

A dynamic water splash graphic in shades of blue, with numerous water droplets and a large, flowing wave-like shape on the left side. The background is a light blue gradient with several thin, white, overlapping circles.

KJRM

ESG Report 2023

JMF/IIF Overview

J JMF/IIF Overview ①

J History of Sustainability ①

J External evaluation ①

J

Japan Metropolitan Fund Investment Corporation

Largest Diversified J-REIT investing in real estate properties serving as a foundation of urban lives (live, work and consume)

Japan Metropolitan Fund Investment Corporation (JMF), one of the largest diversified J-REITs in Japan, will hold up as its vision, "Support metropolitan life (live, work and consume) in Japan from the perspective of real estate", and realize improvement of unitholder value (sustainable growth) through investment in urban real estate in Japan.



Major types of assets

Retail properties
Mixed-use properties
Office



Number of properties

127 Properties



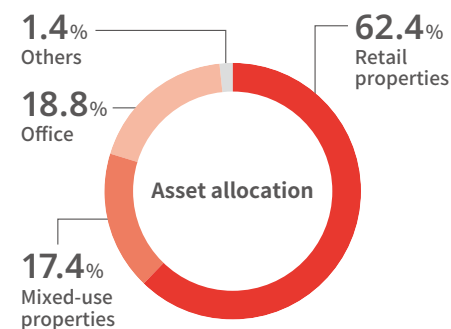
Occupancy ratio

99.1%



Assets size based on acquisition price

1,207.4 billion yen



Ref. <https://www.jmf-reit.com/english/>

(As of August, 2022)

I

Industrial & Infrastructure Fund Investment Corporation

Only J-REIT specializing in industrial real estate that supports Japan's industrial activities from a real estate perspective

First J-REIT specializing in industrial properties, Industrial & Infrastructure Fund Investment Corporation (IIF) are committed to long-term stable management and IIF have been striving to develop original asset classes. IIF will continue to realize our philosophy of "Invests in social infrastructure as a source of power for the Japanese economy and supports Japan's industrial activities from the perspective of real estate" through the development of asset classes based on our unique CRE proposals.



Major types of assets

Infrastructure facilities
Manufacturing and R&D
Logistics facilities



Number of properties

75 Properties



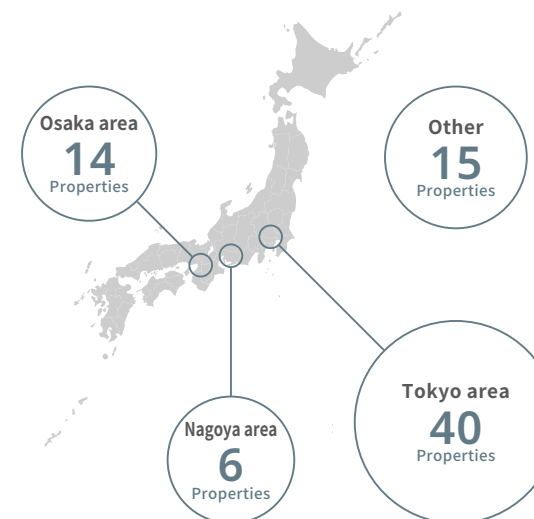
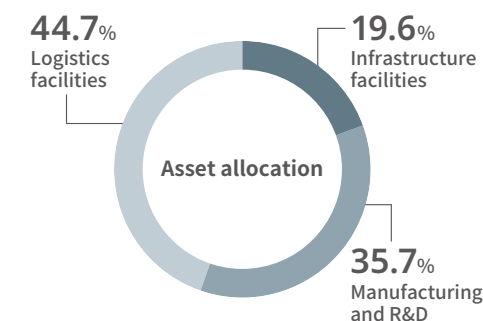
Occupancy ratio

98.6%



Assets size based on acquisition price

374.9 billion yen



Ref. <https://www.iif-reit.com/english/>

(As of July, 2022)

History of Sustainability at JMF

JMF/IIF Overview

History of Sustainability

External evaluation

Initiatives at JMF

2013

- Participated in GRESB for the first time



2014

- Acquired DBJ Green Building Certification for the first time
- First retail property

Became the first J-REIT to acquire DBJ Green Building Certification for retail properties, which was established in 2014



2015

- Acquired CASBEE Certifications for Real Estate for the first time



2016

- Participated in CDP Climate Change Program for the first time
- First J-REIT
- Acquired BELS Certification for the first time



2017

- Included in MSCI Japan ESG Select Leaders Index

2018

- Issued Green Bonds
- First J-REIT
- Received Special Award of the Principles for Financial Action for the 21st Century for Green Bond issuance
- Selected as "Sector Leader" of Retail sector in Asia by the GRESB

2019

- Issued ESG Report

2021

- Established new CO₂ reduction targets toward carbon neutrality by 2050

2022

- Publication of Positive Impact Real Estate Investments based on the Principles for Positive Impact Finance
- Implemented scenario analysis based on TCFD recommendations
- Certification and Registration for the "Eco Action 21" (For an Environmental Management System)



(Eco Action 21)

2012-2015

2016-2019

2020-

2013

- Established Environmental Charter
- Established the Responsible Property Investment Policy (RPI)
- Signed Principles for Financial Action for the 21st Century
- Signed Principles for Responsible Investment (PRI)



Signatory of:



2015

- Established the Corporate philosophy "Mission, Vision & Core Values"
- Signed Montreal Carbon Pledge
- First J-REIT asset manager



2016

- Signed United Nations Environment Programme Finance Initiative (UNEP FI) *
- First J-REIT asset manager

*The investment group of UNEP FI was transferred to PRI on January 1, 2022.

- Signed the United Nations Global Compact
- First J-REIT asset manager

Since 2016, KJR Management has supported the business responsibility initiatives and the principles in the areas of human rights, labor, environment, and anti-corruption in the United Nations Global Compact (UNGC).



2019

- Declared support for Task Force on Climate-Related Financial Disclosures (TCFD)
- First J-REIT asset manager



- Issued ESG Report

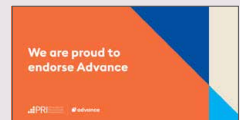
2020

- Participated in Japan Climate Initiative (JCI)



2022

- Elected first female director
- Established systems for diverse workstyles (Well-being)
- Established childcare leave for male employees, and other systems (Diversity)
- Signed PRI Advance
- First J-REIT asset manager



Initiatives at KJRM

History of Sustainability at IIF

JMF/IIF Overview ①

History of Sustainability ①

External evaluation ①

Initiatives at IIF

2012

- E** Acquired DBJ Green Building Certification for the first time
First logistics facility



2013

- E** Participated in GRESB for the first time
Selected as Sector Leader in Asia Industrial property sector
First J-REIT



2014

- E** Acquired BELS Certification for the first time
First logistics facility



2017

- Included in MSCI Japan ESG Select Leaders Index

- E** Acquired CASBEE Certifications for Real Estate for the first time
First logistics facility



2019

- S** Implemented an impact investment project based on the Principles for Positive Impact Finance
First J-REIT



OTA Techno CORE

- Issued ESG Report

2021

- S** Issued social bonds
- E** Established new CO₂ reduction targets toward carbon neutrality by 2050
- E** Switched to electricity from renewable energy in line with RE100 at IIF Shonan Health Innovation Park



IIF Shonan Health Innovation Park

2022

- E** Implemented scenario analysis based on TCFD recommendations
- E** Participated in CDP Climate Change Program for the first time



2023

- E** Certification and Registration for the “Eco Action 21” (For an Environmental Management System)



(Eco Action 21)

2012-2015

2016-2019

2020-

2013

- Established Environmental Charter
- Established the Responsible Property Investment Policy (RPI)
- Signed Principles for Financial Action for the 21st Century
- Signed Principles for Responsible Investment (PRI)



Signatory of:



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First J-REIT asset manager

Since 2016, KJR Management has supported the business responsibility initiatives and the principles in the areas of human rights, labor, environment, and anti-corruption in the United Nations Global Compact (UNGC).

WE SUPPORT



2019

- E** Declared support for Task Force on Climate-Related Financial Disclosures (TCFD)
First J-REIT asset manager



- Issued ESG Report

2020

- E** Participated in Japan Climate Initiative (JCI)



2022

- G** Elected first female director
- S** Established systems for diverse workstyles (Well-being)
- S** Established childcare leave for male employees, and other systems (Diversity)

- Signed PRI Advance

First J-REIT asset manager



Initiatives at KJRM

External evaluation



JMF and IIF make active efforts to achieve sustainability, and also believe in the importance of acquiring positive ratings and appropriate certifications for these efforts.

External evaluation

Target	Improving sustainability activities through participation in GRESB and other external evaluation institutions
KPIs	GRESB: Acquiring“5 Star” CDP : Acquiring more than “B” score

GRESB Real Estate rating

5 stars
(highest rank)

JMF was designated by the GRESB Real Estate rating which is based on GRESB Overall Score and its quintile position relative to global participants as the highest rank “five stars” (five-star scale) in 2022. JMF was also rated as “A”, the top rating in the GRESB Public Disclosure Level evaluation scheme for the six consecutive years.



External evaluation

Target	Improving sustainability activities through participation in GRESB and other external evaluation institutions
KPIs	MSCI : MSCI Acquiring more than “A” rank GRESB: Acquiring“5 Star”

GRESB Real Estate rating

4 stars

IIF was designated by the GRESB Real Estate rating which is based on GRESB Overall Score and its quintile position relative to global participants as “four stars” (five-star scale) in 2022. IIF was also rated as “A”, the top rating in the GRESB Public Disclosure Level evaluation scheme for the five consecutive years.

CDP Climate Change Program

B

JMF received a score of “B” from the CDP Climate Change Program for the disclosure of information regarding its climate change activities in 2022.



IIF participated in the Carbon Disclosure Project (“CDP”) Climate Change Program for the first time in 2022 and received a score of "A- Score", the highest “Leadership” level.

CDP Climate Change Program

A-
 (“Leadership” Level)

MSCI ESG Rating

BBB

The MSCI ESG rating as of December 31, 2022 is "BBB"



The MSCI ESG rating as of December 31, 2022 is "BB"

MSCI ESG Rating

BB

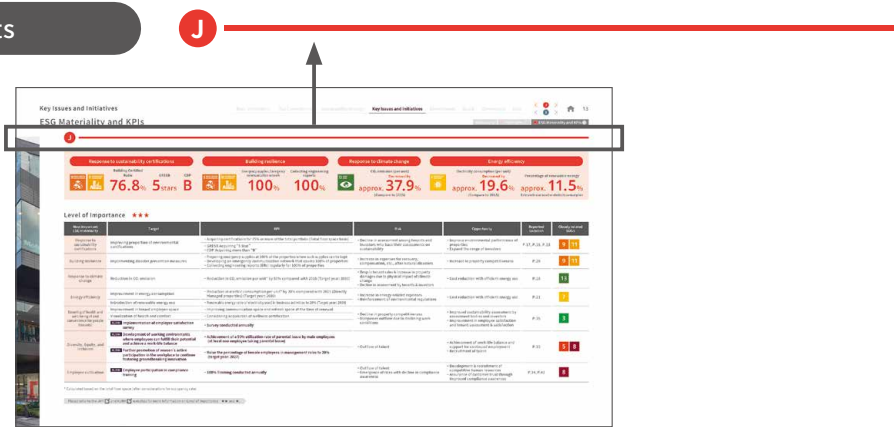
How to View Each Page

Index part of the header

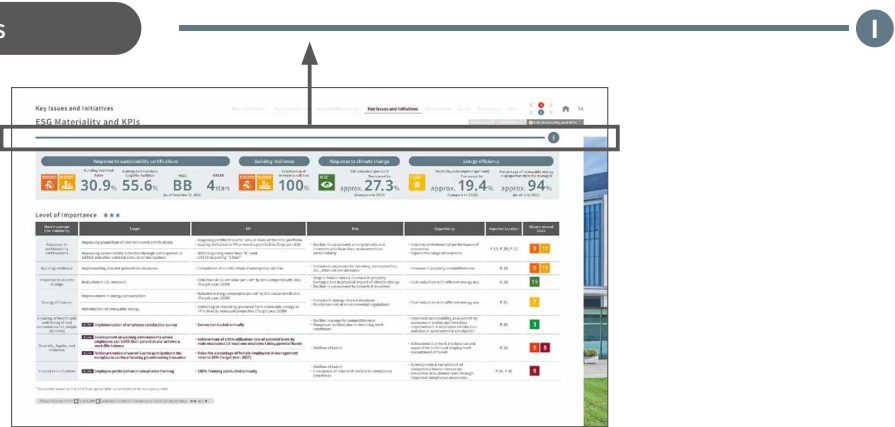
For the JMF contents, click here to read.
For the IIF contents, click here to read.

You will be redirected to the CONTENTS page.

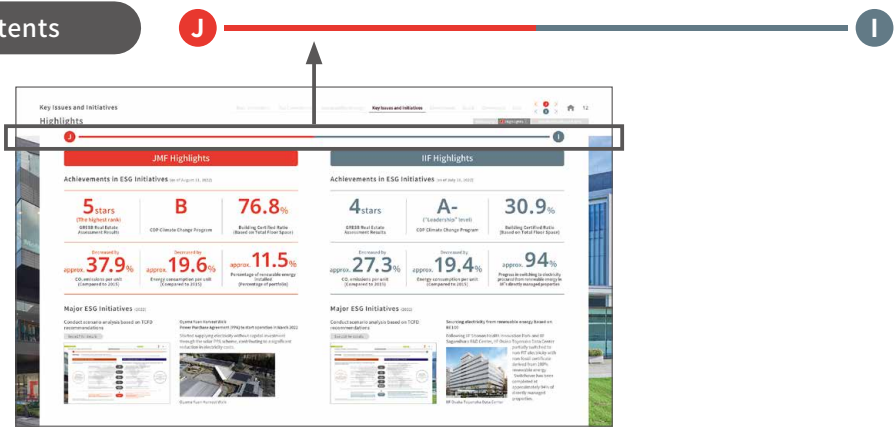
JMF contents



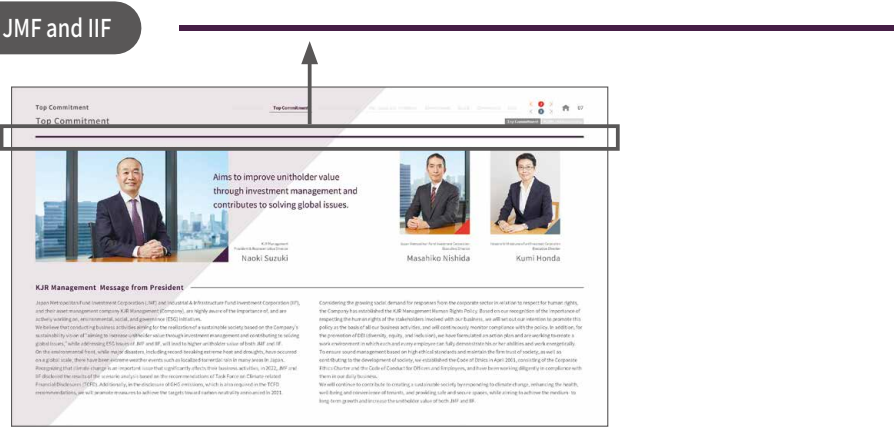
IIF contents



JMF and IIF contents



KJRM contents related to JMF and IIF



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Disclaimer / Editorial Policy

Top Commitment

Top Commitment

KJRM / KKR Overview



Aims to improve unitholder value
through investment management and
contributes to solving global issues.

KJR Management
President & Representative Director

Naoki Suzuki



Japan Metropolitan Fund Investment Corporation
Executive Director

Masahiko Nishida



Industrial & Infrastructure Fund Investment Corporation
Executive Director

Kumi Honda

KJR Management Message from President

Japan Metropolitan Fund Investment Corporation (JMF) and Industrial & Infrastructure Fund Investment Corporation (IIF), and their asset management company KJR Management (Company), are highly aware of the importance of, and are actively working on, environmental, social, and governance (ESG) initiatives.

We believe that conducting business activities aiming for the realization of a sustainable society based on the Company's sustainability vision of "aiming to increase unitholder value through investment management and contributing to solving global issues," while addressing ESG issues of JMF and IIF, will lead to higher unitholder value of both JMF and IIF.

On the environmental front, while major disasters, including record-breaking extreme heat and droughts, have occurred on a global scale, there have been extreme weather events such as localized torrential rain in many areas in Japan.

Recognizing that climate change is an important issue that significantly affects their business activities, in 2022, JMF and IIF disclosed the results of the scenario analysis based on the recommendations of Task Force on Climate-related Financial Disclosures (TCFD). Additionally, in the disclosure of GHG emissions, which is also required in the TCFD recommendations, we will promote measures to achieve the targets toward carbon neutrality announced in 2021.

Considering the growing social demand for responses from the corporate sector in relation to respect for human rights, the Company has established the KJR Management Human Rights Policy. Based on our recognition of the importance of respecting the human rights of the stakeholders involved with our business, we will set out our intention to promote this policy as the basis of all our business activities, and will continuously monitor compliance with the policy. In addition, for the promotion of DEI (diversity, equity, and inclusion), we have formulated an action plan and are working to create a work environment in which each and every employee can fully demonstrate his or her abilities and work energetically. To ensure sound management based on high ethical standards and maintain the firm trust of society, as well as contributing to the development of society, we established the Code of Ethics in April 2001, consisting of the Corporate Ethics Charter and the Code of Conduct for Officers and Employees, and have been working diligently in compliance with them in our daily business.

We will continue to contribute to creating a sustainable society by responding to climate change, enhancing the health, well-being and convenience of tenants, and providing safe and secure spaces, while aiming to achieve the medium- to long-term growth and increase the unitholder value of both JMF and IIF.

KJRM / KKR Overview

Top Commitment

KJRM / KKR Overview

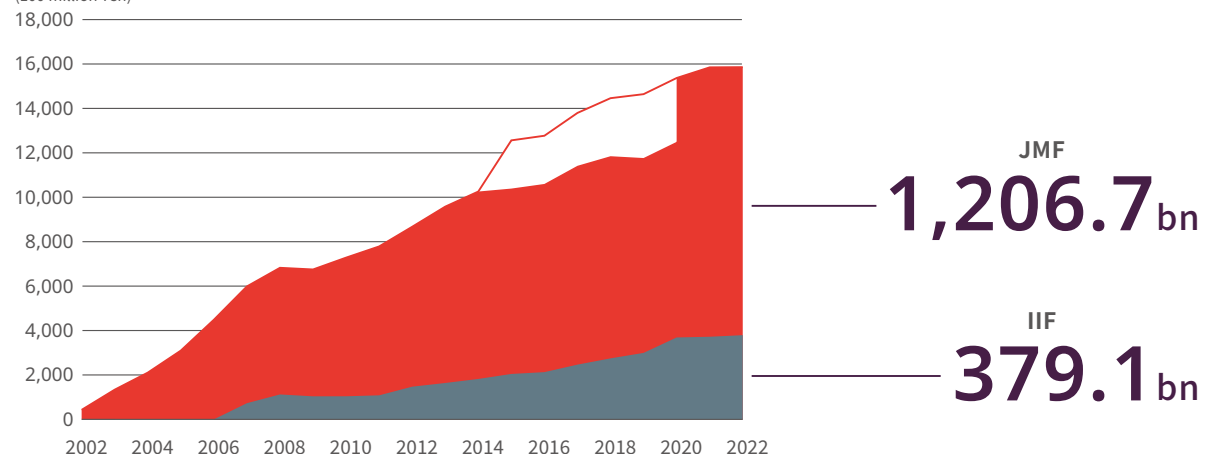
KJR Management



KJR Management (Company) was established in 2000 and is one of the largest asset management companies in Japan. It became a group member of KKR & Co. Inc. ("KKR"), which is a leading global investment management firm, as of April 28, 2022, and changed its trade name to KJR Management, as an abbreviation for KKR Japan Realty Management. It aims for further growth by leveraging the KKR group's network and strengths while actively implementing ESG initiatives in collaboration with the KKR group toward the realization of a sustainable society.

Assets under management

(100 million Yen)



Topics

KJR Management established the "Private Solutions Division" in October 2022 to develop a structure to provide discretionary investment and advisory agency services to private real estate investors, including funds managed by KKR.

KKR & Co. Inc.



Credit & Liquid Strategies

USD 213 bn.

Leveraged Credit
Alternative Credit
Hedge Fund
Strategic Partnerships



Private Equity & Real Assets

USD 283 bn.

Private Equity
Infrastructure
Growth Equity
Real Estate
Energy

KKR & Co. Inc listed on the New York Stock Exchange and is a leading global investment firm that boasts USD496bn of assets under management. With over 45 years of investment experience, the firm invests in a wide range of assets, including private equity, credit, and real estate.

KKR has provided solutions across business and capital strategies and completed more than USD 4bn of corporate investments in Japan, including bolt-on acquisitions.

KKR's investment strategy has included real estate for over 40 years. The firm has on-the-ground presence in Japan with an office in Tokyo since 2006.

In assets under management
across real estate equity & debt

USD 64 bn

Offices

15 cities in 11 countries

Dedicated investment and asset
management professionals

165+

(As of September 30, 2022)

Sustainability Strategy

Our Vision for Sustainability

Contribute to solve global-scale issues through achieving enhancements to unitholder value by investment management

Realize its vision based on environmental charter and responsible property investment policy

Medium- and Long-term Goals

Environmental

Reduce environmental impact

Response to climate change

Introduction of renewable energy use

Social

Create social value

Health and well-being

Resilience

Governance

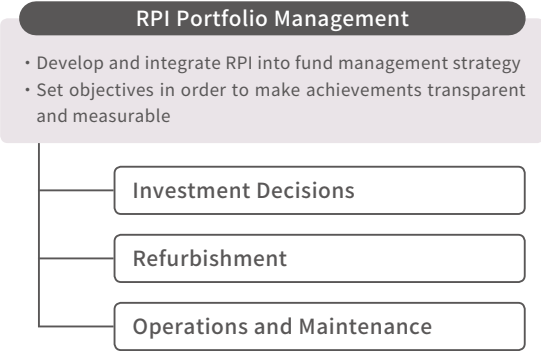
Practice sound asset management for all stakeholders

Pursuit of diversity

ESG Disclosure in compliance with international standard

Responsible Property Investment Policy

The Company established the "Responsible Property Investment Policy (RPI)," in June 2013. The Company believe that RPI adds value to an investment by limiting the risks of regulatory non-compliance and losing its competitive position in the market, by making a property more appealing to tenants and purchasers and, in some cases, by reducing expenses and improving returns. Therefore, RPI is important strategy for us. The Company also believe that RPI will bring about a more desirable result for our environmental and society. The concept of RPI for us is to make it a first priority is to deliver improved profitability of the investment corporations and also consider social and environmental issues from a long term perspective. The Company believe that Environmental, Social and Governance issues will have an impact and these issues should be considered in our asset management strategies.



Collaboration with KKR

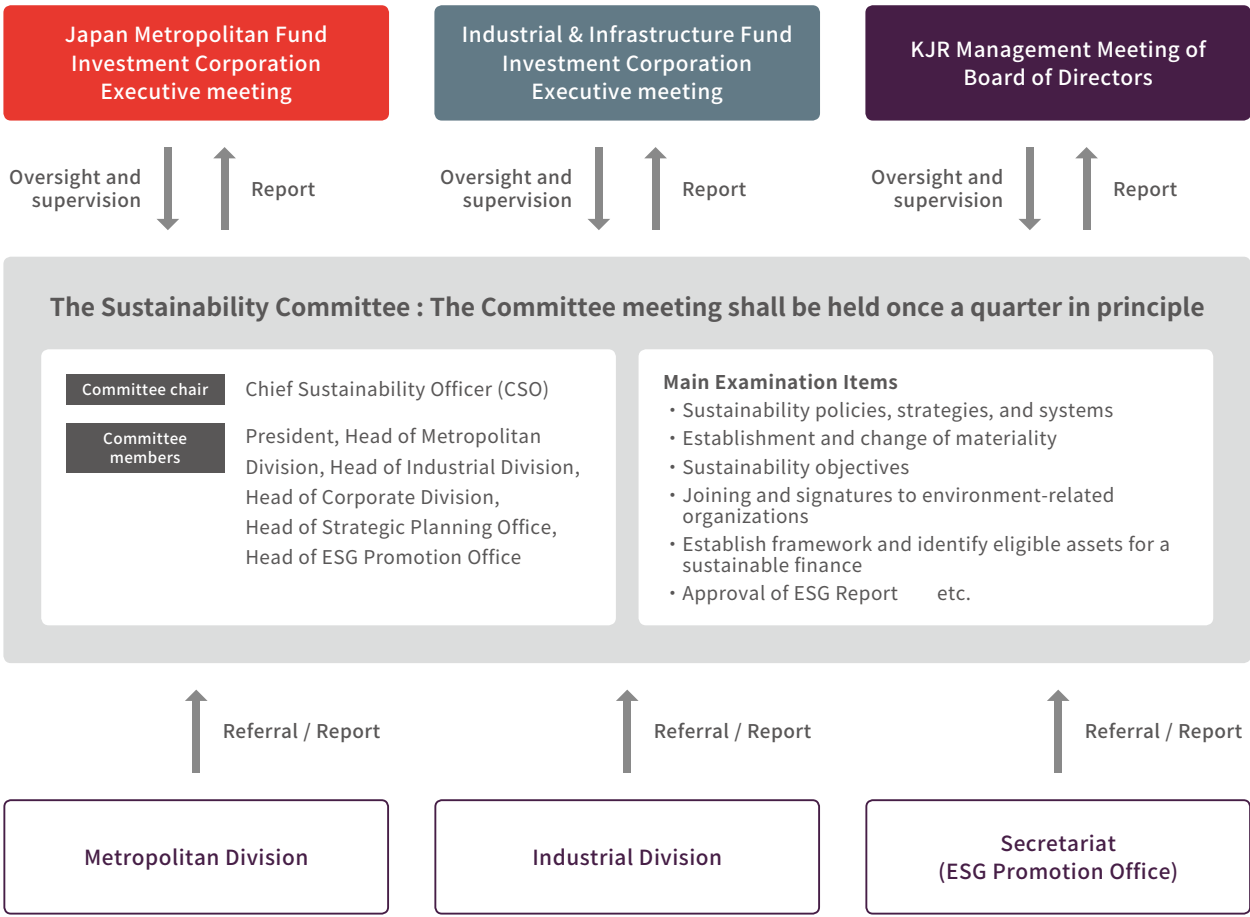
KKR, which is the Company's sponsor, established its Responsible Investment Policy in May 2020, believing that the thoughtful management of Environmental, Social, and Governance (ESG) issues, as well as regulatory, geopolitical, and reputational issues, is essential to success in long-term business in a rapidly changing world. In the collaboration between KKR and the Company, their respective expertise and know-how are shared regularly through monthly working-level meetings and the Senior Advisory Board to promote ESG initiatives based on the idea of ESG integration.



Sustainability Promotion Structure

The Sustainability Committee

The Sustainability Committee is the body that approves resolutions concerning environmental, social, and governance (ESG) policy, strategy, and structure, based on the Environmental Charter and the RPI Policy. It also functions as a body that shares information on the status of activities, valuation results, and analysis of the sustainability of the investment corporations.



Chief Sustainability Officer

The Company established the Sustainability Committee and appointed President & Representative Director as the Chief Sustainability Officer (CSO) to strengthen the sustainability promotion system. CSO as the committee chairman reports the matter confirmed by the Sustainability Committee to the Board of Directors, chaired by the President & Representative Director and works to share awareness of issues and raise awareness levels.

Person in Charge of ESG

The Company has appointed a person in charge of ESG in each division, who is responsible for driving activities in line with the sustainability goals. In addition, ESG officers lead and hold meetings as necessary to discuss and review ESG-related issues and promotion methods in detail at the working level (hereinafter referred to as “subcommittees”), either within the division or in cooperation with other divisions. Through the subcommittees, individual issues are discussed, and information is shared to raise awareness and understanding of the issues among those in charge, and to integrate ESG considerations into the daily investment and management process.



Materiality

Through the meetings of the Sustainability Committee, the Company has examined its vision and targets for sustainability and carried out efforts toward their realization. As the level of interest toward ESG is rising, the Company has further clarified the responses to be taken by identifying and visualizing ESG material issues related to sustainability (materiality) through dialogue with global stakeholders and collaborative efforts with other organizations. These issues were identified based on the Company's Corporate Philosophy and Environmental Charter but also incorporate the ideas of the SDGs.

List of Sustainability Issues

- | | |
|---|---|
| <ul style="list-style-type: none">• Response to sustainability certifications• Building resilience• Response to climate change• Energy efficiency• Ensuring of health and well-being of and convenience for people (tenants)• Employee cultivation and level of satisfaction• Efficient water use | <ul style="list-style-type: none">• Waste disposal• Partnership with stakeholders• Biodiversity in areas surrounding our buildings• Human rights• Diversity, equity, and inclusion• Compliance• Supply chain management |
|---|---|



Through the ESG materiality selection process detailed above, the Company identified the ESG materiality shown on pages 13 to 14.
The Company also organizes opportunities and risks about it, and set KPIs.

Highlights

Materiality

J Highlights 1

J ESG Materiality and KPIs 1

J

I

JMF Highlights

Achievements in ESG Initiatives (as of August 31, 2022)

5 stars

(The highest rank)

GRESB Real Estate Assessment Results

B

CDP Climate Change Program

76.8%

Building Certified Ratio (Based on Total Floor Space)

Decreased by

approx. 37.9%

CO₂ emissions per unit (Compared to 2015)

Decreased by

approx. 19.6%

Energy consumption per unit (Compared to 2015)

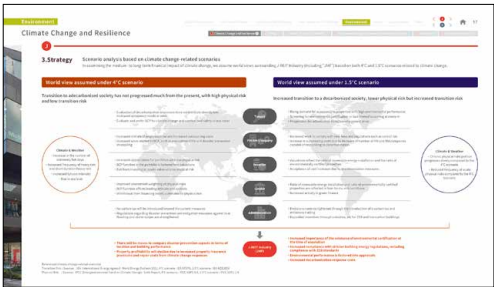
approx. 11.5%

Percentage of renewable energy installed (Percentage of portfolio)

Major ESG Initiatives (2022)

Conduct scenario analysis based on TCFD recommendations

See p17 for details



Oyama Yuen Harvest Walk Power Purchase Agreement (PPA) to start operation in March 2022

Started supplying electricity without capital investment through the solar PPA scheme, contributing to a significant reduction in electricity costs.



Oyama Yuen Harvest Walk

IIF Highlights

Achievements in ESG Initiatives (as of July 31, 2022)

4 stars

GRESB Real Estate Assessment Results

A-

(“Leadership” level)

CDP Climate Change Program

30.9%

Building Certified Ratio (Based on Total Floor Space)

Decreased by

approx. 27.3%

CO₂ emissions per unit (Compared to 2015)

Decreased by

approx. 19.4%

Energy consumption per unit (Compared to 2015)

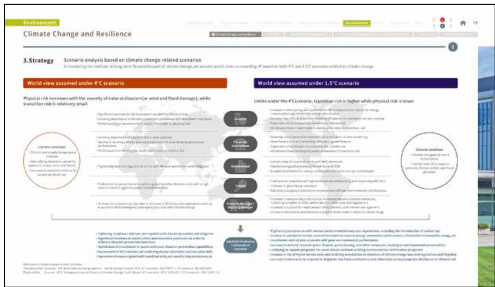
approx. 94%

Progress in switching to electricity procured from renewable energy in IIF’s directly managed properties

Major ESG Initiatives (2022)

Conduct scenario analysis based on TCFD recommendations

See p19 for details



Sourcing electricity from renewable energy based on RE100

Following IIF Shonan Health Innovation Park and IIF Sagamiara R&D Center, IIF Osaka Toyonaka Data Center



IIF Osaka Toyonaka Data Center

partially switched to non-FIT electricity with non-fossil certificate derived from 100% renewable energy. Switchover has been completed at approximately 94% of directly managed properties.

ESG Materiality and KPIs

Materiality Highlights ESG Materiality and KPIs



Level of Importance ★★★

Most important ESG materiality	Target	KPI	Risk	Opportunity	Reported Location	Closely related SDGs
Response to sustainability certifications	Improving proportion of environmental certifications	<div>• Acquiring certifications for 75% or more of the total portfolio (Total floor space basis)</div> <div>• GRESB Acquiring “5 Star”</div> <div>• CDP Acquiring more than “B”</div>	<div>• Decline in assessment among tenants and investors who base their assessments on sustainability</div>	<div>• Improve environmental performance of properties</div> <div>• Expand the range of investors</div>	P.17, P.18, P.23	<div>9</div> <div>11</div>
Building resilience	Implementing disaster prevention measures	<div>• Preparing emergency supplies at 100% of the properties where such supplies can be kept</div> <div>• Developing an emergency communication network that covers 100% of properties</div> <div>• Collecting engineering reports (ERs) regularly for 100% of properties</div>	<div>• Increase in expenses for recovery, compensation, etc., after natural disasters</div>	<div>• Increase in property competitiveness</div>	P.28	<div>9</div> <div>11</div>
Response to climate change	Reduction in CO ₂ emission	<div>• Reduction in CO₂ emission per unit* by 50% compared with 2015 (Target year: 2030)</div>	<div>• Drop in tenant sales & increase in property damages due to physical impact of climate change</div> <div>• Decline in assessment by tenants & investors</div>	<div>• Cost reduction with efficient energy use</div>	P.18	<div>13</div>
Energy efficiency	Improvement in energy consumption	<div>• Reduction in electric consumption per unit* by 20% compared with 2015 (Directly Managed properties) (Target year: 2030)</div>	<div>• Increase in energy-related expenses</div> <div>• Reinforcement of environmental regulations</div>	<div>• Cost reduction with efficient energy use</div>	P.21	<div>7</div>
	Introduction of renewable energy use	<div>• Renewable energy ratio of electricity used in business activities to 20% (Target year: 2030)</div>				
Ensuring of health and well-being of and convenience for people (tenants)	Improvement in tenant employee space	<div>• Improving communication space and refresh space at the time of renewal</div>	<div>• Decline in property competitiveness</div> <div>• Manpower outflow due to declining work conditions</div>	<div>• Improved sustainability assessment by assessment bodies and investors</div> <div>• Improvement in employee satisfaction and tenant assessment & satisfaction</div>	P.35	<div>3</div>
	Visualization of health and comfort	<div>• Considering acquisition of wellness certification</div>				
	KJRM Implementation of employee satisfaction survey	<div>• Survey conducted annually</div>				
Diversity, Equity, and Inclusion	KJRM Development of working environments where employees can fulfill their potential and achieve a work-life balance	<div>• Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)</div>	<div>• Outflow of talent</div>	<div>• Achievement of work-life balance and support for continued employment</div> <div>• Recruitment of talent</div>	P.33	<div>5</div> <div>8</div>
	KJRM Further promotion of women’s active participation in the workplace to continue fostering groundbreaking innovation	<div>• Raise the percentage of female employees in management roles to 20% (target year: 2027)</div>				
Employee cultivation	KJRM Employee participation in compliance training	<div>• 100% Training conducted annually</div>	<div>• Outflow of talent</div> <div>• Emergence of risks with decline in compliance awareness</div>	<div>• Development & recruitment of competitive human resources</div> <div>• Assurance of customer trust through improved compliance awareness</div>	P.34, P.41	<div>8</div>

* Calculated based on the total floor space (after considerations for occupancy rate)

ESG Materiality and KPIs

Materiality Highlights ESG Materiality and KPIs



Level of Importance ★★★

Most important ESG materiality	Target	KPI	Risk	Opportunity	Reported Location	Closely related SDGs
Response to sustainability certifications	Improving proportion of environmental certifications	• Acquiring certifications for 60% or more of the total portfolio • Acquiring certifications for 70% or more of Logistics facilities (Target year: 2023)	• Decline in assessment among tenants and investors who base their assessments on sustainability	• Improve environmental performance of properties • Expand the range of investors	P.19, P.20, P.23	9 11
	Improving sustainability activities through participation in GRESB and other external evaluation Institutions	• MSCI Acquiring more than “A” rank • GRESB Acquiring “5 Star”				
Building resilience	Implementing disaster prevention measures	• Completion of construction of emergency call tree	• Increase in expenses for recovery, compensation, etc., after natural disasters	• Increase in property competitiveness	P.28	9 11
Response to climate change	Reduction in CO ₂ emission	• Reduction in CO ₂ emission per unit* by 50% compared with 2015 (Target year: 2030)	• Drop in tenant sales & increase in property damages due to physical impact of climate change • Decline in assessment by tenants & investors	• Cost reduction with efficient energy use	P.20	13
Energy efficiency	Improvement in energy consumption	• Reduction in energy consumption per unit* by 30% compared with 2015 (Target year: 2030)	• Increase in energy-related expenses • Reinforcement of environmental regulations	• Cost reduction with efficient energy use	P.21	7
	Introduction of renewable energy	• Switching to electricity procured from renewable energy in IIF’s directly managed properties (Target year:2030)				
Ensuring of health and well-being of and convenience for people (tenants)	KJRM Implementation of employee satisfaction survey	• Survey conducted annually	• Decline in property competitiveness • Manpower outflow due to declining work conditions	• Improved sustainability assessment by assessment bodies and investors • Improvement in employee satisfaction and tenant assessment & satisfaction	P.35	3
Diversity, Equity, and Inclusion	KJRM Development of working environments where employees can fulfill their potential and achieve a work-life balance	• Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	• Outflow of talent	• Achievement of work-life balance and support for continued employment • Recruitment of talent	P.33	5 8
	KJRM Further promotion of women’s active participation in the workplace to continue fostering groundbreaking innovation	• Raise the percentage of female employees in management roles to 20% (target year: 2027)				
Employee cultivation	KJRM Employee participation in compliance training	• 100% Training conducted annually	• Outflow of talent • Emergence of risks with decline in compliance awareness	• Development & recruitment of competitive human resources • Assurance of customer trust through improved compliance awareness	P.34, P.42	8

* Calculated based on the total floor space (after considerations for occupancy rate)



Environment

Environmental Charter

At KJR Management, we consider the Earth itself to be our most important stakeholder and are continually working towards the realization of a sustainable society through our business activities.



We consider a healthy global environment to be essential for the continuation of our business activities, and by implementing new efficiency measures and technologies, engaging in dialogue with stakeholders, and other efforts, we will help achieve net zero while reducing greenhouse gas emissions and taking on climate change via both mitigation and adaptation.



We will promote the sustainable use of natural resources.



We recognize the critical importance of what ecosystems can provide and are committed to protecting ecosystems and mitigating any potential impacts on biodiversity.



We will strive to create and enhance environmental benefits by undertaking conservation activities and reducing our environmental footprint.



We will continue to actively engage and work with our various stakeholders and disclose information on the environmental impacts of our business operations in an appropriate and timely manner.



We will conduct all of our activities in compliance with environmental laws while adhering to international rules and social standards.

- 16 **J** Climate Change and Resilience ⓘ
- 21 **J** Energy ⓘ
- 22 **J** Water / Waste / Biodiversity ⓘ
- 23 **J** Environmental Approvals and Evaluations for Assets ⓘ
- 24 **J** Green Bonds
- 25 **J** Pollution Prevention ⓘ

Climate Change and Resilience

Climate Change and Resilience 1

Energy 1

Water / Waste / Biodiversity 1

Environmental Approvals and Evaluations for Assets 1

Green Bonds

Pollution Prevention 1

J

Recognition Regarding Climate Change



The Company recognizes that climate change is an important environmental issue that significantly impacts our business activities. Global warming is becoming more severe with increasing economic activities, and various researches have made clear that this leads to abnormal weather such as torrential rains, floods, and droughts.

Our mission is “creating, through real estate investment management, new demand in our society and new value that exceeds people’s expectations.” To achieve our mission, it is necessary to create a sustainable society, and we recognize that the shift to a low-carbon society is a social responsibility required from long-term management.

The Company expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in August 2019 and has been advancing initiatives based on the recommendations.

Information Disclosure Based on TCFD Recommendations

1. Governance

System of Supervision by the Board of Directors of the Company / each investment corporations

The matters resolved by and reported to the Sustainability Committee chaired by the Chief Sustainability Officer (CSO) are overseen and supervised by being reported as needed to the Board of Directors, which meets at least once every three months and is chaired by the President of the Company, as well as the Board of Directors of each investment corporation, which meets at least twice a month in principle.

The Sustainability Committee

The Sustainability Committee, which held once a quarter in principle, identifies material risks and opportunities related to sustainability including climate change, and plays a central role in sustainability activities by resolving policies, strategies, systems, and sustainability goals and monitoring performance.

Please refer to the page 10 for further details.

2. Risk Management

Organizational Process of Identifying and Evaluating Risks

With regard to climate change-related risks and opportunities for each investment corporation, led by the ESG staff of each division, we first examine their impact on our portfolio and the possibility of their occurrence, and then identify the risks and opportunities closely related to each investment corporation and examine their impact. The identified risks, opportunities and their degree of impact are reported to and discussed at the Sustainability Committee and the identification and evaluations of risks and opportunities are confirmed.

Process of Managing Risks of Climate Change and Organizational Initiatives

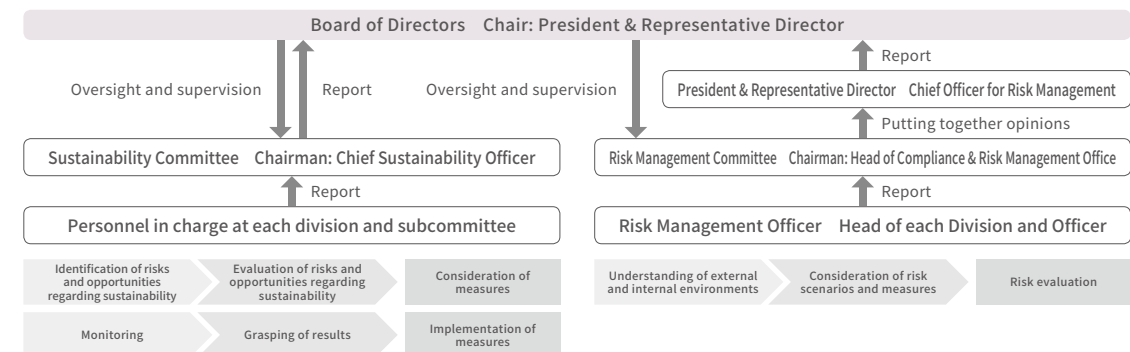
The Company led by the person in charge of ESG issues, holds meetings (hereinafter referred to as “subcommittees”) as necessary to discuss and examine in detail ESG-related issues and promotion methods at the working level, either within the division or in cooperation with other divisions. Through the subcommittees, individual issues are discussed, and information is shared to raise awareness and understanding of the issues among those in charge, and to integrate ESG considerations into the daily investment and management process.

Matters considered by the subcommittees are reported to the Sustainability Committee on the basis of submissions from the divisions, and the Sustainability Committee reviews progress in addressing the assessed risks and opportunities.

Moreover, each investment corporation collects and monitors monthly environmental data for properties. To work on initiatives for environmental matters, including metrics and targets and efforts to address climate change, and collect environmental data, we have established an environmental management system and strive to continually strengthen and improve our initiatives by implementing a PDCA cycle.

Integration into Overall Risk Management

The Company operates the Risk Management Committee, in which senior management personnel serve as members. The Committee grasps and investigates matters related to major risks and formulates countermeasures and management policies. It checks the risks affecting business operations, including climate change, at each division once every two months using a Risk Control Matrix (RCM), and reports to the committee for evaluation and management.



Climate Change and Resilience

Climate Change and Resilience ①

Energy ①

Water / Waste / Biodiversity ①

Environmental Approvals and Evaluations for Assets ①

Green Bonds

Pollution Prevention ①

J

3.Strategy Scenario analysis based on climate change-related scenarios

In examining the medium- to long-term financial impact of climate change, we assume world views surrounding J-REIT Industry (including “JMF”) based on both 4°C and 1.5°C scenarios related to climate change.

World view assumed under 4°C scenario

Transition to a decarbonized society has not progressed much from the present, with high physical risk and low transition risk

Climate & Weather

- Increase in the number of extremely hot days
- Increased frequency of heavy rain and short duration heavy rain
- Increased typhoon intensity
- Rise in sea level

- Evaluation of decarbonization responses does not translate directly into increased occupancy needs or rents
- Evaluate and prefer BCP for climate change and comfort and safety of real estate

- Increased climate change response and increased outsourcing costs
- Increased work related to BCP, such as evacuation drills and disaster prevention stockpiling

- Increased appreciation for portfolios with low physical risk
- BCP function in the portfolio is factored into valuations
- Exit from investing in assets vulnerable to physical risk

- Improved assessment weighting of physical risks
- BCP function affects lending attitude and spreads
- Withdrawal from financing assets vulnerable to physical risk

- No carbon tax will be introduced beyond the current measures
- Regulations regarding disaster prevention and mitigation measures against river flooding and storm surges are strengthened

Tenant

PM/BM Company

Investor

Lender

Administration

World view assumed under 1.5°C scenario

Increased transition to a decarbonized society, lower physical risk but increased transition risk

Climate & Weather

- Chronic physical risks portion progresses slowly compared to the 4°C scenario
- Reduced frequency of acute physical risks compared to the 4°C Scenario

- Rising demand for occupancy in properties with high environmental performance
- Screening for environmental certification or lack thereof occurring at move-in
- Progressive decarbonization in exclusively-owned areas

- Increased work to comply with new laws and regulations such as carbon tax
- Increase in outsourcing costs due to decrease in number of PM and BM companies capable of responding to decarbonization

- Valuations reflect the ratio of renewable energy installation and the ratio of environmentally certified properties
- Acceptance of cost increases due to decarbonization measures

- Ratio of renewable energy installation and ratio of environmentally certified properties are reflected in loan terms and conditions
- Increased activity in green finance

- Emissions controls tightened through the introduction of a carbon tax and emissions trading
- Expanded incentives through subsidies, etc for ZEB and low-carbon buildings

- There will be moves to compare disaster prevention aspects in terms of location and building performance
- Property profitability will decline due to increased property insurance premiums and repair costs from climate change responses

J-REIT industry (JMF)

- Increased importance of the existence of environmental certification at the time of acquisition
- Increased compliance with stricter building energy regulations, including compliance with ZEB standards
- Environmental performance is factored into appraisals
- Increased decarbonization response costs

Referenced climate change-related scenarios

Transition Risk : Sources IEA (International Energy Agency) World Energy Outlook 2021, 4°C scenario : IEA STEPS, 1.5°C scenario : IEA NZE2050

Physical Risk : Sources IPCC (Intergovernmental Panel on Climate Change) Sixth Report, 4°C scenario : IPCC SSP5-8.5, 1.5°C scenario : IPCC SSP1-1.9

Climate Change and Resilience



3.Strategy Financial impact study and response measures

JMF assesses the financial impact on the entire portfolio based on climate change-related scenarios, with 2030 as the medium term and 2050 as the long term. Based on the assessment results, JMF's efforts and measures to respond to potential risks and opportunities are as described below.

Classification		Risk / Opportunity Items	Financial impact				JMF's efforts and measures		
			Change in cash flow (qualitative expression)	Risk					
				Opportunity					
				4°C scenario		1.5°C scenario			
		Medium term 2030	Long term 2050	Medium term 2030	Long term 2050				
Transition Risks / Opportunities	Policy and Regulations	Increase in legal compliance costs	Increase in CO ₂ emissions costs due to introduction of CO ₂ emissions regulations and carbon tax	Small	Small	Middle	Large	<ul style="list-style-type: none">Carbon neutrality goal for 205050% reduction per unit of production compared to 2015 (target year: 2030)Introduction of renewable energy-derived electricity in directly managed propertiesPromotion of switching to renewable energy-derived electricity for tenants of indirectly managed propertiesReduction of total emissions from strategic replacement of large suburban properties with smaller urban properties	
			Increase in cost of acquiring environmental certifications/energy conservation ratings	Small	Small	Small	Middle	<ul style="list-style-type: none">Target 75% environmental certification acquisition rate for the entire portfolioPlanned acquisition of environmental certifications/energy conservation ratings	
			Increase in building management outsourcing costs due to increase in PM and BM companies' work to comply with laws and regulations	Small	Small	Small	Small	<ul style="list-style-type: none">Conduct ESG training for PM and BM companies, including climate change response	
			Improved competitiveness of properties by complying with laws and regulations	Small	Small	Middle	Large	<ul style="list-style-type: none">Installation of renewable energy-derived electricity and solar panels at directly managed propertiesEnergy consumption management by proprietary EMSPlanned acquisition of environmental certifications/energy conservation ratings	
	Technology	Diffusion of low-carbon / energy-saving technologies	Increase in various costs for ZEB conversion	Small	Small	Middle	Middle	<ul style="list-style-type: none">Consideration of acquiring new properties that have already been converted to ZEBStudy of planned ZEB conversion of existing properties	
			Increased costs associated with retrofitting low-carbon and energy-efficient facilities	Small	Small	Small	Middle	<ul style="list-style-type: none">Conduct energy efficiency and conservation audits by outside specialists.Energy saving in lighting, air conditioning, etc. through systematic facility renovation	
			Reduction of utility costs through ZEB and energy-saving construction	Small	Small	Middle	Large	<ul style="list-style-type: none">Implement systematic introduction of energy-saving equipmentInstallation of solar panels using the PPA method	
	Market	Increased social importance regarding the environmental performance of buildings	Decreased rental income due to decreased needs and occupancy rates for properties with low environmental performance (e.g., not certified, not energy efficient, etc.)	Small	Small	Middle	Middle	<ul style="list-style-type: none">Regularly obtain environmental certifications to maintain and improve environmental performance	
			Increase in appraised value and average rent for properties with high environmental performance	Small	Small	Middle	Middle	<ul style="list-style-type: none">Set KPI for percentage of environmental certifications obtained	
			Lower financing costs through green finance	Small	Small	Middle	Middle	<ul style="list-style-type: none">Continued issuance of green bonds	
	Reputation	Increasing number of companies going carbon neutral	Increase in renewable energy installation and response costs	Small	Small	Middle	Middle	<ul style="list-style-type: none">The bidding system will allow for the introduction of renewable energy sources under cost-effective conditionsThe PPA method, which does not incur any cost, is used to install solar panels to generate renewable energy	
			Increased importance of transition risk	Increase in cost of financing from investors and financial institutions due to the assessment of high transition risk	Small	Small	Small	Middle	<ul style="list-style-type: none">Disclosure of ESG-related initiatives through the ESG websiteDisclosure of Environmental Performance InformationActive participation in various ESG assessments
				Improved reputation for transition risk response will improve the brand value of owned properties in response to climate change and increase rental income through improved use by tenants and facility users	Small	Small	Small	Middle	<ul style="list-style-type: none">Actively inform tenants and facility users about ESG
				Physical Risks / Opportunities	Acute	Increase in typhoons, torrential rain, flooding and inundation	Increase in repair costs, proactive measures and property insurance premiums due to flooding of owned properties	Small	Large
	Decrease in property values of properties at high risk of flooding	Small	Middle				Small	Small	<ul style="list-style-type: none">Periodically check hazard maps of owned properties to identify flooding risks
Decrease in rent from tenants and percentage rent from commercial facilities due to loss of business opportunities due to flooding of owned properties	Small	Middle	Small				Small	<ul style="list-style-type: none">Emergency communication network is 100% in place to quickly respond to confirm the status of disaster damage and to restore operations	
Increased work by PM and BM companies related to BCP, such as evacuation drills and disaster prevention stockpiling, and also increased building management outsourcing costs	Small	Small	Small				Small	<ul style="list-style-type: none">Conduct evacuation drills and other BCP measures on a regular basis	
Gaining market competitiveness by increasing the number of tenants who appreciate BCPs for climate change and the comfort and safety of real estate	Small	Middle	Small				Small	<ul style="list-style-type: none">Conduct disaster risk surveys through non-life insurance companies	
Progression of average temperature increase	Small	Middle	Small				Small	<ul style="list-style-type: none">Renewal of energy-saving equipment such as LED lighting and energy-efficient air-conditioning equipment	
Chronic	Progressive sea level rise	Increase in utilities costs due to higher energy use	Small		Middle	Small	Small	<ul style="list-style-type: none">Introduction of renewable energy sources such as solar power generation	
		Decrease in property values of properties at high risk of flooding	Small		Middle	Small	Small	<ul style="list-style-type: none">Flooding risk assessment in the DD process	
		Repair costs and loss of business opportunities due to flooding of owned properties	Small		Middle	Small	Small	<ul style="list-style-type: none">Construction and equipment upgrades to enhance resilience performance	

4.Indexes and Goals

- Aim to reach carbon neutrality by 2050
- Reduce CO₂ emissions per unit by 50% by 2030 compared with 2015

Achievements and Progress

Please refer to "ESG Data" on page 41 for achievements and progress since 2015.

Climate Change and Resilience

Climate Change and Resilience 1

Energy 1

Water / Waste / Biodiversity 1

Environmental Approvals and Evaluations for Assets 1

Green Bonds

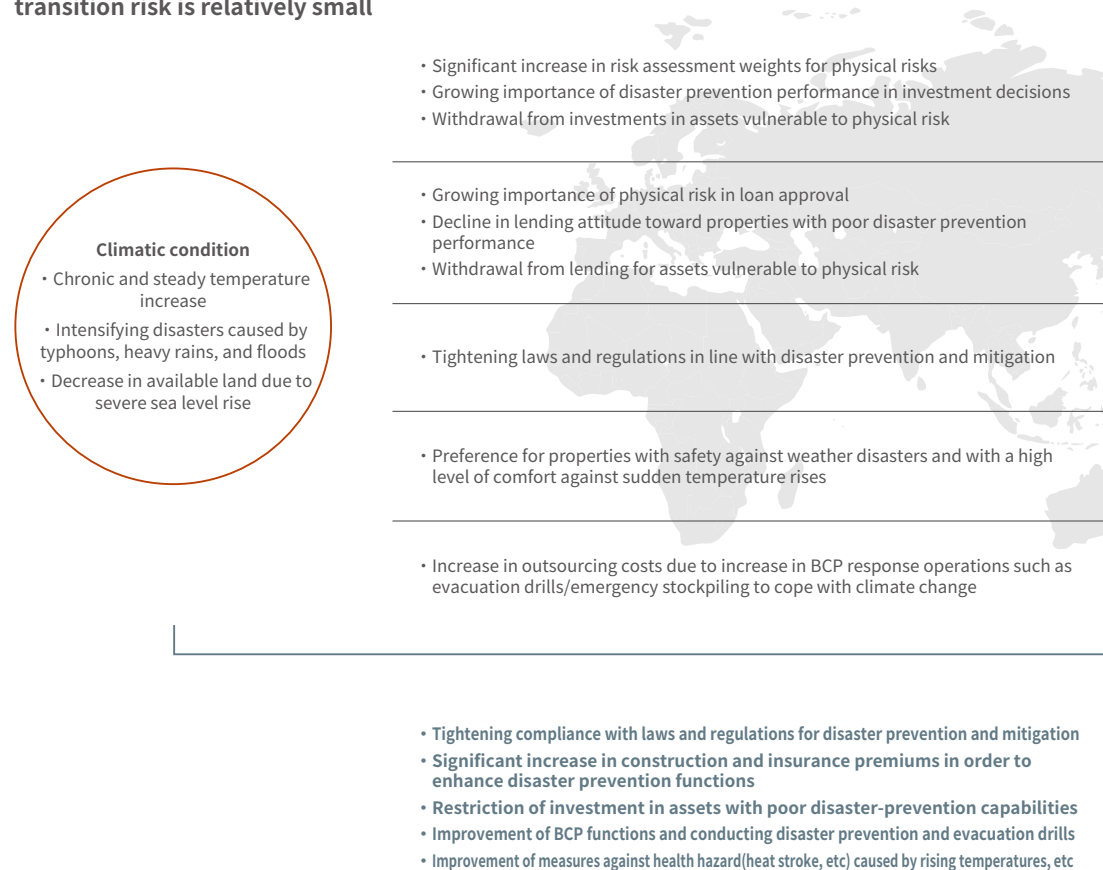
Pollution Prevention 1

3.Strategy Scenario analysis based on climate change-related scenarios

In examining the medium- to long-term financial impact of climate change, we assume world views surrounding IIF based on both 4°C and 1.5°C scenarios related to climate change.

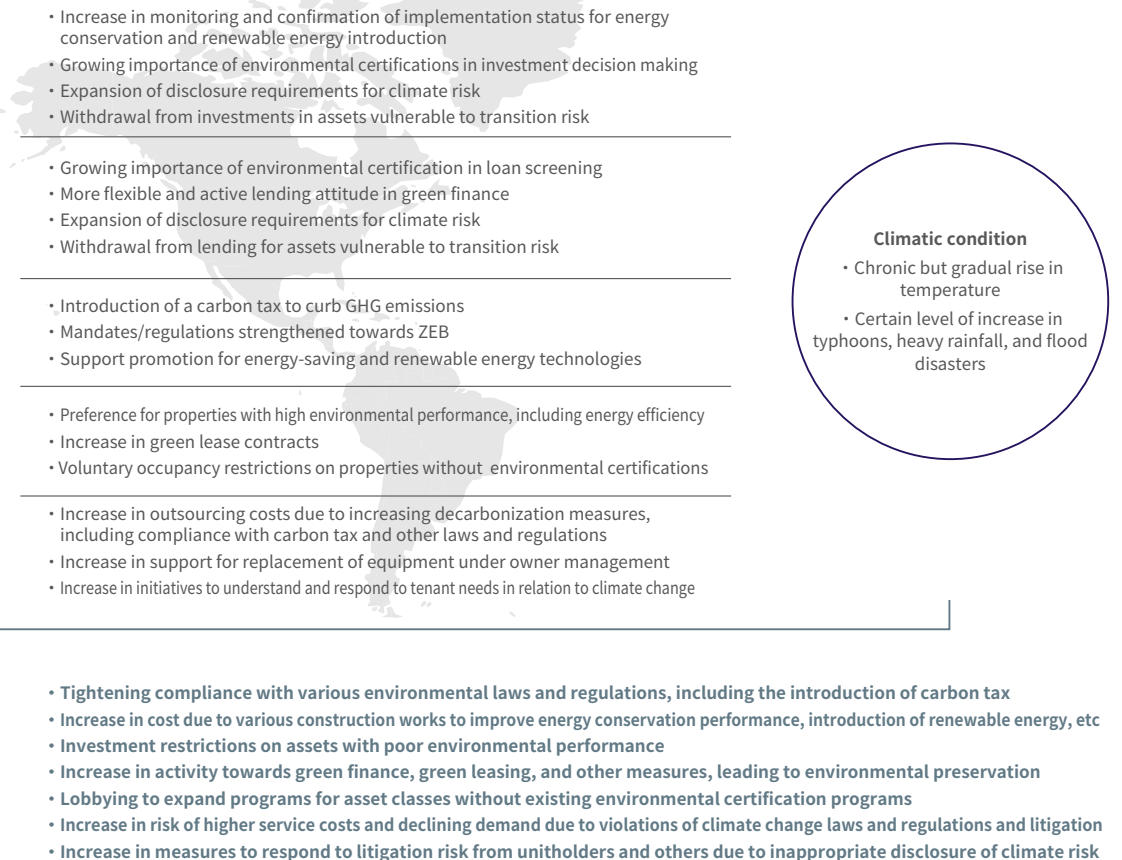
World view assumed under 4°C scenario

Physical risk increases with the severity of natural disasters(or wind and flood damage), while transition risk is relatively small



World view assumed under 1.5°C scenario

Unlike under the 4°C scenario, transition risk is higher while physical risk is lower



Referenced climate change-related scenarios

Transition Risk : Sources IEA (International Energy Agency) World Energy Outlook 2021, 4°C scenario : IEA STEPS, 1.5°C scenario : IEA NZE2050

Physical Risk : Sources IPCC (Intergovernmental Panel on Climate Change) Sixth Report, 4°C scenario : IPCC SSP5-8.5, 1.5°C scenario : IPCC SSP1-1.9

Climate Change and Resilience

Climate Change and Resilience

Energy

Water / Waste / Biodiversity

Environmental Approvals and Evaluations for Assets

Green Bonds

Pollution Prevention

3.Strategy Financial impact study and response measures

IIF assesses the financial impact on the entire portfolio based on climate-change related scenarios, with 2030 as the medium term and 2050 as the long term. Based on the assessment results, IIF's efforts and measures to respond to potential risks and opportunities are as described below.

Classification	Risk / Opportunity Items	Financial impact				IIF's efforts and measures		
		Change in cash flow (qualitative expression)	Risk					
			Opportunity					
			4°C scenario		1.5°C scenario			
		Medium term 2030	Long term 2050	Medium term 2030	Long term 2050			
Transition Risks / Opportunities	Policy and Regulations	Increase in CO ₂ emissions costs due to introduction of CO ₂ emissions regulations and carbon tax	Small	Small	Small	Middle	<ul style="list-style-type: none">• 50% reduction per unit of production compared to 2015 (target year: 2030, already reduced by 30% as of 2020)• Introduction of renewable energy-derived electricity in properties under direct electricity management• Planned acquisition of environmental certifications/energy conservation ratings• Target to obtain environmental certifications : 60% of the entire portfolio• Target to obtain environmental certifications for logistics facilities : No less than 70% (target year: by 2023)• Energy consumption management through proprietary EMS• Introduction of renewable energy-derived electricity at properties under direct electricity management• Consideration of acquiring new properties that have already been converted to ZEB• Study on possibility of ZEB conversion at property acquisition stage• Study on planned ZEB conversion of existing properties• Energy saving in lighting, air conditioning, etc. through systematic facility renovation• Conclusion of memorandum (green lease) with tenants to share the effect of reduced utility costs on installation of energy-saving equipment such as LED lighting, etc.• Reduction of utility costs through planned energy-saving construction• Implementation of planned development projects• Energy saving in lighting, air conditioning, etc. through planned facility renovation• Planned reduction of portfolio energy intensity on per-unit basis• Improvement of portfolio competitiveness through introducing ESG assessments, including measures for climate change, into DD of property acquisitions, and through acquiring properties with high environmental performance• Introduction of renewable energy-derived electricity at properties under direct electricity management (approximately 94% switchover completed based on electricity consumption)• Utilization target for green finance in the future• Disclosure of ESG-related initiatives, including climate change initiatives, through the ESG website• Disclosure of environmental performance information• Active participation in various ESG assessments (GRESB, CDP, MSCI, etc.)• Improvement of portfolio competitiveness through introducing ESG assessments, including climate change responses, into DD of property acquisitions, and through acquiring properties with high environmental performance• Installation of solar panels on the roofs of properties• Survey of existing tenants to research tenant needs for introduction of renewable energy and future needs• Introduction of renewable energy-derived electricity at properties under direct electricity management• Planned acquisition of environmental certifications/energy conservation ratings• Lobbying for expansion of environmental certification systems• Assessment of flooding risk in the DD process• Periodical check of hazard maps for owned properties to examine flooding risk• Establishment of full emergency communication network to respond promptly to confirm the status of damage from disasters and take recovery measures• Validation of damage prediction by inundation risk assessment• Construction and equipment upgrades to enhance resilience performance• Target for obtaining resilience certification• Establishment of full emergency communication network to respond promptly to confirm the status of damage from disasters and take recovery measures• Introduction of high-efficiency air conditioning (implemented as one of the energy conservation measures)• Introduction of renewable energy sources such as solar power generation• Adoption of building design anticipating the use of natural energy• Validation of damage prediction by inundation risk assessment• Area diversification of portfolio assets• Implementation of construction and facility upgrades to enhance resilience performance	
		Increase in legal compliance costs	Small	Small	Small	Middle		
		Improvement of properties' competitiveness through complying with laws and regulations	Small	Small	Middle	Large		
	Technology	Diffusion of low-carbon / energy-saving technologies	Increase in costs to acquire ZEB properties, to convert existing properties to ZEB, and to research new technologies for introduction, etc.	Small	Small	Middle		Middle
			Increase in retrofit costs associated with the introduction of energy-saving equipment and renewable energy and the promotion of carbon neutrality of real estate	Small	Small	Small		Middle
			Reduction of utility costs through ZEB and energy-saving construction	Small	Small	Middle		Large
	Market & Reputation	Soaring renovation / equipment costs	Increase in costs to rebuild or update facilities on introduction of new technology to meet future environmental needs	Small	Small	Middle		Large
		Changes in market participants' awareness and perception towards climate change response	Increase in financing costs due to assessed high transition risk	Small	Small	Small		Middle
		Changes in tenants' needs for environmental performance	Decrease in lease revenue due to relative decline in environmental performance of owned properties and decrease in income due to stranded assets	Small	Small	Middle		Middle
		Changes in social value for environmental performance	Increase in costs due to renewable energy installation	Small	Small	Middle		Middle
			Lower financing costs through green finance	Small	Small	Middle		Middle
		Increase in asset value through improvement of greening performance	Increase in financing costs from investors and financial institutions due to inability to obtain environmental certifications and evaluations from global evaluation agencies	Small	Small	Middle		Middle
		Increases in value for environmental performance	Decrease in property value and average rent due to lack of progress in acquiring environmental certifications such as ZEB and DBJ Green Building certification	Small	Small	Middle		Large
		Increases in number of companies going carbon neutral	Decrease in occupancy rates of buildings due to lack of energy creation and energy conservation function	Small	Small	Small		Middle
Physical Risks / Opportunities	Decrease in brand value due to underdevelopment of green buildings	Decrease in rent premiums due to brand value decline of building types with no environmental certification programs	Small	Small	Small	Middle		
	Acute	Increase in typhoons, torrential rain, storm surges, floods, and inundation	Increase in costs for repair, proactive measures and insurance premiums due to flooding of owned properties	Small	Middle	Small	Small	
			Loss of business opportunities due to flooding of owned properties	Small	Middle	Small	Small	
			Decrease in property values with high flooding risk	Small	Middle	Small	Small	
			Further improvement of market competitiveness through highly resilient portfolio	Small	Middle	Small	Small	
	Chronic	Progressive rise in average temperatures	Increase in maintenance and repair costs for air conditioning and utility costs due to increasing cooling demand	Small	Middle	Small	Small	
		Progressive rise in sea level	Increase in repair costs and property insurance premiums for countermeasures against sea level rise, etc.	Small	Middle	Small	Small	

4.Indexes and Goals

- Aim to reach carbon neutrality by 2050
- Reduce CO₂ emissions per unit by 50% by 2030 compared with 2015

Achievements and Progress

Please refer to "ESG Data" on page 42 for achievements and progress since 2015.



Energy

J

I

At JMF and IIF, we implement environmentally friendly and energy-saving measures and make efforts toward more efficient energy use at our properties to show greater consideration for the environment and lessen its environmental impact. We collectively manage electrical power, fuel, and water consumption and analyze the accumulated data, which is both accurate and highly transparent to actively manage reduction of energy use.

Target	Improvement in energy consumption
KPI	Reduction in electric consumption per unit by 20% compared with 2015 (Target year: 2030)

Decreased by
approx. 19.6%
Electricity consumption (per unit)

Period: March 2021-February 2022


See ESG Data on p41 for details

Target	Introduction of renewable energy
KPI	Renewable energy ratio of electricity used in business activities to 20% (Target year: 2030)

approx. 11.5%
Percentage of renewable energy

Estimated value based on electricity consumption from March 2021 to February 2022

See ESG Data on p41 for details

Please refer to JMF website  for other initiatives.

Actively promoting renewable energy introduction

Oyama Yuen Harvest Walk

The Power Purchase Agreement (PPA) scheme, which enables electricity supply with no capital investment, started in March 2022 and is contributing to a significant reduction in electricity costs.

Reduction in electricity costs

Compared to without introduction of PPA

Approx. -3.9 million yen *1

Secured amount of renewable energy

Mar-Aug/2022 PV power generated

509,058 kWh *2

Reduction in CO₂ emissions

Expected -350 t-CO₂/year

*1 Calculated based on actual electricity consumption at the facility for the period ended Aug. 31, 2022

*2 Approx. 10% of the facility's total electricity consumption

GYRE

By combining the Green Electricity Certificates previously held and the Non-Fossil Certificates newly purchased this year, we reached effectively 100% renewable energy.



Green Electricity Certificates

500,000 kWh

Non-Fossil Certificates

2,429,177 kWh

Total amount of electricity used in FY2021 Equivalent to **2,929,177 kWh**

CO₂ emissions Zero



Oyama Yuen Harvest Walk

Target	Improvement in energy consumption
KPI	Reduction in electric consumption per unit by 30% compared with 2015 (Target year: 2030)

Decreased by
approx. 19.4%
Electricity consumption (per unit)

Period: February 2021-January 2022


See ESG Data on p42 for details

Target	Introduction of renewable energy
KPI	Switching to electricity procured from renewable energy in IIF's directly managed properties (Target year: 2030)

approx. 94%
Progress rate

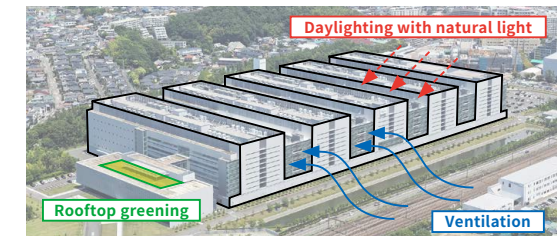
Progress in switching to electricity procured from renewable energy in IIF's directly managed properties As of July 2022

See ESG Data on p42 for details

Please refer to IIF website  for other initiatives.

Sourcing of Renewable Energy in Line with RE100

IIF Shonan Health Innovation Park has environmentally friendly building design and is the first research facility to be selected by the Ministry of Land, Infrastructure, Transport and Tourism's Model Project for Promoting CO₂ Reduction in Housing and Building. In addition, as a new initiative, the facility switched to electricity derived from renewable resources in electricity procurement in line with RE100 standards from August 1, 2021, thus contributing to IIF's newly established CO₂ emissions reduction targets toward carbon neutrality by 2050.



Solar panels

Solar panels are installed on the roofs of facility buildings to save energy by using renewable sources.



IIF Tosu Logistics Center

Water / Waste / Biodiversity

Climate Change and Resilience ①

Energy ①

Water / Waste / Biodiversity ①

Environmental Approvals and Evaluations for Assets ①

Green Bonds

Pollution Prevention ①

J

Water

Cooperative initiatives with tenants

Significant reduction in water use by newly introducing cleaning robots

Abiko Shopping Plaza introduced cleaning robots in March 2022. This introduction is expected to reduce water use and cleaning costs and also improve the work quality, which was a concern due to staff aging and retiring.

Environmental consideration

Water use

Approx. -14t/year expected*

Improved efficiency

Cleaning time

Approx. -67%

Reduced cost

Daily cleaning cost

Approx. -4.0%

Executed green lease agreement with a tenant

* Compared to the quantity used for cleaning the equivalent area by existing cleaners

Waste

Target

Reduction in waste

KPI

Implementing comprehensive waste management (waste amount, waste treatment operators, final treatment sites) at 100% of directly managed properties by 2023

Installed recycling boxes in retail properties to visualize recycled waste amount

In April 2022, mozo wonder city started to use a new type of recycling boxes for visitors that enables timely visualization of the amount of recycled waste.

Recycled amount can be read from 2D bar codes
Aim to improve visitors' environmental literacy



Monthly recycled amount

430kg
(Aug. 2022)

Accumulated recycled amount

4,180kg
(Dec. 2021–Aug. 2022)

Biodiversity

JMF recognizes the critical importance of what ecosystems can provide, and we are committed to protecting ecosystems

and mitigating any potential impacts on biodiversity.

In addition, to provide peace of mind to our customers, we are actively adding greenery to our facilities and creating parks and other communal spaces.

Greening of main entrances and wall surfaces of parking lots



La Porte Aoyama

Water

Target

Reduction in water consumption

KPI

Keeping water use per unit at the same level as 2015(Target year: 2030)

+19.6%
Water use per unit

The use per unit increased due to the impact of new properties, while there was no major change in existing properties.

Effectively using water resources by tapping intermediate water

The IIF Mitaka Card Center uses water resources effectively by tapping intermediate water, which is hauled from a well through automated pumping machine, for the premises' sprinkler systems. Intermediate water is also used as daily water in the event of an emergency or disaster.



Waste

We manage waste properly by means such as appropriately separating the waste produced by the properties to improve the recycling rate and advancing initiatives to minimize the amount of waste by monitoring the amount of waste generated.

Biodiversity

IIF recognizes the critical importance of what ecosystems can provide and is committed to protecting ecosystems and mitigating any potential impacts on biodiversity.

Establishing Green Zones



IIF Yokosuka Technology Center

Please refer to JMF website for other initiatives on water, waste, and biodiversity.

Please refer to IIF website for other initiatives on water, waste, and biodiversity.

Environmental Approvals and Evaluations for Assets

Climate Change and Resilience

Energy

Water / Waste / Biodiversity

Environmental Approvals and Evaluations for Assets

Green Bonds

Pollution Prevention

J

Conditions Regarding the Acquisition of Certifications

Target

Improving proportion of environmental certifications

KPI

Acquiring certifications for 75% or more of the total portfolio (Total floor area basis)

76.8%

August 2022

Percentage of the combined value of Certification for CASBEE for Real Estate, DBJ Green Building Certification and BELS Certification

Certification for CASBEE for Real Estate

35 properties

- S : 23 properties (first rating acquired in 2015)
- A : 9 properties (first rating acquired in 2018)
- B+ : 3 properties (first rating acquired in 2018)

Includes properties that meet the CASBEE for Wellness Office



- S : 9 properties (first rating acquired in 2018)
- A : 12 properties (first rating acquired in 2017)
- B+ : 1 property (first rating acquired in 2020)

Certification for CASBEE for Real Estate

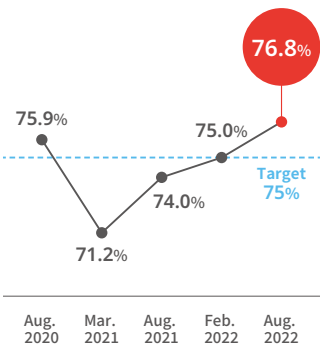
22 properties

30.9%

July 2022

Percentage of the combined value of Certification for CASBEE for Real Estate and DBJ Green Building Certification

Percentage of properties with environmental certifications



DBJ Green Building Certification

25 properties

- 5 stars : 1 property (first rating acquired in 2015)
- 4 stars : 8 properties (first rating acquired in 2014)
- 3 stars : 11 properties (first rating acquired in 2014)
- 2 stars : 2 properties (first rating acquired in 2017)
- 1 star : 3 properties (first rating acquired in 2016)

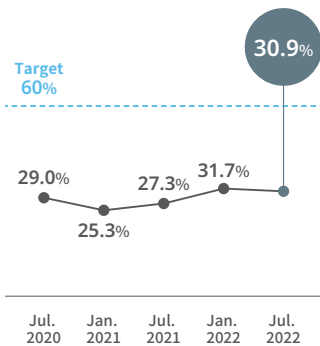


- 4 stars : 4 properties (first rating acquired in 2012)
- 3 stars : 1 property (first rating acquired in 2014)

DBJ Green Building Certification

5 properties

Percentage of properties with environmental certifications



BELS Certification

6 properties

- 4 stars : 1 property (first rating acquired in 2017)
- 3 stars : 2 properties (first rating acquired in 2016)
- 2 stars : 3 properties (first rating acquired in 2016)



- 5 stars : 7 properties (first rating acquired in 2016)
- 4 stars : 4 properties (first rating acquired in 2014)
- 3 stars : 1 property (first rating acquired in 2021)
- 2 stars : 2 properties (first rating acquired in 2016)

BELS Certification

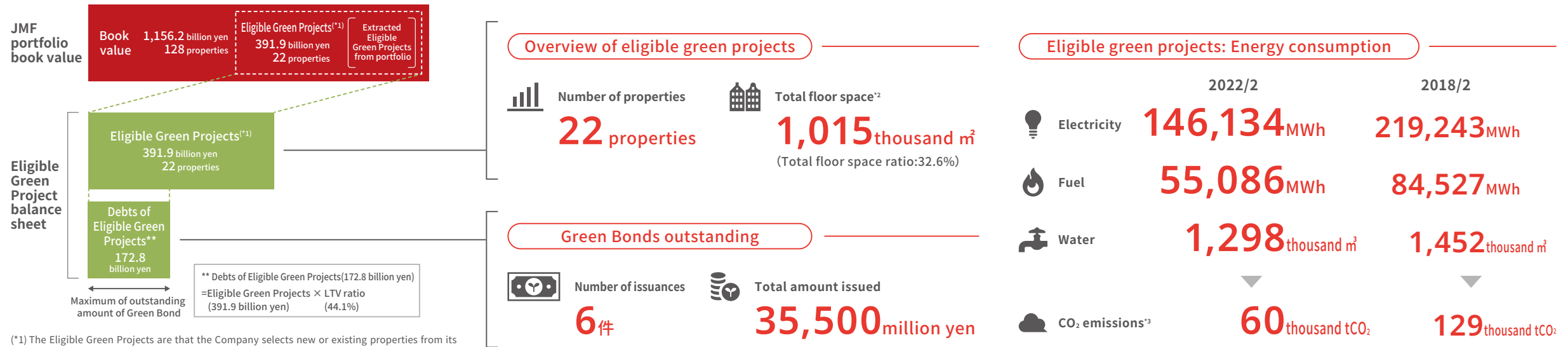
14 properties

*Two properties also acquired ZEB Ready.

Green Bonds



As part of its efforts to maintain sustainability for the environment and society as a whole, JMF has issued the Green Bond, the first such issuance from a J-REIT in May 2018. Green Bonds refer to bonds that are issued by business companies, funds, local governments, and other entities in order to procure funds for green projects (environmental investments and loans). Typically, the bonds are issued according to the Green Bond Principles^{*1} laid down by the International Capital Market Association (ICMA). Through the issuance of the Green Bond, JMF conducts investment contributing to the implementation and realization of a sustainable environment and society.



(*1) The Eligible Green Projects are that the Company selects new or existing properties from its portfolio, which satisfy the eligibility criteria of the Company's Sustainability Committee. The Eligible Green Projects are calculated by subtracting the duplication of properties that have both DBJGreen Building Certification and Certification for CASBEE for Real Estate.

(*2) As of the end of February 2022

Project evaluation/selection

With regard to the Green Bond issuance process, which is based on the Green Bond Principles, "Eligible Green Projects" are eligible for the Green Bond.

Green Bond eligibility criteria

One of the following ratings must have been obtained within the past two years or will be obtained in the future as of the payment date of each bond.

DBJ Green Building Certification

Buildings that have received 3, 4, or 5 stars

Certification for CASBEE for Real Estate

Buildings that have received B+, A, or S rank

*1 : [For more information on ICMA Green Bond Principles, please click here.](#)

*2 : Excluding land with leasehold interest

*3 : When converting energy consumption into CO₂ emissions, we use the calculation methods and emissions factors stipulated by the Act on Promotion of Global Warming Countermeasures.

Second-Party Opinion

JMF has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond^{*4} proceeds.

*4 : Green Bond eligibility entails a Green Bond framework that aligns with the four pillars (use of proceeds, project evaluation and selection, management of proceeds, and reporting) of the Green Bond Principles 2018

[For more information on Second-Party Opinion, please click here.](#)

Pollution Prevention

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Pollution Prevention

The Company and each Investment corporations are working to maintain the safety of its buildings by conducting building and earthquake risk assessments at the time of acquisition as well as collecting engineering reports on a regular basis.

Assessments When Acquiring Real Estate Properties

When acquiring real estate properties, the Company takes various environmental factors into consideration before making investment decisions: property inspections, land history investigations, and other related research on environmental risk factors.

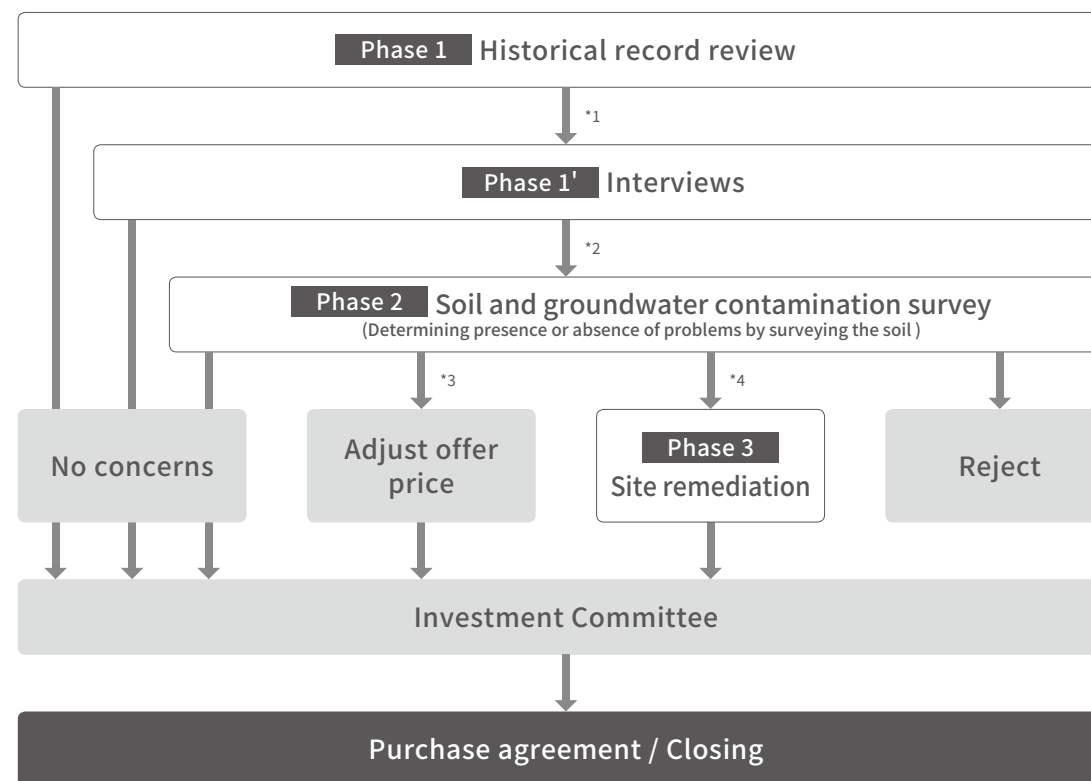
Recognizing that hazardous substances related to soil contamination and buildings (PCB, asbestos, etc.) are one of the risk factors in real estate transactions. Adequate and reasonable measures are taken in light of socially accepted ideas and trustee obligations, and legal regulations, complaints, and other risk management are implemented in relation to hazardous substances related to soil contamination and buildings.

1. To accurately calculate the risk for the judgment materials for the acquisition of real estate
2. Minimize risk in acquiring real estate
3. Compliance with laws and regulations regarding soil contamination, etc. after acquisition of real estate (soil contamination countermeasures laws)

During soil and environmental investigations, third party experts perform environmental pollution investigations. Prior to executing any purchase agreement, Investment Corporations will have experts conduct a soil and environmental contamination survey to assist it in assessing a property's environmental risks. Investment Corporations will use the pre-investment assessment workflow chart indicated below to determine whether the investment would be appropriate.

Concerning soil contamination, its property acquisition manual stipulates that investment targets shall be, in principle, properties "that are very unlikely to have soil contamination or that cannot eliminate the possibility of having soil contamination but are very unlikely to carry environmental damage risk."

Pre-Investment Assessment Workflow



*1 If we are unable to determine solely from a review of historical records that there is no risk of soil contamination or that no other environmental contamination exists (for example, a manufacturing facility that utilized toxic or other hazardous substances in the past), we will conduct interviews with the seller.

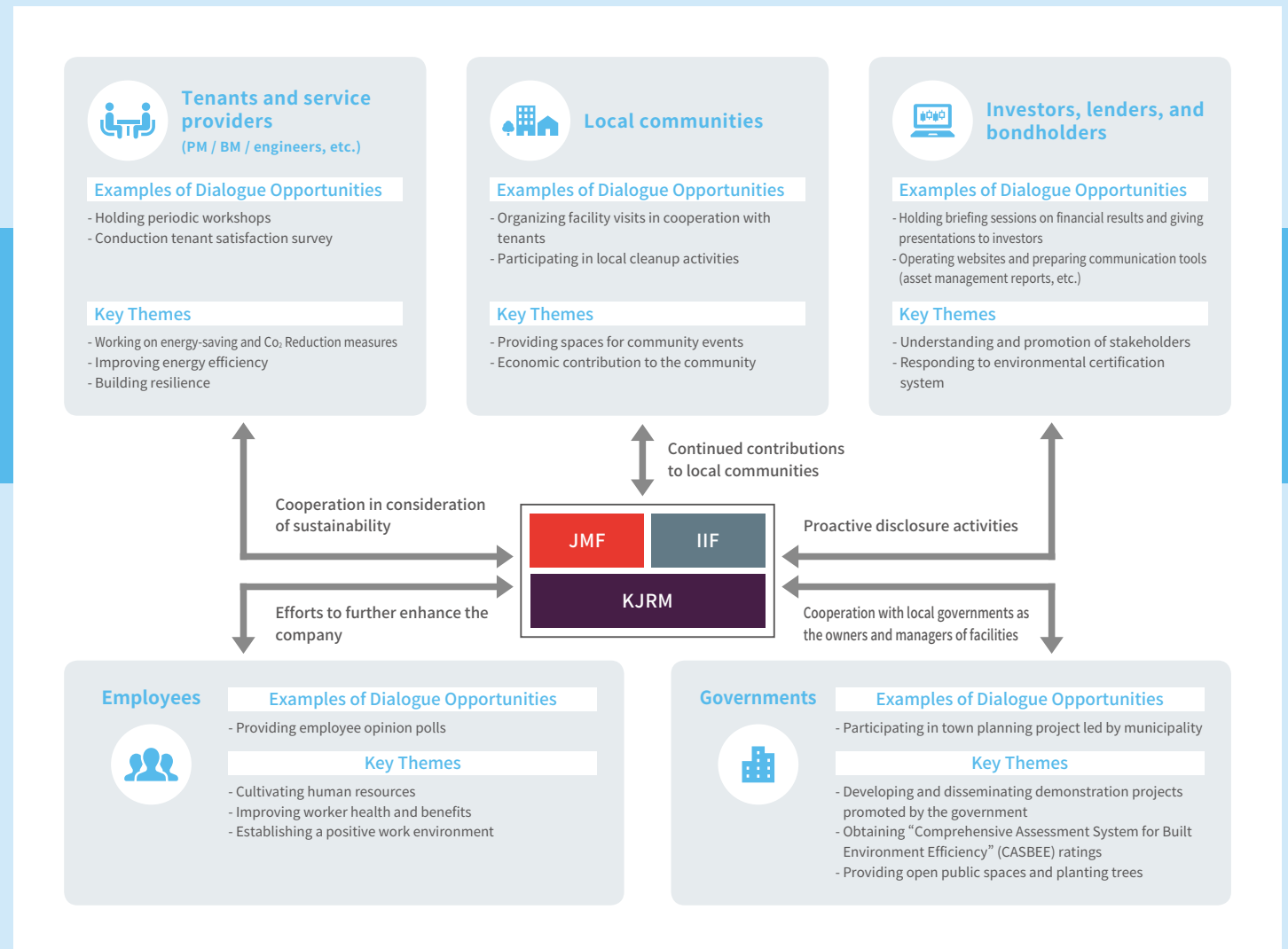
*2 If we are unable to determine from interviews with the seller that there is no risk of soil or other environmental contamination, we will conduct a soil and groundwater contamination survey.

*3 If a contamination concern exists, but the necessary remediation would be technically or economically infeasible (for example, remediation is extremely difficult due to structures existing above the contaminated area), we will recommend a price adjustment.

*4 If, after discussions with the seller, remediation is deemed technically and economically feasible, we will conduct site remediation or require the seller to do so.

Social

- 27 J Communication with Tenants ⓘ
- 28 J Building resilience ⓘ
- 29 J Communication with Local Communities ⓘ
- 30 Social Bonds ⓘ
- 31 J Creating a Positive Impact ⓘ
- 32 Human rights
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Communication with Tenants

J Communication with Tenants ①

J Building resilience ①

J Communication with Local Communities ①

Social Bonds ①

J Creating a Positive Impact ①

Human rights

Diversity, equity, and inclusion

Human Capital Development

Health and Well-Being

J

JMF and IIF operate a wide variety of properties, including retail facilities, office buildings and industrial facilities, which means the our tenants are also diverse. We make efforts in consideration of our tenants' safety and the facility environment. Furthermore, we promote measures that consider the global environment as well.

Working with Tenants

JMF services more than 1,400 tenants. Despite this large number, JMF proactively takes measures to save energy and reduce CO₂ emissions with our tenants. For example, JMF improves the environmental efficiency of properties. In some cases, it makes initial investments in energy- saving equipment and recovers the investment costs from the rent payments, while tenants save utility costs without any capital outlay. Therefore, a win-win relationship is created between JMF and tenants.

Conduct tenant satisfaction surveys

Tenant satisfaction surveys are conducted once a year for office buildings and retail facilities. Based on the results of these surveys, efforts are made to create comfortable working spaces for those working in buildings by improving the surrounding environments and enhancing the convenience of building facilities and equipment as well as safety.

ESG Study Sessions

JMF holds ESG study sessions with tenants and property management companies in order to deepen their understanding of sustainability initiatives. JMF are also working to raise ESG awareness by introducing JMF's efforts at events conducted by commercial facility operators.

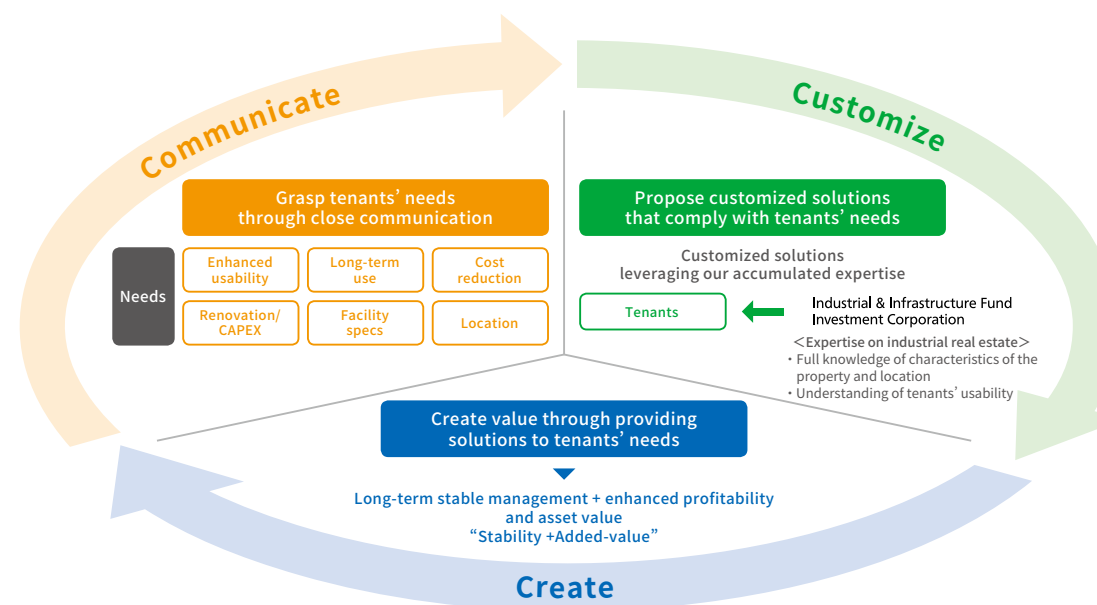


ESG study session

Please refer to the JMF website [for additional information on tenant communication and other initiatives.](#)

3C Management Cycle

By providing value to tenants, IIF continues to manage its portfolio using its "3C Management Cycle," which is designed to realize internal growth through stable, long-term management that goes beyond the norm.



These activities serve as a foundation for IIF's cooperation with tenants in initiatives such as provision of portable batteries and conclusion of green lease agreements. In addition, IIF conducts ESG-related surveys of tenants in order to promote initiatives with tenants regarding climate change measures.

Health and Well-Being

Good use of Courtyard Area

At the IIF Mitaka Card Center, which is one of the properties owned by IIF, there is an interior courtyard which is used by tenant employees as a place for meetings and having lunch. IIF is putting effort into maintaining the courtyard, such as by changing the flowers and trees planted there.



Courtyard at IIF Mitaka Card Center

Please refer to the IIF website [for additional information on tenant communication and other initiatives.](#)

Building resilience

J

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Building Safety

JMF and IIF are working to maintain the safety of its buildings by conducting building and earthquake risk assessments at the time of acquisition as well as collecting engineering reports on a regular basis.

Seismic Reinforcements

JMF and IIF conduct a building and earthquake risk assessment at the time of property acquisition, and calculates earthquake risk in held properties whenever standards are revised. When necessary, secondary assessments are performed as well. When results of those assessments conclude that earthquake-resistant reinforcement construction is required, we make environmentally conscious choices that will provide the necessary seismic retrofitting while minimizing waste. At the same time, we also work to reduce CO₂ emissions and energy consumption in the updated facility.

JMF's building safety goals and KPIs

Target		
Implementing disaster prevention measures		
KPI		
-Preparing emergency supplies at 100% of the properties where such supplies can be kept	-Developing an emergency communication network that covers 100% of properties	-Collecting engineering reports (ERs) regularly for 100% of properties

2022 Results

100%

2022 Results

100%

2022 Results

100%

Measuring Air Environment

Asbestos is a naturally occurring mineral fiber sometimes called sekimen or ishiwata, and breathing it is highly likely to be hazardous to health, thus implementation of some measures is required. JMF measures the air environment once a year to confirm the dispersal status of asbestos.

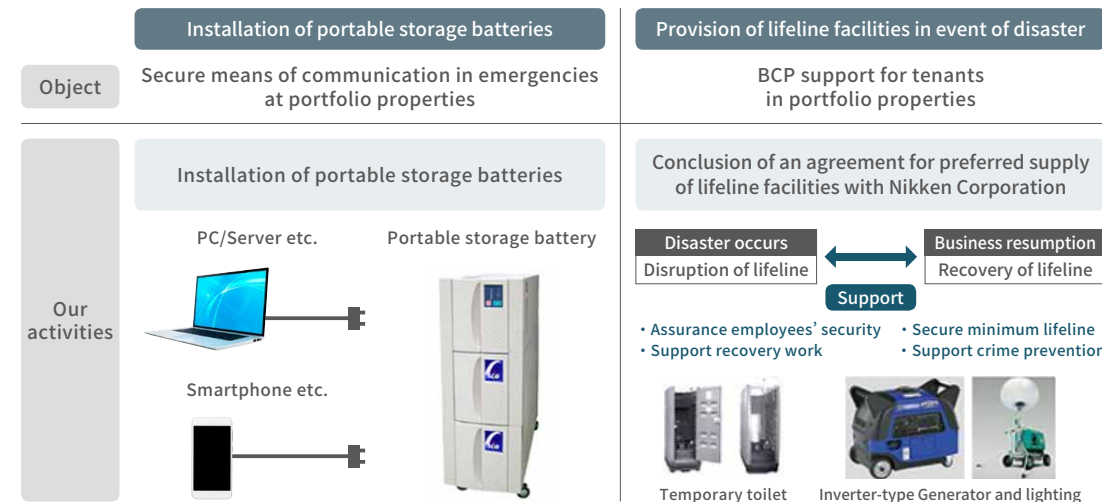
Disaster countermeasures

IIF invests in Japanese real estate. Japan is prone to earthquakes, and we thus promote disaster prevention measures for tenants of our investee properties from an investor point of view. Specifically, we are contributing to the occupational health and safety of our tenants through efforts such as monitoring the implementation of disaster-preparedness drills.

Example of Initiatives

Providing portable batteries and lifelines

IIF is proactively developing disaster prevention measures for the tenants of its real estate properties (such as by equipping all of its properties with portable accumulator batteries and providing lifeline facilities in the event of a disaster).



Communication with Local Communities

JMF and IIF are working to create important bonds with local communities through social contribution activities, such as strengthening the resilience of buildings, including disaster prevention measures, and providing community space and open space to the public administration for each of the various properties under management. The JMF and IIF are promoting initiatives to strengthen and improve links with the local community.

Realized community-based renewal

mozo wonder city has attracted mainly locally based tenants and uses many locally sourced materials for its store interiors. It has also carried out a community-based renewal, including mural art and event wagons created in business-academia collaboration with local universities.



Old materials used for pillars and locally made tiles used for store designs



Wagon made by
university students

Support for art activities of local students

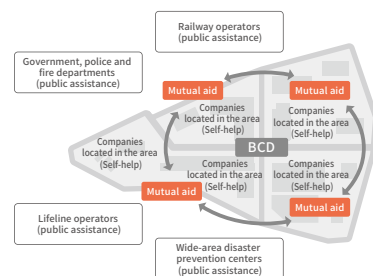
As its 50th anniversary event in collaboration with local schools in Nara, Nara Family provided its event space for students, who had few places for activities in the COVID-19 situation, to exhibit their art work and performance.



Initiatives through public-private partnerships

We are cooperating in public rescue and assistance and mutual help initiatives through public-private partnerships at Twin 21, located in Osaka Business Park (OBP). Based on plans for ensuring safe urban regeneration of the entire area, rules have been established for maintaining transportation during a disaster and evacuation drills have been carried out*1 in anticipation of people being unable to return home due to a large-scale earthquake. Through participating in such initiatives, we are working with the community and the government to reduce environmental impact and increase resilience.

*1 Evacuation drills were implemented remotely in Fiscal Year 2022.



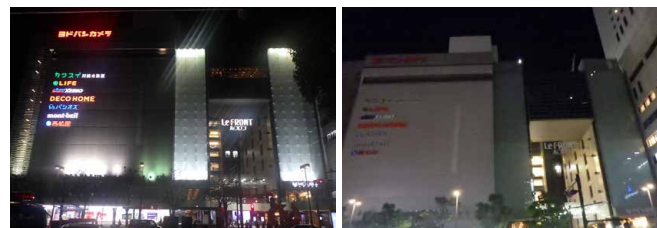
OBP area future targets image



Implementation of disaster-preparedness drills

Lights-Down Campaign

JMF conducted the Light-Down campaign at a total of 34 properties, including offices, hotels, and commercial buildings. 18 new properties participated, including 15 office properties. This initiative is expected to result in a reduction of approximately 447kWh (+36% compared to last year).



IIF is engaging in activities that contribute to local communities in collaboration with government administrative authorities. IIF Shinagawa Data Center provides a shared open space as a sidewalk-like open space in a pocket park under an agreement with Shinagawa-ku. IIF's activities in this pocket park, including providing meals using a food truck for employees working for tenants of IIF Shinagawa Data Center and neighboring residents, are contributing to the liveliness of the community.

Additionally, green areas are set aside for restoration of the natural environment, and to prepare for earthquake emergencies, a fireproof water tank has been installed for earthquake disaster prevention.

Furthermore, to ensure that local residents are aware of the functions performed by our properties in the area at IIF Shonan Health Innovation Park, we provide tours of our facilities and other services, hold events for local residents, and open some sites to the public* to enjoy the cherry blossoms planted on site as well as other seasonal events.

* Events have been cancelled as of today



IIF Shonan Health Innovation Park



Cherry Blossom Festival



Social Bonds

[Communication with Tenants](#)
[Building resilience](#)
[Communication with Local Communities](#)
[Social Bonds](#)
[Creating a Positive Impact](#)
[Human rights](#)
[Diversity, equity, and inclusion](#)
[Human Capital Development](#)
[Health and Well-Being](#)

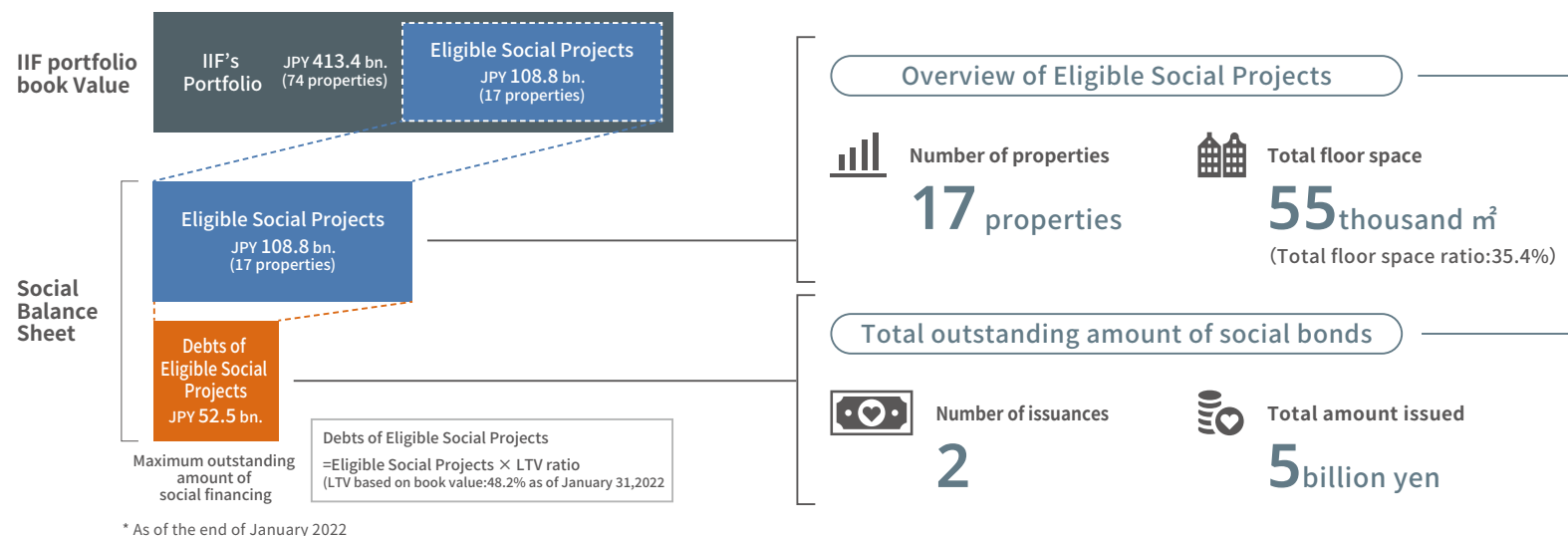
As part of initiatives to resolve social issues, IIF has issued the first social bonds in September 2021. Social Bonds refer to bonds that are issued by business companies, funds, local governments, and other entities in order to procure funds for social projects. Typically, the bonds are issued according to the Social Bond Principles^{*1} laid down by the International Capital Market Association (ICMA). IIF promotes further ESG initiatives and expands financing methods by expanding investor base who are proactive in ESG investment by implementation of social financing through the Social Bond issuance.

Impact (Qualitative Targets)

To contribute to the establishment and development of a stable social infrastructure by promoting industrial promotion and R&D activities as a practice under the philosophy “Invests in infrastructure and industrial properties that and the source of the Japanese economy, and support Japanese industry from a real estate grand point.”

Impact Reporting

While social financing including social bonds remain outstanding, IIF reports annually the total amount of Eligible Social Projects, Debts of Eligible Social Projects and the outstanding amount of social financing as of the end of January of each year, as well as the following KPI on Impact Reporting on the IIF website or in ESG reports published by the Company.



KPI on Impact Reporting

Summary of Properties and Leases of Eligible Social Projects, Profit and Loss of Eligible Social Projects and Occupancy rate of Eligible Social Projects are to be reported.

For more information on the above output indicators, please click here. [🔗](#)

^{*1} For more information on the ICMA Social Bond Principles, please click here. [🔗](#)

For more information on Social Finance, please visit the IIF website. [🔗](#)

Outcome indicators

- As facilities for the development of medical technology treatment such as medicine, pharmaceuticals, and drug discovery, etc., the report covers trends in social security benefits, the number of researchers and R&D expenditures in the pharmaceutical manufacturing industry and the number of particular medical expenses (designated intractable disease) recipients.
- As facilities for job creation and development of regional economies through industrial promotion, etc., the report covers number of business establishments, amount of shipments of manufactured goods, and number of employees in areas where facilities are located.
- As facilities for maintenance and improvement of social life networks, the reports covers trends of the diffusion index (D.I.) for employment conditions, in IT investment and in food loss and waste.
- As facilities for maintenance and improvement of public lifelines, trends in energy consumption of gas, electric power, etc., the number of traffic accidents and population of the municipality in which the facility is located.
- As facilities contributing to development of disaster prevention technologies for disasters, maintenance of redundancies and maintenance of logistics networks for daily necessities in the event of disasters, and facilities for temporary evacuation, etc., trends in the amount of damage from nature disasters.

Creating a Positive Impact

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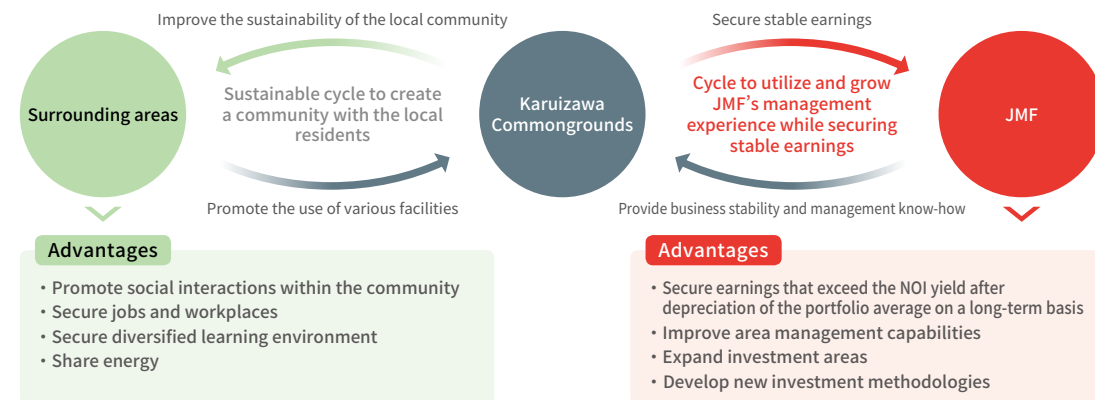
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Investing under the Principles for Positive Impact Finance



Principles adopted in January 2017 by members of the United Nations Environment Programme Finance Initiative (UNEP FI), namely, financial institutions, to achieve sustainable development and the SDGs as a series of shared principles for financing that will lead to efforts to maximize the positive impact on the economy, society, and the environment while addressing any negative impacts thereon.

JMF and IIF are implementing the following initiatives in accordance with these Financial Principles.

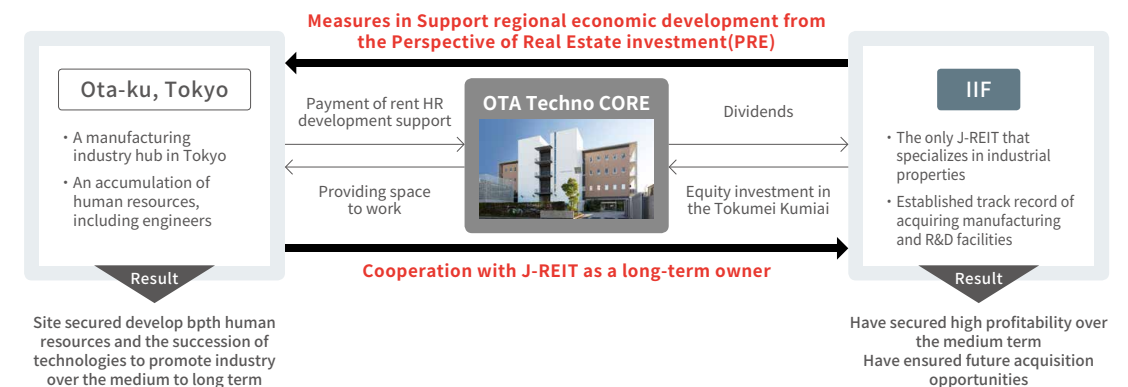
JMF decided to acquire "Karuizawa Commongrounds (land with leasehold interest)" in March 2022. JMF will participate in the creation of the local community in Karuizawa as a land owner. This acquisition will contribute to the creation of a local community in Karuizawa, and will simultaneously contribute to improving the sustainability of the local community and generate stable income.



Core impacts of the Acquisition (Identified pursuant to the Positive Impact Real Estate Investment Framework)

	Core Impacts	KPIs to Identify Impacts
Increase positive impacts  	Reduce carbon emissions in development and operation	<ul style="list-style-type: none"> Energy consumption CO₂ emissions Renewable energy generation by solar panels Self-sufficiency ratio through renewable energy BEI value by new construction or renovation Percentage of local building materials used in new construction or renovation Number of EV-sharing introduced and used
	Contribute to improving the wellbeing of users through operation of a community "hub"	<ul style="list-style-type: none"> Approximate number of visitors to the entire facility Number of registered users of shared offices, their attributes and satisfaction levels Number of events held in the facility and their characteristics
Reduce negative impacts	Reduce carbon emissions in operation	<ul style="list-style-type: none"> Energy consumption and intensity CO₂ emissions and intensity Percentage of LEDs in all lighting equipment in the facility

In February 2019, IIF carried on an impact investment project (a silent partnership, herein referred to as the "Tokumei Kumiai") related to the OTA Techno CORE building. This is the first case of a J-REIT making such an agreement based on the Principles for Positive Impact Finance.



Positive Impact Investment Monitoring Policy

We perform regular monthly or annual measurements concerning the impact set at OTA Techno CORE in accordance with the following monitoring policy.

Positive impact	Employment and a Comprehensive and Sound Economy It reports on provision of inexpensive lease space to small and medium enterprises and number of jobs maintained and created by tenant companies
Negative impact	Climate: It reports on energy consumption intensity and CO ₂ emissions intensity Soil: It reports on hazardous waste release volume

*For more information on monitoring, please click here. [🔗](#)

Human rights

[J Communication with Tenants ①](#)
[J Building resilience ①](#)
[J Communication with Local Communities ①](#)
[Social Bonds ①](#)
[J Creating a Positive Impact ①](#)
[Human rights](#)
[Diversity, equity, and inclusion](#)
[Human Capital Development](#)
[Health and Well-Being](#)

Basic Policy

The Company recognizes that the pursuit of improvements in the areas of human rights, labor, the environment, and the prevention of corruption is a social responsibility that is expected and required of us, we are moving forward with such initiatives. In 2016, we signed the United Nations Global Compact (UNGC), and have carried out initiatives to put its 10 principles into practice. With the aim of continuously improving our commitment to human rights, we have established the Human Rights Policy and take action in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP).

Human Rights Policy

The Company established the KJR Management Human Rights Policy in December 2022. Under this Policy, the Company supports international human rights norms such as the Universal Declaration of Human Rights, the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGC and the UNGP, and applies this Policy to the Company's officers, employees, dispatched employees, and all other persons who engage in work for the Company. At the same time, the Company expects its business partners to support this Policy and cooperate with the implementation of measures regarding respect for human rights by complying with this Policy.

For the full text of the KJR Management Human Rights Policy, please click here. [🔗](#)

Human Rights Due Diligence (Human Rights DD)

Human Rights Risk Management and Monitoring

The Company operates the Risk Management Committee, in which senior management personnel serve as members. The Committee understands and investigates matters related to major human rights risks and formulates countermeasures and management policies. Regarding business risks, including priority issues related to human rights risks, it checks the risk status of each division once every two months using a Risk Control Matrix (RCM), and reports the results at the Committee, thereby implementing evaluation and management.

In addition, We conduct monitoring to prevent any negative impact on human rights and to understand the current situation.

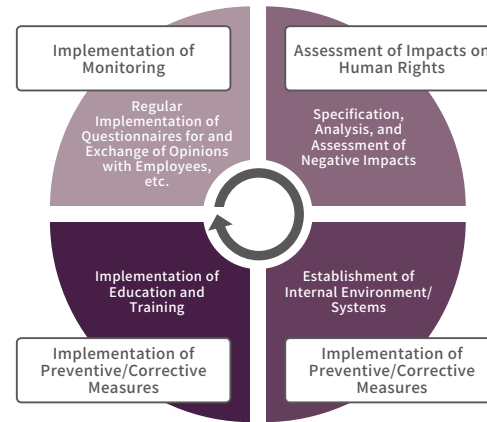
Publication of Initiatives

We will disclose information on the status of our response to human rights issues on the Company's website as appropriate. [🔗](#)

Remedial Measures

We have established an internal inquiry counter for all executives and employees as well as our business partners in order to receive consultations and reports regarding violations of laws and regulations, information management violations, various types of harassment, human rights, and the working environment. In addition, we have designated the internal inquiry counter of KKR & Co. Inc., and an external law firm as an external point of contact for these matters, for consultation and reporting, and have secured a route for external consultation and reporting.

When the internal inquiry counter receives a whistle-blowing report, the Head of the Compliance & Risk Management Office assumes responsibility and the Compliance & Risk Management Office investigates the facts.



Our Approach to Human Rights DD

Human Rights Risk Assessment

The Company has developed a human rights due diligence mechanism, with reference to the UNGP. In fiscal 2022, we identified human rights risks that may impact stakeholders related to the Company, investment corporations which entrust the Company with asset management, and various funds for which entrust the Company with discretionary investment management or investment advice (the "Funds"), and ranked those risks by priority level.



Please refer to the Process of Human Rights Due Diligence for further details. [🔗](#)

Implementation of preventive and corrective measures

We conduct compliance training for all officers and employees, including seconded employees and dispatched employees, four times a year. With this compliance training as a base, we provide in-house education on matters related to human rights and various types of harassment.

Please refer to the Diversity, Equity & Inclusion section on page P33 for more details on the indicators and our performance. [🔗](#)

Monitoring

Based on indicators related to priority issues, monitoring of overtime work and stress checks, we urge relevant divisions to improve the situation where necessary.

Diversity, equity, and inclusion

Communication with Tenants ①

Building resilience ①

Communication with Local Communities ①

Social Bonds ①

Creating a Positive Impact ①

Human rights

Diversity, equity, and inclusion

Human Capital Development

Health and Well-Being

Basic Policy

Positioning the promotion of diversity, equity and inclusion (“DEI”) as an important part of its management strategy, the Company is working to create a work environment in which each and every employee can fully demonstrate his or her abilities and work energetically, regardless of age, nationality, gender, values or disabilities.

Initiatives to Promote DEI

Prohibition of Discrimination

The Company believes that it is essential to ensure a safe and comfortable work environment in which each and every officer and employee can fully demonstrate their abilities and concentrate on performing their duties. To this end, in order to clarify our stance that unfair discrimination among officers and employees must not be tolerated, our Code of Ethics stipulates that “officers and employees of the Company shall endeavor to ensure a pleasant work environment and to maintain order in the workplace in which each officer and employee is respected as an individual and can trust each other.” Our Rules of Employment also stipulate that there shall be no unreasonable discrimination or harassment based on race, ethnicity, skin color, nationality, place of birth, sexual orientation, physical characteristics, status as a person with disabilities, or political or religious beliefs.

DEI in Hiring Activities

In hiring activities, it will actively hire people with disabilities and returners* so that people from wide-ranging backgrounds will apply for positions in the Company and develop their abilities through working at the Company.

* Persons who suspended working for childbirth, childcare, nursing care, or other life event

Rehiring after Retirement

The retirement age in the Company is 60, however, when an employee who has reached the mandatory retirement age wishes to continue working, he or she can do so as we have established a system and workplace environment, utilizing their wealth of experience and knowledge.

Work-Life Balance, and Balancing Work and Child Raising

Target	Creation of a work environment where employees can fully demonstrate their abilities while maintaining work-life balance
KPI	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)

As of Dec. 2022 **100.0%** (Reference)

We have formulated an action plan to create a work environment in which employees can achieve work-life balance, and balance work and child raising, while fully demonstrating their abilities.

Period: April 1, 2022 - March 31, 2024 (2 years)

1	Target	Proactively inform and educate employees about childcare-related systems to make it easier for them to use such systems
	Measures	- Send messages from management regarding childcare-related systems - Provide a guidebook on childcare-related systems for employees to publicize them within the company
2	Target	Rate of eligible male employees taking childcare leave: 50% (including at least one male employee taking childcare leave)
	Measures	- Provide individual guidance to male employees whose spouses have given birth
3	Target	Average overtime hours (in excess of legal working hours and on statutory holidays): less than 45 hours per month; and average overtime hours per year (in excess of legal working hours): less than 60 hours per month Target 3 is for regular employees
	Measures	- Distribute monthly reports to department heads to inform them of the status of overtime work - When an employee continues to work long hours, check the individual situation and consider measures for improvement

You can also check our plan on “Action Plan for Balancing Work and Childcare Publication Site” (in Japanese only) in the “Support for Work-Life Balance” section on the Ministry of Health, Labour and Welfare’s website.

Promotion of Advancement of Women

Target	Further promote the advancement of women in the workplace, thereby continuing to create groundbreaking innovations.
KPI	Raise the ratio of female employees in managerial posts to 20% (target year: 2027)

As of Dec. 2022 **14.3%** (Reference)

We aim to further promote the advancement of women in the workplace, thereby continuing to create groundbreaking innovations.

Employer Action Plan based on the Law for the Promotion of Women's Activities

Period: April 1, 2022 - March 31, 2027 (5 years)

Implementation period	Details of initiatives
April 2022 -	- Send messages from management on the importance of diversity and inclusion in organizational operations - Hold seminars on gender gaps for managers and female employees - Conduct an awareness survey on career development among female employees
October 2022 -	- Based on the results of the awareness survey, conduct career seminars for female employees to help them shape and realize their medium- to long-term career image
April 2023 -	- Select candidates for managerial posts, and have them formulate medium- to long-term career plans through interviews with their supervisors - Provide training programs for candidates for managerial posts
October 2023 -	- Hold a roundtable discussion between female managers and candidates for managerial posts. - Develop a talent pipeline and follow-up systems, such as a mentoring system
April 2024 -	- Provide regular mentoring to female managers who have been promoted - In departments with fewer female employees, the candidate pool for managers will always include women, and when hiring, strategic recruitment activities will be initiated with an awareness of gender diversity, such as interviewing both male and female candidates as necessary

The status of women’s advancement in the Company is also available on the “Database of Companies Promoting Women’s Advancement” (in Japanese only) on the website of the Ministry of Health, Labour and Welfare.

Human Capital Development

① Communication with Tenants ① ① Building resilience ① ① Communication with Local Communities ① Social Bonds ① ① Creating a Positive Impact ① Human rights Diversity, equity, and inclusion Human Capital Development Health and Well-Being

Basic Policy

Based on the concept that human resources are our most important asset, KJR Management supports autonomous career development by preparing various development programs so that each employee is able to grow and achieve self-fulfillment through working at the company. As an organization consisting of diverse human resources with different backgrounds, we strive to spread its “Mission, Vision & Core Values” so that employees with various specialties and different values can respect each other and utilize their individual strengths to achieve high performance.

Human Capital Development

For the purpose of proactive career development and enhancement of expertise, we have been implementing an internal recruitment system that allows employees to be challenged by the duties of their choice, as well as regular transfers by company order based on their own wishes. In addition, to meet the diversified needs for training and support for self-development, we have established a training system that allows employees to take courses at their own request. In addition to the development of various training programs and the system to support the acquisition and maintenance of qualifications, we are also strengthening performance management to support growth and regular career discussions with supervisors.

Training for Managers

We take various measures to enhance people-management skills and leadership of managers and to train next-generation employees.

Newly-promoted managers who have subordinates for the first time are required to attend a training program for managers by an external training organization. We also support our managers actively in improving their skills by offering a leadership development program, a workshop for appraisers, and a training course for interviewers by external lecturers in addition to cafeteria-style training programs that employees can attend according to their individual needs. In addition, we regularly provide a frontline-care training course on mental health for managers to support subordinates from a mental health perspective.

Compensation Program

The company's compensation system is applied to all permanent employees. We seek to provide competitive compensation to attract, develop, and retain excellent human resources for our stockholders and investors.

Based on the Total Compensation Approach, fixed pay is determined based on the Pay for Job principle and variable pay is determined based on the Pay for Performance principle. Variable pay reflects the performance of the company and appraisals of employees.

In addition, a long-term incentive system, in which pay is tied to the company's performance and the investment unit prices of managed funds, has been introduced for senior-level employees. The system seeks to avoid outflows of excellent human resources and achieve stable management of the company and to create growth of medium- to long-term funds from the viewpoint of investors and to motivate and reinforce consciousness for performance improvement of the Company.

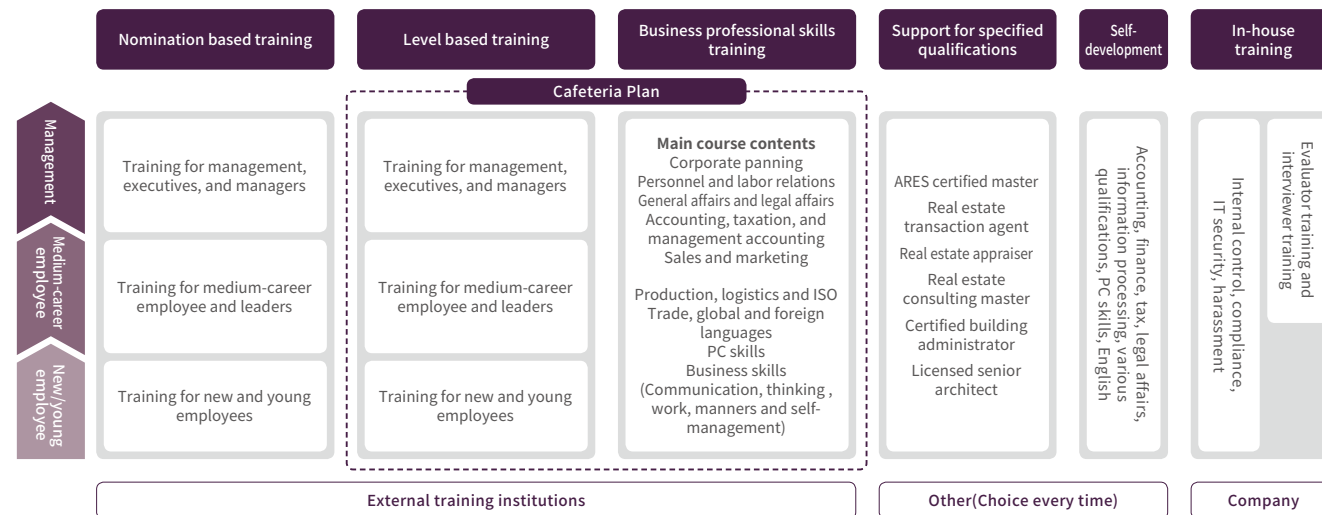
Compensation that employees receive is determined according to their relative achievements and contribution levels compared to the individual targets linked to the organizational targets including ESG-related targets, the embodiment of the corporate philosophy, and expected roles.

Support for Acquiring Further Qualifications

The company encourages acquisition of certifications for the development of professional human resources in the real-estate finance business and covers at least a portion of the necessary costs and offers training opportunities.

In particular, we actively support the acquisition of professional certifications by the Association for Real Estate Securitization (ARES), of which the Company is a regular member. When an employee becomes an ARES Certified Master of the Association, the Company covers the entire fee for the examination (first time only) and for maintaining the certification. The Company also encourages employees to participate in training courses and seminars for those who already have certification.

The Company also covers at least a part of the cost required for training, examination, and maintenance of certifications related to work. Many employees tackle the challenges of acquiring certifications.



Health and Well-Being

Communication with Tenants ① Building resilience ① Communication with Local Communities ① Social Bonds ① Creating a Positive Impact ① Human rights Diversity, equity, and inclusion Human Capital Development Health and Well-Being

The Company considers its employees to be its most important management resource and essential for carrying out its activities. We are actively working to create conditions where each and every employee can perform their work in a lively manner and to cultivate them accordingly. In addition, we regularly conduct employee opinion polls with the aim of building an even better company.

Work Environment

The Company is working to ensure that all employees can work with peace of mind and to improve the benefits it provides to them.

Health of Employees

Besides meeting the legal requirements in Japan for employee health and safety, including labor and risk management, The Company emphasizes the prevention of excessive work and understanding the appropriateness of working hours, and is enhancing its system for managing working hours through an original monitoring framework. In addition to an emphasis on measures aimed at reducing overtime, we require employees to take long-term leave and are taking steps to increase the rate that paid leave is used.

Percentage of paid leave used

Actual
78.3%
in Fiscal Year 2021
(Target to achieve at least 70%)

Moreover, we provide various wellness programs to maintain and improve the mental and physical health of our employees and their families. We have also established the in-house Health Committee comprising employees representing each division and the Human Resources Department. The committee meets once a month to exchange opinions on working conditions alongside industrial physicians and to gain health-related insight. Through these initiatives, we are supporting employees in the preservation of their health.

- Working time monitoring system
- Check and report on deviation in working hours (every month)
- Report on long working hours to secure health (professional employees/once per half month)

- Annual paid leave (15 to 20 or 25 days granted, depending on the length of employment (the number of days granted by law is 10 to 20 days))
- Mandatory acquisition of long-term consecutive leave
- Health checkup/complete medical checkup

- Influenza immunization shot
- Various counseling services (EAP) by external experts
- Health consultations by industrial physicians/health nurses
- Health Committee
- Conducting of stress checks

Diversity in Work Styles

The Company has created an environment that allows its employees to work in ways that suit their respective lifestyles and the characteristics of their duties. Toward the maintenance and realization of flexible working styles, it abolished the upper limit on the number of teleworking days and has introduced measures such as a flextime system, working from home and paid leave in units of hours. Expecting that its employees will achieve a better work-life balance and increase productivity, the Company is working to create systems that enable diverse human resources to play an active role.

- Flextime system
- Working from home (satellite offices available)
- A variety of special leave programs, including family care special paid leave
- Acquisition of paid leave in units of hours

Improving Employee Benefits

In addition to completely supplying a social insurance system, we have introduced an original retirement pension system, have entered into general welfare group term life insurance, group long-term income compensation insurance, member welfare services, a congratulatory and condolence payments system and ESOP (Employee investment unit ownership system) and other systems.

Work Environment

The office space is designed to provide an environment in which employees can work comfortably and actively. Natural light enters the work space through windows and plants have been arranged throughout this new, bright office. In addition, individual booths have been set up in consideration of the current work style that combines office and telework.



Bright office with plantings

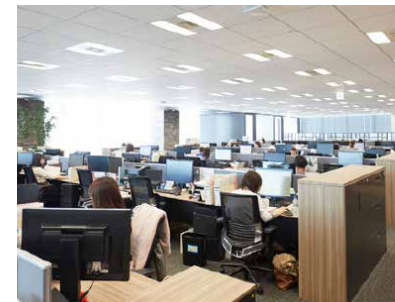


In-office cafeteria



Individual booths reflecting current working style

We have upgraded communal spaces to promote communication with fellow co-workers and have incorporated rest areas where employees can relax and refresh themselves. We also conduct environmental checks periodically to provide comfortable working conditions for employees.



Office that actively incorporates natural light



Regular air quality inspections



Furniture that is adjustable to various health-conscious configurations

Governance

Code of Ethics

The Company hereby sets forth the Code of Ethics which constitutes the Corporate Ethics Charter and Code of Conduct for Officers and Employees, for the purpose of operating sound business based on high ethical standards, establishing social confidence and contributing to social development.

Corporate Ethics Charter

- Contribution to Society and Securing Confidence
- Earning Investors' Satisfaction
- Information Disclosure and Ensuring Operational Transparency, Maintaining Sound Management
- Compliance with Laws and Regulations and Social Norm
- Respect for Employees

Code of Conduct for Officers and Employees

- Compliance with Laws and Regulations/Various Rules
- Responsible Performance of Business
- Maintenance of Fair Relationship
- Maintenance of Order of Workplace
- Distinction between Public and Private Matters

Corporate Governance

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Governance of JMF

JMF has one or more executive directors and two or more supervisory directors (at least one more than the number of executive directors). The organization of JMF consists of one executive director, two supervisory directors, the Officers Meeting, plus an accounting auditor, in addition to the General Meeting of Unitholders, which is comprised of investors.

JMF Board of Directors

Executive Director



Masahiko Nishida Male

Experience and expertise

Elected as deemed to be qualified to execute the duties as an executive director of JMF based on his expertise in accounting and long experience as a supervisory director of JMF.

Supervisory Directors



Masaharu Usuki Male

Experience and expertise

Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a finance and treasury expert.



Osamu Ito Male

Experience and expertise

Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.

Governance of IIF

IIF has one or more executive directors and two or more supervisory directors (at least one more than the number of executive directors). The organization of IIF consists of one executive director, three supervisory directors, the Officers Meeting, plus an accounting auditor, in addition to the General Meeting of Unitholders, which is comprised of investors.

IIF Board of Directors

Executive Director



Kumi Honda Female

Experience and expertise

Elected as deemed to be qualified to execute the duties as an executive director of IIF based on her expertise in legal and long experience as a supervisory director of IIF.

Supervisory Directors



Yutaka Usami Male

Experience and expertise

Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of an accounting expert.



Koki Ohira Male

Experience and expertise

Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.



Fumito Bansho Male

Experience and expertise

Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.

Asset Management
Entrustment/Supervision

KJRM

KKR Japan Realty Management

Asset Management
Entrustment/Supervision

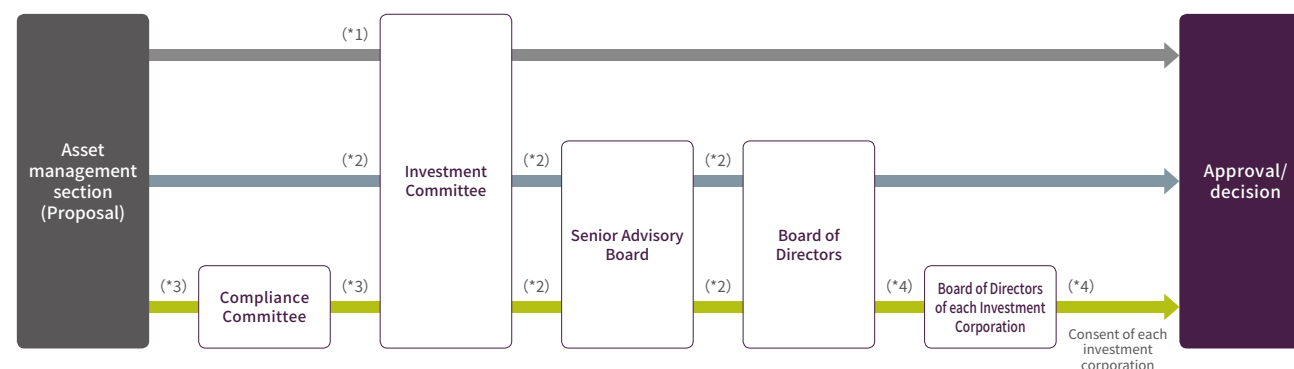
Each of the investment corporations entrusts their asset management to the Company as their asset manager, and the Company is committed to upholding its fiduciary duty to the investment corporations.

Please refer to page 38 for more details on how it manage.

Corporate Governance

Decision-making Process

In the course of making decisions regarding the acquisition, disposal, or operation and management of assets, approval is obtained from the Investment Committee and the Senior Advisory Board/Board of Directors in accordance with the Guidelines for the Investment Committee, Rules of the Senior Advisory Board (the “Senior Advisory Board Rules”) and the Rules of the Board of Directors. Furthermore, in the course of making decisions regarding investment policies and standards, operation and management policies and standards, budget, and financing of each investment corporation, the Investment Committee makes decisions, and a proposal is submitted to the Senior Advisory Board for approval in accordance with the Senior Advisory Board Rules. If a transaction constitutes a transaction between stakeholders stipulated in the Regulations for Transactions with Stakeholders of the Asset Manager, the Compliance Committee must first adopt resolutions before the Investment Committee makes decisions (excluding transactions that meet certain minor requirements as stipulated in the Regulations for Transactions with Stakeholders, (“Minor Transactions”). In addition, if a transaction to be executed involves the acquisition, disposal, or lending of securities or real estate between any investment corporation and a related party of the like of the Asset Manager as stipulated in Article 201(1) of the Investment Trust Act (“ITA”), then, subsequent to the Compliance Committee adopting a resolution and the Investment Committee adopting a resolution, each Investment Corporation’s consent must, by the time the transaction is executed, be obtained based on the approval of the Board of Directors of each Investment Corporation, except in certain cases in which it is determined that the transaction will have a minor impact on each Investment Corporation’s assets.



- (*1) For matters relating to the acquisition, disposal, and the like of assets in which a single transaction is in an amount of less than JPY 8 billion, the Investment Committee’s approval is obtained.
- (*2) With regard to investment policies and standards; operation and management policies and standards; budget; financing; and the acquisition, disposal, and the like of assets for which a single transaction is in an amount of not less than JPY 8 billion and less than JPY 60 billion, approval of the Investment Committee and of the Senior Advisory Board is obtained. In addition, with regard to the acquisition, disposal, and the like of assets for which a single transaction is in an amount of not less than JPY 60 billion, approval of the Board of Directors is obtained.
- (*3) For matters relating to transactions with stakeholders, in addition to the procedures stipulated in *1 and *2 above, approval is obtained from the Compliance Committee. However, if the transaction constitutes a Minor Transaction, approval of the Compliance Committee is not required.
- (*4) For matters relating to transactions with related parties or the like as defined in Article 201-2(1) of the ITA, in addition, approval of the Board of Directors of each Investment Corporation and the consent of each Investment Corporation based on such approval is obtained. However, if a transaction is determined to be a transaction that will have a minor impact on each Investment Corporation’s assets under the Ordinance for Enforcement of the ITA, approval of the Board of Directors of each Investment Corporation and consent of each Investment Corporation based on such approval is not required.

Conflicts of Interest

The Company has implemented a management system as described below to ensure that conflicts of interest do not arise from the management of assets at JMF and IIF and the discretionary investment and investment advisory business such as private real estate fund management.

- 1 Separation of asset management divisions and support structure**
We have established the Metropolitan Division and the Industrial Division as divisions that are engaged in asset management of JMF and IIF, respectively, and the Private Solutions Division as the division that is engaged in supervising businesses, including the discretionary investment and the investment advisory business for private real estate funds or similar, thereby clarifying asset management responsibilities.
- 2 Securing of independence in investment decision-making**
Decisions made on asset management of each investment corporation are examined solely from the perspective of whether or not such decisions are appropriate as decisions made by the Metropolitan Division, the Industrial Division, or the Private Solutions Division, without taking into consideration the situation of other divisions of the investment corporations.
- 3 Rules on preferential investigation rights pertaining to investment information**
With regard to information on sales of real estate obtained by the Company, we have established rules concerning determinations as to which division, the Metropolitan Division, the Industrial Division, or the Private Solutions Division, should conduct investigations in preference to the other divisions.

Establishment of a system to eliminate antisocial forces

To preempt violence from antisocial forces, clarify how we will respond as an organization and ensure that we will never have any relations or dealings with antisocial forces and use them, we also provide the “Basic Rules around How to Deal with Antisocial Forces” which stipulates that we will take a resolute attitude as an organization to antisocial forces, including coordinating with external specialized institutions, as our basic principle. Each division of the Company is expected to confirm in advance that counterparts to transactions, etc. are not considered as antisocial forces, to report any questionable acts or behaviors when they are expected directly or indirectly to the Head of the Compliance & Risk Management Office and the President, and review social risks thoroughly to make a decision of whether the transaction can go ahead or not, in accordance with the Basic Rules as per their respective operations manuals for each division that are provided separately.

Compliance / Anti-Corruption

Compliance Basic Policy

We define compliance not only as compliance with laws and regulations, but also as voluntary efforts to adapt to broader social expectations behind laws and regulations, and has established a compliance system with the intention of conducting sincere and fair corporate activities and ensuring sound management based on self-discipline.

Compliance System and Its Practices

In accordance with the Compliance Rules, we have established the Compliance Committee and the Compliance & Risk Management Office to develop a company-wide cross-sectional compliance system.

Compliance Committee

The Compliance Committee, chaired by the Head of the Compliance & Risk Management Office, who is also an executive officer, is comprised of senior management and outside attorneys, and meets once every two months in principle.

Compliance Program

We formulate a compliance program each fiscal year, which is a practical plan for achieving compliance.

Compliance Manual

With the Core Values set out in our corporate philosophy as the broader concepts, the Compliance Manual provides the appropriate approach and code of conduct that all officers and employees (directors, auditors, and employees including contract workers and temporary employees) should adopt in the various situations that we face as an asset management company for real estate funds.

Strengthening Compliance

All officers and employees of the company pledge to comply with the Code of Conduct, etc., by submitting a compliance pledge form according to the characteristics of their positions every year. In addition, self-assessments are conducted semiannually to check the status of each department in management of compliance-related matters.

Role of the Board of Directors in Compliance

The Board of Directors decides on the compliance program and other basic matters related to the promotion of company-wide compliance, and receives reports on the status of compliance promotion.

Code of Ethics

Our Code of Ethics consists of the Corporate Ethics Charter and the Code of Conduct for Executives and Employees. In addition to compliance with laws, regulations, and social norms, the Code of Conduct stipulates standards that must be observed, such as maintaining fair relationships and distinguishing between public and private matters.

Compliance Training

In addition to mandatory compliance training at the time of joining the Company, we conduct compliance training for all executives and employees including seconded employees, contract employees and temporary staff, four times a year, as well as a total of seven quarterly e-learning sessions on internal control.

Whistle-Blowing and Reporting

We have established an internal inquiry counter for all executives and employees as well as our business partners in order to receive consultations and reports regarding violations of laws and regulations, information management violations, various types of harassment, human rights, and the working environment. In addition, we have designated the internal inquiry counter of KKR & Co. Inc., and an external law firm as an external point of contact for these matters, for consultation and reporting, and have secured a route for external consultation and reporting. There is no time limit for any of the contact points, and reports can be allowing anonymous reporting at all inquiry counters. It is considered that the system will protect whistle-blowers from disadvantageous treatment in accordance with the Whistleblower Protection Act and our Whistle-Blowing Rules.

For details, please refer to Remedial Measures in Human Rights on P32

Please click here  for contact information.

Responding to Compliance Violations

For the purpose of accurate and fair treatment in the event of finding an act or a possibility of violation of laws and regulations and the Articles of Incorporation, etc. or for preventing occurrence of such an act, the Administrative Incident Handling Rules set forth specific actions.

Anti-Corruption

In April 2001, we established the Code of Ethics, which consists of the Corporate Ethics Charter and the Code of Conduct for Officers and Employees, with the purpose of ensuring sound management based on high ethical standards, ensuring that the Company continues to earn the trust of society, and contributing to the development of society. Through the Corporate Ethics Charter and the Code of Conduct for Officers and Employees, all officers and employees strive to practice corporate ethics as their own on a daily basis and to be widely recognized by society as a company with high corporate ethics.

[the Code of Ethics]

- Contribution to Society and Securing Confidence
- Earning Investors' Satisfaction
- Information Disclosure and Ensuring Operational Transparency, Maintaining Sound Management
- Compliance with Laws and Regulations and Social Norm
- Respect for Employees

[the Code of Conduct for Officers and Employees]

- Compliance with Laws and Regulations/Various Rules
- Responsible Performance of Business
- Maintenance of Fair Relationship
- Maintenance of Order of Workplace
- Distinction between Public and Private Matters

In accordance with the Code of Ethics, we prohibit bribery of public officials and their equivalent, and entertainment and gifts that go beyond the bounds of socially accepted standards for our business partners. The Compliance Manual and the Regulations Concerning Entertainment, and Internal Meetings set forth in detail, and the general policy is not to receive any entertainment or gifts. In principle, when receiving gifts or entertainment from business partners, it is necessary to obtain prior approval. The implementation status of the procedures is monitored by the Compliance & Risk Management Office and reported to the Compliance Committee once in every six months. In addition, we signed up to the UN Global Compact (UNGC) in 2016, and endeavors to strengthen corporate governance against corruption through supporting the UNGC's ten principles.

Risk Management

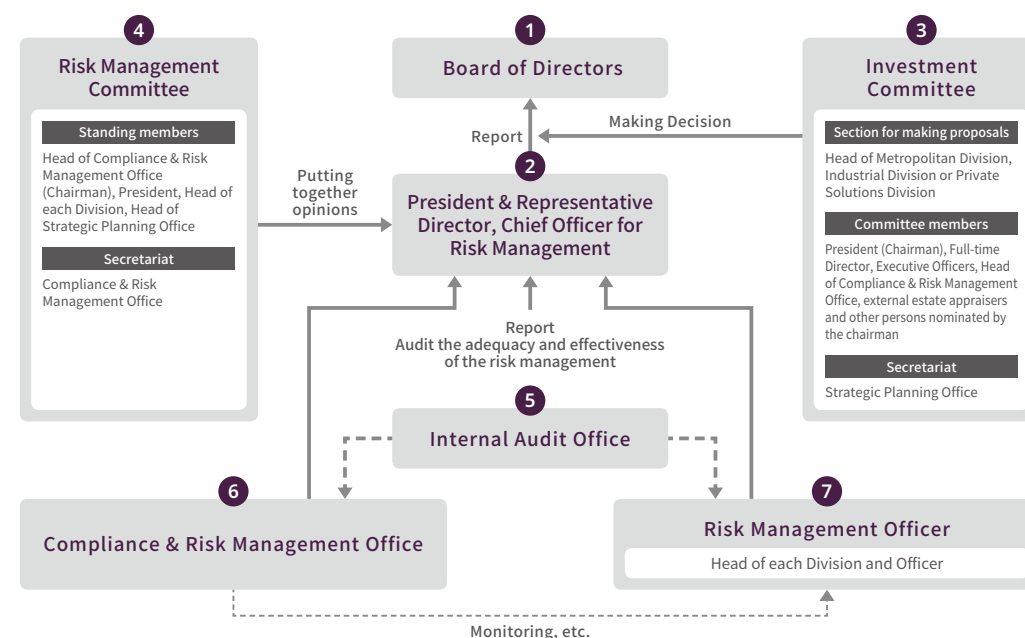
We committed to the thorough implementation of these risks under the following organization structure.

Structure on Risk Management

We believe that implementing risk management will ensure the continuity and stable development of our business. Being fully aware of our public mission and social responsibility in conducting asset management, we carry out necessary risk management, and we also conduct necessary risk management of the investment corporations to strive to protect investors and operate the investment management business appropriately. We conduct sound and appropriate business management, based on our management policy and strategic goals. With regard to the risks arising as part of that management, we have established an income and risk management system in line with the management policies of each of the investment corporations and based on the strategic goals, and we manage the system so that risk is appropriately controlled.

Key Risks to be Managed

- Investment management risk
- Clerical work risk
- System risk
- Reputation risk
- Conduct risk



Internal Audits

We have established the Internal Audit Office, which is independent of any department, to conduct audits once every three years for each department, based on the internal audit plan established for each fiscal year. We believe that internal audits contribute to the achievement of management goals, not only by finding and pointing out problems in business operations, including compliance, but also by evaluating the internal control systems of each department, and proposing methods of improvement, etc.

Details about the implementation of internal audits based on the Internal Audit Rules are specified in the detailed rules on internal audits. When the audited department receives any instruction or proposal for improvement through the internal audit, it prepares an improvement response plan, implements the improvement measures, and reports the results to the Internal Audit Office.

- 1 Board of Directors**
Control over overall risk management, receive periodic and ad-hoc reports, and determine a material risk management policy.
- 2 President & Representative Director, Chief Officer for Risk Management**
President & Representative Director: Supervision of the overall risk management, etc.
Chief Officer for Risk Management: Execute necessary measures to properly manage risks
- 3 Investment Committee**
Examines, discusses and makes decisions regarding overall risks affecting the portfolio as a whole (e.g. acquisition, disposal and management of assets by the investment corporations, investment policy and standards, management policies and standards, budgets, funding, etc.)
- 4 Risk Management Committee**
When required, identifies, examines and formulates responses and policies for matters that pose major risks (excluding those matters that are dealt with by the Investment Committee)
- 5 Internal Audit Office**
Planning and implementation of internal audit
- 6 Compliance & Risk Management Office**
 - Accumulating risk information through, but not limited to, the management of operational accidents and the review of the approval documents
 - Plans and makes proposals concerning risk management for the company as a whole
 - Monitors, evaluates and analyzes the extent to which risk management is in place and functioning
 - Runs the Risk Management Committee
- 7 Risk Management Officer**
 - Person responsible for managing major risks, etc. in his/her department
 - Reports the state of risk management to the Risk Management Committee

Environment

	2016/2	2017/2	2018/2	2019/2	2020/2	2021/2	2022/2
GHG emissions							
Scope 1 (direct emissions) (t-CO ₂)	23,230	23,767	23,126	20,515	6,238	5,608	5,135
Scope 2 (indirect emissions) (t-CO ₂)	228,985	225,272	216,142	202,521	32,658	29,884	24,633
Scope 1+2 (t-CO ₂)	252,215	249,039	239,269	223,036	38,896	35,492	29,768
Scope 3 (t-CO ₂)	—	—	—	—	—	267,938	244,347
Per unit (t-CO ₂ /m ²)	0.10	0.10	0.09	0.09	0.08	0.09	0.08
Energy consumption (MWh)	413,471	432,473	423,783	399,940	394,471	400,765	386,950
Energy consumption per unit (kWh/m ²)	164.17	170.68	159.24	163.52	155.75	133.28	132.06
Fuel consumption (fuel only) (MWh)	125,639	126,779	133,907	118,587	117,223	130,452	123,172
Fuel consumption per unit (kWh/m ²)	49.88	50.03	50.32	48.49	46.28	43.38	42.04
Water Use (Thousand m ³)	2,605	2,691	2,615	2,541	2,621	2,811	2,914
Water use per unit (m ³ /m ²)	1.02	1.05	0.98	1.04	1.04	0.90	0.99
Total waste (t)	42,321	37,580	30,151	24,456	29,486	20,737	26,546

* Each figures before 2020/2 are simply adding up the values of the former Japan Retail Fund Investment Corporation and the former MCUBS MidCity Investment Corporation.


	2022/2	2022/8
Percentage of renewable energy consumption to the entire portfolio electricity consumption (%)	10.9	11.5

Governance

	Masahiko Nishida Executive Director		Masaharu Usuki Supervisory Director		Osamu Ito Supervisory Director	
	2022/2	2022/8	2022/2	2022/8	2022/2	2022/8
Attendance at Officers Meetings	13 meetings ^{*1} (100%)	16 meetings (100%)	13 meetings (100%)	16 meetings (100%)	6 meetings ^{*2} (100%)	16 meetings (100%)

*1 Mr. Masahiko Nishida attended the Officers Meetings 7 times as a Supervisory Director, and 6 times as an Executive Director.

*2 Mr. Osamu Ito was appointed as Supervisory Director in November 2021.

See JMF website  for GRI Guidelines.

See JMF website  for SASB Index.

	2020/3	2021/3	2022/3
Compliance training (times)	4	4	4
Total amount of political donations (yen)	0	0	0
Number of improper conduct/corruption-related cases exposed (times)	0	0	0
Number of improper conduct/corruption-related cases that resulted in punishment/dismissal (times)	0	0	0
Improper conduct/corruption-related fines, penalties, and settlement costs (yen)	0	0	0

Social

			2020/3	2021/3	2022/3
Total number of employees ^{*1}	Full-time employees	Men	87	93	97
		Women	55	55	55
	Other than full-time employees	Men	2	2	3
		Women	0	0	0
Total workforce ^{*1}	(%)	Men	61.8	63.3	64.5
		Women	38.2	36.7	35.5
Women in managerial posts ^{*1}	(%)		25.7 ^{*3}	17.2	12.1
Diversity of employees ^{*1}	(%)	Under 30 years old	4.0 ^{*3}	4.0	5.2
		30 to 50 years old	80.5 ^{*3}	80.0	74.2
		50 years old or older	15.5 ^{*3}	16.0	20.6
Number of new hires ^{*2}		Men	—	16	14
		Women	—	3	3
Percentage of New hires ^{*2}	(%)	Men	89.5 ^{*3}	84.2	82.4
		Women	10.5 ^{*3}	15.8	17.6
Rate of taking childcare leave ^{*2}	(%)	Men	—	50.0	0.0
		Women	—	No eligible employees	100.0
Training attendance rate ^{*1, *4}	(%)	Men	—	90.6	88.0
		Women	—	95.9	87.0
Rate of taking paid leave ^{*1}	(%)		64.7	68.5	78.3
Health checkup rate ^{*2}	(%)		100.0	100.0	100.0
Satisfaction survey response rate	(%)		94.0	93.0	94.5

Results of In-house research

*1 Excludes executives and temporary staff *2 Excludes executives, seconded employees, and temporary staff

*3 As of December 31, 2020, *4 Excluding internal training by our departments

Employees 154 staff members (excluding part-time directors, seconded employees, and temporary staff)

Real-estate transaction specialists	68
ARES certified master	89
First-class architects	9
Real estate appraisers	11
CMA	4
Lawyer	1
CPA	6
Tax accountants	3
MBA	1

*As of December 31, 2022

Environment

	2015/12	2016/12	2018/1	2019/1	2020/1	2021/1	2022/1
GHG emissions							
Scope 1 (direct emissions) (t-CO ₂)	218	588	429	0	0	9,133	25,758
Scope 2 (indirect emissions) (t-CO ₂)	7,588	8,337	6,599	2,694	2,564	11,412	16,282
Scope 1+2 (t-CO ₂)	7,806	8,925	7,028	2,694	2,564	20,545	42,040
Scope 3 (t-CO ₂)	—	—	—	—	—	117,711	140,724
Per unit (t-CO ₂ /m ²)	0.11	0.09	0.08	0.08	0.07	0.11	0.12
Energy consumption (MWh)	138,913	125,801	139,627	146,045	151,381	190,541	236,215
Energy consumption per unit (kWh/m ²)	194.35	177.46	159.02	157.79	134.05	147.94	156.70
Fuel/gas consumption (MWh)	7,633	12,435	12,997	12,977	11,241	65,296	163,548
Fuel/gas consumption per unit (kWh/m ²)	10.68	17.54	14.80	14.02	9.95	50.70	108.50
Water Use (Thousand m ³)	363	362	543	549	532	656	916
Water use per unit (m ³ /m ²)	0.51	0.51	0.61	0.59	0.47	0.51	0.61
Volume of non-hazardous waste (t)	2,376	3,505	5,827	6,403	5,422	6,176	7,676
Volume of hazardous waste (t)	210	94	105	104	33	163	293
Recycling rate (%)	—	33.2	31.6	32.1	45.2	45.1	41.9
			2022/1		2022/7		
Switching to electricity procured from renewable energy in IIF’s directly managed properties			2 properties (approx.80%)		3 properties (approx.94%)		

* Excludes properties where tenants manage electricity.

Governance

	Kumi Honda Executive Director		Yutaka Usami Supervisory Director		Koki Ohira Supervisory Director		Fumito Bansho Supervisory Director	
	2022/7	2023/1	2022/7	2023/1	2022/7	2023/1	2022/7	2023/1
Attendance at Officers Meetings	13 meetings (100%)	12 meetings (100%)	13 meetings (100%)	12 meetings (100%)	12 meetings (92%)	12 meetings (100%)	—	6 meetings (100%)

* Mr. Fumito Bansho was appointed as Supervisory Director in October 2022.

See IIF website for GRI Guidelines.

See IIF website for SASB Index.

	2020/3	2021/3	2022/3
Compliance training (times)	4	4	4
Total amount of political donations (yen)	0	0	0
Number of improper conduct/corruption-related cases exposed (times)	0	0	0
Number of improper conduct/corruption-related cases that resulted in punishment/dismissal (times)	0	0	0
Improper conduct/corruption-related fines, penalties, and settlement costs (yen)	0	0	0

Social

			2020/3	2021/3	2022/3
Total number of employees ¹	Full-time employees	Men	87	93	97
		Women	55	55	55
	Other than full-time employees	Men	2	2	3
		Women	0	0	0
Total workforce ¹	(%)	Men	61.8	63.3	64.5
		Women	38.2	36.7	35.5
Women in managerial posts ¹	(%)		25.7 ³	17.2	12.1
Diversity of employees ¹	(%)	Under 30 years old	4.0 ³	4.0	5.2
		30 to 50 years old	80.5 ³	80.0	74.2
		50 years old or older	15.5 ³	16.0	20.6
Number of new hires ²		Men	—	16	14
		Women	—	3	3
Percentage of New hires ²	(%)	Men	89.5 ³	84.2	82.4
		Women	10.5 ³	15.8	17.6
Rate of taking childcare leave ²	(%)	Men	—	50.0	0.0
		Women	—	No eligible employees	100.0
Training attendance rate ^{1, 4}	(%)	Men	—	90.6	88.0
		Women	—	95.9	87.0
Rate of taking paid leave ¹	(%)		64.7	68.5	78.3
Health checkup rate ²	(%)		100.0	100.0	100.0
Satisfaction survey response rate	(%)		94.0	93.0	94.5

Results of In-house research

*1 Excludes executives and temporary staff *2 Excludes executives, seconded employees, and temporary staff

*3 As of December 31, 2020, *4 Excluding internal training by our departments

Employees 154 staff members (excluding part-time directors, seconded employees, and temporary staff)

Real-estate transaction specialists	68
ARES certified master	89
First-class architects	9
Real estate appraisers	11
CMA	4
Lawyer	1
CPA	6
Tax accountants	3
MBA	1

*As of December 31, 2022

Disclaimer

- This document may contain information such as statements on future performance, plans, management targets, and strategies. Such statements with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment. However, these hypotheses and assumptions are not necessarily correct. Actual results may vary significantly due to various factors.
- Unless otherwise specified, this document was created based on Japanese generally accepted accounting principles.
- Japan Metropolitan Fund Investment Corporation (JMF), Industrial & Infrastructure Fund Investment Corporation (IIF), and KJR Management (KJRM) shall not be liable for any errors, inaccuracies, loss or damage, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the publication date thereof.

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Building Lots and Buildings Transaction Business License: Governor of Tokyo (5) No. 79372

Discretionary Transaction Agent License: Minister of Land, Infrastructure, Transport and Tourism, Certification No.58

Financial Instruments Business Operators: Kanto Local Finance Bureau(FIBO) No.403

Member of The Investment Trusts Association, Japan



Member of Japan Investment Advisers Association

Member of Type II Financial Instruments Firms Association

Editorial Policy

KJR Management and Japan Metropolitan Fund Investment Corporation and Industrial & Infrastructure Fund Investment Corporation under management are actively engaged in practices that promote sustainability within the J-REIT industry, information on which they disclose to stakeholders. For this term, information pertaining to sustainability published on the websites of each management company and investment corporations has been consolidated in this document, ESG Report 2023, in order to provide a clear explanation of our initiatives. ESG Report 2023 serves as an informative tool for stakeholders with a high level of interest in sustainability and therefore makes reference to GRI standards and SASB standards (real estate). Going forward, we hope to gather opinions from those who read this report in order to further improve subsequent reports. In addition, we hope that this report can be used as an effective means to maintain a dialogue with our stakeholders.

Month of issuance: February 2023 Frequency of updates: Once annually Reference guidelines: GRI standards SASB standards (real estate)

The GRI Guidelines  and SASB Index  will be posted at the end of March 2023 on website.

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“Always Create New Value for People, the Community, and the World”

Through real estate investment management, we create new demand in our society and new value that exceed people’s expectations.

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