

Securities Code : 8987



Japan Excellent, Inc.

JEI

Japan Excellent, Inc.

ESG Report (June 2024 Revision)

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Revised June 2022
Revised December 2022
Revised June 2023
Revised December 2023
Revised June 2024

■ List of Past Year's Initiatives and Results

Policy

	Comment
1. Established an EMS operation manual (March 2024)	◇ Built an environmental management system (EMS) to promote energy saving, CO ₂ emissions reduction, and effective use of resources
2. Established a new environmental KPI (October 2023)	◇ Maintain the ratio of green building certified properties at 90% or more (floor area basis)
3. Examinations for acquiring SBT certification	◇ Established science-based CO ₂ emission reduction targets consistent with the levels prescribed in the Paris Agreement and examinations for acquiring SBT certification

TCFD

	Comment
4. Regular reviewed of climate change risks and opportunities (October 2023)	◇ Regular review of the current manifestation of identified risks and opportunities and any change in the external environment

Property

	Comment
5. Reduced CO₂ Emissions by Switching Power (July 2023-June 2024)	◇ Switched to CO ₂ -free electricity at 22 properties in total or 73.1% of the portfolio (by floor area)
6. Obtained More Green Building Certifications (July 2023-June 2024)	◇ Obtained certification at three more properties ◇ Obtained certification at a total of 25 properties or 84.6% of the portfolio (by floor area)
7. Newly obtained BELS certification (July 2023-June 2024)	◇ Obtained certification at one more property ◇ Obtained certification at a total of four properties or 16.1% of the portfolio (by floor area)

■ List of Past Year's Initiatives and Results

Finance

	Comment
8. Obtained a Green Loan (December 2023)	◇ Obtained a Green Loan (¥3bn) in accordance with the Green Finance Framework
9. Issued No. 3 Green Bonds (February 2024)	◇ Issued Green Bonds (¥2bn) in accordance with the Green Bond Framework ◇ Top-class sustainable finance* ratio (23.3% as of June 30, 2024) among office REITs *Refers to both sustainability finance and green finance.

Social

	Comment
10. Donated emergency food stocks to food banks (December 2023)	◇ Donation of emergency rations to NPOs

External Evaluation

- 11. Ranked first in the Japan Listed Office category (two consecutive year) and obtained a Green Star (9th consecutive year) and Full 5 Stars (4th consecutive year) in 2023 GRESB Real Estate Assessments (October 2023)**

■ Past Year's Initiatives and Results (1)

Policy

1. Established an EMS operation manual (March 2024)

- ◆ Set environmental targets related to energy, CO₂ emissions, and water, comprehend actual results, compare the actual results with the forecast, implement countermeasures, and make improvements (PDCA cycle) based on the EMS operation manual to continue reducing our environmental footprints

2. Established a new environmental KPI (October 2023)

- ◆ Set the green building certification ratio of the properties we own (based on total floor area) as a new environmental KPI; kept working on environmental certification acquisition and maintained the green building certification ratio at 90% or more.

3. Examinations to acquire SBT certification

- ◆ Set science-based CO₂ emission reduction targets consistent with the levels prescribed under the Paris Agreement and examined ways to obtain SBT certification, which is an international climate change initiative.

TCFD

4. Regular reviewed of climate change risks and opportunities (October 2023)

- ◆ Regular reviewed of the current manifestation of risks and opportunities identified in a qualitative scenario analysis and the presence of any change to the external environment. Through prompt detection of changes in the external environment, we intend to appropriately examine and prioritize new measures.

■ Past Year's Initiatives and Results (2)

Property

5. Reduced CO₂ Emissions by Switching Power (July 2023-June 2024)

- ◆ Musashikosugi Tower Place switched to CO₂ emission-free electricity during the period. **A total of 22 properties or 73.1%** of the portfolio (by floor area) currently produce no CO₂ emissions from the electricity they use.

Property Name	Power Type	Switch Date (YYYY/MM)
Shiba 2-Chome Building	CO ₂ -free power	2021/07
Daiba Minami-morimachi Building	CO ₂ -free power	2021/08
JEI Hiroshima Hacchobori Building	CO ₂ -free power	2021/09
Aoba-dori Plaza	CO ₂ -free power	2022/03
Omori Bellport D	"RE100" power	2022/03
JEI Naha Building	"RE100" power	2022/04
NHK Nagoya Housou-Center Building	"RE100" power	2022/04
AKASAKA INTERCITY AIR	"RE100" power	2022/04
AKASAKA INTERCITY	"RE100" power	2022/04
Mansard Daikanyama	"RE100" power	2022/04
Kowa Nishi-Shimbashi Building	"RE100" power	2022/04
Kowa Kawasaki Higashiguchi Building	"RE100" power	2022/04
JEI Hongo Building	"RE100" power	2022/04
HAMARIKYU INTERCITY	"RE100" power	2022/05
Core City Tachikawa	"RE100" power	2022/05
Kawasaki Nisshincho Building	"RE100" power	2022/05
GRAND FRONT OSAKA (Umekita Square / South Building)	"RE100" power	2022/09
GRAND FRONT OSAKA (North Building)	"RE100" power	2022/09
BIZCORE JIMBOCHO	"RE100" power	2022/09
Daiba Garden City Building	"RE100" power	2023/10
Musashikosugi Tower Place	"RE100" power	2024/04
SE Sapporo Building	Practically renewable energy	2024/05

Through this initiative, we are contributing to Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action) of the SDGs.

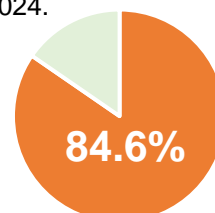


6. Obtained More Green Building Certifications (July 2023-June 2024)

- ◆ Three more properties obtained Green Building Certification during the period. As a result, the percentage of certified properties (by floor area) stood at **84.6%** of the portfolio, or based on the number of properties, at **71.4% (25 properties)** as of June 30, 2024.

<The property that obtained certification>

- JEI Hiroshima Hacchobori Building: CASBEE (S rank)
- AKASAKA INTERCITY AIR: CASBEE (S rank)
- Hiroshima Dai-ichi Seimei OS Building: CASBEE (A rank)



Percentage certified
(floor area basis)

■ Past Year's Initiatives and Results (3)

Property

7. Newly Obtained BELS Certification (July 2023-June 2024)

- ◆ BIZCORE SHIBUYA obtained BELS Certification during the period.
As a result, a total of four properties, or 16.1% of the portfolio (by floor area), had obtained BELS Certification as of June 30, 2024.

<Certified properties>

- Nisseki Yokohama Building ★★
- BIZCORE AKASAKA-MITSUKE ★★★★★
- BIZCORE SHIBUYA ★★★★★
- BIZCORE JIMBOCHO ★★★★★

Finance

8. Obtained a Green Loan (December 2023)

- ◆ Obtained a Green Loan (¥3bn) in accordance with the Green Finance Framework

9. Issued No. 3 Green Bonds (February 2024)

- ◆ Issued Green Bonds (¥2bn) in accordance with the Green Bond Framework
- ◆ Top-class sustainable finance ratio (23.3% as of June 30, 2024) among office REITs

Social

10. Donated Emergency Rations to Food Bank (December 2023)

- ◆ We donated emergency rations to NPO Mottainai Japan that provides food and everyday items to people in need, children's homes, and welfare facilities such as those supporting mothers/children and people with disabilities.



■ Past Year's Initiatives and Results (4)

External Evaluation

11. **Ranked first in the Japan Listed Office category (2nd consecutive year) and obtained a Green Star (9th consecutive year) and 5 Stars (the highest rank; 4th consecutive year) in 2023 GRESB Real Estate Assessment (October 2023)**

- ◆ In the 2023 GRESB Real Estate Assessment, we acquired a **Green Star**, the highest rating for the ninth consecutive year, and **5 Stars** for the fourth consecutive year in the GRESB Rating evaluated using quintiles based on overall score relative to other participants.

Furthermore, we ranked first in the Japan Listed Office category for two years in a row.



G R E S B
★ ★ ★ ★ ★ 2023

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About JEI

I. About JEI

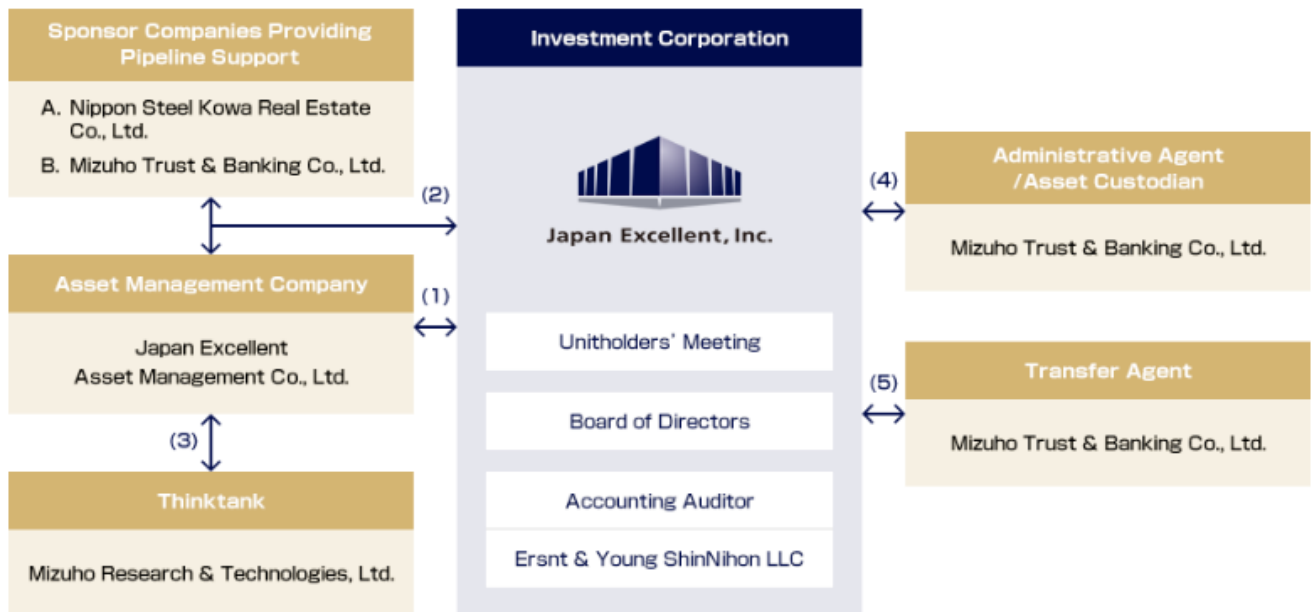
1. Overview of JEI

Japan Excellent, Inc. (JEI) was established on February 20, 2006, under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 and subsequent amendments, hereinafter referred to as the “Investment Trust Act”). Registration with the Kanto Local Finance Bureau was completed on March 15, 2006 (registration number: Kanto Local Finance Bureau No. 52), followed by listing on the J-REIT section of the Tokyo Stock Exchange on June 27, 2006 (securities code: 8987).

Since being listed, JEI has mainly pursued office building investment and management with the aim of ensuring stable growth and revenue in the medium to long term.

JEI aims to maximize unitholder value by leveraging the combined strengths of its sponsor companies with expertise in real estate and sponsor companies with expertise in finance while pursuing stability and revenue expansion.

JEI entrusts its asset management activities to Japan Excellent Asset Management Co., Ltd. (JEAM).



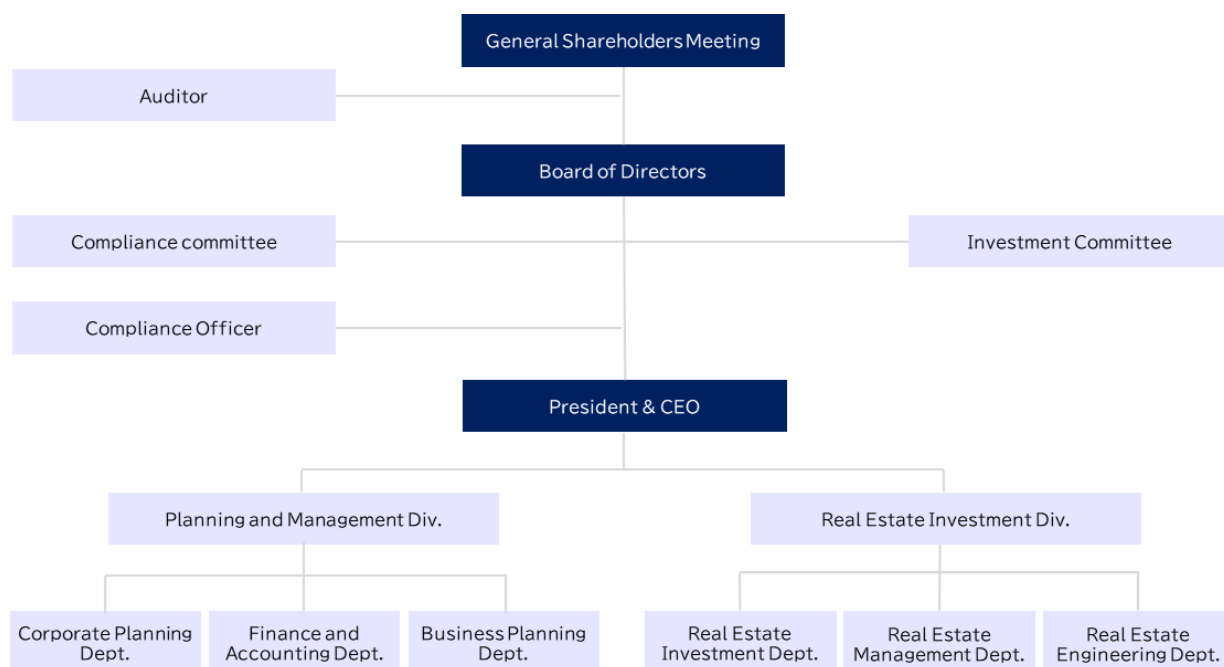
- (1) Asset management agreement
- (2) A. Pipeline support agreement with Nippon Steel Kowa Real Estate Co., Ltd.
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement for provision of market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administrative of unitholders' register

2. JEAM Overview and Organization Chart

JEAM was established in April 2005 to handle management of JEI's assets.

Name	Japan Excellent Asset Management Co., Ltd.	
Headquarters	3F, 45th Kowa Building, 1-15-9 Minami Aoyama, Minato-ku, Tokyo, Japan	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders	Nippon Steel Kowa Real Estate Co., Ltd. 54% The Dai-ichi Life Insurance Company, Limited 26% The Dai-ichi Building Co., Ltd. 5% Sohgo Housing Co., Ltd. 5% Mizuho Bank, Ltd. 5% Mizuho Trust & Banking Co., Ltd. 5%	
Business	Financial instrument business	
Registration Number	No. 331, Director-general of the Kanto Local Finance Bureau (FIBO) Member of The Investment Trusts Association Japan	
Directors	President & CEO Shuichiro Kayama Director Kenji Fujiwara Director Kazuhiro Ono Auditor (part-time) Masakatsu Sakamoto	

Organization Chart



3. Key Features of JEI

The key features of JEI, whose mission is to be a high-quality Tokyo-area office REIT that maintains growth, are as follows.

- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline
 - Percentage of properties acquired from the sponsor in the portfolio: **80.5 %**
(end of Dec. 2023, based on acquisition price)
- Maintained a high occupancy rate by also gaining ample sponsor support on property operation and management, and stably increased revenue
 - Occupancy rate at end of Dec. 2023: **97.9%** (average occupancy rate in the past 5 years: 96.3 %)
 - Rental revenue for fiscal period ended Dec. 2023: **9,300 million yen**
- Established a solid financial base supported by a megabank sponsor
 - Ratings: **AA-** (JCR)
 - Average remaining period of interest-bearing debt: **4.1 years** (end of Dec. 2023)
 - LTV: **43.6%** (end of Dec. 2023)



Japan Excellent, Inc.
Japan Excellent Asset Management Co., Ltd.

Continuous expansion of the asset size through the provision of property acquisition opportunities

Enhancement of profitability and property competitiveness with strong property management and leasing capabilities

Steady, agile fundraising

Core Sponsors



Nippon Steel Kowa Real Estate Co., Ltd.
Investment ratio: 54%



By your side, for life
The Dai-ichi Life Insurance Company, Limited.
Investment ratio: 26%

MIZUHO

Mizuho Bank, Ltd.

MIZUHO

Mizuho Trust & Banking Co., Ltd.

DAI-ICHI BUILDING

The Dai-ichi Building Co., Ltd.

SOHGO HOUSING

Sohgo Housing Co., Ltd.

* The investment ratio by each core sponsor shown above is the investment ratio in Japan Excellent Asset Management Co., Ltd, which is the Asset Management Company.

Sustainability Policy and Promotion Structure

II. Sustainability Policy and Promotion Structure

1. CEO's Message

In recent times, a growing number of investors have been factoring medium- and long-term sustainability into their investment decisions, with a focus on companies' policies relating to the environment (E), society (S), and governance (G).

Furthermore, there is a global push for corporations to contribute to addressing social and environmental issues such as climate change and play their part in realizing a sustainable society.

With the aim of contributing to the realization of a sustainable society as part of their corporate social responsibilities, JEI and JEAM recognize reducing the environmental impact associated with the real estate investment and management business, collaborating and partnering with various stakeholders as an active member of society, and working to strengthen corporate governance as high-priority management issues.

We also recognize that ESG-oriented efforts are indispensable to improving JEI's medium- to long-term growth and unitholder value, and our policy is to proactively work to further enhance them.

To date, JEI and JEAM have implemented various ESG-oriented initiatives since we formulated our Sustainability Policy in 2015.

We recently prepared this revised report, the sixth revision, in the hope that it will help our stakeholders better understand the initiatives, policies, etc. that JEI and JEAM have implemented and adopted to date.

Going forward, we will strive to promote ESG-related initiatives in our real estate investment and management business and, together with our stakeholders, continue striving to realize a sustainable society and improve unitholder value.

Executive Director, JEI
President & CEO, JEAM
Shuichiro Kayama



2. Sustainability Policy and Promotion Structure

(1) Sustainability Policy

Recognizing the importance of environment, society, and governance (ESG) considerations in the real estate investment and management business, JEI and JEAM will aim to realize a sustainable society as part of their social responsibilities and strive to reduce their environmental impact while collaborating and partnering with stakeholders.

① Reducing Environmental Burden

(1) Energy-Saving and CO₂ Emission Reduction

JEI will contribute to energy-saving and CO₂ emission reduction by improving operations in order to increase energy efficiency and promoting measures such as the introduction of energy-saving equipment at the properties it manages.

(2) Effective Use of Resources

JEI will strive to contribute to the realization of a recycling-oriented society through water-conservation initiatives and promoting the 3Rs (reduce, reuse, recycle) in order to minimize waste.

② Collaboration/Partnership with Stakeholders

(1) Employee Education and Awareness

JEI will work to develop eco-conscious employees by implementing education and awareness activities such as ESG training, for the purpose of promoting sustainability-related initiatives.

(2) Collaborating with External Parties

JEI will work to promote interaction with the local community while striving to reduce its environmental impact by collaborating with tenants, property management companies, etc.

(3) Information Disclosure

JEI will proactively disclose its sustainability policies and the status of related initiatives to unitholders, tenants, customers, and other relevant parties.

(2) Sustainability Promotion Structure

In order to promote sustainability initiatives at the organizational level, JEAM has established a Sustainability Committee whose key members include the president and division managers. The committee sets targets and has developed an internal structure to regularly monitor the progress of initiatives.

Sustainability Committee: A committee body based on sustainability rules

Purpose:	Deliberation and decision on matters related to sustainability goals and specific measures to achieve the goals
Members:	President, division managers, Compliance Officer, department heads of Real Estate Investment, Real Estate Management, Real Estate Engineering, Corporate Planning, Finance and Accounting, Business Planning
Frequency:	Once every three months in principle
Chair/Decisionmaker:	President
Decisions:	<ol style="list-style-type: none">1. Sustainability goals2. Measures to achieve sustainability policy3. Overall action plan for sustainability4. Other important matters regarding sustainability efforts

Establishment of Sustainability Promotion Office

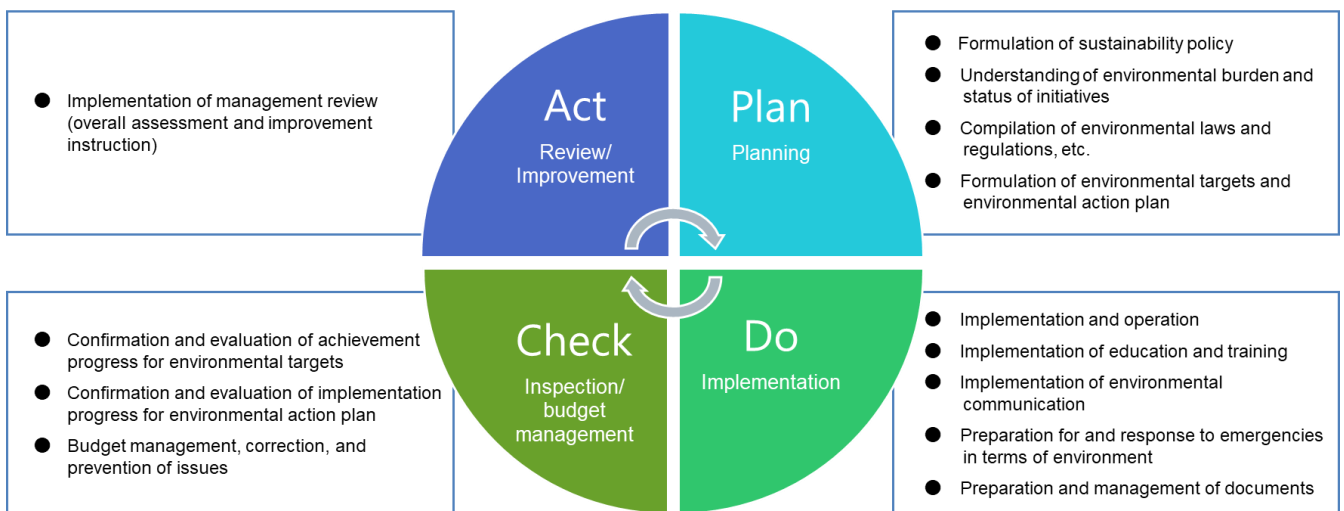
JEAM established a Sustainability Promotion Office in April 2022 as a body independent from management in order to further promote initiatives to address climate change and for other sustainability issues.

The Sustainability Promotion Office will lead the drafting of plans for the sustainable growth of JEI and company-wide cross-sectional management of sustainability activities, thereby further strengthening initiatives.

(3) Establishment of an EMS Operation Manual

In its sustainability policy stipulated in its sustainability rules, JEAM identifies energy saving, CO₂ emissions reduction, and effective use of resources as important environmental challenges and expresses its commitment to work on these challenges. Furthermore, JEAM's Sustainability Committee chaired by the President determines concrete measures to reduce our environmental footprints.

The environmental management system (EMS) operation manual provides the details to implement these policy and measures to help build, operate, and maintain an environmental management system based on a PDCA cycle through the Sustainability Committee. The manual follows the requirements presented in the EcoAction 21 Guidelines.



(4) Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) refers both to six principles (see below for a summary of these) and an international network of investors devoted to their realization. They are being promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact (UNGC).

PRI advocates the incorporation of ESG perspectives into investment decision-making processes with the aim of improving beneficiaries' long-term investment performance and fulfilling fiduciary responsibilities more effectively than before.

JEAM endorses the basic philosophy of PRI, and in July 2020, it was recognized as a signatory organization.



<Summary of the Principles for Responsible Investment (PRI)>

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

2022 Annual PRI Evaluation

Area	Evaluation
Policy, Governance and Strategy	★★★★★ (4 stars)
Real Estate	★★★★★★ (Highest rank)
Confidence building measures	★★★ (3 stars)

(5) Support for TCFD

JEAM supported the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD), established to examine how to handle climate-related information disclosure and financial institutions, in June 2021 and joined the TCFD Consortium, a domestic organization of endorsing companies.



(6) Principles for Financial Action for the 21st Century Signature

JEAM signed the Ministry of the Environment's Principles for Financial Action for the 21st Century, formulated in October 2011 as guidelines for financial institutions that want to fulfill their responsibilities and role in forming a sustainable society, in June 2021.



Seven Principles:

【Principle 1】 Basic posture

Recognizing the responsibilities and roles that financial institutions themselves play for the formation of a sustainable society, we aim to create positive impacts on the environment, society and economy, and mitigate negative impacts. Take the initiative in practicing these efforts.

【Principle 2】 Contribution to a sustainable global society

We will lead the formation of a sustainable global society by developing and providing financial products and services that contribute to the creation and development of industries and businesses through innovation, toward steady and fair transitions in society.

【Principle 3】 Contribution to the formation of sustainable communities

We will support the solution of environmental, social and economic issues based on regional characteristics, and lead the formation of sustainable local communities through the improvement of regional inclusiveness and resilience.

【Principle 4】 Human resource development

Recognize the importance of human capital in financial institutions, and develop human resources who can think for themselves and take action on environmental and social issues.

【Principle 5】 Collaboration with various stakeholders

Recognizing the importance of cooperation among various stakeholders, including financial institutions, in order to form a sustainable society, we not only participate in such efforts but also play an active role.

【Principle 6】 Building a sustainable supply chain

Actively tackle environmental issues such as global warming and biodiversity and social issues such as human rights, and build a sustainable supply chain through constructive engagement with business partners including investment and loan partners.

【Principle 7】 Information disclosure

Recognizing that activities to enhance the sustainability of society are management issues, we will disclose our efforts to a wide range of stakeholders and make constant improvements based on domestic and international trends and disclosure frameworks.
























(7) Contributing to SDGs

Based on the Sustainability Policy, JEI and JEAM determined materiality (material issues) in October 2020 in order to achieve a sustainable society as our corporate social responsibility, recognizing the importance of consideration for the environment, society, and governance (ESG) and have thereafter updated it annually. In accordance with our current initiatives such as climate change actions, we partially revised our materiality in March 2024.

■ Key issues (materiality) newly identified and main changes

1. E (Environment) Added maintaining the ratio of properties that have obtained environmental certification at 90% or more of the portfolio to the initiatives under the “Acquisition of environmental certification”

(Red text: Added portion in March 2024)

Area	Materiality	Initiatives	Related SDGs
E (Environment)	Promotion of measures against climate change through reduction of environmental burden, etc., and information disclosure in line with TCFD Recommendations	<ul style="list-style-type: none"> • Establishment of FY2050 net zero emissions target and FY2030 CO₂ emissions (intensity) reduction target and implementation of reduction initiatives. • Identification of climate-related risks and opportunities and consideration/implementation of countermeasures. • Expansion of information disclosure in line with TCFD Recommendations. • Curb water consumption and waste materials. 	  
	Acquisition of environmental certification	<ul style="list-style-type: none"> • Maintain the ratio of properties that have obtained environmental certification at 90% or more (by floor area) of the portfolio 	  
	Collaboration with tenants concerning environmental considerations	<ul style="list-style-type: none"> • Increase the number of green lease contracts. 	  
	Promotion of funds procurement through sustainability finance (including green finance)	<ul style="list-style-type: none"> • Active utilization of sustainability finance at the time of new borrowing and refinancing. 	 
S (Society)	Employee job satisfaction / enhancement of wellness, skill development	<ul style="list-style-type: none"> • Conduct employee satisfaction surveys, and discuss/implement measures to improve satisfaction. • Conduct training by job class. • Set up an opinion box for employees as well as an anonymous consultation desk. • Practicing human rights policy at JEAM 	   
	Enhancement of tenant satisfaction	<ul style="list-style-type: none"> • Conduct tenant satisfaction surveys, and discuss/implement measures to improve satisfaction. 	  
	Contribution to local communities	<ul style="list-style-type: none"> • Own buildings that contribute to solving issues in local communities (Ex. Disaster-prevention, medical care, childcare support, etc.) 	 
G (Governance)	Solid governance system	<ul style="list-style-type: none"> • Decide on sustainability (ESG)-related measures at in-house meetings and follow up initiatives 	
	Strengthening of information disclosure for investors	<ul style="list-style-type: none"> • Further strengthen information disclosure through preparation of ESG reports, etc. • Improve external evaluation. 	 

Materiality Risks and Opportunities

Area	Materiality	Risks	Opportunities
E (Environment)	Promotion of measures against climate change through reduction of environmental burden, etc., and information disclosure in line with TCFD Recommendations	<ul style="list-style-type: none"> • Personal/material damage, etc. due to increase in occurrence of abnormal weather brought about by global warming. • Relative deterioration of performance of owned properties in line with reinforcement of policies, laws and regulations, and advancement of energy-saving technology, etc. • Decrease in evaluation from tenants and investors who are environmentally conscious. 	<ul style="list-style-type: none"> • Reduction of operating cost through enhancement of environmental performance of owned properties, and improvement of evaluation from tenants and investors who are environmentally conscious.
	Acquisition of environmental certification	<ul style="list-style-type: none"> • Lowering of evaluation from tenants and investors who include environmental certification in their evaluation criteria. 	<ul style="list-style-type: none"> • Increase in tenant demand due to enhancement of environmental performance of owned properties. • Expansion of the investor base.
	Collaboration with tenants concerning environmental considerations	<ul style="list-style-type: none"> • Decrease in tenant satisfaction. • Increase in energy-related expenses. 	<ul style="list-style-type: none"> • Improvement in evaluation from tenants. • Reduction of energy-related expenses.
	Promotion of funds procurement through sustainability finance (including green finance)	<ul style="list-style-type: none"> • Decrease in funding source. • Increase in funding costs. 	<ul style="list-style-type: none"> • Expansion of funding source and diversification of funding methods. • Reduction of funding costs.
S (Society)	Employee job satisfaction/enhancement of wellness, skill development	<ul style="list-style-type: none"> • Decrease in management competence due to decrease in the quality of employees. • Outflow of talent. 	<ul style="list-style-type: none"> • Improvement in management competence through improvement in employee skills. • Stabilization of business through securement of talent.
	Enhancement of tenant satisfaction	<ul style="list-style-type: none"> • Tenant move-outs due to lowered satisfaction, and decrease in rent revenue. 	<ul style="list-style-type: none"> • Increase in rent revenue by reducing tenant move-outs.
	Contribution to local communities	<ul style="list-style-type: none"> • Decrease in credibility due to deterioration of relationship with the community 	<ul style="list-style-type: none"> • Strengthening of competitiveness of properties through enhancement of value of a community.
G (Governance)	Solid governance system	<ul style="list-style-type: none"> • Decrease in evaluation and credibility from investors. 	<ul style="list-style-type: none"> • Improvement in evaluation and credibility from investors for sound management system.
	Strengthening of information disclosure for investors	<ul style="list-style-type: none"> • Decrease in evaluation from investors who emphasize sustainability (ESG). 	<ul style="list-style-type: none"> • Improvement in evaluation from investors through a wide range of initiatives and enhancement of recognition and external evaluation. • Expansion of the investor base.

(8) Stakeholder Engagement

JEI and JEAM are pursuing the following initiatives that focus on engagement with stakeholders.

Stakeholders	Approach to Engagement	Engagement Methods
Tenants	Working with tenants to improve their satisfaction, prevent disasters, and reduce environmental burden.	<ul style="list-style-type: none"> • Tenant satisfaction survey • Implementation of disaster contingency measures • Promotion of green leases
Local community	Promoting interaction with the community and supporting communities from a social perspective with measures such as disaster contingency planning and the establishment of daycare facilities.	<ul style="list-style-type: none"> • Holding periodic concerts and providing spaces for various events in office building common areas • Providing venues for neighborhood association disaster-preparation drills • Maintaining stores of water, food, and portable toilets • Implementation of preparations to accommodate stranded commuters in the event of a disaster • Establishment of daycare facilities
Employees	Recognizing people as our most important management resource and working to recruit top talent, provide training, and create a rewarding work environment where a wide range of personnel can thrive.	<ul style="list-style-type: none"> • Supporting acquisition of professional certifications • Training programs • Hosting various seminars, etc., run by external organizations • Transparent personnel evaluation system based on regular performance appraisals and feedback • Employee satisfaction survey (annual)
Unitholders/investors	In addition to statutory disclosure, striving to disclose accurate, unbiased information to investors in a timely, easy to understand manner, with a view to ensuring transparency, as well as voluntarily disclosing information deemed important and useful to investors whenever possible.	<ul style="list-style-type: none"> • Unitholders' meetings • Results briefings • IR meetings (domestic and overseas) • Participation in IR events for private investors
Customers (PMs, etc.)	Working to strengthen relations with customers and instill sustainability awareness.	<ul style="list-style-type: none"> • Regular sharing of information • Implementation of sustainability training for customers

E

Environmental Initiatives

III. Environmental Initiatives

1. Environmental Initiatives

JEI and JEAM believe that seizing the opportunities and possibilities offered by buildings equipped with green building capabilities, such as energy/water efficiency and reduced waste generation, will improve the investment corporation's profits over the medium to long term. We are pursuing the following initiatives for the purpose of improving the environmental performance of our portfolio.

(1) Climate Change Policy

JEAM has enacted a Climate Change Policy as its basic policy for dealing with climate change-related risks and opportunities as well as business and strategy resilience.

(2) Environmental KPIs

JEI has set reduction targets for CO₂ emissions intensity, energy consumption intensity, water consumption intensity, and green building certification ratio.

CO ₂ emissions intensity	<ul style="list-style-type: none">• 46% reduction in intensity by FY2030 compared with FY2013• Net zero emissions by FY2050
Energy consumption intensity	1% reduction per year, 5% reduction from the average of FY2020 to FY2024 compared with FY2015 to FY2019 as mid to long term perspective.
Water consumption intensity	
Green building certification ratio	Maintain 90% or more (floor area basis)

(3) Energy-Efficiency Renovations

JEI aims to improve the energy efficiency of equipment for lighting, heating, air-conditioning, etc., when upgrading them.

- We are steadily replacing or upgrading lighting in common areas (corridors, stairwells, parking lots, etc.), leased rooms, and emergency lighting systems such as emergency lights and guide lights with LED lighting.
- We are upgrading facilities such as heating and air-conditioning equipment to high-efficiency energy-saving equipment.

As of the end of June 2024

Proportion of Common Area Lighting Converted to LED	97.1% (based on number of properties) *Including properties partially converted
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(4) Initiatives to Save Energy Based on Improved Operating Methods

As part of its efforts to save energy, JEI is pursuing initiatives based on improved operating methods for air-conditioning, lighting, and other systems.

- Air-conditioning: We are aiming to reduce the air-conditioning load by restricting the introduction of external air during pre-heating and pre-cooling.
- Outdoor lighting, etc.: We are aiming to optimize management of outdoor lighting, etc., by setting and adjusting the time period when lights are in use according to the season, using automatic lighting management.

(5) Reduction in CO₂ Emissions by Switching Power

JEI is working to reduce CO₂ emissions by switching power usage at its properties. As of the end of June 2024, we had switched power at 22 properties, and we will continue to reduce CO₂ emissions by switching power sources going forward.

Property Name	Acquisition Price (million yen)	Leasable Floor Area (m ²)	Power Type	Switch Date (YYYY/MM)
Shiba 2-Chome Building	9,450	11,749.30	CO ₂ -free power	2021/07
Daiwa Minami-morimachi Building	4,410	6,633.93	CO ₂ -free power	2021/08
JEI Hiroshima Hacchobori Building	2,760	6,639.38	CO ₂ -free power	2021/09
Aoba-dori Plaza	2,120	6,265.22	CO ₂ -free power	2022/03
Omori Bellport D	22,552	25,828.29	"RE100" power	2022/03
JEI Naha Building	1,380	3,220.59	"RE100" power	2022/04
NHK Nagoya Housou-Center Building	5,610	11,768.25	"RE100" power	2022/04
AKASAKA INTERCITY AIR	6,590	2,580.24	"RE100" power	2022/04
AKASAKA INTERCITY	28,146	11,021.03	"RE100" power	2022/04
Mansard Daikanyama	11,420	5,420.80	"RE100" power	2022/04
Kowa Nishi-Shimbashi Building	11,431	8,949.04	"RE100" power	2022/04
Kowa Kawasaki Higashiguchi Building	10,976	18,612.72	"RE100" power	2022/04
JEI Hongo Building	5,400	4,078.37	"RE100" power	2022/04
HAMARIKYU INTERCITY	19,080	19,718.11	"RE100" power	2022/05
Core City Tachikawa	6,500	9,230.09	"RE100" power	2022/05
Kawasaki Nisshincho Building	4,725	10,516.72	"RE100" power	2022/05
GRAND FRONT OSAKA (Umekita Square / South Building)	9,518	5,084.45	"RE100" power	2022/09
GRAND FRONT OSAKA (North Building)	7,632	8,001.51	"RE100" power	2022/09
BIZCORE JIMBOCHO	10,200	5,261.75	"RE100" power	2022/09
Daiba Garden City Building	11,000	12,122.85	"RE100" power	2022/10
Musashikosugi Tower Place	13,890	24,928.37	"RE100" power	2024/04
SE Sapporo Building	5,500	13,384.95	Practically renewable energy	2024/05
Portfolio total	210,291	231,015.96	—	—

Area		No. of properties	
By floor area	73.1%	By number of properties	64.7%
	231,000 m ²		22

* The coverage ratio is the ratio with respect to the total number of properties or leasable floor area owned by JEI (not including land leaseholds).

* The leasable floor area for joint ownership properties is calculated by multiplying the total leasable floor area for the property by JEI's co-ownership interest.

(6) Environmental Performance

Environmental Performance Data

			FY 2020	FY 2021	FY 2022	FY 2023
Electricity	Total	(MWh)	65,751	63,239	60,845	59,986
	Intensity	(kWh/m ²)	200.1	197.1	196.8	193.7
Fuels	Total	(MWh)	20,038	23,312	18,632	16,546
	Intensity	(kWh/m ²)	61.0	72.6	60.2	53.4
District Heating&cooling	Total	(MWh)	23,503	23,983	24,131	25,815
	Intensity	(kWh/m ²)	71.5	74.7	78.0	83.3
Total Energy Consumption	Total	(MWh)	109,293	110,536	103,609	102,347
	Intensity	(kWh/m ²)	332.7	344.6	335.2	330.5
GHG emissions	Scope1	(t-CO ₂)	3,577	4,164	2,934	2,349
	Scope2	(t-CO ₂)	33,222	26,323	7,541	8,286
	Scope3	(t-CO ₂)	—	—	4,507	6,290
	Total	(t-CO ₂)	36,799	30,487	14,983	16,925
	Intensity	(t-CO ₂ /m ²)	0.11	0.09	0.04	0.05
Water use	Total	(1,000m ³)	289	267	281	305
	Intensity	(m ³ /m ²)	0.88	0.83	0.90	0.98
Wastes	Total	(t)	3,411	3,063	3,159	1,920

* As a general rule, the above data covers all properties held at the end of March of each fiscal year.

* Intensities shall be calculated as follows: (Total use or CO₂ emissions) / (Total leasable area [m²]) × (Occupancy rate[annual average])(%)

* "Scope1" is direct emissions of GHG which is from using fuels in buildings.

* "Scope2" is indirect emissions of GHG which is using electricity and district heating & cooling supplied from other companies. Scope 3 covers emissions from fuels, electricity and district heating&cooling used by tenants in tenant controlled areas(Category 13).

Status of Achievement of Targets (Compared with "(2) Environmental KPIs" on P23)

① CO₂ Emissions

	FY2013 (base fiscal year)	FY2020	FY2021	FY2022	FY2023
Total (t-CO ₂)	54,284	36,799	30,487	14,983	16,925
Intensity (t-CO ₂ /m ²)	0.18	0.11	0.09	0.04	0.05
Intensity reduction rate (%)	—	-40.3%	-49.3%	-74.2%	-70.9%

Reduction target

- **46% reduction** in intensity by FY2030 compared with FY2013
- **Net zero** emissions by FY2050

② Energy Consumption

Annual reduction target 1% reduction in intensity year on year in each fiscal year

	FY2020	FY2021	FY2022	FY2023
Total (MWh)	109,293	110,536	103,609	102,347
Intensity (kWh/m ²)	332.7	344.6	335.2	330.5
Intensity reduction rate (yoy) (%)	—	3.6%	-2.7%	-1.4%

5-year average reduction target

At least 5% reduction in the intensity average of FY2020 to FY2024 compared with the intensity average of FY2015 to FY2019

	5-year average (FY2015–FY2019)	4-year average (FY2020–FY2023)
Intensity average (kWh/m ²)	356.2	335.7
Intensity reduction rate (%)	—	-5.8%

③ Water Consumption

Annual reduction target 1% reduction in intensity year on year in each fiscal year

	FY2020	FY2021	FY2022	FY2023
Total (1,000m ³)	289	267	281	305
Intensity (m ³ /m ²)	0.88	0.84	0.90	0.98
Intensity reduction rate (yoy) (%)	—	-10.2%	-5.1%	8.3%

5-year average reduction target

At least 5% reduction in the intensity average of FY2020 to FY2024 compared with the intensity average of FY2015 to FY2019

	5-year average (FY2015–FY2019)	4-year average (FY2020–FY2023)
Intensity average (m ³ /m ²)	1.23	0.90
Intensity reduction rate (%)	—	-26.4%

※CO₂ emissions, energy consumption, and water consumption are subject to third-party assurance by Ernst & Young ShinNihon LLC

(7) Water Consumption Reduction

JEI endeavors to reduce water consumption by introducing water-saving devices when updating toilets.

(Example) Kowa Kawasaki Higashiguchi Bldg.: Switched to energy/water-saving devices when renovating toilets (Flush water used: 13L (before) ⇒ 8L (after))

JEI also works on reducing clean water consumption by installing rainwater and greywater recycling facilities in seven of the properties it owns.

(8) Waste Reduction

With the collaboration of tenants and cleaning companies, JEI is proactively working to establish thorough waste-sorting rules and enhance recycling, with the aim of reducing the amount of waste it generates.

(9) Management of Hazardous Substances

When acquiring real estate, JEI checks the usage and storage conditions with respect to hazardous substances such as PCB, asbestos, and fluorocarbons as well as verifying in advance whether there is a possibility of ground contamination.

If hazardous substances, etc., are present, we manage, store, and dispose of them in an appropriate manner in compliance with the laws and regulations.

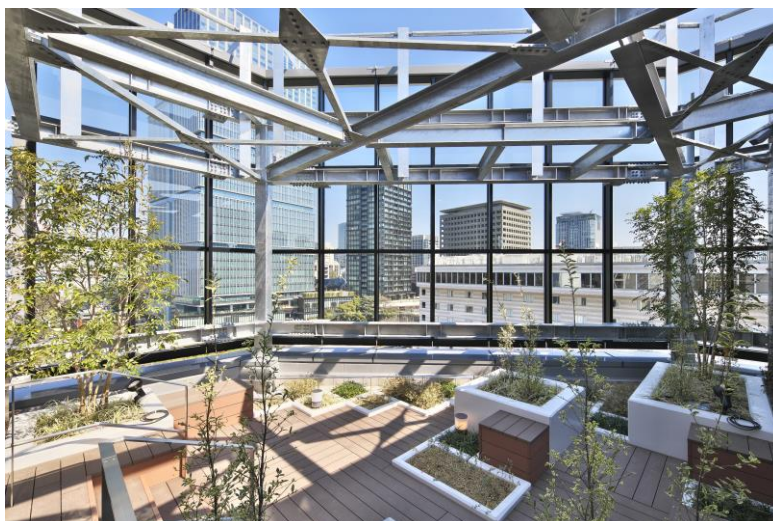
(10) Promotion of Greening

JEI is proactively pursuing the greening of facilities it owns.

BIZCORE AKASAKA-MITSUKE and BIZCORE JIMBOCHO have been equipped with rooftop gardens that may also be used as relaxation spaces and lounges. The panoramic view and pleasant greenery contribute to improved tenant satisfaction.

At AKASAKA INTERCITY AIR, we have created an urban cool spot and a relaxing space open to the community through the development of an extensive green space with a greening ratio of over 50% and green paths integrated with the surrounding district.

At GRAND FRONT OSAKA, a tree-lined avenue called Icho Namiki extends for a total length of 500 meters along the edge of the property, while another tree-lined avenue, Keyaki Namiki, runs east-west between the North and South Buildings. There is a garden spanning 4,000 m² on the north side of the North Building, and there are gardens with a total area exceeding 10,000 m² on the rooftops of the ninth floor of the South and North Building.



(11) Biodiversity Conservation Initiatives

The following biodiversity conservation initiatives are underway at JEI's properties.

AKASAKA INTERCITY AIR

- Installation of 237 kinds of seasonal trees and flowers, and birdhouses for small wild birds
- Waterscape regeneration based on land use and topography dating back to the Edo period



AKASAKA INTERCITY AIR's green urban development:

<https://www.intercity-air.com/ourstories/development-concept/> (Japanese only)

AKASAKA INTERCITY

- Selected as one of 100 properties by companies for biodiversity conservation (2010)
- Waterscape design of pond and stream, leaving existing green slope intact



AKASAKA INTERCITY's selection as one of 100 properties by companies for biodiversity conservation:

<https://www.nskre.co.jp/company/news/ksr/2010/20100602.html> (Japanese only)

(12) Collaboration with Tenants

① Promotion of Green Leases

As a rule, newly signed lease agreements with JEI contain green lease clauses, and we are working to reduce our environmental burden in collaboration with tenants.

Green lease clauses stipulate that tenants must work in collaboration with us to improve environmental performance, share energy consumption data, factor in environmental considerations when performing renovation work, and so forth.

The green lease ratio is 92.9% (as of March 2024).

② Collaboration with Property Management Companies

When selecting property management (PM) companies, JEI and JEAM assess their sustainability-related initiatives, and we secure their agreement to cooperate with our sustainability policies and so forth after providing an explanation.

Furthermore, we monitor PM companies' compliance with sustainability requirements on an annual basis.

③ Tenant Renovation Guide

We introduce each tenant to JEI's sustainability initiatives and have created and disseminated a Tenant Renovation Guide that introduces and recommends construction during renovation that will reduce environmental load and improve health and wellbeing.

(13) Ensuring Environment, Health, and Safety in Real Estate Investment

At JEI, as part of our due diligence when acquiring real estate, we conduct on-site observations and inspections for all properties prior to concluding the purchase contract. We also strive to avoid risks by using external experts to verify social and environmental risks.

We partially revised our asset management guidelines in January 2023, making clear that consideration must be given to whether there is any disaster risk, such as water damage and landslides, and green building certification when assessing real estate for investment and that investments in undeveloped land must be limited only to the projects that have obtained or are able to obtain green building certification with the recognition that an act of development impacts the natural environment and ecosystem.

(14) Sustainable Procurement Policy

The Sustainable Procurement Policy establishes guidelines for the selection criteria for construction orders and related procurement as well as selection and evaluation criteria for suppliers in order to promote ESG consideration across the entire value chain of JEI's real estate portfolio.

In addition to criteria for quality, price, trustworthiness and service, the status of sustainability initiatives is one of our criteria for supplier selection and evaluation.

We use public information, questionnaires and other means to consider (1) and (2) when selecting and evaluating.

(1) Sustainability Initiative Framework

1. Corporate Ethics
Establishing policies and systems for corporate ethics such as preventing corruption by bribery
2. Respect for Human Rights and Diversity
 - a. Respecting the human rights of officers and employees and promoting initiatives such as human resource diversity and work-life balance
 - b. Prohibiting unfair labor practices such as forced or child labor
3. Appropriate Working Environment and Health and Safety
Implementing appropriate working environment and health and safety measures for officers and employees, such as ensuring appropriate working hours and holidays
4. Employee Health and Wellbeing
Implementing initiatives that consider the health and wellbeing of employees
5. Community Involvement
Implementing initiatives that contribute to the community/region
6. Disaster Risk Management System
Actively working to build a business continuity plan (BCP) in preparation for disasters

(2) Cooperation with JEAM's Sustainability Practices

1. GHG Emission Reduction through Energy Conservation
 - a. Measuring and monitoring energy consumption
 - b. Promoting energy conservation through operation and renovation
2. Effective Use of Resources
Saving water, controlling waste generation and promoting recycling
3. Collaboration with Stakeholders
Reducing environmental load and promoting social consideration through collaboration with tenants and the community

(15) Sustainable Finance

At JEI, in addition to promoting the acquisition of assets that target environmental performance and address social issues, from a finance perspective, we are taking steps to expand the investor base actively pursuing ESG investments. As part of this, we are actively engaged in forward-looking procurement based on sustainability finance and green finance.

① Sustainability Finance

Sustainability finance refers to loans or bonds to be taken out or issued by an entity to raise funds required for acquiring Eligible Sustainability Projects and are generally procured in accordance with the principles stipulated by the International Capital Markets Association (ICMA).

JEI's sustainability finance framework has obtained the highest rating of "SU1 (F)" from the Japan Credit Rating Agency (JCR).

URL: <https://www.jcr.co.jp/greenfinance/sustainability/>

(1) Sustainability Finance Framework

i. Use of Procured Funds

Funds procured by means of sustainability finance shall be allocated as new funds for acquiring Eligible Sustainability Projects (as defined in Item ii below) or funds for refinancing or redemption of loans or investment corporation bonds required for the acquisition of Eligible Sustainability Projects.

ii. Eligible Sustainability Projects

Eligible Sustainability Projects shall be projects selected by the JEAM Sustainability Committee that meet the following criteria.

- Properties that have received one of the following certifications within the three years prior to the procurement date or which are to acquire it within the remaining sustainability finance term

DBJ Green Building certification: 5-star, 4-star, or 3-star rating

CASBEE Real Estate certification: S, A, or B+ ranking

- Properties that meet or exceed a given standard with respect to the following functions that help to address social issues:

Community disaster prevention

Healthcare services

Childcare support

Adaptation to needs of elderly/disabled individuals

Socio-economic advancement and empowerment, etc.

iii. Sustainability Finance Maximum Amount

The maximum amount for sustainability finance shall be the debt ("eligible sustainability project debt") obtained by multiplying the most recent total period-end book value of Eligible Sustainability Projects by the total assets-based LTV ratio at the end of the most recent period.

iv. Finance Status (Sustainability Loans)

Lenders	Loan Amount (million yen)	Interest Rate	Loan Date	Principal Repayment Date	Loan Term
Mizuho Bank, Ltd.	2,000	Base interest rate (JBA 3-Month Japanese Yen TIBOR) + 0.200%	September 30, 2022	March 31, 2025	2.5 years

② Green Finance

Green finance is loans and bonds that an issuer procures for green projects (environmentally friendly investments and loan projects). In general, they are procured in accordance with the Green Bond Principles stipulated by the International Capital Market Association (ICMA) and Green Loan Principles stipulated by the Loan Market Association (LMA).

JEI has obtained a second-party opinion (see URL below) from ESG assessment firm Sustainalytics regarding its Green Finance Framework.

[https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-excellent-inc.-green-finance-framework-second-party-opinion-\(japanese\).pdf?sfvrsn=8b2364e2_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-excellent-inc.-green-finance-framework-second-party-opinion-(japanese).pdf?sfvrsn=8b2364e2_1)
(Japanese)

https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/japan-excellent-inc.-green-finance-framework-second-party-opinion.pdf?sfvrsn=a54d9cba_1 (English)

1) Green Finance Framework

i. Use of Funds Procured through Green Finance

Funds procured through green finance will be allocated to new acquisition, refinancing and fund redemption of assets that meet Eligibility Criteria A below and construction costs that meet Eligibility Criteria B.

Eligibility Criteria A

- Assets that have obtained a DBJ Green Building certification of 3 stars or higher or a CASBEE certification of B+ or higher within three years of the date of green finance execution or will obtain such during the remaining green finance period.

- * See ii. Eligible Green Projects below for details.

- * However, this excludes Eligible Sustainability Projects stipulated in the Sustainability Finance Framework.

Eligibility Criteria B

- Renovation work aimed at reducing CO₂ emissions or energy consumption by 20% or more
- Renovation work aimed at obtaining Green Building certification or increasing current certification level by at least one rank

ii. Eligible Green Projects

Eligible Green Projects indicates specified assets owned by JEI that have received one of the following certifications within the three years prior to the Green Bond issuance date or which are set to acquire it in the future (except for those corresponding to Eligible Sustainability Projects).

① DBJ Green Building certification: 5-star, 4-star, or 3-star rating

② CASBEE Real Estate certification: S, A, or B+ ranking

Eligible Green Projects are selected by the JEAM Sustainability Committee (a committee composed of directors, etc., formed for the purpose of promoting sustainability initiatives at the organizational level).

iii. Maximum Amount of Green Finance Procurement

The maximum amount of green finance procurement is the sum of eligible green debt (most recent period-end total book value of Eligible Green Projects multiplied by the most recent period-end total assets-based LTV ratio) and total repair work expenditure.

iv. Finance Status (Green Bonds)

Name	Amount of Green Bond Issued (million yen)	Interest rate	Issuance date	Redemption date	Term of issuance
No. 14 Unsecured Investment Corporate Bonds (JEI Green Bonds)	4,000	0.63%	August 10, 2018	August 10, 2028	10 years
No. 16 Unsecured Investment Corporate Bonds (No. 2 JEI Green Bonds)	5,000	0.75%	October 29, 2020	October 29, 2035	15 years
No. 19 Unsecured Investment Corporate Bonds (No. 3 JEI Green Bonds)	2,000	0.724%	February 8, 2024	February 8, 2029	5 years

v. Finance Status (Green Loans)

Lenders	Loan Amount (million yen)	Fixed/ Variable	Interest Rate	Loan Date	Principal Repayment Date	Loan Term
Mizuho Bank MUFG Bank Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank	3,760	Variable interest rate	Base interest rate (JBA 3-Month Japanese Yen TIBOR) + 0.33000%	November 29, 2021	November 29, 2025	4 years
Mizuho Bank MUFG Bank Mizuho Trust & Banking Resona Bank	5,750	Variable interest rate	Base interest rate (JBA 3-Month Japanese Yen TIBOR) + 0.43000%	December 30, 2021	December 30, 2029	8 years
Sompo Japan Insurance	500	Fixed interest rate	0.34000%	November 30, 2022	November 30, 2027	5 years
Tokio Marine & Nichido Fire Insurance	500	Fixed interest rate	0.34000%	November 30, 2022	November 30, 2027	5 years
Mizuho Bank MUFG Bank Mizuho Trust & Banking Resona Bank	5,750	Variable interest rate	Base interest rate (JBA 3-Month Japanese Yen TIBOR) + 0.37000%	December 30, 2022	January 31, 2030	7.1 years
The Dai-ichi Life Insurance Company	3,000	Fixed interest rate	1.300%	December 7, 2023	December 7, 2033	10 years

2. Initiatives to Address Climate Change

Addressing climate change is one of the most important social issues, and moves to build a decarbonized society is accelerating.

JEI will contribute to the development of a sustainable society by working to solve climate change and other various environmental issues.

(1) Governance

In order to promote sustainability initiatives at the organizational level, JEAM has established a Sustainability Committee chaired by the President and whose key members include the division managers.

At the Sustainability Committee, matters related to identification, assessment and management of climate-related risks and opportunities, progress in adaptation and mitigation efforts, and the setting of indicators and targets are reported on a regular basis. The Chief Executive Officer makes final decisions after the participants in the Sustainability Committee deliberate and examine each agenda item.

Organization Chart

Sustainability Committee (meets four times a year)	
Theme	Sustainability initiatives, including climate change
Members	President and Representative Director (Chief Executive Officer) Planning and Management Division, and Real Estate Investment Division managers, and Compliance Officer Corporate Planning Department, Real Estate Investment Department, Real Estate Management Department, Real Estate Engineering Department, Finance and Accounting Department, and Business Planning Department managers (operational managers) Sustainability Committee Secretariat Persons in charge at each department
Agenda and content of activities, etc.	<ul style="list-style-type: none"> · Setting targets and drafting various action plans · Monitoring efforts and following up to achieve targets · Implementing sustainability training for executives and employees

(2) Strategy

In our qualitative analysis of climate-related risks and opportunities, we identify risks and opportunities and assess their financial impact on business. We also consider future countermeasures for each risk and opportunity.

Going forward, we will work to improve the resilience of our business by implementing environmental and energy-saving measures for the buildings we own, improving the efficiency of energy use, reducing CO₂ emissions by further introducing renewable energy-derived electricity and CO₂-free electricity, and conducting risk assessments through the use of hazard maps and others. In addition, we will further work to reflect the results of these scenario analyses in JEI's operational and financial plans.

(3) Risk Management

The Sustainability Committee will consider identifying and assessing climate-related risks once a year. In identifying risks, to the extent possible efforts are made to evaluate the time horizon, possibility, and degree of impact of each risk and scenario.

Based on the results of a study on the possibility and the degree of impact of identified climate-related risks, priorities for risk management responses are set, and action plans for climate-related risks and opportunities that are of high priority in business and financial planning are formulated and executed.

To upgrade our climate change actions based on TCFD recommendations, we have added items and indicators related to climate change risks in our risk management framework and report them to JEAM's Board of Directors.

(4) Metrics and Targets

Our targets are to reduce CO₂ emissions intensity by 46% by FY2030 compared with the level of FY2013, to achieve net zero emissions by FY2050, to reduce energy consumption intensity and water consumption intensity by 1% year on year in each fiscal year, and on a medium- to long-term basis, to reduce the average consumption intensity of them between FY2020 and FY2024 by at least 5% from the level between FY2015 and FY2019.

(5) Financial Impact Assessment and Response Measures for Climate-related Risks and Opportunities

1. Qualitative financial impact analysis

					4°C scenario			1.5°C scenario		
					Financial impact			Financial impact		
		Climate-related risks and opportunities	Financial impact on JEI	Countermeasures and risk management to be considered	Short term	Medium term	Long term	Short term	Medium term	Long term
Transition Risks	Policy and Law	Increase in taxes on GHG emissions due to the introduction of carbon tax	Increased tax burden on properties associated with GHG emissions	<ul style="list-style-type: none"> Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity 	Low	Low	Medium	Low	Medium	High
		Strengthening of energy conservation standards for existing and new buildings	Increase in renovation costs and property acquisition costs related to addressing climate change	<ul style="list-style-type: none"> Improving energy efficiency of existing properties through facility upgrades and renovations Replacement with and new acquisition of properties that have high environmental performance 	Low	Low	Medium	Low	Medium	High
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete	<ul style="list-style-type: none"> Replacement with and new acquisition of properties that have the latest energy-saving facilities 	Low	Low	Medium	Low	Medium	High
	Market	Introduction of environmental performance and disaster resilience standards for real estate appraisals	Decline in the fund's Net Asset Value (NAV)	<ul style="list-style-type: none"> Increasing the ratio of DBJ Green Building Certification Improving energy efficiency and reducing CO₂ emissions through facility upgrades and renovations Implementation of risk assessment using hazard maps, etc. Reducing the risk of property damage by making reinforcements as needed 	Low	Medium	High	Low	Medium	High
		ESG evaluation of rating agencies and changes in investors'/lenders' stance on ESG investment and lending	Increase in debt equity funding costs due to delays in addressing ESG and climate change	<ul style="list-style-type: none"> Promotion of ESG and climate change measures and enhancement of disclosure Improved ESG appraisals by external organizations 	Low	Medium	High	Medium	Medium	High
		Changes in tenant demand (choosing properties that are more climate resilient or avoiding properties that are not)	Decrease in revenue due to difficulty in acquiring new tenants	<ul style="list-style-type: none"> Increasing the ratio of DBJ Green Building Certification Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity 	Low	Medium	High	Medium	Medium	High
	Reputation	Decline in brand value due to delayed response to climate change	Lower revenue and lower unit prices due to lower occupancy rates	<ul style="list-style-type: none"> Improving energy efficiency of existing properties through facility upgrades and renovations Reducing the risk of property damage by making reinforcements as needed 	Low	Medium	High	Medium	Medium	High

(Note) Assumed time horizons — Short term: to 2025; Medium term: to 2030; Long term: to 2050

					4°C scenario			1.5°C scenario			
					Financial impact			Financial impact			
		Climate-related risks and opportunities	Financial impact on JEI	Countermeasures and risk management to be considered	Short term	Medium term	Long term	Short term	Medium term	Long term	
Physical Risks	Acute	Increase in damage to properties due to storms and floods	Increase in repair and insurance costs and decrease in occupancy rates	<ul style="list-style-type: none"> Implementation of risk assessment using hazard maps, etc. Holding properties in areas less affected by flood damage Reducing the risk of property damage by making reinforcements as needed 	Medium	Medium	High	Medium	Medium	High	
		Inundation due to inland flooding caused by concentrated heavy rain, flooding of nearby rivers, etc.			Medium	Medium	High	Medium	Medium	High	
	Chronic	Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	Incurring of costs for major renovation (raising) and reinforcement of inundation-resistant facilities		Low	Medium	High	Low	Medium	Medium	
		Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	Increase in air conditioning operation, maintenance and repair costs		Low	Medium	High	Low	Medium	Medium	
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	Increase in rent, and increase in revenue by attracting new tenants and continuing tenants	<ul style="list-style-type: none"> Implementation of risk assessment using hazard maps, etc. Reducing the risk of incurring damage by making reinforcements as needed 	Medium	Medium	High	Medium	Medium	High	
		Attracting tenants and users by providing highly efficient and low-emission facilities and services			Low	Medium	Medium	Medium	Medium	High	
	Markets	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments		Diversification of funding methods and reduction of funding costs by responding to and appealing to investors who place importance on addressing ESG and climate change	<ul style="list-style-type: none"> Increasing the ratio of DBJ Green Building Certification Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity Improving energy efficiency and reducing CO₂ emissions through facility upgrades and renovations 	Low	Medium	Medium	Medium	Medium	High
		Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments				Low	Medium	Medium	Medium	Medium	High

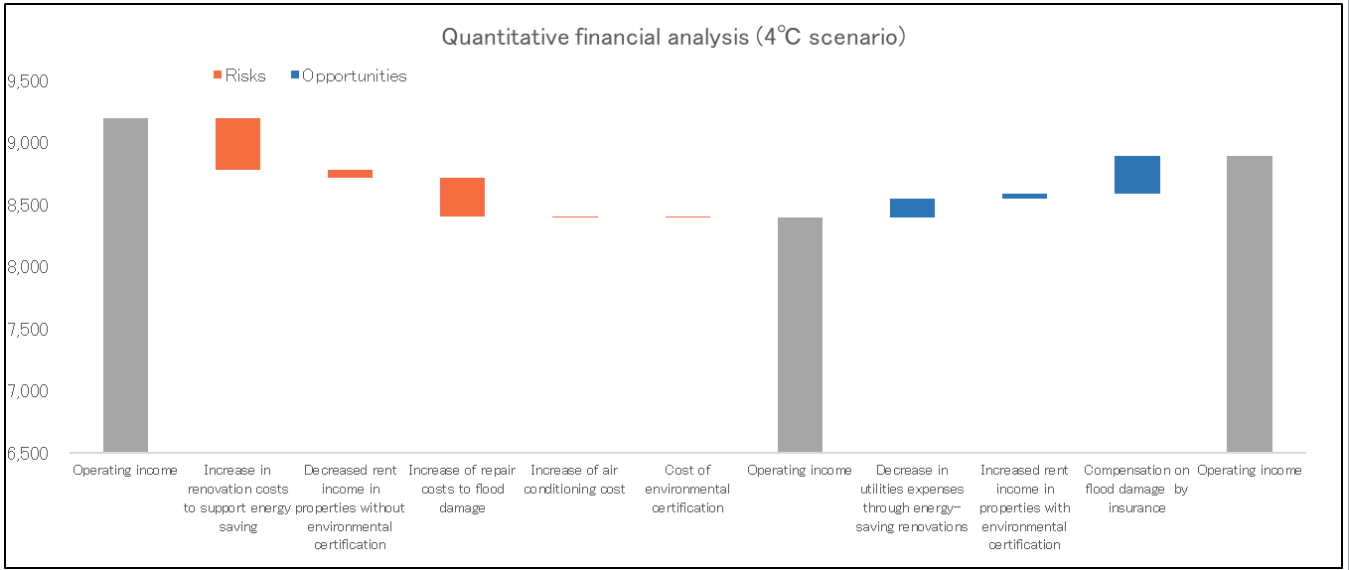
(Note) Assumed time horizons — Short term: to 2025; Medium term: to 2030; Long term: to 2050

2. Quantitative financial impact analysis

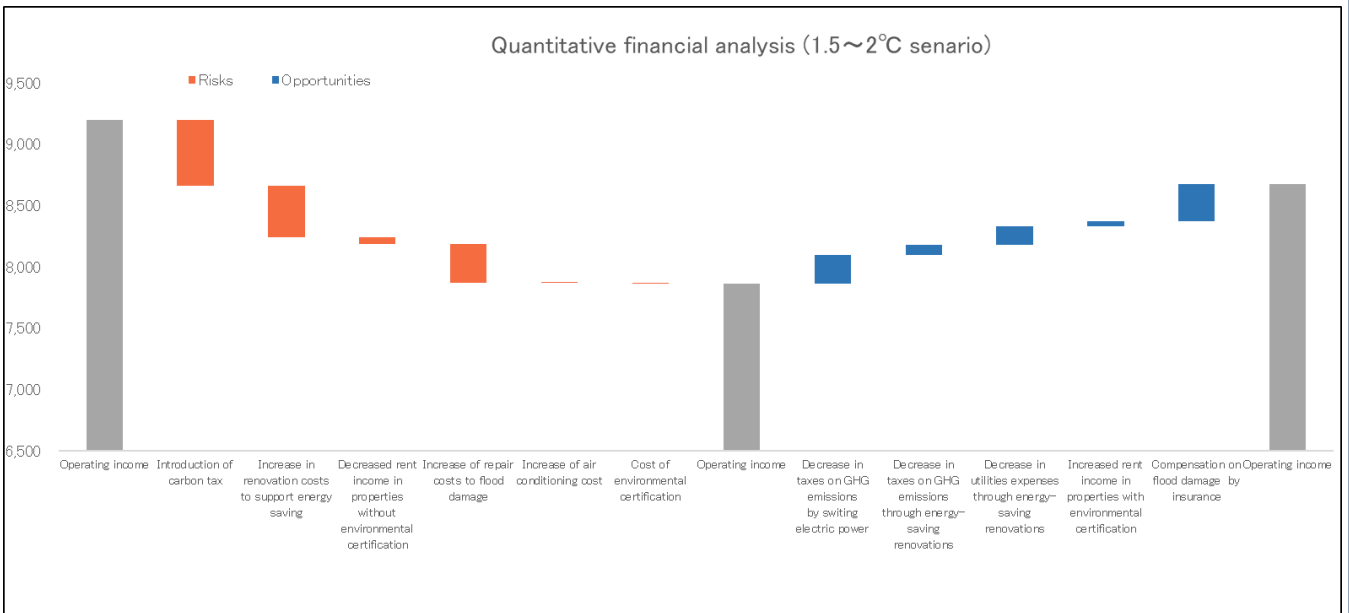
Section		Items(Risks and Opportunities)	Impacts in each scenario	
			4°C scenario	1.5~2°C scenario
Transition risk	Policy and Law	Increase in taxes on GHG emissions due to the introduction of carbon tax	No increase in taxes on GHG emissions from properties (status quo)	Significantly increased tax burden on properties associated with GHG emissions (-)
		Strengthening of energy conservation standards for existing and new buildings	<ul style="list-style-type: none"> • Increase in renovation costs to support energy saving (-) • Decrease in utilities expenses and CO2 emissions through energy-saving renovations (+) 	<ul style="list-style-type: none"> • Increase in renovation costs to support energy saving (-) • Decrease in utilities expenses, CO2 emissions and carbon tax through energy-saving renovations (+)
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (-)	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (-)
	Market	Introduction of environmental performance and disaster resilience standards for real estate appraisals	Environmental certification has impact on real estate appraisals (+) (-)	Environmental certification has impact on real estate appraisals (+) (-)
		ESG evaluation of rating agencies and changes in investors'/lenders' stance on ESG investment and lending	Increase in debt equity funding costs due to delays in addressing ESG and climate change (-)	Increase in debt equity funding costs due to delays in addressing ESG and climate change (-)
		Changes in tenant demand (choosing properties that are more climate resilient or avoiding properties that are not)	Decreased rent income in properties without environmental certification (-)	Decreased rent income in properties without environmental certification (-)
	Reputation	Decline in brand value due to delayed response to climate change	Lower revenue and lower unit prices due to lower occupancy rates (-)	Lower revenue and lower unit prices due to lower occupancy rates (-)
Physical risk	Acute	Increase in damage to properties due to storms and floods	Occurrence of repair costs and decrease in rent income (-) Large portion of loss covered by insurance (+)	Occurrence of repair costs and decrease in rent income (-) Large portion of loss covered by insurance (+)
		Inundation due to inland flooding caused by concentrated heavy rain, flooding of nearby rivers, etc.		
	Chronic	Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	Occurrence of costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (-)	Occurrence of costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (-)
		Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	Increase in utilities expenses due to increased operation of air conditioning (-)	Increase in utilities expenses due to increased operation of air conditioning (-)
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	Increased rent income in properties with environmental certification (+)	Increased rent income in properties with environmental certification(+)
		Attracting tenants and users by providing highly efficient and low-emission facilities and services		
	Market	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments	Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (+)	Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (+)
		Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments		

(Note) Assumed time horizons — Medium term: to 2030

1) Waterfall chart (4°C scenario)



2) Waterfall chart (1.5-2°C scenario)



(Note) This estimate is made by referring to various parameters such as scenarios and reference materials presented by major organizations based on the operating performance, etc. of JEI and the amount of financial impact is an annual basis, and no assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

3. Regular review of climate change risks and opportunities

In October 2022, JEAM began a regular review of the current manifestation of identified risks and opportunities and any change in the external environment.

3. Sustainability Certifications, Etc.

(1) Acquisition of Environmental Performance-Related Certifications

The JEAM Sustainability Committee creates an overall sustainability initiative plan to promote in a systematic manner the acquisition of environmental performance certifications, such as DBJ Green Building certification, to be obtained each year.

Acquisition status of environmental certifications (As of June 30, 2024)

	Number of properties	Percentage certified (by number of properties)	Leasable area (m ²)	Percentage certified (by leasable area)
DBJ Green Building Certification	9	25.7%	81276.24 m ²	25.7%
CASBEE Real Estate Certification	19	54.3%	200,841.16m ²	63.5%
CASBEE Wellness Office Certification	1	2.9%	2,580.24 m ²	0.8%
Offices Taking Excellent Specific Global Warming Countermeasures	1	2.9%	2,580.24 m ²	0.8%
BELS	4	11.4%	50,852.07	16.1%
Properties with environmental certification total	25	71.4%	267,476.98 m ²	84.6%
Portfolio total	35	—	316,149.65 m ²	—

*The percentages are based on the number of certified properties to the total number of properties or the ratio to the total leasable area (not including the land).

*The leasable area of jointly owned properties is calculated by multiplying the leasable area of the entire building by percentage equity in the property.

*The residential section and the office section of HAMARIKYU INTERCITY are calculated as separate properties.

*The total number of certified properties and the total leasable area is calculated by counting any property with multiple certifications as one property.

① DBJ Green Building Certification

With the aim of promoting environmental performance, security, disaster prevention, and the spread of properties that meet the societal requirements of various stakeholders connected with real estate (“Green Building”), the DBJ Green Building Certification system assesses buildings using a scoring model developed independently by the Development Bank of Japan (DBJ) to evaluate exceptional properties that meet today’s needs for certification.

JEI has acquired certification for the following properties.

Property Name	Certification	Property Name	Certification
AKASAKA INTERCITY AIR	(★★★★★) Properties with the best environmental and social awareness	Mansard Daikanyama	(★★) Properties with high environmental and social awareness
HAMARIKYU INTERCITY Residential section		JEI Hongo Building	
HAMARIKYU INTERCITY Office section	(★★★) Properties with excellent environmental and social awareness	JEI Hiroshima Hacchobori Building	(★) Properties with sufficient environmental and social awareness
Omori Bellport D			
BIZCORE JIMBOCHO			
Shiba 2-Chome Building			

② CASBEE Real Estate Certification

CASBEE is a certification established under the leadership of Japan's Ministry of Land, Infrastructure, Transport and Tourism for the purpose of appropriately recognizing and assessing well-managed properties with high environmental performance and significant environmental benefits.

JEI has acquired certification for the following property

Property Name	Certification
BIZCORE AKASAKA-MITSUKE	S rank
Daiba Garden City Building	
Kawasaki Nisshincho Building	
Core City Tachikawa	
BIZCORE SHIBUYA	
BIZCORE TSUKIJI	
Nisseki Yokohama Building	
Kowa Kawasaki Higashiguchi Building	
Mansard Daikanyama	
GRAND FRONT OSAKA (North Building)	
Musashikosugi Tower Place	
JEI Hiroshima Hacchobori Building	
AKASAKA INTERCITY AIR	

Property Name	Certification
GRAND FRONT OSAKA (Umekita Square / South Building)	S rank (South Building) A rank (Umekita Square)
AKASAKA INTERCITY	A rank
SE Sapporo Building	
JEI Hamamatsucho Building	
Kowa Nishi-Shimbashi Building	
Hiroshima Dai-ichi Seimei OS Building	

③ CASBEE Wellness Office Evaluation Certification

The CASBEE Wellness Office Evaluation Certification system was established by the Institute for Built Environment and Carbon Neutral for SDGs (IBECs) in 2019 for the purpose of evaluating the specifications, performance, and initiatives of buildings to help maintain and enhance the health and wellbeing of building users.

JEI has acquired the certification for the following property.

Property Name	Certification
AKASAKA INTERCITY AIR	S rank (First property to receive certification)

④ Offices Taking Excellent Specific Global Warming Countermeasures

An Office Taking Excellent Specific Global Warming Countermeasures is an office recognized by the Tokyo metropolitan government for exceptional promotion of global warming countermeasures. The designation is granted to large-scale offices that meet standards specified by the Governor of Tokyo when assessed with regard to establishing systems to promote CO₂ reduction, building and facility performance, office and facility operation and management, etc.

Certified offices may be granted mitigation of the specified greenhouse gas total emission reduction ratio that they are obligated to meet, based on the extent to which they are promoting countermeasures.

Among the properties owned by JEI, AKASAKA INTERCITY AIR has been certified as a "Top-Level Office," and its mandatory emission reduction ratio has been reduced by 50%

Property Name	Certification
AKASAKA INTERCITY AIR	Top-Level Office

⑤ Building-Housing Energy-Efficiency Labeling System (BELS) Assessment

Following the establishment of the “Evaluation Guidelines for Energy-Efficiency Labeling for Non-Residential Buildings (2013)” by the Ministry of Land, Infrastructure, Transport and Tourism in October 2013, the BELS system was introduced for the purpose of implementing accurate evaluation and labeling of non-residential buildings’ energy-efficiency performance by third-party organizations based on the guidelines. Evaluations are based on a five-level system (★ to ★★★★★).

JEI has obtained an evaluation for the following property.

Property Name	Certification
Nisseki Yokohama Building	★★
BIZCORE AKASAKA-MITSUKE	★★★
BIZCORE SHIBUYA	★★★
BIZCORE JIMBOCHO	★★★★★

(2) Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment

Established by European pension fund groups, the Global Real Estate Sustainability Benchmark (GRESB) is a benchmark for measuring real estate companies' and management organizations' commitment to sustainability, which is used, for example, when leading European, U.S., and Asian institutional investors select investment targets.

In the 2023 GRESB Real Estate Assessment, JEI acquired a Green Star, which is the highest rating, for the ninth consecutive year. Moreover, for the GRESB Rating, which is evaluated using quintiles based on overall score relative to other participants, it acquired a 5 Star rating for the fourth consecutive year.

Furthermore, we ranked first in the Japan Listed Office category for two years in a row.



(3) MSCI ESG Rating

MSCI awards its ESG ratings by analyzing and evaluating the extent to which companies are managing environment, social, and governance risks. JEI has acquired an A rating.



S

Social Initiatives

IV. Social Initiatives

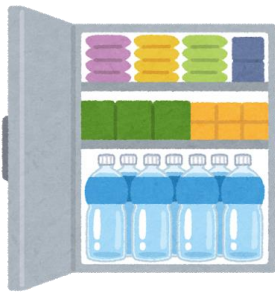
JEI and JEAM view tenants, property management companies, the communities where properties are located, JEAM's employees, and society as a whole as key stakeholders, and we are engaging with them as follows.

1. Initiatives for Tenants

We are working with tenants, property management companies, etc., to improve tenant satisfaction, prevent disasters, and reduce our environmental burden.

(1) Providing High-Quality Services with Consideration for User Safety and Security

① Disaster prevention measures



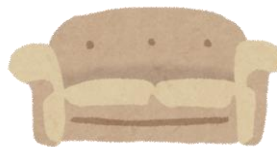
Installation of emergency generators
Stocking supplies for use in the event of a disaster

② Holding events in common areas



Hosting concerts and other events

③ Setting up relaxation spaces in common areas



④ Renovating common areas (entrances, etc.)



Upgrading entrances, etc., to improve tenant satisfaction

⑤ Introducing LED lighting



Enabling energy-saving in common areas

⑥ Measuring air



Regularly measuring air quality to maintain the quality of air inside buildings

⑦ Greening of facilities

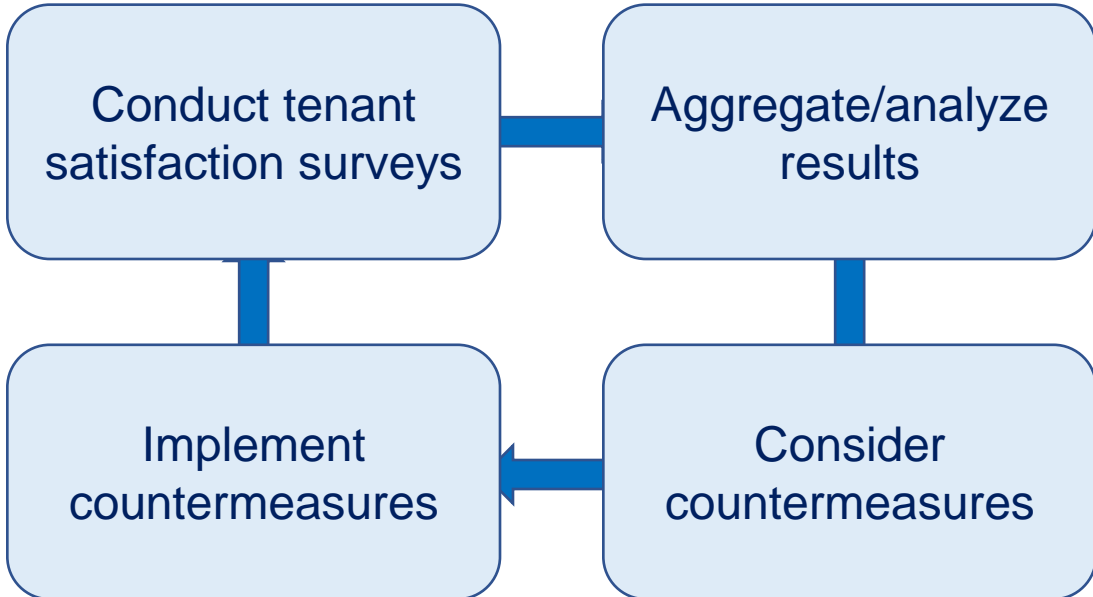


Greening of grounds
Establishing rooftop gardens

(2) Tenant Satisfaction Survey

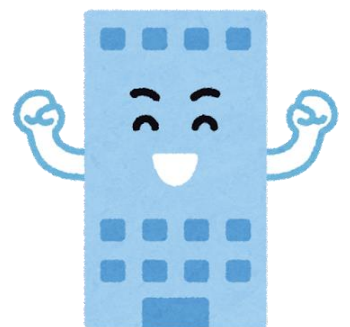
We conduct periodic satisfaction surveys with tenants and office workers, with the aim of increasing tenant satisfaction by using the survey results to improve property operation and management.

Improving Tenant Satisfaction



Tenant satisfaction surveys:

- 12 properties in FY2018
- 11 properties in FY2019
- 11 properties in FY2021
- 16 properties in FY2022
- 0 properties in FY2023
- 9 properties in FY2024 (scheduled)



2. Safety and Security Initiatives

JEI and JEAM ensure the safety of users and tenants and provide services and facilities that may be used in comfort and peace of mind. We strive to implement safety measures while incorporating the expertise of our sponsors.

(1) Earthquake Damage Assessment Measures

In response to increased interest in buildings' seismic performance following the Great East Japan Earthquake in 2011, JEI developed a system aimed at minimizing damage and facilitating rapid recovery from a BCP perspective in the event of a natural disaster, epidemic, etc. Furthermore, as a condition when selecting new management assets, we have stipulated in our management guidelines that assets must meet specific earthquake-resistance standards or possess equivalent or superior seismic performance.

In the case of properties that were not designed based on new earthquake-resistance standards, we review the seismic diagnosis details and verify whether they possess the required strength. In addition, we have a policy to conduct in advance seismic performance assessment performed by a third-party organization with professional expertise for all properties that we are considering acquiring. Specifically, we receive a report on the details of documents such as specification sheets, structural calculation sheets, building permits, etc., from an independent perspective, following thorough investigation by the third-party organization.

(2) Disaster Prevention and Business Continuity Planning (BCP) Measures

In preparation for contingencies such as a natural disaster or large-scale power failure, JEAM has created crisis management procedures and a business continuity plan with the aim of implementing organizational measures.

Our BCP outlines concrete measures to minimize impacts on our stakeholders through the prompt resumption of operations after disasters.

We review our rules and plans in response to changes in the external environment and our internal structures. Most recently, we reviewed BCP-related rules and so on in October 2023 in line with the current operation status and prepared a manual on how to deal with infectious diseases.

(3) Implementation of Disaster-Preparation Drills

We conduct periodic disaster-preparation drills at buildings owned by JEI, with the aim of ensuring user safety, maintaining business continuity for all tenants, and raising awareness of disaster prevention. JEAM also strives to improve response capabilities by conducting periodic disaster-preparation drills and business continuity training at disaster-prevention facilities.

(4) Use of PML Value When Making Investment Decisions

PML (Probable Maximum Loss) is the maximum anticipated loss due to an earthquake. The lower the percentage is, the smaller the loss will be.

JEI assesses the PML when acquiring properties and uses it to make investment decisions.

3. Initiatives for the Local Community

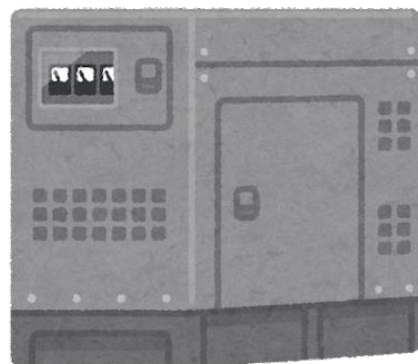
(1) Urban Revitalization and Development

Our sponsor Nippon Steel Kowa Real Estate is creating green spaces in cities through its involvement in large-scale urban development and community revitalization projects. JEI is contributing to urban redevelopment and rejuvenation through collaboration with our sponsors, such as acquiring AKASAKA INTERCITY AIR, a development project constructed in the Akasaka area.

(2) Promoting Exchange with Communities and Using Social Functions of JEI-Owned Properties

We support community activities by providing spaces in office building common areas to hold regular concerts and other events.

Moreover, AKASAKA INTERCITY AIR houses a wide range of facilities to support office workers, visitors, and local residents, including a daycare, clinic, and large green space. It also plays a role as a community disaster-prevention facility, thanks to an emergency generator that will supply back-up power for up to 200 hours and a robust vibration control system.



4. Initiatives for Employees

Recognizing that people are its most important management resource, JEAM works to recruit top talent, provide training, and create a rewarding work environment where a wide range of personnel can thrive.

(1) Talent Development

① Training Programs/Programs Provided by Specialized External Institutions

JEAM provides training to enhance the skills of all personnel, including part-time and contract workers. Similarly, we cover costs related to the enhancement of professional expertise, such as taking various seminars run by external organizations, with the aim of supporting employees' development.

We also use the ARES Certified Master qualification system created by the Association of Real Estate Securitization (ARES). This training program enables participants to systematically acquire practical expertise in the real estate and finance fields. In addition to covering the cost of acquiring this qualification, we encourage employees to take part in programs for certificate holders (training, seminars, etc.).

② Supporting Acquisition of Professional Certifications

We actively encourage all employees, including part-time and contract workers to acquire professional qualifications for the purpose of human resources development. We support employees' efforts to improve their skills by covering costs related to classes and examinations for acquiring qualifications, as well as costs associated with maintaining them.

③ Performance Appraisals and Feedback

All employees set annual objectives following discussion with their supervisor (including ESG-related objectives, which all employees are required to set), and at the end of the year, a meeting is held to appraise their performance by reviewing their work and provide feedback on the results of the assessment. Performance appraisal results are also reflected in the employee salaries and bonuses. We have established a transparent performance appraisal system based on regular evaluation and feedback.

④ Annual Employee Satisfaction Survey

We monitor employees satisfaction levels by conducting a satisfaction survey with all personnel once a year. The survey results are reported to management and are also used to provide feedback to employees and create/execute an action plan, which leads to an improved work environment.

⑤ Rank-Based Training Program

We have systematically instituted training by job rank in line with the required competencies for each grade and position in order to develop long-term careers and train future executives according to rank.

<JEAM employees' participation in training programs>

	FY2021	FY2022	FY2023
Total annual training time	513 hours	664 hours	654 hours
Training time per employee	14 hours	18 hours	19 hours
Training cost per employee	¥37,306	¥39,867	¥39,182

(2) Benefit Programs and Supporting Work-Life Balance

We have developed the following benefit programs for all employees, including part-time and contract workers, to support a healthy work-life balance.

- Flexible working hours
- Reduced hours and leave for childcare
- Reduced hours and leave for nursing care

① Prevention of Long Working Hours

We have introduced a flextime system that enables employees to do their work efficiently while balancing their private and professional lives by allowing them to set their own working hours and daily start and end times with the aim of improving labor productivity. We also track PC log-in and log-out times appropriately monitor employees' working hours and hours of overtime work. Through these measures, we are striving to limit long working hours.

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
Average overtime per month	16.2 hours	17.6 hours	26.6 hours	27.5 hours	24.2 hours

② Leave System

To help each individual employee achieve a healthy work-life balance, we have introduced a half-day leave system, a refreshment leave system that employees may use for every five years of continued service, and a cumulative leave system that allows employees to accumulate unused annual paid leave and use it in cases such as long-term sick leave.

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
Paid leave usage rate	71.1%	61.4%	61.3%	67.4%	81.2%

③ Remote Work

To establish the practice of working remotely (working from home), we created teleworking rules in May 2023 with the aim of improving productivity and job satisfaction through the promotion of flexible work styles catering to employee diversity.

④ Health Checkups

We strive for prevention and early detection of health issues by providing thorough regular health examinations, as well as recommending flu shots (costs partially subsidized by the health insurance association).

We also have a system that enables us to refer interested individuals to an industrial doctor for a health consultation.

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
Health insurance examination rate	100%	100%	100%	100%	100%

(3) Health and Wellbeing

We consider employees' mental and physical well-being to be indispensable to the continuous development of JEI and JEAM. In order to promote a highly productive and richly creative workplace, we are striving to improve the work environment, including the development of in-house systems at JEAM, and proactively working to enhance employees' health and wellbeing.

① Health Promotion System

In order to maintain employees' health and wellbeing, JEAM partially subsidizes annual health screenings and full health checks and works with welfare service providers.

② Establishment of Employee Grievance Reporting System and Comment Box

We have established a grievance procedure via which employees may anonymously report workplace-related complaints such as harassment.

As an example, reports relating to sexual harassment are handled by the Compliance Officer, Business Planning Department manager, and an external law firm and escalated internally. Furthermore, any employee, not just the victim, may consult the person responsible for handling grievances and report complaints, and in cases where the grievance is deemed to be valid, it will be reported to the CEO. The CEO will take disciplinary action in accordance with the rules after verifying the circumstances while taking care to respect individuals' privacy.

In addition to the grievance procedure, we have also set up comment boxes internally which allow all employees to freely share their opinions with the company regarding the work environment and business matters. Since unsigned comments are accepted, employees may express any opinions whatsoever without reservations. The president and other relevant personnel discuss submitted comments and decide on the actions to be taken.

③ Individual Meetings with Employees

All employees meet individually with the president once a year. At this meeting, they discuss their issues and preferences with respect to their day-to-day work, the work environment, employee health and wellbeing, etc. Their feedback plays a role in improving employee satisfaction and well-being.

④ Development of Office Environment

In order to develop a comfortable office environment, JEAM has introduced plants at various office locations and established a free drink corner in the kitchen area with the aim of promoting employee interaction. We are also working to implement paperless meetings through the use of tablets.

⑤ Employment/Labor Environment

Since the founding of JEAM, labor-management relations have remained favorable, with no issues such as strikes occurring between labor and management. Moreover, we have not been involved in any mergers and acquisitions or laid off any personnel in the past.

(4) Diversity

JEAM respects the diversity of individual directors and employees, irrespective of gender, nationality, age, beliefs, etc., and promotes the creation of an environment where everyone may play an active role.

① Respect for Human Rights

JEAM's Code of Conduct stipulates respect for human rights and prohibits discrimination, harassment, and the like. Believing that respecting human rights, prohibiting discrimination, and creating an inclusive work environment where diverse personnel can play an active role leads to continued growth and social contributions, we are engaged in initiatives such as addressing human rights issues in our in-house training.

② Establishment of Human Rights Policy

JEAM established its policy on human rights in February 2023 and endeavors to ensure that all officers and employees (including contract-based and temporary employees) are familiar with the policy through compliance training and other activities and to comply with the policy.

Human Rights Policy

Japan Excellent Asset Management Co., Ltd. recognizes that respect for human rights is an important social responsibility of a company, supports international human rights norms such as the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations (UN) Global Compact and the UN's Guiding Principles on Business and Human Rights, and promotes efforts to respect human rights.

1. Elimination of discrimination

We will not engage in any discrimination based on race, nationality, religion, ideology, creed, gender, age, sexual orientation, physical disability or such.

2. Prohibition of harassment

We will not tolerate any form of harassment, including sexual harassment and abuse of power.

3. Prohibition of child labor and forced labor

We will not tolerate any form of forced labor or child labor.

4. Respect for freedom of association and the right to collective bargaining

We will respect freedom of association and the right to collective bargaining.

5. Payment of appropriate wages

We will comply with the legally mandated minimum wage and give consideration to payment of wages above the living wage. We will also apply a compensation system that complies with equal pay for equal work.

6. Curbing of overwork and reduction of overtime

We will comply with labor-management agreements (Article 36 agreement) regarding overtime work and strive to curb overwork and reduce overtime.

7. Assurance of employee health and safety

We will strive to create a workplace where employees can work safely and healthily in accordance with the Labor Standards Act and other laws and regulations.

③ Promoting DEI to secure diverse human resources

Realizing that human resources are the most important management resources, JEAM is aware that promoting diversity, equity, and inclusion (DEI) will help raise its medium- and long-term profits and aims to create and maintain a diverse, equitable, and inclusive environment by securing excellent human resources regardless of their ethnicity, sexual orientation, gender identification, disability, religion, presence or absence of spouse, social and economic conditions, and nationality, among other attributes.

④ Supporting the Advancement of Female Employees

With the aim of creating a work environment where each individual employee may make full use of their talents and personality, we are striving to establish a female employee-friendly work environment through the introduction of a childcare leave system, a reduced working hours system that provides greater flexibility, and the option to proactively take paid leave. We are also striving to encourage male employees to take childcare leave.

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
No. of employees who have taken childcare leave	1	0	0	3	1
No. of employees working reduced hours	1	1	0	0	1

⑤ Supporting the Advancement of Senior Employees

We have established an environment that enables seniors to play an active role by introducing a re-employment system that enables us to continue employing personnel who wish to keep working after the retirement age of 60.

	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
No. of employees aged 60 or over	4	4	4	5	4

⑥ Flextime/WFH Systems

JEAM has introduced a flextime system and a work-from-home system to support employee lifestyle-based working.

⑦ Employee Stock Ownership Plan (ESOP)

JEAM has introduced an employee stock ownership plan for all direct employees of JEAM, with the purpose of enhancing the value of JEI's unitholders over the medium- to long-term by promoting unity of interest between JEI's unitholders and JEAM's employees, and promoting the welfare of JEAM's employees.

⑧ LGBTQ

JEAM respects diversity and endeavors to provide a pleasant work environment for all its employees. It periodically offers internal programs to promote the understanding of LGBTQ.

(5) Personnel-Related Data

With regard to the outcomes of employee initiatives, JEAM calculates and monitors the following figures for all employees, including part-time and contract workers.

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Number of employees (full-time employees and contract employees)	32	32	32	34	33
Number of full-time employees	32	32	32	34	33
(Male)	23	25	24	24	23
(Female)	9	7	8	10	10
Number of contract employees	0	0	0	0	0
(Male)	0	0	0	0	0
(Female)	0	0	0	0	0
Number of seconded employees	14	14	14	14	13
(Male)	13	14	14	13	12
(Female)	1	0	0	1	1
Percentage of female employees	28.1%	21.9%	25.0%	29.4%	30.3%
Average length of service	6.0 years	7.0 years	7.6 years	7.8 years	7.8 years
(Male)	5.3 years	6.0 years	6.9 years	7.3 years	7.8 years
(Female)	6.8 years	8.6 years	8.5 years	8.5 years	7.8 years
Number of newly hired employees	3	1	2	2	2
(Male)	2	1	1	1	1
(Female)	1	0	1	1	1
Number of displaced workers	1	1	1	0	1
(Male)	1	1	1	0	0
(Female)	0	0	0	0	1
Employee Turnover	3.4%	3.1%	3.1%	0.0%	2.9%
Percentage of officers and employees who received training					
Career development training	100%	100%	100%	100%	100%
Sustainability training	100%	100%	100%	100%	100%

G

Corporate Governance Initiatives

V. Corporate Governance Initiatives

JEI strives to thoroughly implement and strengthen its corporate governance from a medium- to long-term perspective under the leadership of a Board of Directors whose members include an executive director and supervisory directors.

1. JEI's Corporate Governance

(1) JEI's Decision-Making Bodies

JEI shall have at least one executive director and at least two supervisory directors (note: the number shall always exceed the number of executive directors by at least one).

As of June 30, 2024, JEI's decision-making bodies consist of a unitholders' meeting comprised of unitholders, one executive director, three supervisory directors, a Board of Directors comprised of the executive director and supervisory directors, and an accounting auditor. One attorney, one certified public accountant and one real estate appraiser are appointed as JEI's supervisory directors, and each of these directors supervises the status of business execution by executive directors from the perspective of their respective areas of expertise.

Please see "1. Overview of Investment Corporation – (4) Structure of Investment Corporation – 1. Items Relating to Investment Corporation's Governance" in the Securities Report for details of the following:

- Information about investment corporation bodies (unitholders meeting, executive director, supervisory directors, Board of Directors, accounting auditor)
- Organization of internal control- and supervisory director-based oversight, personnel, and procedures
- Inter-relationship of internal control- and supervisory director-based oversight and auditing
- Implementation of governance system for related corporations by the investment corporation

(2) Selection Criteria for Directors

Candidates for directors must not meet any of the criteria for disqualification stipulated in the Investment Trust Act and other laws and must not have any special vested interests in JEI. The candidates must be competent to carry out the various duties they have to fulfill. They are selected by means of a resolution of JEI's General Meeting of Unitholders.

(3) Compensation for Directors

The payment standards for compensating the executive director and supervisory directors stipulated in JEI's by-laws are shown below. Any changes require a General Meeting of Unitholders resolution.

- Compensation for an executive director shall be the amount determined by the Board of Directors, with an upper limit of 700,000 yen per month per person
- Compensation for a supervisory director shall be the amount determined by the Board of Directors, with an upper limit of 700,000 yen per month per person

The actual amount of compensation is as follows.

Title	Name	Total compensation for each director (Thousand yen)	
		Period ended Jun. 2023	Period ended Dec. 2023
Executive Director	Shuichiro Kayama	-	-
Supervisory Director	Shunichi Maekawa ^(Note 1)	1,500	-
Supervisory Director	Eiji Takagi	1,800	1,800
Supervisory Director	Osamu Hirakawa	1,800	1,800
Supervisory Director	Hiroaki Komatsu ^(Note 2)	—	600

(Note 1) Shunichi Maekawa resigned as Supervisory Director on May 31, 2023.

(Note 2) Hiroaki Komatsu assumed the position of Supervisory Director as of November 1, 2023.

(4) Transactions with Interested Parties

With regard to management of JEI's assets, there may be conflicts of interest involving the investment corporation and sponsor companies when, for example, acquiring properties from a sponsor or outsourcing property management work to a sponsor. In order to prevent the investment corporation incurring damage as a result, JEAM has developed a rigorous system for preventing conflicts of interest based on the Rules for Transactions with Sponsor-Related Parties.

These rules stipulate that designated transactions must obtain the Compliance Committee's approval and be discussed and decided on by the Investment Committee.

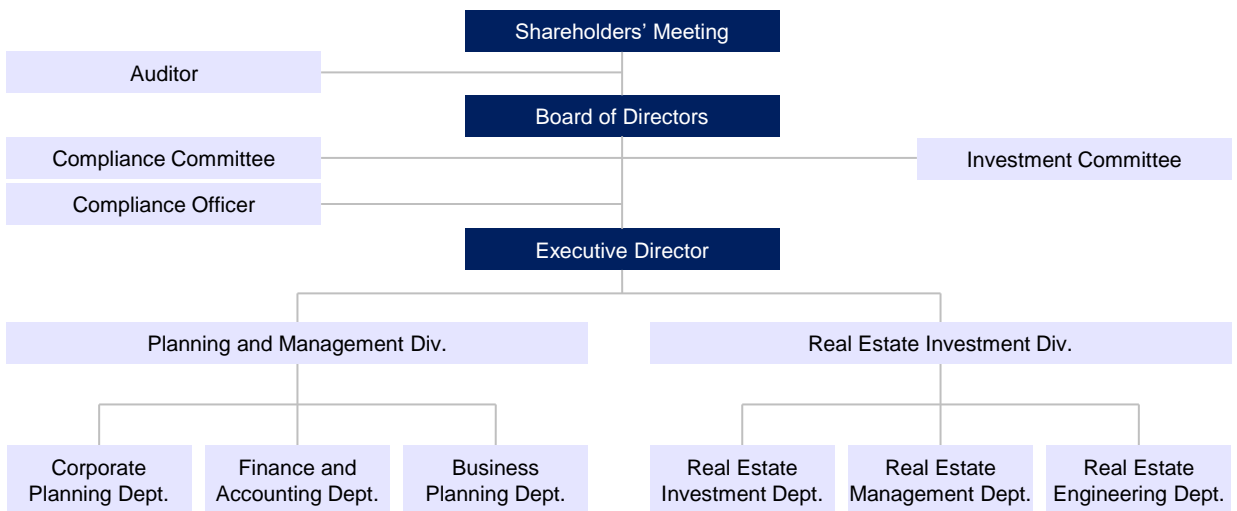
2. JEAM's Corporate Governance

JEAM strives to make timely decisions and execute efficient operations while increasing management transparency and awareness of corporate ethics. By thoroughly implementing and strengthening these efforts, it aims to improve JEI's unitholder value.

(1) JEAM's Organizational Structure

JEI entrusts management of its assets to JEAM.

JEAM's organizational structure is as shown below.



(2) Investment and Management Decision-Making Mechanism

JEAM has established an Investment Committee as a collegiate body whose role is to discuss the specific application of investment principles stipulated in the company rules, fundraising and dividend policies, the sale and acquisition of operating assets, and operating asset management principles.

It has also established a Compliance Officer to serve as a supervisory manager with regard to compliance with laws, regulations, etc., along with a Compliance Committee to discuss and decide on basic matters and key issues pertaining to legal compliance, etc., whose members include the Compliance Officer as the Chair.

The execution of asset management duties is divided among the Corporate Planning Department, Finance and Accounting Department, Business Planning Department, Real Estate Investment Department, Real Estate Management Department, and Real Estate Engineering Department.

In addition, in the event that a new organizational unit is required for JEAM, it will be established based on a resolution of the Board of Directors.

① Decision-Making Process When Acquiring Properties

In accordance with the investment corporation's by-laws, JEAM has created asset management guidelines that stipulate basic investment principles and so forth for managing assets for the benefit of the investment corporation, an asset management plan based on the regulations of the Japan Investment Trusts Association (JITA), and an annual management plan that serves as JEAM's internal management plan (comprised of an annual sales and acquisition plan, annual leasing and management plan, and annual fundraising plan). JEAM also makes decisions on the sale and acquisition of individual operating assets in accordance with the aforementioned asset management guidelines, etc.



JEI's investment principles relating to asset management and the specific flow of decision-making procedures for the sale and acquisition of individual operating assets are as shown above.

② Compensation for Management

With regard to compensation for asset management tasks entrusted to JEAM by JEI, a management compensation structure linked to profits has been introduced.

	Calculation method
Asset Management Fee I	The amount of JEI's assets under management (every 3 months) multiplied by the following fee rates x (the actual number of days within the relevant calculation period / 365) Fee rates: <ul style="list-style-type: none"> • 0.25% (Assets under management: Portion up to ¥100 billion) • 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion) • 0.05% (Assets under management: Portion over ¥200 billion)
Asset Management Fee II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%

③ Transactions with Interested Parties

JEAM has established its own rules with regard to sponsor-related parties, which refers to: 1) interested parties as defined by the Investment Trust Act, 2) shareholders with a stake of 10% or more in JEAM and JEAM shareholders Daiichi Building Co., Ltd. and Sohgo Housing Co., Ltd., and 3) special purpose companies in which parties corresponding to 1) and 2) above have a 50% stake or more, an anonymous partnership stake, or a preferred equity investment, including special purpose companies and limited companies under the Act on the Securitization of Assets (Act No. 105 of 1998 and subsequent amendments). These rules stipulate the standards and procedures relating to transactions with sponsor-related parties and JEAM's internal rules for such transactions, with the purpose of appropriately managing JEI's assets by eliminating conflicts of interest and contributing to the profits of JEI's unitholders.

(3) Compliance Structure

Fully recognizing its social responsibilities and mission as an asset management company, JEAM views rigorous compliance as a basic management principle for the purpose of executing management of JEI's assets in a fair and appropriate manner.

① JEAM's Compliance Initiatives

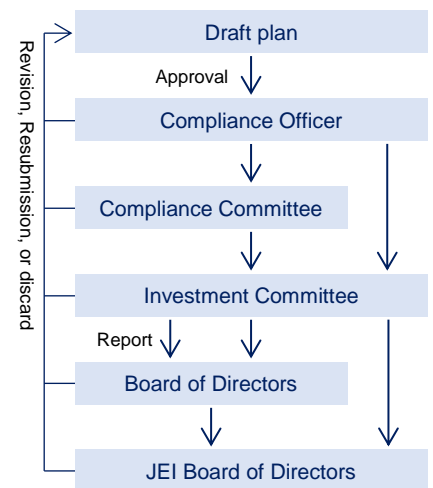
Based on the Compliance Manual created in accordance with compliance rules, JEAM has stipulated the following:

- JEAM's directors and auditors shall recognize compliance as a key management issue while executing their duties.
- JEAM's directors and auditors shall strive to play a leading role themselves in the promotion of compliance and work to ensure that employees are sufficiently aware of its importance.
- The Board of Directors shall establish the necessary structure for compliance and seek to achieve and ensure compliance by promoting its practical implementation.
- JEAM's employees shall ensure compliance while executing their duties.
- JEAM's employees shall strive to acquire knowledge of the laws, regulations, etc., required for their duties.
- In the event that questions arise regarding the interpretation of laws, regulations, etc., while executing their duties, JEAM's directors and employees shall always check with the Compliance Officer, lawyers, etc., and shall not pursue their duties based on their own interpretation.

② Compliance Promotion Structure

Compliance Committee	With the purpose of ensuring rigorous adherence to various laws, rules, regulations, and other relevant compliance matters, the Compliance Committee discusses and makes decisions pertaining to basic items and key issues relating to compliance at JEAM.
Compliance Officer	Dedicated exclusively to compliance tasks, the Compliance Officer is an independent position that is not part of any other department. The Compliance Officer is in charge of all compliance-related planning and promotion, as well as Compliance Committee proceedings.
Compliance Managers	The head of each division serves as a compliance manager. Their role includes improving their division's compliance awareness and compliance structure and, when a compliance breach occurs within their division, handling the initial response, reporting to the Compliance Officer, investigating and identifying the cause, and providing instructions regarding considerations and measures to prevent recurrence.
External Experts	The Board of Directors appoints individuals who are qualified lawyers, certified public accountants, real estate appraisers, etc., as external experts. Compliance Committee resolutions will not be adopted unless approved by external experts.

Flow of Decision-Making of the Asset Management Company



③ Implementation of Compliance Training

At JEAM, the Compliance Officer periodically provides compliance training for all directors and employees. A verification test is implemented at the end of the fiscal year, with the aim of fostering greater compliance awareness.

Implementation Status of Compliance Training

	FY2020	FY2021	FY2022	FY2023
Number of compliance training sessions provided	12	12	12	12
Ratio of directors and employees who received compliance training (including contract & temporary workers)	100%	100%	100%	100%

④ Prevention of Transactions with Anti-Social Forces

In addition to creating a Compliance Manual which provides guidelines for action for the purpose of achieving compliance with laws and regulations, JEAM is striving to eliminate transactions with anti-social forces by formulating basic principles and specific standards of conduct in order to prevent harm from anti-social forces.

⑤ Prevention of Bribery and Corruption

In its Compliance Manual and Rules on Entertaining and Gift Giving, JEAM prohibits all forms of misconduct including bribery, money laundering, and insider trading, clarifying actions that are prohibited and matters to be observed, such as prohibition on the giving and receiving of excessive gifts or entertainment, the receiving or giving of bribes in any form, and providing, offering, or promising to business partners any wrongful profits. JEAM's officers and employees, including contract and temporary workers, are all thoroughly informed of these prohibitions and related matters through opportunities such as compliance training.

The Compliance Officer, which is an independent department conducts internal audits on the compliance system of corruption prevention and on the operation of this system. Through continued monitoring, the Compliance Officer checks if day-to-day business execution is conducted appropriately, including the recognition of misconduct risks such as the giving or receiving of bribes. In addition, several compliance help desks are established where suspicion of wrongdoing can be reported officially and anonymously to prevent the occurrence of corruption. The monitoring situation and audit results are reported to and shared with the Compliance Committee and the Board of Directors to create a system that can evaluate and review the prevention structure.

Upon detection of a compliance violation such as the giving or receiving of bribes, a fact-finding investigation will be conducted under the supervision of the Compliance Officer and its findings will be reported to the President & CEO, Compliance Committee, and Board of Directors. If the suspected violation is confirmed as a fact, speedy actions and correction measures will be taken, together with the consideration and implementation of recurrence prevention measures, which will be reported to the Board of Directors. An employee who has committed any misconduct will be strictly punished in accordance with the employment rules.

During FY2023, there were no cases of bribery or corruption detected, no payment of fines/monetary penalties, and no employees punished or discharged for bribery or corruption at JEAM.

Furthermore, JEAM has made no political donation thus far.

⑥ Whistleblower System

To promptly detect and rectify misconduct, JEAM has a whistleblower system that enables all its officers and employees (including contract and temporary workers) to anonymously report on acts that are problematic in terms of compliance, such as acts in violation of laws and regulations, corporate ethics, and internal rules.

As contact points to receive consultations or reports, JEAM has designated the Compliance Officer as an internal contact and external lawyers and Group companies' help lines as external contacts to receive consultations and reports by telephone, email, and other means. JEAM ensures that its officers and employees know how to use the help line by including it in compliance training.

When a report is received, the Compliance Officer and the investigation team conduct an investigation while taking into consideration the anonymity and privacy of the whistleblower and the parties involved. In the event that any violation of laws and regulations is found through the investigation, JEAM will respond appropriately based on its employment rules and take corrective and recurrence prevention measures. Information obtained from a whistleblower will only be shared with people involved in the investigation so that it is impossible to identify the whistleblower and no disadvantage will be imposed on the whistleblower.

JEAM protects whistleblowers and other concerned parties through its Whistleblower Protection Rules (based on the Whistleblower Protection Act of Japan) which: prohibits the dismissal of the whistleblower and any other disadvantageous treatment of the whistleblower due to the act of whistleblowing; requires the strict treatment of officers or employees who probe to identify the whistleblower or who commit an act of harassment or retaliation in response to the act of whistleblowing; and bans seeking compensation from the whistleblower on the ground of damage incurred to the company due to the act of whistleblowing, among other things. In addition, JEAM notifies all its officers and employees through internal training that such acts of causing disadvantages to the whistleblower are subject to disciplinary actions.

3. Risk Management

JEI and JEAM strive to reduce risk and handle any risks that occur in an appropriate manner through the implementation of the following systems.

(1) JEI's Risk Management System

JEI holds Board of Directors meetings at least once every three months. At these meetings, in addition to the matters for approval stipulated by the law, the Board receives detailed reports on JEI's operations and the execution of JEAM's duties.

Via this reporting procedure, the supervisory directors, who are independent of JEAM or related interested parties, obtain accurate information and a system is maintained that enables monitoring of execution of the executive director's duties. At the same time, based on the relevant reports, JEI strives to manage risks relating to conflicts of interest, etc., by verifying whether there is any concern about conflicts of interest in JEAM's transactions with sponsor-related parties.

Under the terms of its asset management outsourcing contract, JEI is entitled to receive various reports from JEAM and to investigate JEAM's books and other documents. By exercising these rights, JEI maintains a system that enables monitoring of JEAM's execution of its duties.

(2) JEAM's Risk Management System

Based on the asset management guidelines and so forth, JEAM leverages the collective capabilities of the sponsor companies, pursues portfolio management aimed at achieving stable profits and growth, and has created specific investment criteria, holding period and disposal policies, property investigation (due diligence) standards, property operation and management policies (including a leasing and management plan, property management policies, leasing policies, and insurance policies), and financial policies.

It strives to reduce real estate-associated risks through compliance with the relevant asset management guidelines, etc.

It also pursues clear decision-making processes for key matters relating to asset management, and it works to reduce risk by creating work manuals relating to real estate investigation, acquisition, management, operation, and other tasks.

Moreover, based on risk management rules, JEAM has established risk management indices according to the characteristics of various risks and monitors changes in them, reports to the Board of Directors on a regular and as-needed basis, and has implemented a verification system in which personnel from outside the sales department check the validity and effectiveness of business procedures in decision-making processes for key matters relating to real estate acquisition, disposal, operation, and management.

In October 2022, climate change risks were incorporated into the above risk management framework.

4. Information Security

JEAM has created information management rules, and recognizing that information and information handling security is an indispensable element when using information, it promotes continuous development and seamless execution of operations by pursuing information security improvement. It implements the measures required to protect information assets from being destroyed, modified, or leaked against the company's wishes, whether by intent or by accident. Specifically, it implements the following measures:

- Specifying the location and type of information to be managed
- Establishing a system of checks and balances
- Implementing a security management system
- Access control
- Implementing crime prevention measures, disaster prevention measures, measures to prevent unauthorized use, and backup measures

Initiatives for Unitholders and Investors

VI. Initiatives for Unitholders and Investors

To provide unitholders both in Japan and abroad with a better understanding of the investment corporation's characteristics, investment policies, growth strategy, etc., JEI and JEAM take advantage of various opportunities to share information and proactively work to build a relationship of trust with investors by providing venues for offering explanations to them directly.

1. Policy for Customer-Oriented Business Conduct

Viewing JEI and JEI's unitholders as its own customers, in December 2017 JEAM created and announced the following Policy for Customer-Oriented Business Conduct for the purpose of achieving operations and management that focus on customers' needs. Furthermore, it revises its policies as required in order to achieve more effective business operations.

① Pursuing Customers' Best Interests

As a financial business, JEAM maintains a high level of expertise and professional ethics and conducts business with customers in a fair and sincere manner with their best interests in mind. It also strives to instill this management approach within its corporate culture.

② Appropriate Handling of Conflicts of Interest

In accordance with the laws, internal rules, etc., JEAM accurately assesses the possibility of conflicts of interest in transactions with customers, and in cases where such a possibility exists, it manages these transactions in an appropriate manner based on methods such as obtaining the approval of the Compliance Committee before proceeding with the transaction and having the Investment Committee discuss it and pass a resolution.

In the Rules for Transactions with Sponsor-Related Parties, JEAM has stipulated restrictions on transactions between JEI and sponsor-related parties in which JEAM or JEI has designated interests.

For example, for certain transactions such as the acquisition of properties from sponsor-related parties, the rules stipulate that the Compliance Committee must discuss adherence to the laws, regulations, etc., and whether there are any other compliance-related issues and approve the transaction in advance.

The committee's members include one external expert such as an attorney, and the agreement of this expert is required in order for the committee to approve a transaction.

JEAM has created a system in which the external expert is granted strong authority to ensure checks work well.

③ Clarification of Fees, Etc.

JEAM provides information that lets unitholders know the details of the fees, etc., paid by JEI.

Among these, asset management fees paid by JEI to JEAM consist of two types of fees: Type I (linked to the amount of managed assets) and Type II (linked to profits), consequently linking to unitholders' interests.

The method of calculating these asset management fees and the payment schedule are stipulated in JEI's by-laws and disclosed on JEI's website.

Moreover, the asset management fees paid to JEAM by JEI each accounting period are published in the asset management report sent to all unitholders at the end of each quarter. This may also be viewed on JEI's website.

④ Making Key Information Easy to Understand

JEAM discloses accurate, unbiased key information about itself and JEI to customers in a timely and easy-to-understand manner.

In addition to statutory disclosure and timely disclosure, JEAM voluntarily discloses information that is considered important or useful for customers. It also strives to disclose easy-to-understand, customer-oriented information by posting a wide range of information, including management policies and the status of finances and owned properties, etc., on JEI's website in a timely manner.

⑤ Providing Appropriate Services to Customers

JEAM strives to understand the needs of all unitholders and manage assets with their needs in mind.

It aims to ensure stable profits and consistent growth of managed assets over the medium to long term while giving practical consideration to environment, society, and governance (ESG) in asset management.

⑥ Providing an Appropriate Motivational Framework for Employees

In pursuing the best interests of its customers, JEAM has developed an appropriate governance structure and a motivational framework for employees for the purpose of managing conflicts of interest in a suitable manner.

JEAM has created a code of conduct to ensure that directors and employees always pursue customers' best interests, and as an asset management specialist, it strives to conscientiously perform its duties and ensure their optimal execution for the benefit of investors.

Compliance and adherence to the code of conduct is one of the items considered in employees' performance appraisals. Furthermore, compliance-related training for directors and employees is periodically conducted to further raise awareness of compliance.

JEAM has also established a governance structure for the decision-making process for designated transactions involving JEI and sponsor-related companies, which includes discussion of any legal compliance-related issues such as conflicts of interest by the Compliance Committee, whose members include an external expert.

Status of FY2023 initiatives:

http://www.jeam.co.jp/customer/img/file_2023.pdf (Japanese only)

List of financial companies that have announced policies based on the "Principles for Customer-First Business Practices," etc. (Financial Services Agency website as of February 28, 2024):

https://www.fsa.go.jp/news/r5/kokyakuhoni/202402/list_240228.xlsx (Japanese only)

2. Information Disclosure Policy

- With a view to ensuring transparency, in addition to statutory disclosure, JEI shall strive to disclose accurate, unbiased information to investors in a timely, easy-to-understand manner, as well as voluntarily disclosing information deemed important or useful to investors whenever possible.
- JEI shall appropriately disclose information in accordance with the details and formats required by the Investment Trust Act, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange, the Japan Investment Trusts Association, and so forth.
- With a view to ensuring transparency, designated transactions with interested parties, as stipulated in JEAM's Rules for Transactions with Sponsor-Related Parties, shall be promptly disclosed using an appropriate method in accordance with the applicable laws, regulations, rules, etc.
- JEI shall strive to develop and maintain a structure for the purpose of observing the above policies.

3. Status of IR-Related Activities

Along with prompt disclosure of statutory disclosure documents to the Tokyo Stock Exchange's TDnet, JEI discloses a wide range of information on its website, including financial results, results briefing Q&As, English IR materials, and financial results videos.

For each quarter's semiannual financial results, it also holds a briefing for Tokyo-based investors, and it holds organized meetings with Japanese and overseas institutional investors.

Furthermore, it actively participates in international investors' conferences organized by securities companies.

- The information provided in this document is not required by the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations, associated laws, Cabinet Office ordinances, and regulations, the Tokyo Stock Exchange's Securities Listing Regulations, or other related regulations, nor is it intended to constitute an asset management report or a document disclosed based on the aforementioned laws and regulations.
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