costs in the event of flood damage on the maximum expected scale Avoid damage to facilities by implementing planned flood countermeasures
			Effects of Countermeasures	4.07	3.48	
Chronic Advancement of rise in annual average temperatures	9 ◆ Rise in electricity charges due to higher temperatures in summer	Risks	-0.36	-0.16	Increase in electricity consumption due to a rise in annual average temperatures Reduce electricity consumption by implementing energy-efficient renovations and renovations for acquiring ZEB certifications	
		Effects of Countermeasures	0	0.08		

◆ Reflects forecasted future increases in assets under management  
 Note 1: Figures for risks include costs for implementing proactive countermeasures, such as converting properties to ZEBs  
 Note 2: This estimate is an analysis of part of JRE's business and does not assess the overall impact. We will continue to examine the approach to assumptions in estimated items and expand estimated items based on the policy trends in the world and Japan in order to further deepen our analysis.  
 Note 3: This estimate is made based on JRE's actual performance and refers various parameters such as scenarios and reference materials presented by major organizations. The amount of financial impact is an annual basis. No assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

Estimated Business Impact

The effects of JRE's countermeasures including ZEB initiative and energy-efficient renovations increased operating profit despite the significant impacts of transition risks.



JRE's inundation countermeasures avoided the significant impacts of inundation risks, thereby maintaining operating profit.



Analysis using CRREM's risk assessment tool

Overview of CRREM

CRREM (Carbon Risk Real Estate Monitor) calculates and publishes GHG emissions pathways (carbon reduction pathways) up to 2050 consistent with the 2°C and 1.5°C targets of the Paris Agreement for each use of real estate in a total of 44 countries (as of January 2023) in Europe, North America and the Asia-Pacific region including Japan. This tool is expected to be utilized for operational improvement by comparing the property data analyzed and pathways to calculate the timing of assets becoming stranded and carbon costs for each property, and to grasp the scale of renovation required to address these issues.

JRE has targeted the properties owned by JRE (as of March 2022) and analyzed the potential stranded asset risk of the portfolio using CRREM's risk assessment tool. The analysis is based on the Asia-Pacific version of the tool (ver. 1.22) and global pathways (ver. 2.01). JRE will use this analysis to make our business strategies, including renovation, disposition of properties and other initiatives.



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 80% compared to fiscal 2019 by fiscal 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 fiscal 2030, JRE aims to reduce the average carbon intensity of its entire portfolio to 12kg-CO<sub>2</sub>/m<sup>2</sup> as well as own 5-10 net 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 waterproofed 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

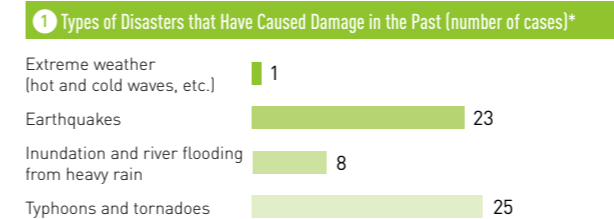
Japan is a country that experiences numerous natural disasters. In recent years, Japan has been struck by several catastrophic disasters, such as the 2011 Great East Japan Earthquake (earthquake and tsunami), the Heavy Rain Event of July 2018 (heavy rain, inundation), the 2018 Hokkaido East Iburu Earthquake (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.

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

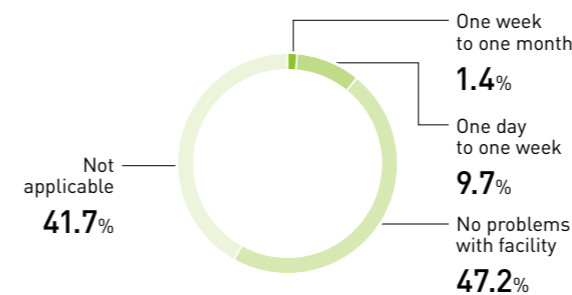
In addition, there is only 1 example of a building becoming inoperable (closed, etc.) due to a disaster.

As of March 2020

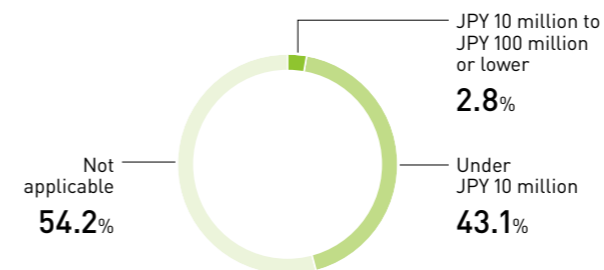


\* There are 32 properties that have never been affected by disasters.

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



③ Repair Costs (%)



Note: Earthquake risks are generally distinguished from climate change risks, but JRE has combined its climate change and disaster countermeasures as part of physical disaster risk management in an effort to increase resiliency.

Future Risk Forecast

Analysis of JRE's Portfolio Based on Municipal Hazard Map

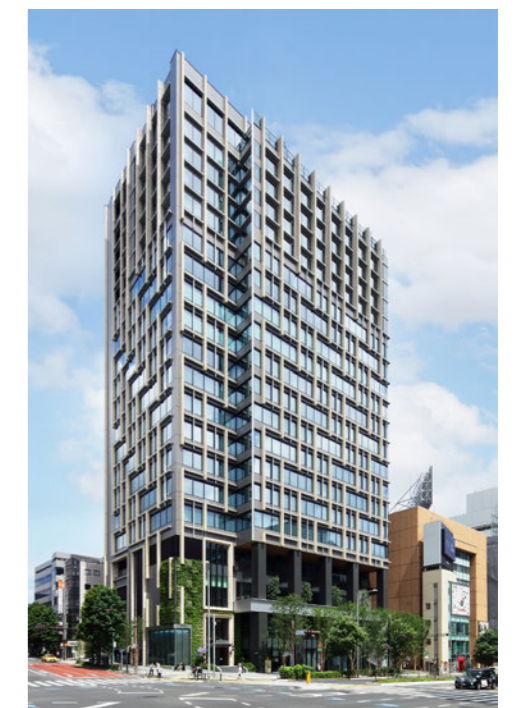
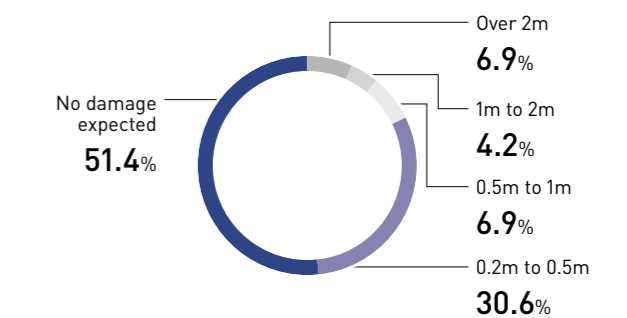
In recent years, typhoons around the Japanese archipelago have been increasing in size. In addition, river flooding and inundation have been occurring frequently due to typhoons and heavy rains. Damages due to inundation are predicted by the hazard maps of each local government. These maps are believed to have high accuracy when compared against actual disaster occurrence.

The graph below (①) shows the estimated status of inundation damage in the hazard map of the JRE portfolio. Over 80% of buildings within JRE's portfolio (82% of buildings based on total number of buildings) fall under the category of "No inundation damage expected" or "inundation of 0.2m to 0.5m (minor damage expected)."

The remaining 18% of buildings are susceptible to 0.5m of inundation or more, but every building in the portfolio is subject to hard measures, such as installation of water-stopping plates, and soft measures, such as training on how to stop inundation.

① Expected Inundation According to Hazard Map (%)

As of March 2020



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### JRE's Approaches toward Climate Change Opportunities and JRE's KPIs

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 (Construction Management Office), which is engaged in efficiently controlling the CAPEX and refurbishment works of over 70 properties. Furthermore, we collaborate with the engineering team of Mitsubishi Jisho Design 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 calculated are converted into t-CO<sub>2</sub> equivalent, which helps us know how much CO<sub>2</sub> was saved of the entire portfolio and how much it costs to reduce 1t-CO<sub>2</sub>.

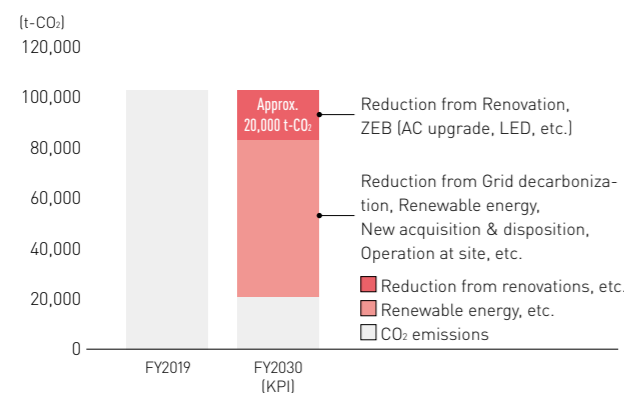
Generally, the introduction of renewable energy has been considered cost effective to reduce GHG emissions rather than renovation work. However, JRE has found that retrofitting existing buildings will also reduce GHG emissions without significant additional costs.

###### 3. Roadmap for CO<sub>2</sub> Emissions Reduction by FY2030

###### CO<sub>2</sub> Emissions Reduction Pathway

JRE aims for 80% reduction compared to FY2019 of CO<sub>2</sub> emissions by FY2030.

The breakdown of the reductions is shown in the bar chart below. We expect 20,000t-CO<sub>2</sub> reduction mainly from renovation works of existing buildings and ZEBs.



The reduction through renovations and ZEB properties above is supported by the engineering study conducted by Mitsubishi Jisho Design Inc. We conducted theoretical scenario analysis supported by the extensive track record of renovations of Mitsubishi Jisho Design 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 Design Inc.

	Case I	Case II	Case III
CO <sub>2</sub> Reduction (t-CO <sub>2</sub> )	21,944	26,667	28,637
Extra cost	No additional cost	JPY 1.1 billion	JPY 3.2 billion

The Mitsubishi Jisho Design CO<sub>2</sub> Reduction Study Report can be viewed here  
<https://jre-esg.com/en/environment/climate.html>

Based on the results, JRE will work on the way between Case II and Case III. When carrying out renovation work on individual properties, 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

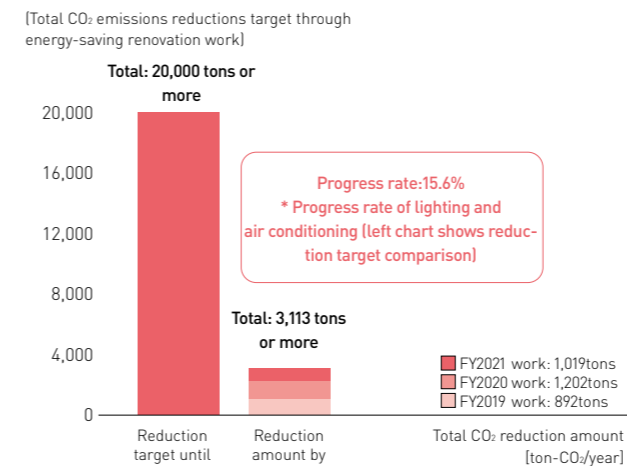
While improving the energy efficiency of individual buildings serves as an advance response to the transition risk of reducing GHG emissions, it also serves as an opportunity to improve profitability by increasing net operating income (NOI) via savings of utility costs and raising appeal for environmentally 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 26 for more details.

JRE calculates CO<sub>2</sub> emissions reductions through energy-saving renovation work conducted in each fiscal year and promotes the aforementioned asset-level renovation projects. We monitor the progress on reductions against the road map by calculating total emissions reductions from FY2019.

Emissions reductions from energy-saving renovation work through FY2022 are as follows.



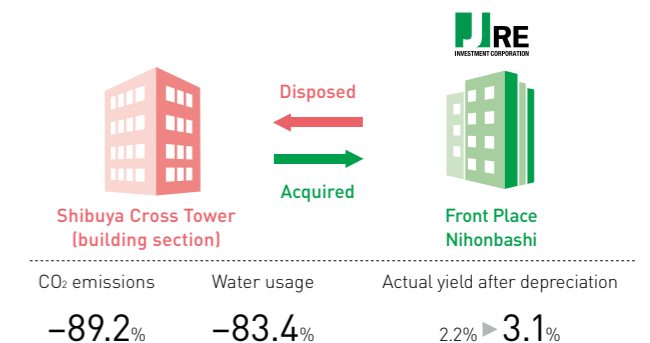
##### ► Future ZEB Achievements in JRE's Portfolio

JRE aims to own 5-10 ZEBs by 2030 (including Nearly ZEB, ZEB Ready, and ZEB Oriented buildings). In collaboration with Mitsubishi Jisho Design Inc., we have started to verify the future possibility to make the existing properties into ZEBs through renovations. We acquired ZEB Ready Certification for JRE Higashi-Gotanda 1Chome Building in 2021, for Daido Seimei Niigata Building in 2022, and for JRE Kayabacho 2Chome Building in 2023, acquiring ZEB Oriented Certification for JRE Yoyogi 1Chome Building in the same year. These are the acquisitions of ZEB Certification by application at the design stage based on the assumption of renovation work in an existing building. JRE will continue to promote its ZEB initiatives in order to achieve its KPIs.

#### 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

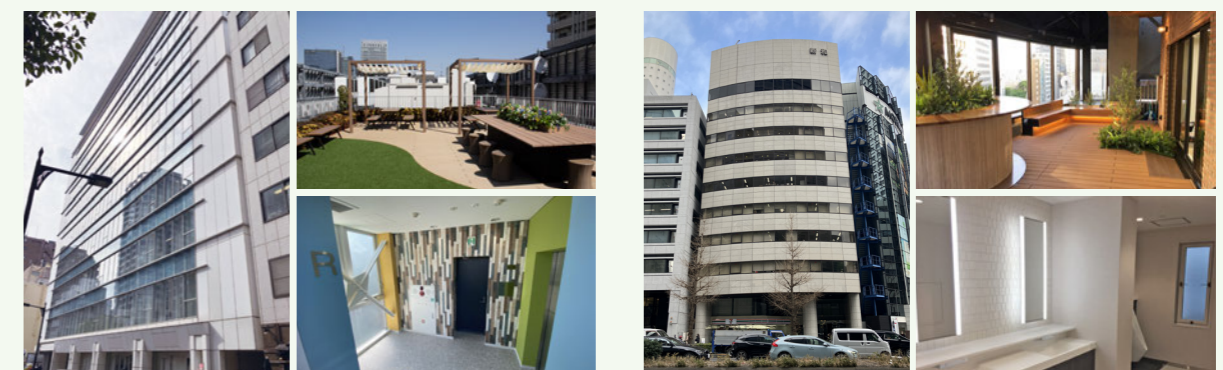
As the financial impact of climate change comes increasingly to light, it is likely that financial institutions and investors will place more focus on green financing. In order to obtain advantageous funding opportunities as a green investment and lending target, JRE is actively utilizing green finance 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 25 for more details.

#### Examples of Value-Enhancement Renovations



**JRE Ginza 1Chome East Building**  
 Opened the rooftop as a designated "sky garden" for tenants  
 Tenants can also use it as a venue for lunch or meetings

**JRE Nishi-Shinjuku Terrace**  
 Opened the top floor as a designated space for tenants  
 Upgraded the toilets to the latest models

## → Green Finance

### Sustainability-Linked Loans

JRE announced the borrowing of funds, and SLL have been implemented since then 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 JRE's environmental KPIs for fiscal 2030, the following targets have been set as the SPTs.

- CO<sub>2</sub> emissions reduction targets
- Own ZEBs (Includes Nearly ZEB, ZEB Ready, ZEB Oriented)

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, a reduction in the interest rate will be offered.

#### Overview of the Borrowings


	Loan 1	Loan 2	Loan 3	Loan 4
SPTs1:	Reduce CO <sub>2</sub> emissions by 35% (Base year: FY2013 / Carbon intensity basis) (previous target)		Reduce CO <sub>2</sub> emissions by 80% (Base year: FY2019 / Absolute CO <sub>2</sub> emissions basis)	
SPTs2:	Own five ZEBs (Includes Nearly ZEB, ZEB Ready, ZEB Oriented)			
Lender:	The Norinchukin Bank			
Loan amount:	JPY 5,000 million	JPY 5,000 million	JPY 5,000 million	JPY 3,000 million
Borrowing date:	January 29, 2021		November 15, 2021	June 17, 2022
Principal repayment date:	July 31, 2031	January 30, 2032	November 17, 2031	June 17, 2032
Report / Second-party Opinion	Second-party Opinion from Japan Credit Rating Agency, Ltd. (JCR)			

	Loan 5	Loan 6	Loan 7	Loan 8
SPTs1	Reduce CO <sub>2</sub> emissions by 80% (Base year: FY2019 / Absolute CO <sub>2</sub> emissions basis)			
SPTs2	Own five ZEBs (Includes Nearly ZEB, ZEB Ready, ZEB Oriented)			
Lender:	SBI Shinsei Bank, Limited	The Norinchukin Bank	Sumitomo Mitsui Banking Corporation	
Loan amount:	JPY 2,500 million	JPY 3,500 million	JPY 3,000 million	JPY 3,000 million
Borrowing date:	March 15, 2023	March 27, 2023	March 30, 2023	
Principal repayment date:	March 15, 2033	March 28, 2033	March 30, 2033	March 30, 2027
Report / Second-party Opinion	Evaluation from the Sustainable Impact Development Division, Assessment Department, of SBI Shinsei Bank, Limited	Second-party Opinion from Japan Credit Rating Agency, Ltd. (JCR)	—	

### Second-party Opinion

In concluding agreements for SLLs, JRE obtains 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, except when evaluations are conducted by certain lenders.



 For more information, please click below.  
<https://jre-esg.com/en/environment/greenbond.html>

### Green Bonds

JRE issued 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

### JRE Shiba 2Chome Daimon Building

Refurbishment work of JRE 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.

#### 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 restrooms, 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%
  - CO<sub>2</sub>\*1 Reduced 32.8%
  - Tenant Satisfaction Level\*3 Increased to 80%
  - Water\*1 Reduced 49.5%
  - Average rent per area increased by 17.5%
- \*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

##### Project Name

JRE Shiba 2Chome Daimon Building Refurbishment Project

##### Project System

Design supervision: Mitsubishi Jisho Design Inc.  
PM company: Tokio Marine & Nichido Facilities, Inc.  
Design and construction: OBAYASHI CORPORATION and others  
Construction period: April 2018–2021 (completion)

##### Property Overview

Name of property: JRE Shiba 2Chome Daimon Building  
Location: 2-3-3 Shiba, Minato-ku, Tokyo  
Area: Land: 2,820m<sup>2</sup>  
Building: 16,235m<sup>2</sup>  
Structure: Steel-framed reinforced concrete structure, 2 floors below ground, 8 floors above ground  
Time of construction: March 1984  
Type of ownership: Land and building  
Time of acquisition: September 2001



Elevator hall after renovation



Restroom after renovation



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

# 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 JRE-AM and employees through efforts to improve the physical and mental health of officers and employees.

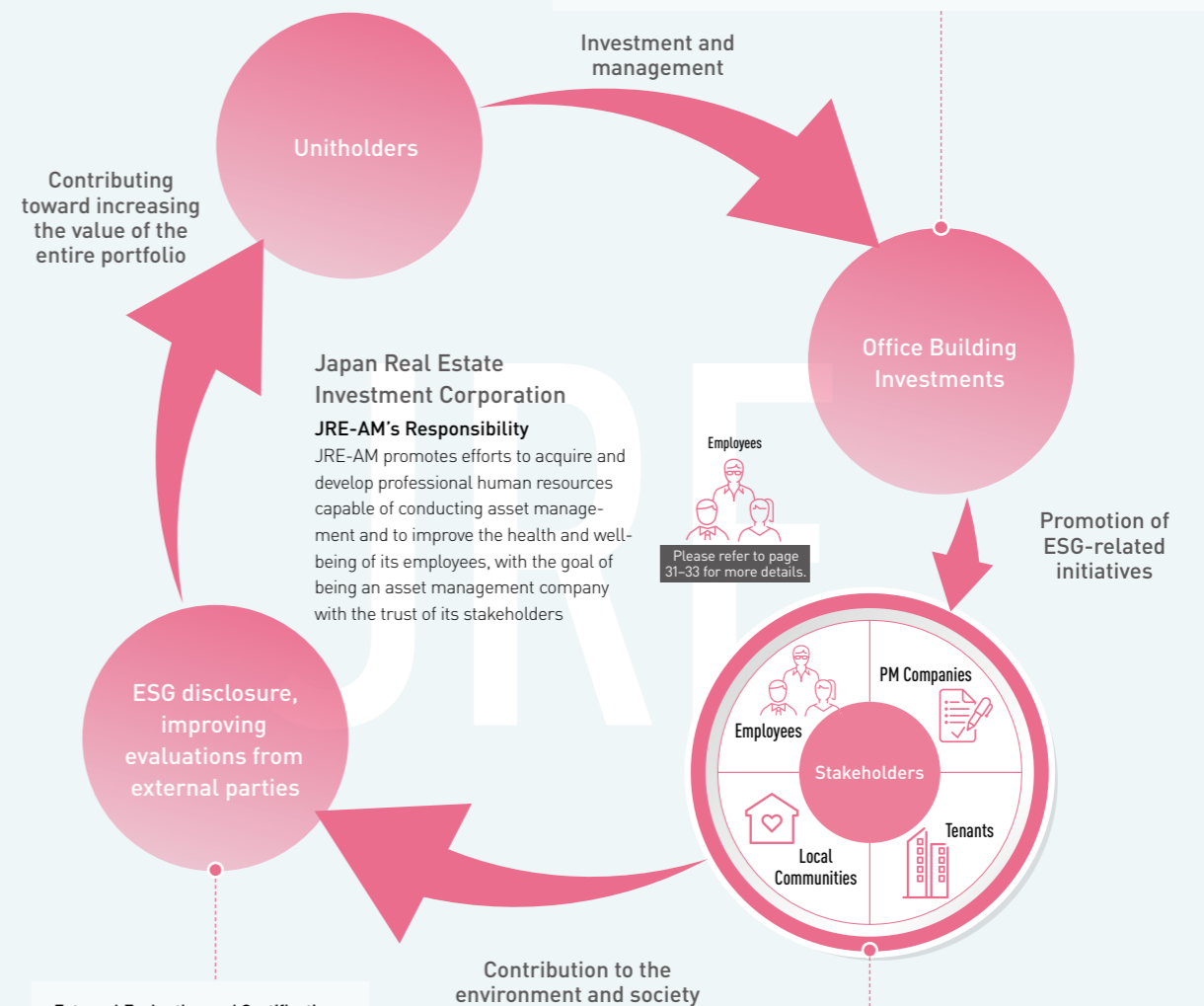
- 28 Relationship Between JRE's Real Estate Investments and Stakeholders
- 29 Stakeholder Engagement
  - 29 Tenants and Partners
  - 30 Local Communities
  - 31 Employees (Human Capital Development)
  - 32 Well-being
  - 33 Creating Fair Work Environments
- 34 Non-Financial Data Highlights



## ▶ 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.

- Sustainability Policy** Please refer to page 05 for more details.
1. Climate change initiative (promoting decarbonization and strengthening resilience)
  2. Contribution to resource conservation including water and resource recycling
  3. Contribution to conserving biodiversity and ecosystem
  4. Enhancement of tenants' health and well-being, and safety
  5. Creating a workplace where a diverse workforce can thrive
  6. Enhancement of governance systems
  7. Stakeholder engagement through information disclosure and ESG evaluations



**Japan Real Estate Investment Corporation  
JRE-AM's Responsibility**  
JRE-AM promotes efforts to acquire and develop professional human resources capable of conducting asset management and to improve the health and well-being of its employees, with the goal of being an asset management company with the trust of its stakeholders

**Employees**  
Please refer to page 31-33 for more details.

- External Evaluation and Certifications**  
Please refer to page 11-12 for more details.
- GRESB
  - ZEB certification
  - DBJ Green Building certifications

**Local Communities**  
  
Please refer to page 30 for more details.

Working with PM companies, we promote mutual communication with local governments, residents, and facility users to promote development alongside the local community.

**PM Companies**  
  
Please refer to page 29 for more details.

We are working with PM companies to improve the asset value of each property, with consideration given to reducing the environmental impact of building operations.

**Tenants**  
  
Please refer to page 29 for more details.

We are making efforts to increase tenant satisfaction and are committed to building long-term trust relationships between owner and tenant.

## → 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.

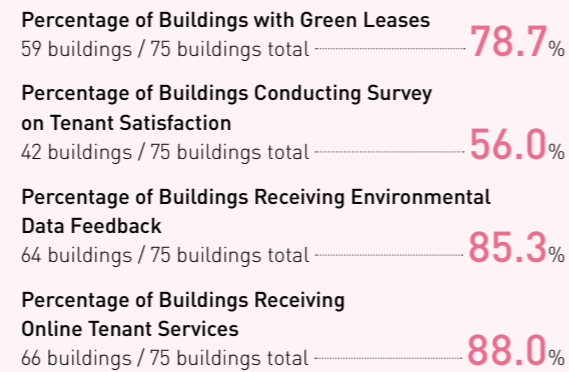
#### Example of tenant satisfaction survey

In a bid to increase the asset value, JRE conducted the renovation work for common areas in JRE 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.



(As of May, 2023)

Note: 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 lessees, and property managers, among others, for the purpose of raising stakeholder awareness. We invite ESG experts from outside JRE 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.



An ESG seminar held in May 2019. The seminar was held online in 2023 with the participation of nearly 170 stakeholders.

### 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 they can turn to in the event of disaster, thereby contributing to local communities.

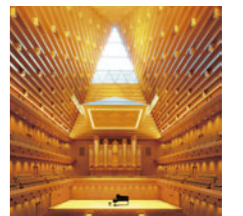


#### Support for Local Events, Local Group Activities, and Artistic and Cultural Activities

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 JRE 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.



Summer festival at Shiodome Building



Tokyo Opera City Concert Hall

# Topics

## Contribution to community development

### GRAND FRONT OSAKA - Urban revitalization / urban redevelopment project

GRAND FRONT OSAKA which JRE acquired in October 2021 has built a “Knowledge Capital” where knowledge is created. “Knowledge Office Space,” consisting of knowledge work space (for researchers, creators, business owner) and educational functions and “Future Life Showroom” exhibiting new lifestyle delivered by the fusion of advanced technologies and sensibilities are represented. The “Knowledge Plaza” located at the center of the North Wing is a symbol of the “town.” Events and presentations linked to the Knowledge Capital are held here, bringing even more life and vitality to exchanges between people in the city.

Furthermore, as a general incorporated association “GRAND FRONT OSAKA TMO” was established to operate the GRAND FRONT OSAKA integrated town, a participatory type of “town” development is promoted to grow the “town” along with its residents, workers and visitors, to bring bustle and vitality back to a place people will want to come to every day.



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

JRE-AM 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 continually host junior employees (with fewer than ten years' experience) seconded from our sponsor who regularly recruits 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 JRE-AM, thereby enhancing the sustainability of the organization as a whole.

We employ a human resources development strategy that includes support for acquiring various qualifications and specialized training after joining JRE-AM. In addition, we are developing an easy-to-work-in environment for employees that is mindful of their health and well-being.

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.

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

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

Advanced Leadership Development

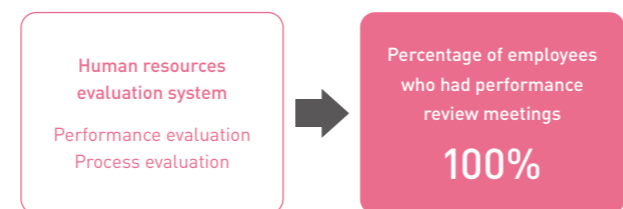
At JRE-AM, managerial positions are given to those who display management potential and show a willingness to acquire specialized knowledge from both inside and outside JRE-AM. After these managers are appointed, we expect them to improve their management abilities on a voluntary basis. To support their 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 FY2022 (23 programs were conducted in total):

- CASE 1 Compliance training for those engaged in investment management business (June 2022 and January 2023)
- CASE 2 Internal Audit Training (June 2022)
- CASE 3 Anti-Money Laundering Training (July 2022)
- CASE 4 Sustainability Training (December 2022 and January 2023)
- CASE 5 Diversity, Equity and Inclusion (DEI) Training (February 2023)

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 have our new office at Otemachi Park Building since 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

In the current office, we have adopted a free seating system for employees and have upgraded communication spaces within JRE-AM. 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. In addition, we are working to make our offices more comfortable places to work. For example, we installed new "blue sky" LED lighting that replicates blue sky and natural light to create a spacious feel in a portion of our conference rooms. We believe that these offices will facilitate employee work style reforms and lead to improved productivity.

Promoting 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.



communication spaces in office

Introduction of iKasa Umbrella Sharing Service

Along with participating in the "Zero Disposable Umbrellas by 2030 Project for Buildings," which is led by iKasa—an umbrella sharing service—and aims to reduce the number of umbrellas used only once then discarded at office buildings, JRE-AM is working to reduce waste generated from office buildings and enhance convenience for employees by introducing iKasa at JRE-AM office.



Press conference for the project on June 8, 2023



"blue sky" LED lighting

Creating Fair Work Environments

Communication with Employees

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

Employee 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.

Employee satisfaction survey	FY2022
Employee satisfaction level (5-point scale)	4.2
Response rate	100%

Anti-harassment

We conduct harassment training regularly to raise awareness, and provide employees with the tools and guidance they need to identify, prevent and remove 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 JRE-AM's competitiveness through open communication.

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. Consultations can be made anonymously, and whistleblowers are given protection under the Whistleblower Protection Act in accordance with JRE-AM's internal regulations. When it receives a consultation, JRE-AM conducts an investigation and takes the measures necessary to resolve the issue while taking into consideration the protection of the whistleblower.

Comments from an Employee

Enjoying a Fulfilling Working Life at an Office Where Employees Want to Work

When I reflect on the meaning of a comfortable workplace, it strikes me that JRE-AM has many programs available to employees, a flexible approach toward introducing new programs, and an environment where employees can use such programs without constraint. For example, in addition to programs such as flextime and telework, we are provided with ample tools, including those for internal electronic approval system and online meetings. Using such programs and tools naturally encourages employees to aspire to do an even better job, while both enhancing their productivity and enabling them to enjoy a fulfilling personal life. I think this leads to a virtuous circle, such as employees hitting on good work ideas on days off.

At the same time, when I'm at work, I get the sense that everyone wants to create an office where employees want to come to work: the office is clean and pleasant, my colleagues are friendly and communicating with them is fun, and I get inspiration from everyday casual conversations. Thanks to this atmosphere, I feel that my working life is truly fulfilling.

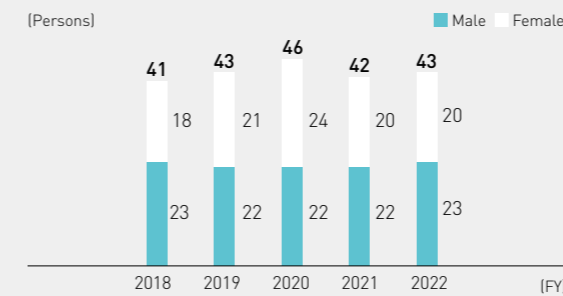


Non-Financial Data Highlights

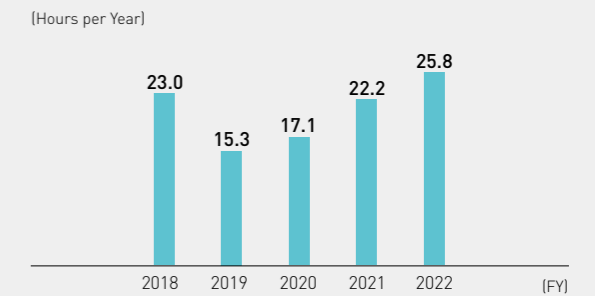
Employee-related data is listed below. Particularly notable is data related to the active participation of women, as the proportion of female employees at JRE-AM has increased, far exceeding the average for Japanese companies of 26.5%.\* The return and retention rate for employees 12 months after taking childcare leave is 100%.

\* Source: "Corporate awareness survey on promoting the participation of women in their workforce" conducted in July 2021 and released by Teikoku Databank Ltd

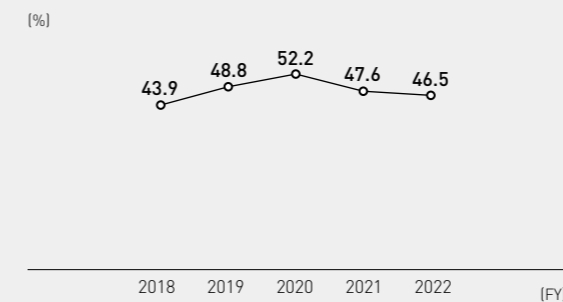
Number of Employees



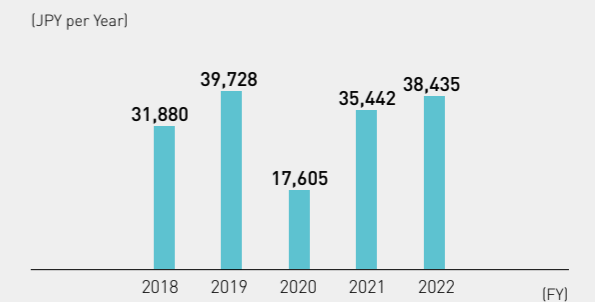
Training Hours per Employee



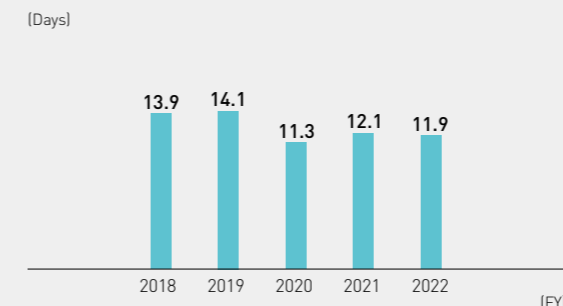
Female Employee Ratio



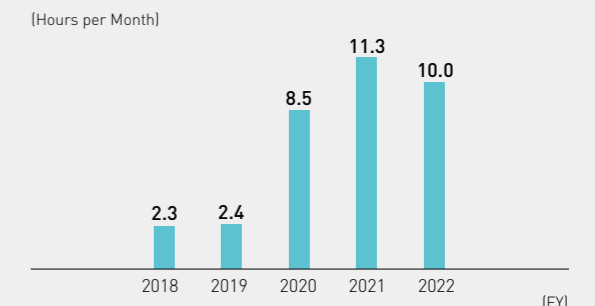
Training Expenses per Employee



Annual Paid Leave per Person



Monthly Average Overtime



Promote Diverse Workforce

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees	41	43	46	42	43
Foreign employees	0	1	2	2	2
Of which female senior management	2	2	3	2	1
Of which female directors	1	0	0	1	1

# Governance

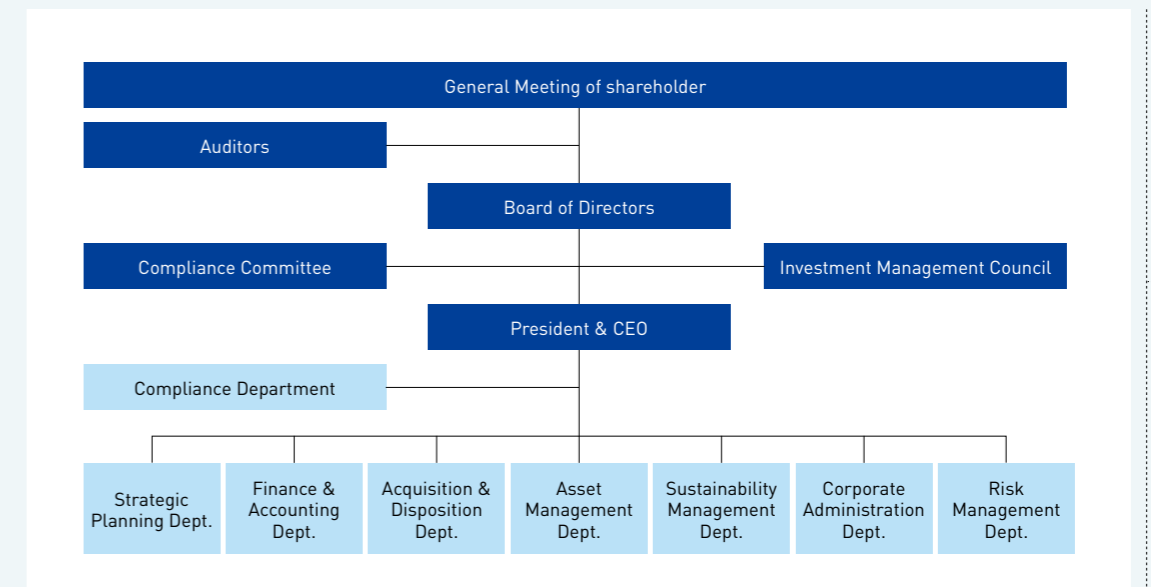
Our basic policy as an investment corporation and asset management company is not only to comply with laws and regulations, but to meet social demands as well. Taking care to have each employee perform their duties with high ethical standards and strict self-discipline raises our reputation among investors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

- 36 Management System
- Governance Structure of JRE
- 37 Risk Management
- 39 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]).  
[https://www.j-re.co.jp/ja\\_cms/ir/library.html](https://www.j-re.co.jp/ja_cms/ir/library.html)

## Governance Structure of JRE

### Status of Executive Director and Supervisory Directors

Candidates for investment corporation directors shall be elected at a general unitholders' meeting on the proviso that they do not fall under any of the grounds for disqualification stipulated in the Act on Investment Trusts and Investment Corporations and other applicable laws and regulations. The attendance rates of Executive Director and Supervisory Directors at the board of directors' meetings of the investment corporation (from April 2022 to March 2023) are as follows:

Title	Name	Attendance at Board of Directors Meetings	
		Sep. 2022 period	Mar. 2023 period
Executive Director	Yutaka Yanagisawa *1	100% (3 times / 3 times)	100% (2 times / 2 times)
Executive Director	Jo Kato *2	—	100% (3 times / 3 times)
Supervisory Director	Tomohiro Okanoya *1	100% (3 times / 3 times)	100% (2 times / 2 times)
Supervisory Director	Hiroaki Takano	100% (3 times / 3 times)	100% (5 times / 5 times)
Supervisory Director	Miyuki Aodai *2	—	100% (3 times / 3 times)

\*1 Resigned as of December 13, 2022. \*2 Appointed as of December 13, 2022.

## → 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> <ul style="list-style-type: none"> <li>Real estate investment risks (risks related to volatility in the real estate market, real estate credit risks, etc.)</li> <li>Other asset management risks (market risks, credit risks, operational risks, etc.)</li> </ul>	
<b>2. Other risks</b> <ul style="list-style-type: none"> <li>Companywide risks (risks caused by inadequate organizational structure, corporate governance, and internal control systems)</li> <li>Disclosure risks (risks caused by failure to disclose information in a timely and appropriate manner)</li> <li>Reputation risks (risks caused by the spread of negative information or perception)</li> <li>Event risks (risks caused by unpredictable external factors such as earthquakes and other natural disasters)</li> </ul>	

#### 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

- 1 Recognize the external and internal environment**  
 Recognize changes in the external environment (market trends, regulatory and institutional trends, etc.) and internal environment (organizations, processes, systems, etc.) and reflect them in the following processes
- 2 Identify risks and review**  
 Identify risks comprehensively according to the operational processes and sub-processes of each department and review them using benchmarks such as supervisory guidelines and case studies
- 3 Assess specific risks**  
 Assess specific risks based on "impact" and "frequency of occurrence"
- 4 Assess controls**  
 Assess controls based on "impact" and "ability to control frequency of occurrence"
- 5 Assess residual risks**  
 Assess residual risks based on the results of assessing (3) and (4)

### Compliance Risk Management through Three Lines Model

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

<b>1st Line</b> Self-Control by Front Divisions	<ul style="list-style-type: none"> <li>A compliance manager has been appointed in each department to promote compliance, which includes daily compliance checks and assessments, formulation and practice of compliance programs*, and formulation and practice of rules and manuals under jurisdiction of each department.</li> <li>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.</li> </ul>
<b>2nd Line</b> Control by Risk Management and Compliance Divisions	<ul style="list-style-type: none"> <li>The Compliance Department drafts general compliance plans, practices compliance, and inspects, checks, and works to improve the level of compliance in each department.</li> <li>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."</li> <li>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.</li> </ul>
<b>3rd Line</b> Review by Audit Divisions	<ul style="list-style-type: none"> <li>Internal audits are conducted every year to inspect and verify the appropriateness and effectiveness of our system in terms of legal compliance, internal management, risk management, crisis management, and other matters from the perspective of ensuring investor protection and fair market formation as an asset management company.</li> </ul>

\* A concrete implementation plan for achieving proper compliance

Compliance System

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.

Compliance Promotion Structure for the Asset Management Company

At JRE-AM, the Board of Directors, along with the Compliance Committee, Compliance Department, and compliance managers in each department, determine and verify various matters concerning compliance in accordance with their respective authorities and responsibilities.

Organization	Main roles
Board of Directors of the Asset Management Company	Oversees the companywide compliance and is fully responsible for all compliance issues. Main roles are below. 1. Formulate Basic Principle of Compliance for the Asset Management Company 2. Establish compliance organizational structure 3. Approve rules, manuals and programs regarding compliance
Compliance Committee	The committee's activities include deliberating over and deciding on system development and important matters (including verifying important transactions that involve key related parties) in relation to compliance. The committee consists of the President & CEO, General Manager of Compliance Department, General Manager of Risk Management Department, and one or more external experts.
Compliance Department	Drafts general compliance plans, practices compliance, and inspects, checks, and works to improve the level of compliance in each department.
Compliance Manager and Compliance Promoter in Each Department	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 practice of rules and manuals under jurisdiction of each department.

Employee hotlines & grievance reporting

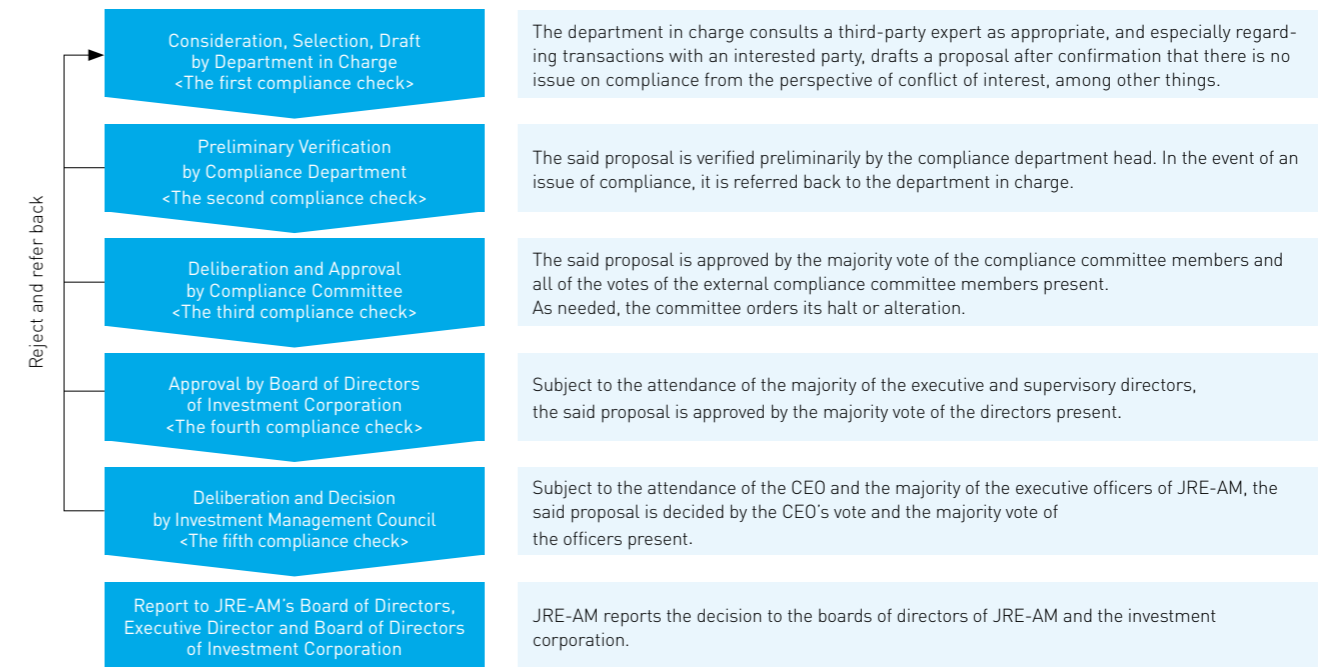
For the purpose of empowering staff, uncovering risks/problems, and increasing workplace satisfaction, all employees can consult with either the GM of the Compliance Department, a legal advisory firm, or an external specialist organization on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Consultations can be made anonymously, and whistleblowers are given protection under the Whistleblower Protection Act in accordance with JRE-AM's internal regulations. When it receives a consultation, JRE-AM conducts an investigation and takes the measures necessary to resolve the issue while taking into consideration the protection of the whistleblower.

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 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]. <https://www.j-re.co.jp/ja/cms/ir/library.html>

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.

JRE-AM observes the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption and the Mitsubishi Estate Group Anti-Corruption Guidelines, of which it is a part, and works toward preventing bribery when entertaining clients or giving gifts. Specifically, Rules for Entertainment and Gifts of JRE-AM makes the following stipulations, which are strictly enforced, such as detailed reporting and documentation of the details of entertainment or goods provided or received by officers and employees

- "JRE-AM's officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense"
- "The giving or receiving of cash as a business gift is prohibited except for congratulatory or condolence expenses at weddings, funerals, or ceremonial occasions."

Moreover, with a high regard for the "Guideline to Prevent Bribery of Foreign Public Officials," formulated by the Ministry of Economy, Trade and Industry, JRE-AM has established the Rules for Entertainment and Gifts and conducts specific internal processes when dealing with public officials such as entertaining, giving gifts, inviting, donating, and utilizing their agencies, etc. The said Rules for Entertainment and Gifts of JRE-AM provides "Entertainment and gift-giving to public officials and others are prohibited. When entertainment or gift-giving is required for business purposes, regardless of the amount, prior approval must be obtained from the head of the department and the Director of Compliance Department, and after expenditure, approval for settlement must be obtained from the head of the department."

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

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

Statement of use	Japan Real Estate Investment Corporation has reported in accordance with the GRI Standards for the period 1/April/2022 to 31/March/2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION	
General disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	Overview of JRE <a href="#">Corporate Data</a> IR Library <a href="#">Annual Report</a> Organizational Structure <a href="#">Organizational Structure</a>	
		2-2	Entities included in the organization's sustainability reporting	Overview of JRE <a href="#">Corporate Data</a>
		2-3	Reporting period, frequency and contact point	Disclosure of ESG-Related Information <a href="#">Reporting Scope and Period Inquiries</a>
	2-4	Restatements of information	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a> The previous year's data for the reporting year has been revised from the previously disclosed data as we examined the data accuracy.	
	2-5	External assurance	Environmental Initiatives <a href="#">Environmental Performance</a>	
			Disclosure of ESG-Related Information <a href="#">GRI Content Index / SASB Framework</a>	
	2-6	Activities, value chain and other business relationships	Portfolio List (Portfolio Overview) <a href="#">Portfolio List</a>	
			IR Library <a href="#">Annual Report</a>	
	2-7	Employees	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Basic Employee Data</a> JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to its asset management company, Japan Real Estate Asset Management Co., Ltd. [JRE-AM]. The information regarding employees of JRE-AM is disclosed here.	
	2-8	Workers who are not employees	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Basic Employee Data</a> JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to its asset management company, Japan Real Estate Asset Management Co., Ltd. [JRE-AM]. The information regarding employees of JRE-AM is disclosed here.	
	2-9	Governance structure and composition	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>	
			Governance Structure of JRE <a href="#">Governance Structure of JRE</a>	
			Management System <a href="#">Management System</a>	
Compliance System <a href="#">Compliance System</a>				
2-10	Nomination and selection of the highest governance body	IR Library <a href="#">ARTICLES OF INCORPORATION OF JAPAN REAL ESTATE INVESTMENT CORPORATION</a>		
2-11	Chair of the highest governance body	IR Library <a href="#">ARTICLES OF INCORPORATION OF JAPAN REAL ESTATE INVESTMENT CORPORATION</a>		
		Compliance System <a href="#">Conflict of Interest Policy of Asset Management Company</a>		
2-12	Role of the highest governance body in overseeing the management of impacts	Social Initiatives <a href="#">Stakeholder Engagement Relationship with Local Communities</a>		
		Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>		
		Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a> Management System <a href="#">Risk Management</a>		
2-13	Delegation of responsibility for managing impacts	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>		
		Management System <a href="#">Management System</a>		
		Compliance System <a href="#">Compliance System</a>		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION	
General disclosures				
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>	
	2-15	Conflicts of interest	Compliance System <a href="#">Conflict of Interest Policy of Asset Management Company</a>	
	2-16	Communication of critical concerns	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>	
			Management System <a href="#">Risk Management</a>	
			Compliance System <a href="#">Conflict of Interest Policy of Asset Management Company</a> No significant concerns were reported in the reporting period.	
	2-17	Collective knowledge of the highest governance body	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>	
	2-18	Evaluation of the performance of the highest governance body	Basic Policy on ESG / Management Structure <a href="#">Sustainability Committee</a>	
	2-19	Remuneration policies	Governance Structure of JRE <a href="#">Governance Structure of JRE</a>	
	2-20	Process to determine remuneration	Governance Structure of JRE <a href="#">Governance Structure of JRE</a>	
	2-21	Annual total compensation ratio		Information unavailable: As Japan Real Estate Investment Corporation has no employees, it is impossible to calculate the ratio of annual total compensation. It is not available such information of the asset management company at this time.
	2-22	Statement on sustainable development strategy	JRE Information <a href="#">Message from Executive Director</a>	
			Basic Policy on ESG / Management Structure <a href="#">Basic Policy on ESG / Management Structure</a>	
	2-23	Policy commitments	Climate Change Initiatives <a href="#">Climate Change-Related Risks and JRE's Response</a>	
			Basic Policy on ESG / Management Structure <a href="#">Basic Policy on ESG / Management Structure</a>	
			Compliance System <a href="#">Basic Principle of Compliance for the Asset Management Company [JRE-AM]</a> Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Human Rights Initiatives</a>	
	2-24	Embedding policy commitments	Basic Policy on ESG / Management Structure <a href="#">Basic Policy on ESG / Management Structure</a>	
	2-25	Processes to remediate negative impacts	Asset management company [JRE-AM] Web page>Complaint Handling and Dispute Resolution <a href="#">Complaint Handling and Dispute Resolution</a>	
	2-26	Mechanisms for seeking advice and raising concerns	Compliance System <a href="#">Compliance System</a>	
	2-27	Compliance with laws and regulations		No significant regulatory violations occurred during the reporting period.
	2-28	Membership associations	Asset management company [JRE-AM] Web page>About JRE-AM <a href="#">Memberships</a>	
2-29	Approach to stakeholder engagement	Environmental Initiatives <a href="#">Contributions to the Environment through Real Estate Investment Management Collaboration with Suppliers</a>		
		Social Initiatives <a href="#">Stakeholder Engagement Improving Tenant Satisfaction Relationship with Local Communities</a>		
2-30	Collective bargaining agreements	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>		
			It is not applicable because the investment corporation does not have any employees. All employees except managerial positions of the asset management company are covered under a collective bargaining agreement.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION	
<b>Material topics</b>				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Basic Policy on ESG / Management Structure <a href="#">Materiality</a>	
	3-2	List of material topics	Basic Policy on ESG / Management Structure <a href="#">Materiality</a> <a href="#">GRI Content Index</a> <a href="#">SASB Framework</a>	
	3-3	Management of material topics	Basic Policy on ESG / Management Structure	<a href="#">Materiality</a>
			Asset management company (JRE-AM) Web page>Employee Initiatives	<a href="#">Employee Initiatives</a>
			Environmental Initiatives	<a href="#">Environmental Performance</a> <a href="#">Collaboration with Suppliers</a> <a href="#">Contributions to the Environment through Real Estate Investment Management</a> <a href="#">Climate Change-Related Risks and JRE's Response</a>
			Social Initiatives	<a href="#">Relationship with Local Communities</a> <a href="#">Improving Tenant Satisfaction</a>
			External Evaluations and Certifications	<a href="#">Sustainability Certification</a>
			Green Finance	<a href="#">Sustainability-Linked Loans</a> <a href="#">Green Bonds</a>
			Asset management company (JRE-AM) Web page>Complaint Handling and Dispute Resolution	<a href="#">Complaint Handling and Dispute Resolution</a>
			Basic Policy on ESG / Management Structure	<a href="#">Sustainability Committee</a>
Climate Change Initiatives	<a href="#">Governance</a>			
External Evaluations and Certifications	<a href="#">GRESB Real Estate Ratings</a>			

<b>Energy</b>				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental Initiatives <a href="#">Environmental Performance</a>	
	302-2	Energy consumption outside of the organization	Environmental Initiatives <a href="#">Environmental Performance</a>	
	302-3	Energy intensity	Environmental Initiatives <a href="#">Environmental Performance</a>	
	302-4	Reduction of energy consumption	Environmental Initiatives	<a href="#">Environmental Performance</a> <a href="#">Contributions to the Environment through Real Estate Investment Management</a>
			Green Finance	<a href="#">Sustainability-Linked Loans</a> <a href="#">Green Bonds</a>
302-5	Reductions in energy requirements of products and services	Environmental Initiatives <a href="#">Environmental Performance</a> <a href="#">Contributions to the Environment through Real Estate Investment Management</a>		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
<b>Water and effluents</b>			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental Initiatives <a href="#">Environmental Performance</a>
	303-2	Management of water discharge-related impacts	Not applicable: The wastewater discharged from all of our properties does not exceed the general wastewater standards set by the government and the local government.
	303-3	Water withdrawal	Environmental Initiatives <a href="#">Environmental Performance</a>
	303-5	Water discharge	Environmental Initiatives <a href="#">Environmental Performance</a>

<b>Biodiversity</b>			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Environmental Initiatives <a href="#">Contributions to the Environment through Real Estate Investment Management</a>

<b>Emissions</b>			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Initiatives <a href="#">Environmental Performance</a>
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Initiatives <a href="#">Environmental Performance</a>
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Initiatives <a href="#">Environmental Performance</a>
	305-4	GHG emissions intensity	Environmental Initiatives <a href="#">Environmental Performance</a>
	305-5	Reduction of GHG emissions	Environmental Initiatives <a href="#">Environmental Performance</a> <a href="#">Contributions to the Environment through Real Estate Investment Management</a>

<b>Waste</b>			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Performance>WEB information <a href="#">Waste</a>
	306-2	Management of significant waste-related impacts	Environmental Initiatives <a href="#">Environmental Management Systems (EMS)</a>
	306-3	Waste generated	Environmental Performance>WEB information <a href="#">Waste</a>
	306-4	Waste diverted from disposal	Environmental Performance>WEB information <a href="#">Waste</a>
	306-5	Waste directed to disposal	Environmental Performance>WEB information <a href="#">Waste</a>

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
<b>Supplier environmental assessment</b>			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	There were no new suppliers that were screened using environmental criteria.
	308-2	Negative environmental impacts in the supply chain and actions taken	No suppliers were identified that had a particularly significant negative impact in the reporting period.

<b>Employment</b>			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>
	401-3	Parental leave	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>

<b>Occupational health and safety</b>				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Health and Well-being</a>	
	403-3	Hazard identification, risk assessment, and incident investigation	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Health and Well-being</a>	
	403-6	Promotion of worker health	Social Initiatives Asset management company [JRE-AM] Web page>Employee Initiatives	<a href="#">Improving Tenant Satisfaction</a> <a href="#">Employee Health and Well-being</a>
		Workers covered by an occupational health and safety management system	Asset management company [JRE-AM] Web page>Employee Initiatives	<a href="#">Employee Health and Well-being</a>
	403-10	Work-related ill health	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Health and Well-being</a>	

<b>Training and education</b>			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>
	404-2	Programs for upgrading employee skills and transition assistance programs	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>
	404-3	Percentage of employees receiving regular performance and career development reviews	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
<b>Diversity and equal opportunity</b>			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Asset management company [JRE-AM] Web page>Employee Initiatives <a href="#">Employee Initiatives</a>
	405-2	Ratio of basic salary and remuneration of women to men	There is no institutional pay gap based on gender.

<b>Local communities</b>			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Initiatives <a href="#">Relationship with Local Communities</a>
	413-2	Operations with significant actual and potential negative impacts on local communities	Asset management company [JRE-AM] Web page>Portfolio <a href="#">Portfolio List (Portfolio Overview)</a> No property was identified that had a particularly significant negative impact on the local community in the reporting period.

<b>Supplier social assessment</b>			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	There were no new suppliers that were screened using social criteria.
	414-2	Negative social impacts in the supply chain and actions taken	No suppliers were identified that had a particularly significant negative impact in the reporting period.

<b>Customer health and safety</b>			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Social Initiatives <a href="#">Improving Tenant Satisfaction</a>
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no serious violations of laws and ordinances since we have taken appropriate actions as the engineering reports requested us to be careful not to let it become normal in our operations.

<b>Others (G4 Construction and Real Estate Sector Disclosures)</b>			
<b>Sustainability Certifications</b>			
Sustainability Certifications (CRE8)		Evaluations from External Parties	External Evaluations and Certifications <a href="#">Sustainability Certification</a>

<b>Customer Satisfaction</b>			
Customer Satisfaction (PR5)		Results of surveys measuring customer satisfaction	Social Initiatives <a href="#">Improving Tenant Satisfaction</a>



Activity Metrics

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Unit
IF-RE-000.A	Number of assets	73	72	75	77	assets
IF-RE-000.B	Leasable floor area	871,326	873,873	907,231	907,251	m <sup>2</sup>
IF-RE-000.C	Percentage of indirectly managed assets	1.0	1.0	1.0	1.0	%
IF-RE-000.D	Average occupancy rate	99.7	97.9	97.0	95.5	%
	Note: Fiscal years refer to the period starting from April 1 and ending at March 31 of the following year. Fiscal 2022 represents the 42nd and 43rd fiscal year. 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	Fiscal 2021	Fiscal 2022	Unit	
IF-RE-130a.1	Energy consumption data coverage	100	100	100	100	% (on a floor area basis)	
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	246,064	231,097	226,719	223,673	MWh	
	Percentage grid electricity	78.50	77.02	77.29	77.92	%	
	Percentage renewable electricity	1.27	1.77	17.66	57.44	%	
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage	-3.14	-7.90	-3.36	-3.36	%	
	Percentage of area with data coverage	93.64	91.00	94.70	91.20	% (on a floor area basis)	
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating	20.69	21.34	21.16	19.85	% (on a floor area basis)	
	Percentage of eligible portfolio that is certified to ENERGY STAR Not applicable as the ENERGY STAR Program does not cover real estate in Japan						
IF-RE-130a.5	Reference information	Percentage of eligible portfolio with Green Building certification	74.30	75.65	74.19	74.99	% (on a floor area basis)
	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 certifications (green building certification and energy rating) is 76.3% based on gross floor area.						
IF-RE-130a.5	<p>■ 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 13 for more information)</p> <p>Based on the Sustainability Policy items "1. Climate change initiative (promoting decarbonization and strengthening resilience)" and "2. Contribution to resource conservation including water, and resource recycling", JRE has set reduction targets for greenhouse gas emissions in order to improve the environmental performance of its real estate portfolio. 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 decarbonization 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. Although we have been working to reduce energy and GHG emissions, and are at a lower level than in the past, 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. Subsequently, as we proactively advanced the introduction of electricity made from renewable energy and it became clear that we could expect to achieve our previous emissions targets ahead of schedule, we updated them to even more ambitious targets. Going forward, JRE will contribute to a shift to a decarbonized society through the reduction of GHG emissions while securing its preparedness to natural disasters and other phenomena arising from climate change.</p>						

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Unit
IF-RE-130a.5	<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> <p>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.</p> <p>JRE has established selection criteria for 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.</p> <p>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.</p> <p>JRE has determined "Environmental Consideration of Portfolio" as one of its key ESG issues (materiality) and established the acquisition of environmental certifications (including green building certifications and energy-efficiency ratings) as a KPI. JRE will ensure that more than 70% of its properties obtain environmental certifications and work to continuously operate office buildings that are the tenants' first choice.</p>					

Disclosure Topic: Water Management

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Unit
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100	100	100	100	% (on a floor area basis)
	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	886,256	655,641	645,753	689,740	m <sup>3</sup>
	As percentage of water withdrawal in regions with high or extremely high baseline water stress	0	0	0	0	%
IF-RE-140a.3	Like-for-life percentage change in water withdrawn for portfolio area with data coverage	-5.70	-26.89	-2.35	4.38	%
	Percentage of area with data coverage	93.64	91.00	94.70	91.20	% (on a floor area basis)
IF-RE-140a.4	<p>■ Description of water management risks and discussion of strategies and practices to mitigate those risks</p> <p>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.</p> <p>For this reason, JRE has "2. Contribution to resource conservation including water and resource recycling" in its Sustainability Policy. 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. In fiscal 2021, together with the revision of the base year for CO<sub>2</sub> emissions reduction targets, we revised the base year for water usage targets.</p> <p>At JRE, we are employing the following strategies for managing water consumption in our portfolio:</p> <ul style="list-style-type: none"> <li>• Implementation of technical evaluations (water-saving estimate) 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>					

Disclosure Topic: Management of Tenant Sustainability Impact

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Unit
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	—	—	66.7	84.5	% (on a floor area basis)
	Associated leased floor area	—	—	134,037	163,112	m <sup>2</sup>
	Reference information: Percentage of total leasable floor area for buildings leased under a green lease agreement	42.3	67.9	75.0	78.2	% (on a floor area basis)
	Of which, floor area percentage for buildings leased under a green lease agreement that contains a cost recovery clause	54.9	53.1	58.4	69.6	% (on a floor area basis)
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.						
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption	100	100	100	100	% (on a floor area basis)
	Percentage of tenants that are separately metered or submetered for water withdrawals	90.7	91.7	92.9	93.7	% (on a floor area basis)
IF-RE-410a.3	<p>■ 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 29 for more information)</p> <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. 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 style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>VOL.1 Work Style Reform</b></p> <ul style="list-style-type: none"> <li>• Toward a Sustainable Society</li> <li>• Our Thoughts</li> <li>• Case 1: Example of a Large-Scale Office</li> <li>• Case 2: Example of Small- and Medium-Sized Offices</li> <li>• Case 3: Creating New Spaces in the Current Office</li> <li>• What We Can Do Now</li> </ul> </div> <div style="width: 45%;"> <p><b>VOL.2 Offices in the "New Normal" Era, Waste Recycling</b></p> <ul style="list-style-type: none"> <li>• Case 1: Offices in the "New Normal"</li> <li>• Case 2: 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> <ul style="list-style-type: none"> <li>• Introduction 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> <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	Fiscal 2021	Fiscal 2022	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones	551,331	676,024	691,570	775,641	m <sup>2</sup>
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. We have integrated risk evaluations since fiscal 2021 based on the maximum expected scale.						
IF-RE-450a.2	<p>■ Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks</p> <p>Please refer to the ESG website "Climate Change Initiatives" page. <a href="https://jre-esg.com/en/environment/climate.html">https://jre-esg.com/en/environment/climate.html</a></p>					

