ESG Report

2024.11



Advance Residence Investment Corporation

ITOCHU REIT Management Co., Ltd.

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About This ESG Report

●Advance Residence Investment Corporation (“ADR”) and their asset management company, ITOCHU REIT Management Co., Ltd. (“IRM”) strive to disclose the status of its sustainability initiatives. This report was written to provide information regarding sustainability policies and the implementation status of its initiatives as disclosed on ADR and IRM websites to our stakeholders in an easy-to-understand manner.

●The disclosure in this report was prepared with reference to the GRI Standards（GRI 1: Foundation 2021）. For comparisons, please refer to the Comparative Table with GRI Standards.

●All numerical information included in this report is as of the end of October 2024, unless otherwise noted.

Date of Issue: November 28, 2024

Inquiries:

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Disclaimer

This report contains forward-looking statements on future operating results, plans, business objectives and strategies of the company.
Forward-looking statements provide current expectations of future events based on number of assumptions and include statements that do not directly relate to any historical or current facts.
Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements.
Although the financial figures in the report are based on Japanese GAAP, the report does not necessarily follow any official rules or regulations on financial disclosures.
This report was not created for the purpose of soliciting investment in the company. Investments should be based on your own judgment and responsibility.

Overview of the investment corporation and asset management company

ADR IRM

Advance Residence Investment Corporation

Japan‘s largest* J-REIT specializing in rental residences

One of the largest residential J-REITs in terms of assets. Based on the basic policy of 'realizing long-term, stable distributions of profits', it has built a well-balanced portfolio with diversified investments in investment areas and types of residential units. ADR has developed the rental residential brand RESIDIA. It responds to various lifestyles and offers the value of comfortable living.

Name of Investment Corporation	Advance Residence Investment Corporation
Representative	Wataru Higuchi, Executive Director
Address of Head Offic	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo
Type of Assets under Management	Residential Property
Fiscal Term End	Six-month period from Feb.1 to Jul.31, and Aug.1 to Jan.31



RESIDIA TOWER Kami-Ikebukuro



Park Tower Shibaura Bayward Urban Wing



RESIDIA TOWER Nogizaka

＊Based on the disclosure data (number of properties, leasable floor space, leasable units, and asset size) of each J-REIT specializing in residential properties as of November 29, 2024.

ITOCHU REIT Management Co., Ltd.

IRM is an asset management company that handles asset management operations for ADR (J-REIT), Advance Private Investment Corporation (private REIT), private funds, etc., as well as private placement operations for overseas real estate funds.

Management Company	ITOCHU REIT Management Co.,Ltd.
Representative	Junichi Shoji, Representative Director, President & CEO
Established	February 2, 2005
Capital	¥300 million
Shareholders	ITOCHU Corporation 80% ITOCHU Property Development, Ltd. 20%
Business	Investment management business Type II financial instruments business Investment advisory and agency business
Licenses and Registrations	Building Lots and Building Transactions Business License, Governor of Tokyo (4) No. 84325 Entrustment-based Agency Services for Transactions, etc. License, Minister of Land, Infrastructure, Transport and Tourism License No. 37 Financial Instruments Business Operator Registration, Director-General of the Kanto Local Finance Bureau (Financial Instruments) No. 309 First-class Architect Office: Governor of Tokyo Registration No. 58856
Memberships	The Investment Trusts Association, Japan Type II Financial Instruments Firms Association Japan Investment Advisors Association
Headquarter Address	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo

Message from Top Management

ADR IRM

Advance Residence Investment Corporation (ADR) is a listed investment corporation boasting one of the largest asset holdings in Japan among J-REITs specializing in residential properties. ADR is managed by ITOCHU REIT Management Co., Ltd. (IRM), which is an asset management company of the ITOCHU Corporation Group. Upholding the basic policy of realizing stable, long-term profit sharing, ADR creates its portfolio with a focus on balance through diversified investments in terms of investment areas and housing types. Following the corporate mission of *Sampo-Yoshi* (Japanese for “good for all three sides”: good for the seller, good for the buyer, and good for society) upheld by their sponsor, ITOCHU Corporation, ADR and IRM aim to solve social challenges while maximizing investor values and proactively promote initiatives relating to the Environment, Social and Governance (ESG) to remain entities that provide all stakeholders with a sense of security, trust, and hope.

Since the adoption of the SDGs by the United Nations in 2015, the level of contribution that companies are required to make to build a sustainable society has been rising each year. ADR and IRM are also strongly aware that promoting initiatives to build a sustainable society is an important task for them as corporations and essential to maximize their investor values. These initiatives include contributing to achieving net zero carbon emissions by 2050, contributing to regional communities, improving tenant satisfaction, and promoting diversity, equity, and inclusion (DEI) for officers and employees. To address these challenges, IRM has established its Sustainability Policy, while ADR has identified its materiality (important sustainability challenges) and set targets and KPIs to implement IRM’s Sustainability Policy and to raise its effectiveness. Based on these, IRM and ADR are both implementing various measures.

As a result, in recent years, we have obtained certification for science-based targets (SBT) with respect to our GHG emission reduction targets; sourced 100% of the energy (electricity and heat) used in the common areas of our properties from renewable energy sources through the procurement of renewable energy certificates; continued offsetting the entire volume of Scope 2 GHG emissions as a result of the foregoing; and conducted and disclosed a quantitative scenario analysis based on recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

With respect to external evaluations, we have continued our participation in GRESB’s real estate assessment and took part in the CDP Climate Change Program for the first time as a residential property J-REIT, obtaining a “B” score for our management level. Furthermore, we have been promoting social initiatives such as improving our personnel system and welfare and organizing healthy and pleasant work environments, utilizing regular employee surveys so that all our officers and employees can fulfil their potential to the fullest.

This ESG Report describes the status of sustainability efforts at ADR and IRM, including those mentioned above, to foster a broad understanding among our investors and other stakeholders. The Report explains our Sustainability Policy, its promotion structure, specific sustainability initiatives, external assessments of the outcome of such initiatives, and other data. We will endeavor to continue to make a contribution in building a sustainable society to the best of our ability and strive to communicate the implementation status of our efforts in an easy-to-understand manner.

We would greatly appreciate your continued support.



Wataru Higuchi

Executive Director

Advance Residence Investment Corporation



Junichi Shoji

Representative Director , President & CEO

ITOCHU REIT Management Co., Ltd.

Supported Initiatives / External Evaluations and Certifications

ADR IRM

ADR and IRM believe that working to solve social issues such as climate change, human rights, diversity, and equity and inclusion (DEI) is an important issue for achieving a sustainable society, and based on this belief, we are working to sign and support the following initiatives, as well as promote the acquisition of external evaluations and certifications and improve evaluations.

Supported Initiatives

IRM

Japan Climate Initiative (JCI)

JAPAN CLIMATE INITIATIVE

Supported March 2019

IRM

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Supported March 2020

IRM

TCFD Consortium

TCFD Consortium

Membership in March 2020

ADR

SBTi (SBT Initiative)

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Acquired SBT certification in March 2023

IRM

Signature to the Principles for Responsible Investment (PRI)

Signatory of:

PRI Principles for Responsible Investment

Supported March 2024

Obtaining external evaluations/certifications

ADR

CDP Climate Change Program

CDP DISCLOSER 2023 **B**

First participation in 2023

ADR

MSCI ESG Ratings

MSCI ESG RATINGS **A**

CCC | B | BB | BBB | **A** | AA | AAA

Received “A” rating in May 2024

ADR

GRESB Real Estate Assessment

GRESB 2024

7th time in total

“**3 Stars**” rating

Ranked #1 among participants in “Listed, Residential, Japan” *2

ADR

GRESB Public Disclosure Assessment

GRESB Public Disclosure 2024 **A**

Received “A” rating for 7 consecutive years

ADR

DBJ Green Building certification

DBJ Green Building

Number of certified **1** property

ADR

CASBEE certification

CASBEE®

Number of certified

27 properties

ADR

BELS certification

BELS

Number of certified

4 properties

ADR

ARES ESG Award 2023 Best Recommendation Award, Social Category

ARES ESG AWARD 2023

January 2024

IRM

Excellent Health Management Corporation 2024 (Small and Medium-Sized Corporations) Certified for 4 consecutive years

2024 健康経営優良法人 Health and productivity

Certified March 2024

IRM

The Gold Certification for Excellent Health Company Obtained 2 consecutive years

健康優良企業

Gold certification authorisation No. KYOKIN No. 159(1)

Acquired in September 2024

*1 For an overview of each initiative and evaluation, please click on the logos and visit the respective websites.

*2 Ranking within participants that meet the criteria of “Japan, Residential, Listed” in the GRESB Customized Peer Group (a system that allows participants to check their ranking within a group set up with arbitrary conditions).

Approaches to sustainability

ADR IRM

FY2014

ADR

Became the first residential property J-REIT [*1] to participate in GRESB Real Estate Assessment

FY2016

ADR

Received the Green Star designation in 2016 GRESB Real Estate Assessment

FY2017

ADR IRM

- **Became the first residential property J-REIT** to issue green bonds
- Received the highest evaluation, Green 1 (F), in the JCR Green Finance Framework Evaluation
- **Became the first J-REIT asset management company** to obtain Resilience Certification
- **Became the first residential property J-REIT** to express support for TCFD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

FY2018

ADR

- Selected as a Sector Leader in the Listed, Residential, Asia Sector in 2018 GRESB Real Estate Assessment

GRESB 2018 Sector Leader 2018

- **Became the first J-REIT asset management company** to introduce an employee investment unit ownership program [*2]

FY2019

ADR IRM

- ADR introduced an asset management remuneration structure linked to performance results
- **Became the only and first J-REIT asset management company** to obtain a DBJ BCM rating

DBJ BCM格付 2016

FY2021

ADR

- **Became the first residential property J-REIT**
  Received a “4 Star” rating in the 2022 GRESB Real Estate Assessment
  Selected as a Sector Leader in the Listed, Residential, Asia Sector for the third consecutive year

GRESB 2022 GRESB REAL ESTATE sector leader 2022

- For the first time, 100% of the electricity consumption in the common areas of properties in fiscal 2021 was generated from renewable energy. At the same time, GHG Scope 2 emissions were reduced by approximately 99%.

IRM

Certified as an Excellent Health Management Corporation (SME category)

2021 健康経営優良法人 Health and productivity

FY2022

IRM

Signed the Principles for Responsible Investment (PRI)

Signatory of:

PRI Principles for Responsible Investment

ADR

Became the first residential property J-REIT to receive SBT Certification for SBT Initiatives

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ADR

Selected as the Sector Leader in the Listed, Residential, Asia Sector in 2023 GRESB Real Estate Assessment for the fourth consecutive year (five times in total); Selected as the Sector Leader for all participants including non-listed participants

GRESB 2023 GRESB REAL ESTATE sector leader 2023

IRM

Received the Good Action Award in the Social Division in 2023 ARES ESG Awards

ARES ESG AWARD 2023

FY2023

ADR

Became the first residential property J-REIT to participate in the CDP Climate Change Program Questionnaire in 2023; received a “B” for the management level

CDP DISCLOSER 2023

ADR

- Offset 100% of Scope 2 GHG emissions in FY2022 (by using renewable energy sources for power and heat in the common areas of properties)
- Conducted scenario analyses based on TCFD recommendations

IRM

Received the Gold Certification as an excellent health company

健康優良企業

Gold certification authorisation No. KYOKIN No. 159

FY2024

*1 “Residential property J-REITs” refers to investment corporations listed on the Tokyo Stock Exchange REIT Market, which mainly invest in residential properties that account for 90% or more of their investment portfolio.

*2 Based on the data disclosed by J-REITs as of Sept. 10, 2018.

Sustainability Policy and Structure ADR IRM

Sustainability Policy

IRM consider efforts to achieve Net Zero by 2050 and to address climate change and social issues as important issues in our business activities, and have established the "Sustainability Policy" and will contribute to the realization of a sustainable society by implementing this policy in our asset management operations and overall business activities.

1. Efforts toward achievement of Net Zero by 2050

We will contribute to achieving Net Zero by 2050 and to mitigating climate change by reducing greenhouse gas emissions from the operation of our property holdings by installing energy efficient equipment and adopting renewable energy.

2. Consideration and conservation of the global environment

We will contribute to the preservation of the global environment by analyzing data on environmental impacts, understanding the impact of our business activities on the environment, and giving due consideration to ecosystems and biodiversity.

3. Resource conservation and waste reduction

Through collaboration with stakeholders, We will contribute to the achievement of a society that conserves and recycles resources by encouraging tenants to conserve electricity and water and to recycle waste.

4. Creating a Great Place to Work

We will promote the creation of a work environment that is healthy and comfortable so that individual executives and employees can fully demonstrate their abilities. We will also promote initiatives that take DEI and human rights into consideration and foster an organizational culture that recognizes and respects diversity.

5. Contribution to tenants and local communities

We will strive to offer high quality properties to tenants and contribute to local communities through collaboration with our employees and other stakeholders including property management companies.

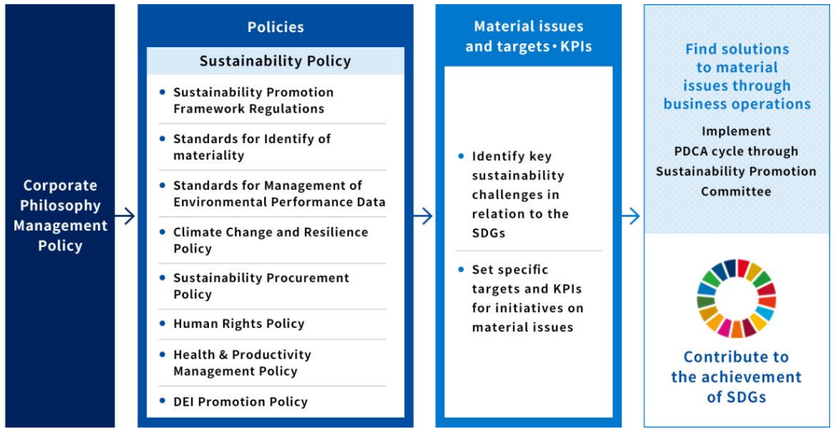
6. Legal compliance and the establishment of an organizational structure

We will establish an appropriate organizational structure to ensure compliance with ESG-related laws and regulations to prevent risks.

7. Transparent disclosure

When disclosing our ESG-related policies and initiatives, we will take the perspective of unitholders and make disclosures easy to understand.

Promoting Sustainability



We have defined the direction that we will take in promoting sustainability based on our Corporate Philosophy and Management Policy and on changes in our operating environment as our Sustainability Policy, and we are pursuing it as an organization in a systematic manner. In doing so, we have established KPIs for material issues, which are the priority challenges that the Company and our investment corporations must find solutions to, and we are implementing a PDCA cycle for target achievement.

Sustainability Promotion Framework

In order to systematically pursue sustainability improvement activities, IRM have established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.

For more information, see 'Governance > Management's roles and oversight by the Boards of Directors of IRM and each investment corporation' on P10.

Officer and Employee Training

To enhance sustainability awareness, IRM have awareness-raising programs for IRM's officers and employees including regular sustainability training (internal training as well as training by professional instructors)and events. In FY2023, IRM invited an external lecturer to provide training for directors to deepen their knowledge of ESG. So far , IRM have held power-saving challenges at employees' homes, and educational events such as lunch meeting (paid for by the company) to discuss SDGs themes, poverty, education, gender equality, and ensuring diversity.

Materiality and Targets

ADR IRM ADR/IRM Common

ADR and IRM have identified the following ten materiality items as important issues to be solved as a priority in promoting sustainability and are executing the PDCA cycle to achieve our goals. Also, in September 2022, ADR established targets and KPIs to enhance the effectiveness of materiality.

	Materiality (sustainability-related important issues)	Targets and KPIs	Latest Progress	Related SDGs
Environment	Management and reduction of energy consumption, CO2 emissions, water consumption, and waste emissions	**[Energy consumption]** **20**% reduction (intensity) by FY2030 to date (vs. FY2018)	Reduction of **6.3% (intensity)** vs. FY2018 *Actual results for FY2023	
		[CO2 emissions (GHG)] Scope1&2 **51**% reduction (total) by FY2030 to date (vs. FY2018) **Net zero by FY2050** Scope3 **Identification of corresponding categories and scope determination and calculation**	Scope1 - 2 emissions: **97.7**% reduction *Actual results for FY2023 Scope 3 **Identified corresponding categories and determined their scope** **Calculated FY2023 results**	
		[Water consumption] Do not increase (common areas) by FY2030 to date (vs. FY2018)	Reduction of **10.8%** (intensity) vs. FY2018 *Actual results for FY2023	
		[Waste] Recycling rate **65%** (emissions related to construction of exclusive use areas)	Recycling rate: **91.7**% *Actual results for FY2023	
	Acquisition of environmental and energy-saving certifications	Proportion of environmental and energy-saving certifications acquired by FY2030 **30%** or more (by total floor space)	Percentage of properties with certification: **33.1**% (by total floor space) *As of Nov. 28, 2024	
	Collaboration with stakeholders on environmental considerations	・Conduct periodic supplier (PM / BM / contractors) training, exchanging opinions, and monitoring. ・Conclude green lease clauses for all newly contracted units ・ Raise sustainability awareness through regular training for investment management company employees	・Conducted regular exchange of opinions with and monitoring of suppliers ・Percentage of green lease contracts: **Approx. 66.7**% *As of end of July 2024 ・Offered one sustainability training session for all officers/employees Offered ESG training for officers with an external lecturer *Actual results for FY2023	
Social	Improvement of tenant satisfaction, engagement with tenants	・Conduct periodic tenant satisfaction surveys ・Install disaster prevention maps in all properties ・Make disaster prevention goods available at no charge for all ・Distribute sustainability guidelines to all units ・Conduct education on sustainability and disaster prevention at all properties	・Conducted a tenant satisfaction survey in May–June 2023 ・Installed disaster prevention maps in all properties; provided free disaster prevention goods upon request ・Distributed sustainability guides to all residential units ・Provided sustainability/disaster prevention education at all properties	
	Contribution to local communities	・Promote installation of AED equipment at all properties ・Promote installation of donation vending machines ・Support employees' volunteer activities, donate to charitable organizations, etc. ・ Participate in regional activities, Local revitalization through dialogue with local communities	・Number of AED installed: **66 units** *As of end of July 2024 ・Promoted installation of fundraising vending machines: **Installed 20 units** *As of end of July 2024 ・Supported employees' volunteer activities; donated to charitable organizations and others ・Participated in local activities; revitalized local communities through dialogue	
	Pursuit of unitholders' profit through customer-oriented business conduct	・Establish system for managing conflicts of interest in the oversight of multiple funds ・Conduct honest, transparent disclosure ・Pursue unitholders' interests through the establishment of an asset management fee structure linked to investment performance	・Organized a framework for conflict-of-interest management in operating multiple funds ・Conducted honest and highly transparent information disclosures ・Pursued unitholder interests through establishing an asset management fee structure linked to investment performance	
	Promoting diversity and talent development	・Average years of service: **5** years or more ・Proportion of female employees: **30**% or more ・Proportion of female managers: **15**% or more ・Organize and encourage employees to attend training and acquire qualifications for continuous employee skill development	・Average years of service: **8 years 7 months** ・Percentage of female employees: **24.1%** ・Percentage of female managers: **14.0%** ・Offered employee training, encouraged their participation, and supported qualification acquisition *Actual results for FY2023	
	Creating a work environment for Decent Work	・Leave acquisition ratio: **70%** or more ・Zero turnover due to life events, including use of childcare and nursing care leave systems ・Percentage of employees taking childcare leave: **50%** or more ・Frequency rate of occupational accidents: Zero ・Conduct employee satisfaction surveys and undertake improvements ・Average monthly overtime: Less than 45 hours (Compliance with 36 agreements)	・Annual leave acquisition rate: **70.1%** ・**Zero turnover** due to life events using childcare/nursing care leave system ・Percentage of employees taking childcare leave: **90.9%** ・Frequency rate of occupational accidents: **0%** ・Conducted employee satisfaction surveys and made improvement measures ・Average monthly overtime: **25 hours 58 minutes** *Actual results for FY2023	
Governance	Strong corporate governance structure	・Development of governance structure ・Increase in the number of fund officers and appointment of female officers comprising 25% ・Conduct in-house compliance training, achieve **100%** participation rate ・Maintain and improve the effectiveness of committees and the Board of Directors ・Conduct an internal audit once a year to ensure the feasibility of internal controls	・Organized a governance structure ・Increased the number of fund officers; appointed female officers; percentage of female officers reached **25**% ・Conducted in-house compliance training and confirmation test: **100%** *Actual results for FY2023 ・Maintained and improved the effectiveness of committees and Board of Directors ・Conducted annual internal audits to ensure the effectiveness of internal controls	
	Strengthening of resilience	・Response to severe disasters (earthquakes, floods, etc.) ・Response to TCFD (assessment and calculation of climate change-related risks and opportunities) ・Acquire CDP and SBTi certification ・Conduct annual BCP training	・Took measures against severe disasters (earthquakes, floods, etc.) ・Took measures for TCFD (evaluated/calculated climate change risks and opportunities) ・Participated in 2023 CDP Climate Change Program for the first time; received a "B" ・Obtained SBT certification (for Scope 1+2 reduction targets) ・Conducted crisis management public communication training as part of BCP training	

Environment

Climate Change Initiatives IRM

Recognition Regarding Climate Change

Recognizing that climate change is an important challenge that dramatically changes the natural environment and social structure and has a significant impact on all business activities, IRM expressed its support for the recommendations made by the Task Force on Climate-Related Financial Information Disclosures (TCFD) in March 2020. Based on these TCFD recommendations, ADR conducts climate change-related analyses and disclosures under the framework of ***governance, strategy, risk management,*** and ***metrics and targets***, to appropriately assess climate change-related risks and opportunities and reflect them in their management and operation policies with the aim of ensuring sustainable and stable income over the long term.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

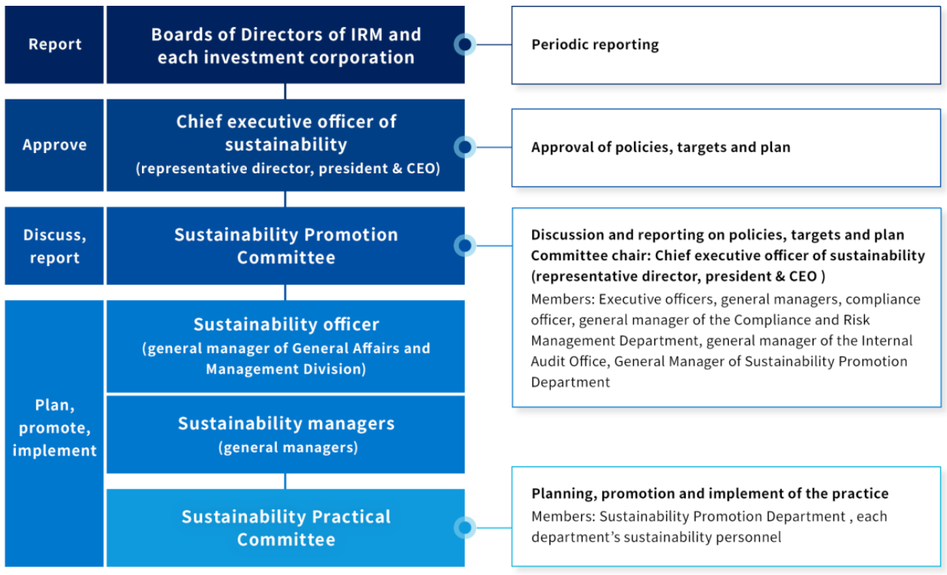
Governance

Management's roles and oversight by the Boards of Directors of IRM and each investment corporation

●IRM has established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.

●The Sustainability Promotion Committee meets at least twice a year to implement a PDCA cycle with the aim of improving asset value over the medium to long term. The PDCA cycle consists of the following steps: formulate sustainability goals and initiatives, identify and evaluate climate-related risks and opportunities, analyze climate-related risks and manage them company-wide, monitor environmental performance as well as the results of ESG evaluation by external organizations, verify the degree of achievement of goals, and reset goals for remaining and new challenges.

●Sustainability goals are set by the representative director, who is the chief executive officer of sustainability, and the progress made toward goals and on initiatives is reported to the Board of Directors of IRM and each investment corporation at least once a year. The Sustainability Practical Committee is responsible for promoting various measures needed to achieve these goals.



Risk Management

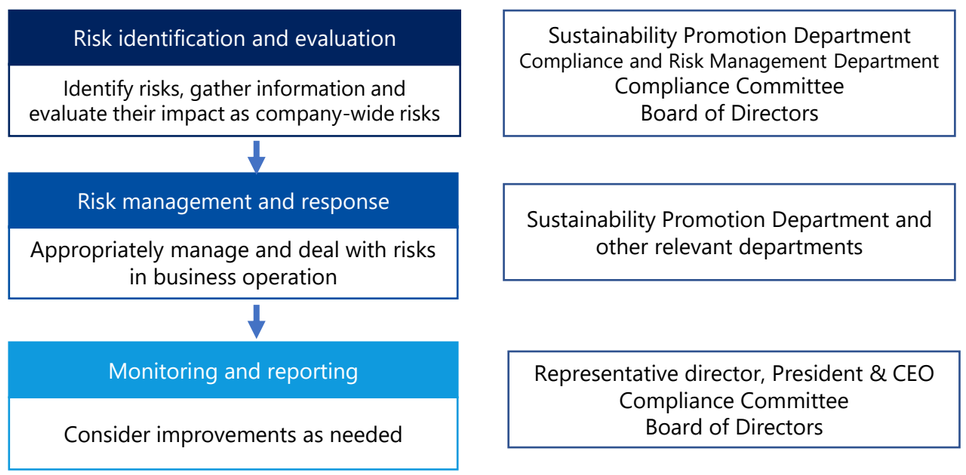
Management Process (risk identification and evaluation and integration with company-wide risk management)

●IRM has established the Risk Management Rules and Risk Management Standards as its internal rules to comprehend various risks and opportunities including those related to climate change, to clearly set out our basic approach and internal management structure for such risks and opportunities, and to help ensure the appropriate operation of our business and the soundness of our business management.

●While positioning climate-related risks as having a material impact on the financial and strategical aspects of our business, IRM also sees climate-related risks as opportunities and manages them as part of the company-wide risk management process whereby the Compliance and Risk Management Department gathers information on risks including climate-related risks from other departments, evaluates the degree of their impact, and then identifies company-wide risks following discussions by the management team.

●The Compliance and Risk Management Department reports to the representative director, who is the Chief Executive Officer of IRM, the monitoring status of company-wide risks and opportunities twice a year as well as making reports to IRM's Compliance Committee and Board of Directors as needed.

Climate-related risk management process chart



Climate Change Initiatives

ADR

Strategy

Scenario Analysis

We classify various change factors in the external environment resulting from climate change into transition risks and physical risks and identify and evaluate them as risks and opportunities. We select any factors that have a material impact on our business and run scenario analysis. We mainly analyze and calculate transition risks related to “policies/regulations, markets, reputation,” and physical risks in the categories of “acute/chronical,” and opportunities related to “markets, energy sources, resource efficiency, products and services.” We aim to reduce our environmental impact while achieving a medium- and long-term growth by addressing climate change-related *risks* and enhancing our efforts to capture *opportunities*.

The following chart shows the images of the world surrounding our investment corporations in the climate change scenarios with 4-degree Celsius temperature rise and a 1.5-degree Celsius temperature rise as the background for risk and opportunity identification and evaluation.

4℃

Economic development has been prioritized, resulting in higher temperature rises and more serious impacts;
Global warming causing more serious impacts than present such as severer wind and water damage and sea level rises;
Natural catastrophes caused by climate change impact our business

Government/Administration

No change to their policy to control global warming from present; enhanced disaster response

Investors/Financial Institutions

Progress in investments/loans that consider natural disaster risks

Impact on ADR

-Higher repairment/insurance costs for properties due to severer natural disasters; higher power bills due to rising temperatures
-Increased demand for safe and secure properties

Technology

Progress in technology addressing natural disasters

Tenants

Higher demand for properties that address physical risks caused by natural disasters

Main Reference Scenarios
IPCC（Intergovernmental Panel on Climate Change）SSP1-1.9

1.5℃

Entire society has shifted towards decarbonization and successfully controlled temperature rises;
Progress in laws/regulations and technological innovation;
Social changes that occur in the process of decarbonization
Impact our business

Government/Administration

Taxation using carbon pricing
Tighter energy-saving related regulations for buildings

Investors/Financial Institutions

Progress in investments/loans emphasizing ESG evaluations including decarbonization

Impact on ADR

-Higher costs due to decarbonization-related taxes and materials, renovations to meet regulations, and so on
-Smaller running costs thanks to energy-saving efforts; increased investments enabled by effective actions

Technology

Progress in decarbonization technology and energy-saving technology such as outer surface functionality of buildings

Tenants

Emphasize decarbonization and energy saving in property selection due to legal requirements, demands from investors, and rising environmental awareness

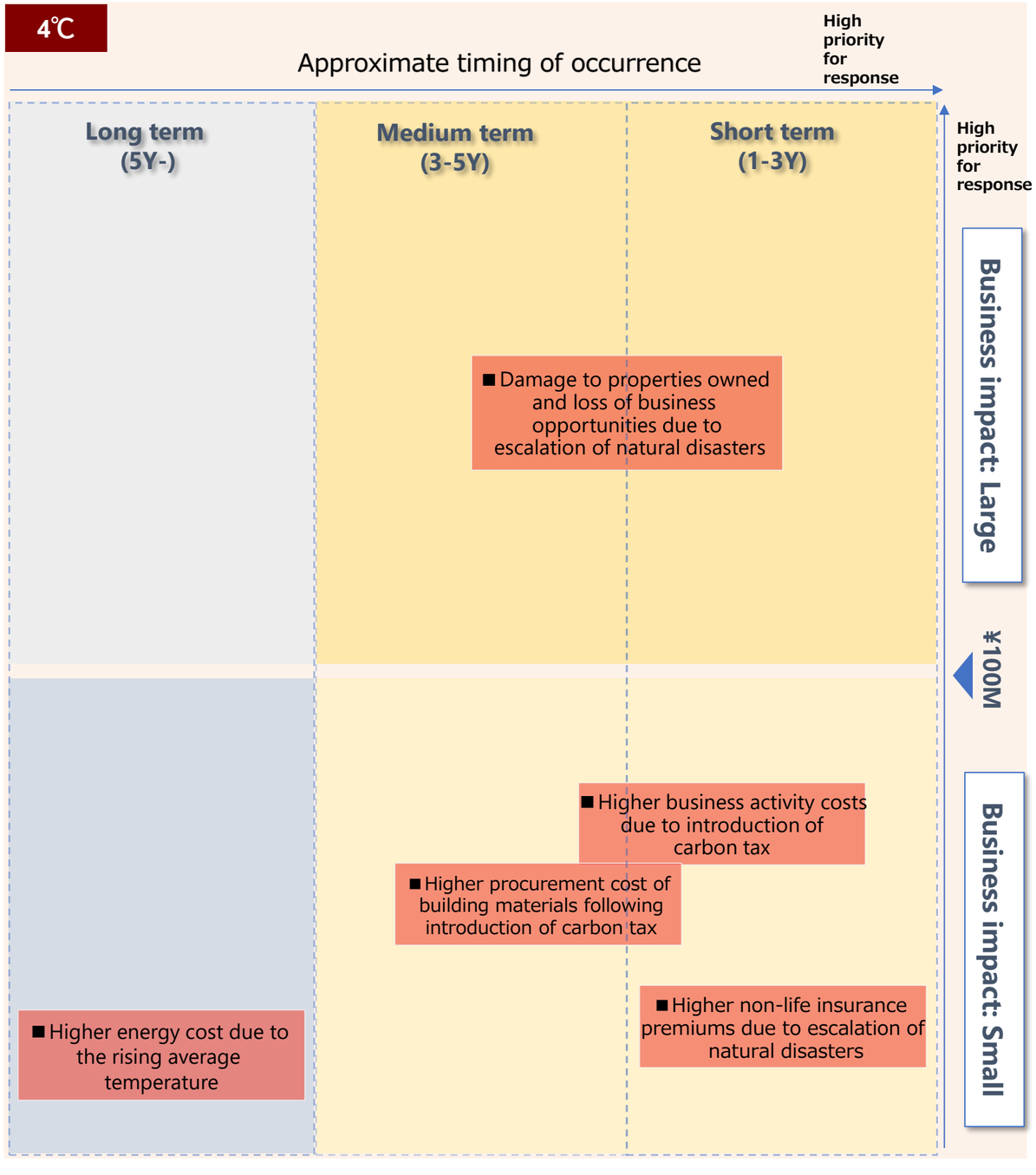
Main Reference Scenarios
IEA (International Energy Agency) NZE（Net Zero Emission by 2050 Scenario),APS（Announced Pledges Scenario）

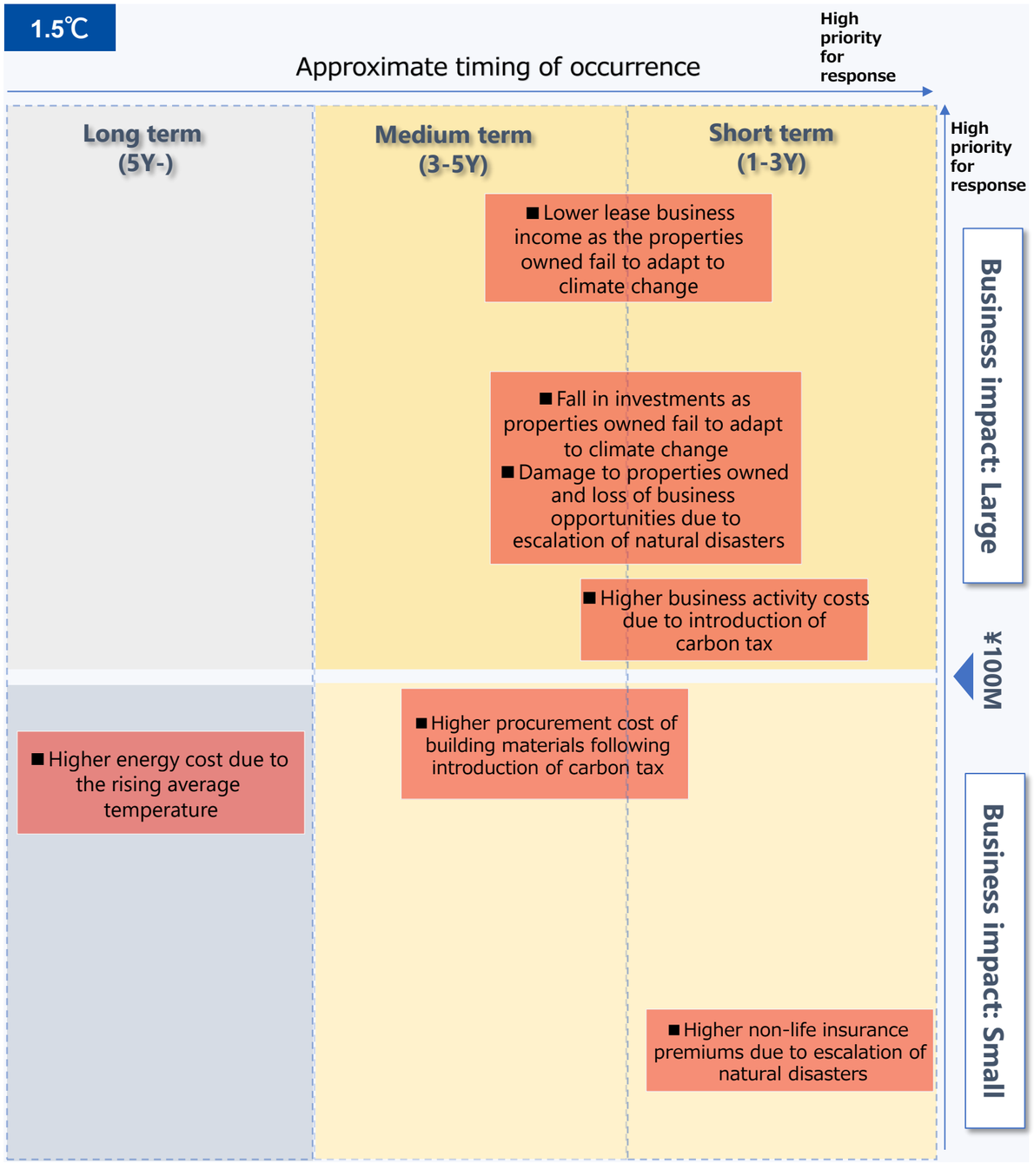
Climate Change Initiatives

ADR

Risk and opportunity identification and impact analysis

In order to identify the climate-related risks assumed in scenarios with a 4-degree Celsius temperature rise and 1.5-degree Celsius temperature rise, as well as to understand the priority level of response, ADR has examined the "timing of onset of each risk" and presented it in the following diagram. The "Business Impact" is based on the financial impact of each risk. The specific financial impact and response measures for each risk, as well as the opportunities identified, are shown on the next page.





※The "Approximate timing of occurrence" indicates the time when each risk is assumed to have a high likelihood of occurrence, as of FY2023, when the analysis was conducted. The timing of occurrence is based on a qualitative consideration of the world view of each scenario based on the advice of a third-party organization, and does not guarantee the accuracy of the timing of occurrence.

Climate Change Initiatives

ADR

The following shows potential climate change-related risks for ADR in the images of the world in the 4-degree Celsius and 1.5-degree Celsius scenarios, their financial impacts, countermeasures, and possible opportunities for ADR's business.

Category		Factor	Impact (Risk/Opportunity)	Financial impact (millions of yen)		Countermeasures
				4℃	1.5℃	Overview
Transition risk	Policies/ regulations	Tightening of relevant regulations to control CO2 emissions	Higher business activity costs following introduction of carbon tax	78	121	- Install LED lightning - Introduce renewable energy (purchase non-fossil certificates and green energy certificates)
			Higher procurement cost of building materials following introduction of carbon tax	62	97	- Use subsidiaries and incentive systems
	Reputation	Progress in investments and loans emphasizing climate change actions	Fall in investments as properties owned fail to adapt to climate change (higher interest rates as preferential interest rates are not applied)	-	231	- Continue acquiring environmental certificates (issue sustainability bonds) - Enhance information disclosure and engage investors
	Markets	Changing tenants' demands (Growing needs for properties adapting to climate change)	Lower lease business income as properties owned fail to adapt to climate change	-	1,054	- Continue acquiring environmental certificates - Anti-flood measures (install water stops, drainage pumps, water sensors, alarm devices) - Conduct disaster drills; secure disaster prevention goods - Reduce damage (lost rents) by purchasing fire insurance
Physical risk	Acute	Escalation of natural disasters such as torrential rain, typhoon, flooding, landslide and high tide; higher risk of wind and water damage	Damage to properties owned and loss of business opportunities due to escalation of natural disasters	438	219	
	Chronic	Rising average temperature and escalation of natural disasters	Higher energy cost due to the rising average temperature	5	86	- Install LED lightning
			Higher non-life insurance premiums due to escalation of natural disasters	11	5	- Regular review of fire insurance policies
Opportunities	Resource efficiency	Strengthening of energy saving-related regulations	Smaller operating costs due to adoption of energy-saving measures			-
	Products and services	Changing tenants' demands (Growing needs for the properties adapting to climate change)	Higher rent income through provision of low CO2 emissions facilities and services to tenants (higher occupancy and higher rents)			-
	Markets	Progress in investments and loans emphasizing climate change actions	Fall in funding cost and increase in investments as actions are taken to address climate change (lower interest rates as preferential interest rates are applied)			-

（Note）The figures stated as financial impact represent the annual monetary impact. An analysis was conducted on the risks and opportunities of climate change factors that are deemed to have a particularly material impact on ADR's business activities. Furthermore, the above estimates were calculated based on ADR's past investment performance, scenarios presented by international organizations and others, and data released by relevant government agencies or other third parties. ADR therefore does not guarantee the accuracy of these figures. The countermeasures listed are also presented for the purpose of calculating the impact; no plan or decision has been made for their implementation.

Metrics and Targets, Results

Energy consumption	**20% reduction (intensity) by FY2030 (vs. FY2018)**
GHG emissions	**51% reduction (total) by FY2030 (vs. FY2018)** **Net zero by FY2050**

Please refer to "Environmental Performance Data" on page 37 for actual results.

Acquisition of SBT Certification

ADR's target of reducing greenhouse gas (GHG) emissions by 52% (total amount) by FY2030 (compared to FY2018) was certified as a science-based target by the international initiative SBTi (Science Based Targets initiative) in March 2023.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

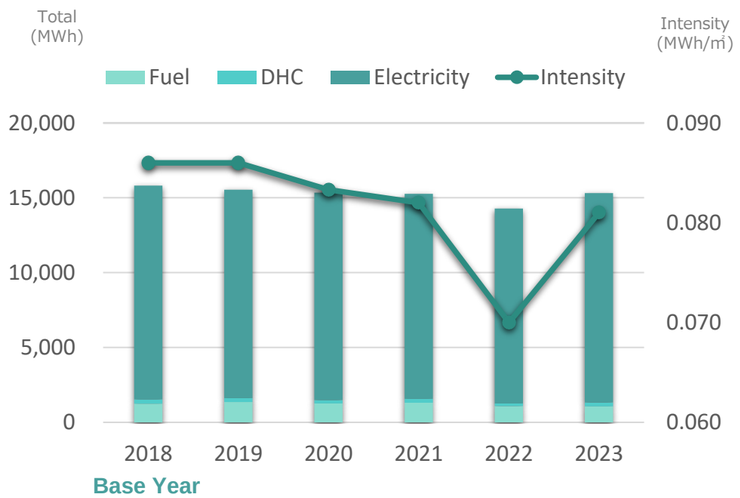
Environmental Performance Data

ADR

The graph below shows the evolution of environmental performance data in ADR up to FY2023. Detailed data can be found in the ESG Data section of this report.

Energy consumption

Target 20% reduction (intensity) by FY2030 (vs. FY2018)



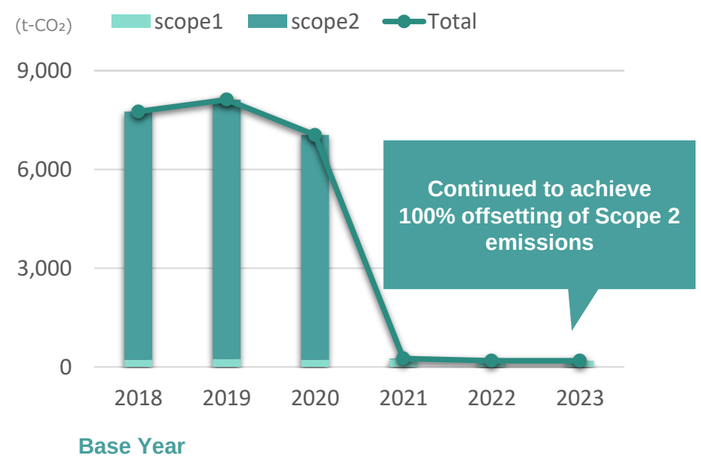
Reduction rate of intensity in 2023

−6.3%

VS. FY2018

CO2 emissions (GHG) Scope1&2

Target 51% reduction (total) by FY2030 (vs. FY2018)
Net zero by FY2050



Reduction rate of total in 2023

−97.7%

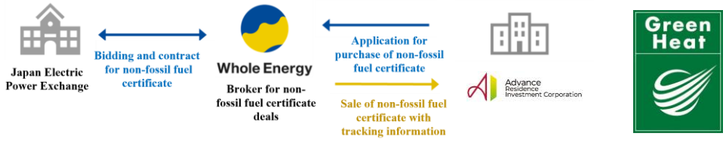
VS. FY2018

Introduction of renewable energy through purchase of non-fossil certificates and green heat certificates

ADR achieved 100% conversion of energy consumption to renewable energy and 100% offsetting of GHG Scope 2 in common areas of the property in FY2023, as in FY2022, through the following initiatives.

●Purchase of non-fossil certificates (for the power used in the common areas of properties)
※Purchased FIT non-fossil certificates with tracking information in the renewable energy value market through a vendor (Whole Energy, Inc.)

●Introduction of green heat certificates (for the heat used in the common areas of Pacific Royal Court Minatomirai Ocean Tower)
※Purchased a green heat certificate from an issuer (Japan Natural Energy Company Limited).



Installation of electric energy measurement system

ADR has installed electric energy measurement systems in 188 properties (77.3% of the portfolio by total floor space) as of the end of July 2024, in order to improve the actual coverage rate of electricity consumption in our properties. By installing this system, it will be possible to measure the electricity consumption of the exclusive part. ADR encourages tenants to conserve usage through various enlightenment measures.
For tenants, IRM are implementing various enlightenment measures related to energy conservation.

GHGScope3 calculations are made to determine CO2 emissions throughout the supply chain and to promote efforts toward net zero emissions. (from FY2022)

GHG Emissions (Scope 3)

Unit：t-CO2

	Category	FY2022	FY2023
1	Purchased goods and services	5,325	5,444
2	Capital goods	16,945	20,503
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	44	43
5	Waste generated in operations	2	2
13	Downstream leased assets（Target: Exclusive areas of owned properties）	24,992	26,116
	Total	47,307	52,108

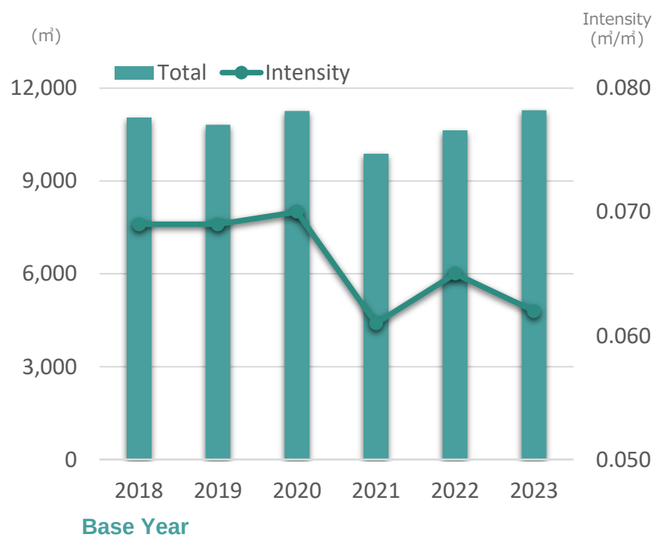
*Calculated using the guidelines for the calculation of GHG emissions of an organization throughout the supply chain provided by the Ministry of the Environment of Japan.
*The categories not mentioned above either do not have any emission source or are calculated in Scope 1 or 2.
*The data for FY2022 has been retroactively recalculated in accordance with the revised calculation method.
*In calculating Category 13 “Leased assets (subject: Exclusive use areas of owned properties),” for properties for which actual energy consumption in the exclusive use areas of owned properties cannot be determined, estimates based on estimation methods confirmed by a third-party guarantee organization were used.

Environmental Performance Data ADR

The graph below shows the evolution of environmental performance data in ADR up to FY2023. Detailed data can be found in the ESG Data section of this report.

Water consumption

Target **Do not increase (common areas) (vs. FY2018)**



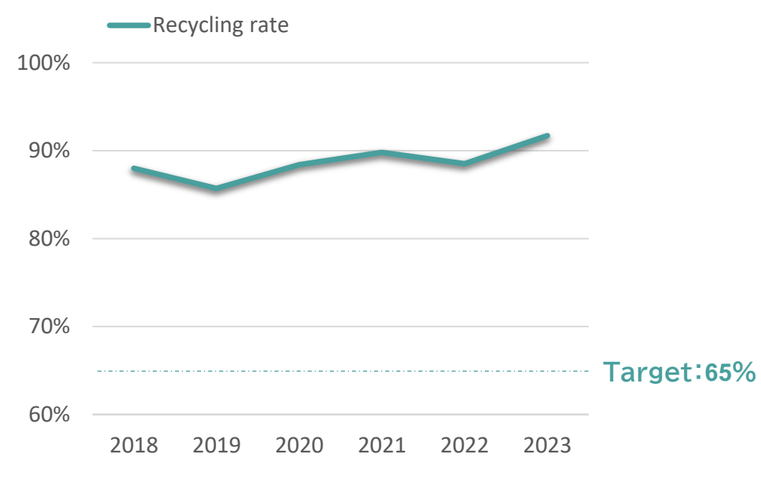
Reduction rate of intensity in 2023

−10.8%

VS. FY2018

Waste

Target **Recycling rate 65%**
(emissions related to construction of exclusive use areas)



Recycling rate

91.7%

FY2023 actual results

Installation of water-saving equipment

ADR is working to reduce water consumption by installing water-saving sanitary fixtures during renovation work in private areas.



Installation of automatic irrigation system

ADR is promoting water conservation efforts by installing automatic irrigation systems for plantings at some of its properties ADR is reducing wasteful water use by preventing excessive watering.



Install an irrigation device with an automatic watering timer on the faucet

Appropriate waste segregation and management in construction of exclusive areas

ADR strives to improve the recycling rate by implementing appropriate segregation and management of waste generated from restoration work.

Waste Reduction Initiatives

ADR also strives to reduce the amount of waste by carefully selecting the scope of work during restoration work and repairing rather than easily replacing items.





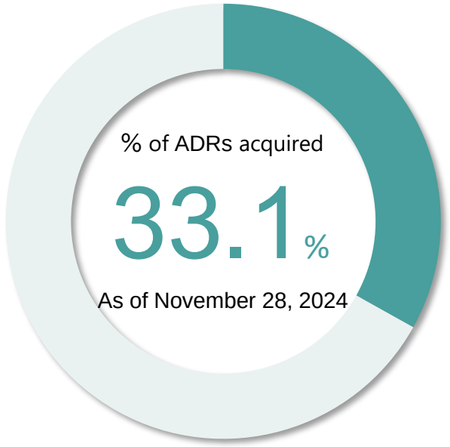
Certification and assessment in portfolios

ADR

ADR is proactively seeking environmental certification, such as the Green Building Certification and energy efficiency ratings.

Target

Proportion of environmental and energy-saving certifications acquired by FY2030 30% or more (by total floor space)



DBJ Green Building certification *1

DBJ Green Building

Number of acquired properties

1 property

CASBEE certification *2

CASBEE®

27 properties

BELS certification *3

BELS

4 properties

*1 DBJ Green Building Certification is a certificate developed by Development Bank of Japan Inc. (DBJ) to identify and certify real estate properties that satisfy various social needs including environmental quality. Please refer to the following sites for details.

*2 CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Real Estate Assessment and Certification is a method for assessing and rating the environmental performance of buildings and sites. It is an evaluation system that aims to indicate the environmental performance of real estate in an easy-to-understand manner by focusing on evaluation items that are strongly related to the real estate evaluation. In order of rank from the highest to the lowest, the rating is assigned as 'S rank', 'A rank', 'B+ rank' or 'B rank'. This is a third-party certification system operated by the Centre for the Promotion of Housing and Building SDGs, in which CASBEE assessment results are certified by a CASBEE assessment certification body.

*3 BELS (BELS Building Energy Efficiency Labeling System), which stands for Building-Housing Energy-efficiency Labeling System, is a system for evaluating and certifying the energy-saving performance (fuel consumption) of buildings.

Property No.	Name	DBJ Green Building Certification	CASBEE Certification	BELS certification
T-035	RESIDIA Nishi-Azabu	-	A	-
T-038	RESIDIA Roppongi-Hinokichokoen	-	A	-
T-039	RESIDIA TOWER Meguro-Fudomae	-	S	-
T-044	RESIDIA TOWER Azabujuban	-	A	-
T-054	RESIDIA Shibaura	-	A	-
T-056	RESIDIA Yutenji	-	A	-
T-057	Park Tower Shibaura Bayward Urban Wing	-	A	-
T-064	RESIDIA TOWER Nakameguro	-	A	-
T-065	RESIDIA Sasazuka II	-	A	-
T - 084	RESIDIA Ochanomizu II	-	-	★
T-087	RESIDIA Ichigaya-Sadohara	-	A	-
T-093	RESIDIA Kamata	-	A	-
T-103	RESIDIA Kinshicho	-	A	-
T-120	RESIDIA Bunkyo-Otowa	-	A	-
T-131	RESIDIA Mejiro	-	A	-
T-133	RESIDIA Nihonbashi-Bakurocho	-	A	-
T-134	RESIDIA Suginami-Honancho	-	A	-
T-140	RESIDIA Minami-senjyu	-	S	-
T-150	RESIDIA TOWER Kami-Ikebukuro (Tower Building)	-	S	-
	RESIDIA TOWER Kami-Ikebukuro (Park Building)	-	A	-
	RESIDIA TOWER Kami-Ikebukuro (Annex Building)	-	-	★★
T-170	RESIDIA Shin-Okachimachi II	-	A	-
T-176	RESIDIA Sasazuka III	-	-	★★
T-185	RESIDIA Shinagawa Seaside	-	A	-
T-189	RESIDIA Sendagi	-	A	-
S-020	Pacific Royal Court Minato Mirai Ocean Tower	-	A	-
S-029	Cocofump Hiyoshi	-	-	★★
S-036	Tokyo Student-House Musashi-Kosugi	★★★★★	-	-
R-030	RESIDIA Izumi	-	A	-
R-042	RESIDIA Nishijin	-	A	-
R-051	RESIDIA Miyakojima I&II	-	A	-
R-053	RESIDIA Higashizakura II	-	A	-
R-086	RESIDIA Kumamoto-Karashima	-	A	-
Total		1 property	27properties	4properties

Environmentally Conscious Asset Management

ADR IRM

ADR and IRM manage assets while reducing the burden on the environment through measures such as energy and water conservation and investment in a wide variety of properties , etc.

Optimal CAPEX Control for Large-Scale Repairs(Contribution to the environment by lengthening useful life)

IRM has an engineering function and efficiently controls CAPEX and repair work for all ADR-owned properties to maintain asset value and extend the useful life of buildings. By extending the useful life of buildings, IRM aims not only to increase unitholder value but also to reduce embodied and operational carbon emissions as a contribution to the environment. IRM also conducts technical building inspections, formulates and reviews long-term repair plans, and performs cost control.

Example: Large-scale repairs (exterior wall work) at RESIDIA Bunkyo Hongo



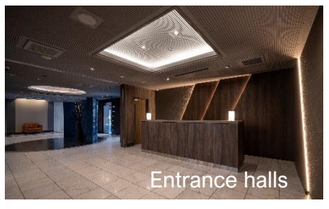


Example: Large-scale repairs (common areas) at RESIDIA Izumi

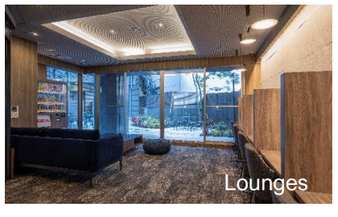
Before



After







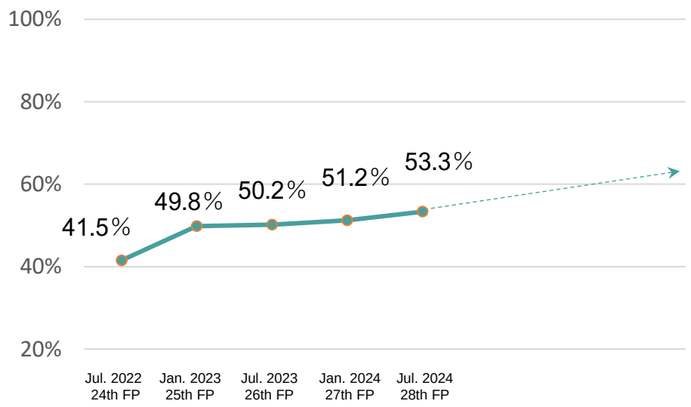
Introducing Internal Carbon Pricing

ADR estimates the energy savings from environment-related construction (e.g., installation of LEDs) as a result of such construction. These are converted to t-CO2 to quantitatively determine how much reduction is achieved in the portfolio.

Promotion of LEDs and formulation of roadmap

ADR is promoting the installation of LEDs in common areas of its properties in order to achieve its target of a 20% reduction in energy consumption (intensity) by FY2030 compared to FY2018. As of July 2024, LED lighting is installed in 153 properties (53.3% of portfolio).

Status of promotion of LEDs (common areas) (based on number of properties)



Installation of Heat-shielding Paint Roofing

ADR has applied heat-shielding to the roofs of some of its properties to reduce the rise in indoor temperatures and save electricity and energy.



RESIDIA Shibaura

Introducing car sharing in parking lots of properties

As of July 2024, 5properties (1.7% of portfolio) have parking lots for car sharing.

Introduction of Renewable Diesel, a Next-Generation Biofuel

To contribute to the realization of a decarbonized society, ADR has introduced Neste's next-generation biofuel “Renewable Diesel (RD)” for the emergency generator at its property . This RD is procured by ITOCHU Corporation, the sponsor group of ADR, and supplied by ITOCHU ENEX CO., LTD. This introduction is the first in Japan * and the first by a J-REIT to be used in emergency generators at condominiums.

*This is the first time in Japan that ITOCHU ENEX CO., LTD, the only distributor of Neste's RD in Japan, has supplied RD for emergency generators in all condominiums, including those for sale

Outline of RD Neste
Neste MY Renewable Diesel and Neste's Renewable Diesel are next-generation biofuels produced from renewable raw materials such as waste cooking oil and waste animal fat that do not compete with food production, through a hydrogenation refining process by Neste, a world-leading RD and sustainable aviation fuel (SAF) manufacturer (headquarters: Finland). It is possible to reduce GHG (greenhouse gas) emissions by up to 90% compared to petroleum-derived diesel oil based on life cycle assessment, and because it is not subject to energy consumption calculations under Japan's Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasure, it is possible to achieve a 100% reduction in GHG emissions compared to petroleum-derived diesel oil. It also has excellent storage stability and is suitable for long-term storage and can be used as is in vehicles and heavy machinery that use diesel oil.



Neste's RD



Emergency generator

For more information about RD, please refer to the following website (In Japanese).
https://service.itcenex.com/lp/renewable_diesel/

Encouraging Tenants to Conserve Energy Usage

ADR encourages tenants to save energy by displaying posters, distributing the information magazine “RESIDIA News” and Sustainability Guide, and using signage in common areas.





Other Efforts

ADR is installing interlocking blocks as a measure to mitigate urban flooding and land subsidence.



RESIDIA TOWER Kami-Ikebukuro

Environmentally Conscious Asset Management

ADR

Investments Towards Urban Revitalization

ADR invests in various types of properties, promoting the reduction of environmental burdens and contributing to the revitalization of towns and communities.

● Investment in Mixed-Use/Multi-Use Properties

ADR invests in flexible/mixed use properties (as of July 2024, 88properties, 31% of the portfolio), thereby contributing in reducing environmental impact, revitalizing the area and providing convenient facilities to tenants and local residents. In addition, those flexible /mixed use properties have stores and squares open to public which contributes to the revitalization of the cities and the communities, by providing places for people gather.

・Properties close to train stations which promote the use of public transportations thereby reducing CO2 emissions
93% (on acquisition price) of properties are located within 10 minute walk from the nearest train station as of July 2024.
・Investments in properties with amenities for daily life such as supermarkets and convenience stores.
・Properties with open space which are publicly accessible. (As of July 2024, 7properties (2.4% of portfolio))
・ Universal design properties that are accessible to senior citizens.

●Investments in properties developed as part of urban regeneration projects*, etc.

Through investments in properties developed as part of urban regeneration projects, etc. we contribute to the revitalization of towns and communities and the enhancement of convenience to nearby residents.

- Laws and regulations restrict J-REITs from development activities including the construction of properties.

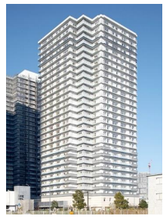
(Example) Pianetta Shiodome
Residents of the area proposed ideas for new manufacturing activities and the creation of a community for lifestyle improvements. Agreeing with this, ADR invested in the properties located in this area developed by urban regeneration projects.



●Other urban redevelopment properties acquired by ADR.


RESIDIA Minami Senjyu


RESIDIA TOWER Kami-Ikebukuro


Pacific Royal Court Minato Mirai Ocean Tower


RESIDIA Tsutsujigaoka

Environmental risk assessment at acquisition

When acquiring properties, ADR obtains real estate appraisal reports, engineering reports, etc., in addition to on-site inspections and disclosed materials from the seller, and conducts surveys related to soil contamination and hazardous substances such as asbestos and PCBs.

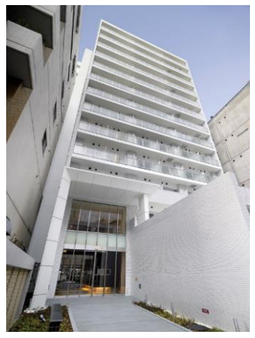
Brownfield* redevelopment

When soil contamination is confirmed, ADR maintains proper treatment and procedures in accordance with laws and regulations. ADR takes measures to prevent the spread of soil contamination and performs countermeasure construction (mining and removal of contaminated soil) as necessary.

* Land with confirmed soil contamination

ex）RESIDIA Ikegami Ⅱ,RESIDIA Nakaochiai, RESIDIA Kinshicho, Pacific Royal Court Minato Mirai Ocean Tower, RESIDIA Kobe-Motomachi, RESIDIA Rakuhoku etc.


RESIDIA Ikegami Ⅱ

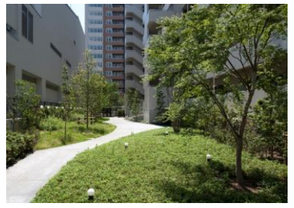

RESIDIA Kinshicho


RESIDIA Kobe-Motomachi


Pacific Royal Court Minato Mirai Ocean Tower

Consideration for Biodiversity

ADR recognizes the importance of the various benefits that ecosystems provide, and is committed to taking biodiversity into consideration. In the RESIDIA Tower Kamiikebukuro, plants including a variety of native species that add color to the four seasons have been arranged to provide valuable green space for residents and the community, and part of the land is open to the public as public open space. In addition, ADR is promoting rooftop greening at some of the properties.


RESIDIA TOWER Kami-Ikebukuro

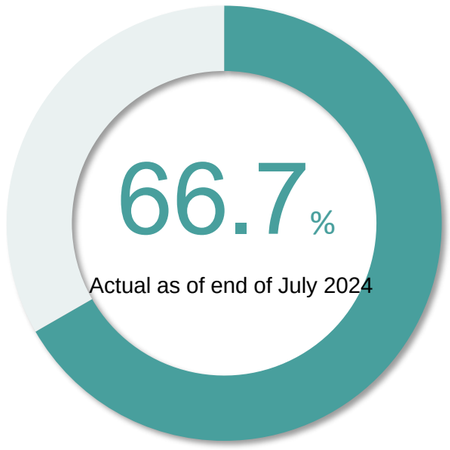

RESIDIA TOWER Nogizaka

Cooperation with stakeholders and sponsor groups ADR IRM

Cooperation with Stakeholders

Green Lease Clause

ADR has lease clauses with tenants regarding the appropriate use of energy and water; as of July 31, 2024, ADR had such clauses in lease agreements for approximately 66.7% of its leased units. ADR also has green lease clauses in its management agreements with property management companies.



Percentage of green leases with tenants

Supply Chain Management

To realize the items listed in the Sustainability Policy, IRM collaborates with its suppliers and has in place a Sustainability Procurement Policy. Based on this policy, IRM has administered a questionnaire with questions related to sustainability initiatives to all property management companies and evaluates the results. This questionnaire is administered at the beginning of the partnership as well as once every year thereafter and, by doing so, strengthens the transactions with the suppliers. IRM also believes it is important that all suppliers understand and cooperate with the procurement policy and we again notified the Sustainability Procurement Guideline to the property management and building management companies who are our key business partners.

Property Management Company Selection Criteria and Evaluation Efforts

IRM has established criteria for the selection of property management companies to which it outsources the management of properties, and in principle evaluates all PM companies once a year. In addition to items related to building management capabilities, repair work capabilities, etc., the evaluation also takes into consideration environmental considerations in operations, occupational health and safety of employees, and understanding and cooperation with the sustainability policy set by the asset management company.

Cooperation with Sponsor Group

Regarding environmental friendliness, ADR is collaborating with its sponsor, ITOCHU Group.

Property Development and Purchase

Proactive promotion of transactions including logistics facilities and mixed/multi-purpose for Residential Property, etc. that can contribute to the environment and region. Acquisition of green building certifications.

Property Management

Contribution to the region through environmental consciousness such as energy-saving awareness campaigns and installation of AEDs.

Example of Cooperation with Sponsor Group

Initiatives at Tokyo Student-House Musashi-Kosugi

In April 2024, ADR acquired Tokyo Student House Musashi Kosugi, a property developed by one of the sponsor group companies, ITOCHU Property Development Corporation, which has acquired DBJ Green Building certification. Since its acquisition, ADR has continued to obtain the same environmental certification and has received the highest “5-star” rating.



Tokyo Student-House Musashi-Kosugi

・Awareness of water and energy saving
In the common areas of Tokyo Student House Musashi Kosugi, we have posted signs to promote water and energy conservation.



Energy Saving Awareness

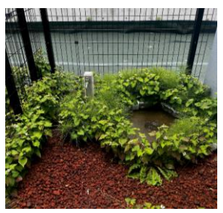


Kamado bench (stove bench)

・BCP Countermeasures
In addition to storing disaster supplies, manhole toilets and kamado benches have been installed on the premises, and disaster drills are regularly held with the participation of residents and local residents.



Posting of hazard maps



manhole lavatory

Social

Initiatives for Tenants and Regional Contribution ADR

ADR recognizes that enhancing the satisfaction of tenants leads to stable and improved earnings from the properties and therefore are implementing the following initiatives.

Tenant Satisfaction Surveys

ADR triennially conducts satisfaction surveys for tenants residing at RESIDIA branded properties. Tenants showed high satisfaction towards the location (for commuting ease, good local environment) and the quality of management of common spaces.

	Date of the survey	No. of Respondents	Total No. of People Surveyed	Response Rate	Total No. of Leasable Units	Survey Coverage
1	Between April to July 2014	3,106	14,155	21.9%	19,078	74.2%
2	Between Sept. to Nov. 2017	3,945	16,445	24.0%	20,842	79.0%
3	Between Apr. to Jun. 2020	7,705	18,000	42.8%	21,322	74.2%
4	Between May. to Jun. 2023	5,533	18,821	29.4%	21,836	86.2%

Implementation of measures based on the results of the satisfaction survey

In response to requests from tenants based on the results of tenant satisfaction surveys, ADR is working to improve tenant satisfaction by expanding the number of properties with shared mobility LUUP and increasing the number of parcel delivery boxes.



Installation of Share Mobility LUUP



Installation of additional parcel boxes

Tenant Services

ADR offers a variety of services toward tenants residing in ADR's properties to enhance tenant's satisfaction to improve tenant retention rate. Examples of the services include "RESIDIA Customer Support" which is a support desk exclusively for tenants and "Moving Style," offers discounts for tenants who are moving from one RESIDIA apartment to another.

* Please visit the RESIDIA website (Japanese only) for details.

Systematic implementation of building and equipment improvements

Based on the flood countermeasures plan formulated after analyzing the flood risk using hazard maps, ADR is installing flood barriers and flood sensors to encourage vertical evacuation in the event of a flood. ADR is also systematically updating and upgrading its emergency generators.



Installation of water stop



Installation of flood sensors

Preparing in case of a disaster

In order to improve resilience, ADR has introduced a property condition management system and is working to minimize damage by strengthening cooperation with PMs in the event of a disaster. In addition, ADR also carries out disaster prevention stockpiling and disaster prevention training.

Emergency Maps and Emergency Kits

On common area walls of properties, ADR puts up emergency maps (as of end of July 2024, in 100% of its 287 properties). indicating evacuation routes to evacuation sites which help to ensure safety during the occurrence of a disaster as well as to raise disaster prevention awareness. Also, in many of its "RESIDIA" branded residence, ADR distribute emergency kits free of charge to any tenant who wishes for such kits.



Emergency Maps



Emergency Kits

Installation of AED and donation vending machines

In many ADR's properties, AEDs are available for public use and vending machines that make charitable donation to a pediatric cancer treatment facility using part of the proceeds from the sales of its merchandise are installed (As of July 2024, AED: 66units, donated vending machines: 20 units).



Installing AEDs



Donation capable vending machines

Renovation to shared space

In order to accommodate diverse lifestyles, the common areas of the following two properties were renovated and offered to tenants as shared space.



RESIDIA Kamata

refurbished an unused meeting room into a share space



RESIDIA Nakano-Fujimidai

common room was renovated into a working space

Initiatives for Tenants and Regional Contribution

IRM

IRM actively implements social contribution activities, including employee-participatory activities, in addition to company initiatives.

Supporting Students

To provide opportunities for and support architecture and design students as well as to create interest in IRM and the REIT industry, IRM sought renovation ideas for its RESIDIA leased residences by holding a student competition. Renovation based on the best design was actually carried out. In recognition of this initiative, ADR was selected for the “Recommended Award: Social Sector” at the ARES ESG Awards 2023.

In FY2024, we are promoting industry-academia collaboration with the aim of contributing to the local community and raising awareness of the REIT industry, etc., with a university located in the same area as the office. By asking students to propose renovation plans for ADR-owned properties, we are creating opportunities for students to interact with the IRM and REIT industries and providing them with a place to shine.




Periodic Cleaning of the Area Surrounding the Office

As a member of the area, IRM employees have proactively and continuously participated in the cleanup of Chiyoda Ward where the IRM office is located.



Participating in Cleanup Activity

Participation in Famima Food Drive

In cooperation with Family Mart Co Ltd, an ITOCHU Group company, employees participate in the Famima Food Drive as part of their social contribution activities and donate food products. Various food items, including instant foods and confectionery, are collected from employees each time.
*Note: FamilyMart does not normally accept food items on a company-by-company basis.

*About ‘Famima Food Drive’...
This is an initiative in which households bring in uneaten food to Family Mart shops and provide it to those in need through cooperating partners such as local authorities and NPOs. Through the Famima Food Drive initiative, uneaten food from the home is utilised, leading to a reduction in food loss. In addition, by using Family Mart shops nationwide as collection points, local residents can easily participate in social contribution activities.

＜Donation of food at FamilyMart Co., Ltd.＞





Participation in Eco-Cap Campaign

In an endorsement of the Eco-Cap Campaign, IRM collects caps from used PET bottles for recycling purposes. The collected bottle caps are sold to recyclers via the certified NPO, the Japan Committee for Vaccines for the World’s Children, and the proceeds are used to help children around the world suffering from diseases. The campaign also promotes the employment of people with disabilities who are tasked with separating the collected caps.





Support Social Participation of People With Physical Disabilities

In 1987, ITOCHU Corporation, the parent company of IRM, founded a special subsidiary company ITOCHU Uneedus Co., Ltd. to provide motivational and rewarding work to people with physical and mental disabilities. IRM supports ITOCHU Uneedus by placing orders for its company’s business cards and envelopes. Please refer to this page for company details.(In Japanese)

Supporting ITOCHU Foundation

ITOCHU Foundation, founded in 1974 by ITOCHU Corporation, the parent company of IRM, has continued to promote social contribution activities aiming for the sound development of young people. Current projects include the Children's Literature Collection Grant and the Project for Promotion of E-book Libraries, which contribute to the healthy growth of children. IRM supports the Foundation through donations.

Disaster Support

In the event of a major natural disaster, we provide disaster relief by donating funds to help affected areas recover as quickly as possible.
In the past, we have donated funds for emergency relief activities in the aftermath of the Great East Japan Earthquake and the Kumamoto Earthquake. In the 2024 Noto Peninsula Earthquake, which occurred on 1 January, we donated relief funds to the Japan Platform [Specified Nonprofit Corporation].
In addition, we are calling for employee volunteer activities and employee fund-raising.

Human Rights Policy and the Promotion of Diversity

IRM

Human Rights Policy

IRM has established a Human Rights Policy to fulfill its responsibility of respecting the human rights of all people involved in its business operations. As part of implementing this policy, IRM is advancing initiatives such as positive action initiatives to support the active participation of women as a means of increasing diversity.

1. Support for international norms and guidelines

We support international norms on human rights, including the Universal Declaration of Human Rights, the Declaration on Basic Principles and Rights in Labor of the International Labor Organization (ILO), and the United Nations Global Compact. In addition, we respect human rights in accordance with the United Nations' Guiding Principles on Business and Human Rights.

2. Non-complicity in human rights violations

We endeavor not to violate human rights ourselves or be complicit in human rights violations by others.

3. Respect for freedom of association and collective bargaining rights

We respect the freedom of association and the right to collective bargaining in accordance with relevant laws and regulations, and we do not engage in illegal or improper discrimination in employment and occupation.

4. Elimination of forced labor

We strive to eliminate and prevent all forms of forced labor at IRM and in our supply chain.

5. Effective abolition of child labor

We support and practice the effective abolition of child labor from IRM and our supply chain. We do not hire children who are not above the legal minimum working age.

6. Elimination of discrimination in employment and occupation

We do not treat people differently or disadvantage them based on characteristics that are irrelevant to their capabilities or specific job requirements. Those characteristics include ethnicity, skin tone, gender, religion, political views, nationality (country of birth), social origin, age, disability, HIV infection/AIDS, trade union membership, and sexual orientation.

Promotion of diversity

IRM has established a DEI Policy that explains its approach to and efforts for promoting Diversity, Equity, and Inclusion (DEI) to take concrete actions for our sustainability initiatives stipulated in the Sustainability Policy and our approaches stipulated in the Human Rights Policy. We consider it necessary to respect DEI and to nurture an inclusive organizational culture to build a sustainable society and to raise investor value over the long time. Based on this view and with an awareness of structural barriers impeding DEI in institutions and corporate cultures, we promote initiatives such as ensuring diversity among the officers of IRM and other investment corporations and promoting diversity initiatives in our recruitment, retention, development, promotion, and other processes.

DEI promotion structure

With our Representative Director as the person with ultimate responsibility and the General Manager of the Sustainability Promotion Department as the chief executive, the Sustainability Promotion Committee sets targets and organizes structures for promoting DEI through meetings held at least once a year. As a general rule, the Committee reflects the challenges or findings about the previous targets it has set in the following period's targets to create an on-going follow-up structure.

Promoting the advancement of women

IRM aims to further promote women in workplaces to continue creating groundbreaking innovation.

Coverage: Full-time employees and contract employees

Target	Progress (FY2023)
Proportion of female employees: 30% or more	24.1%
Proportion of female managers: 15% or more	14.0%

*As of the end of March 2024

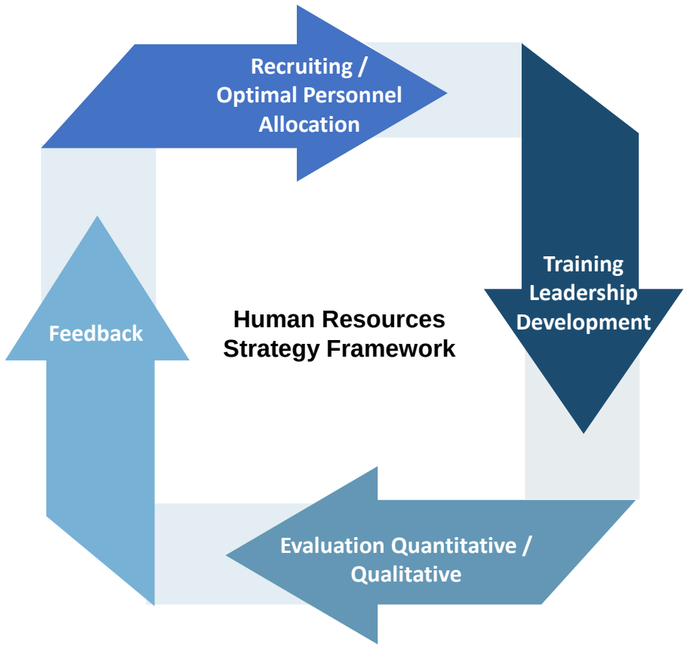
Initiatives for Employees

IRM

Human Resource Strategy

Based on the awareness that the stable growth of each investment corporation and investment fund is dependent on our personnel, IRM is pursuing a human resource strategy with the aims of enabling people to unleash their full potential and of achieving overall human resource optimization.
Specifically, IRM has established a personnel evaluation system that defines the perspectives as well as the competencies and skills required for each level of work. This system enables IRM to hire, train, assign, and promote highly competent personnel. To help employees realize their potential and develop their career, IRM has established a system through which they can indicate their career path intentions, leading to the optimal assignment of employees.

* In accordance with the Act on Investment Trusts and Investment Corporations, the investment corporations whose assets IRM manages are prohibited from hiring employees, and therefore outsource operations including asset management, custody, and administration.



Career development

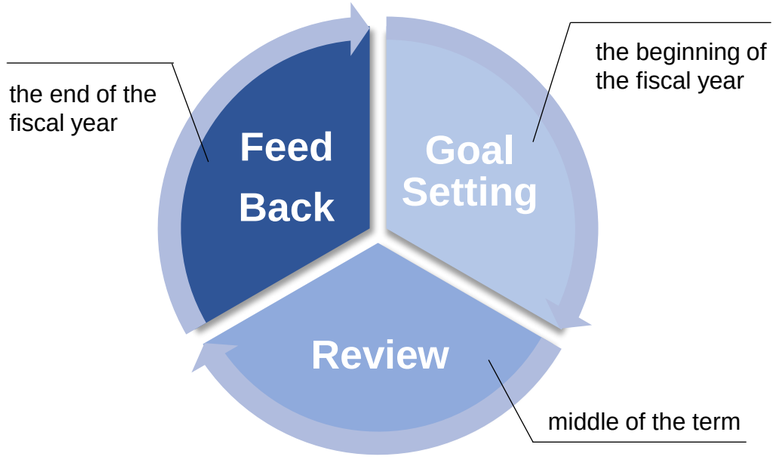
As part of our employee capacity building efforts, we offer various training programs as well as opportunities for skills and career development. In addition to a job rotation program, we have a system for employees to indicate their desired career path once a year and discuss it with their superior. Moreover, each new hire is assigned a senior employee as an instructor, and in addition, a separate employee to act as a mentor who can be consulted on work and other various matters.

Renewal of the personnel system

To ensure sustainable corporate management, IRM undertook an overhaul of its personnel system in April 2024 based on the problems found with the previous personnel system. In addition to creating a specialist line for those who contribute to the company with high levels of expertise and moving to a multi-track system, the new personnel system made it possible to speedily reward employees receiving high performance evaluations while eliminating seniority-based factors. These changes were made to develop human resources that could take ownership of their own career development and be responsible for their own growth.

Performance appraisals and feedback process

IRM's personnel evaluation system consists of "performance evaluation," which evaluates the degree of achievement of the employee's business goals, and "behavioral evaluation," which evaluates the performance required for each grade and position.
IRM holds target management interviews three times a year at the beginning of the fiscal year (target setting), during the fiscal year (review), and at the end of the fiscal year (evaluation feedback) to establish a transparent target setting system with good communication between supervisors and subordinates, and an evaluation system to support employees in achieving their goals, expanding results, and growing.
Fixed salaries and bonuses are determined based on evaluations, and bonuses are partially linked to the investment performance of each investment corporation and fund under management. In addition, through individual interviews, feedback on evaluations and dialogue on individual career development are provided to help formulate human resource strategies.



Support and financial aid for acquiring certifications

IRM has a system in place to subsidize the cost of acquiring qualifications in order to improve work performance and acquire specialized knowledge. All executives and employees (including contract employees) are eligible for this program. (Examples of certifications eligible for financial aid: real estate transaction agent, ARES certified master, securities analyst, certified building administrator , First-Class Architect)

Professional development and training programs

IRM has set up a wide range of training programs and self-development support systems matched to job levels and other factors.

Examples of Training	Details
Training for New Managers	Participants acquire knowledge and skills essential for leaders, such as management, trust building, team building, human resource development, and labor management. Utilizing an external organization, participants practice at their workplaces, reflect on their experiences, and receive advice from external lecturers to enhance their practical skills.
Next Generation Business Leader Training	To foster a sense of management as a mid-level employee. To recognize the role required of them as the core of the organization, based on their own strengths and weaknesses.
Step-up Training	Learn key points of job management such as organizational skills, task management and visualization, to improve communication skills and to raise business skills.
Follow-up Training for Young Employees	A 3-day course for young employees to consider and design their own careers and learn the ability to set issues and grasp the essence of issues in order to become mid-level employees.
Line Care Training	Understand the mechanism of mental health issues and learn prevention skills as the primary prevention of mental health issues and understand the key points in creating a healthy workplace.
Team Building Training	Review the roles expected of team leaders correctly, learn the key points in building better teams, and raise awareness and broaden perspectives concerning teams in the workplace.
Life Planning Training	Enable experienced staff members to take inventory of their career and skills to further utilize their skills and to design their careers using their strengths.

Wellbeing（ Initiatives for health and comfort ）

IRM

Promotion of Health Management

In October 2020, IRM established the Health and Productivity Management Policy and declared that we will advance efforts towards the maintenance and improvement of employees' and their families' health in mind and body. These programs received recognition by external organizations and health and productivity management-related certifications were acquired. IRM received the "Gold Certification" as a healthy company for the second consecutive year as of 30 September 2024.

2024 健康経営優良法人 Health and productivity

Health and Productivity Management Organization 2024
(SME category)

健康優良企業

Gold certification authorisation
No. KYOKIN No. 159(1)

IRM has also established priority measures to promote health management that emphasizes the creation of a comfortable work environment and the promotion of employee health, and is promoting these measures for all regular and contract employees.
Please click here for more information on priority measures.

Coverage: Full-time employees and contract employees

Target	Progress (FY2023)
Average years of service: 5 years or more	8 yrs 7 mths
Leave acquisition ratio: 70% or more	70.1%
Zero turnover due to life events, including use of childcare and nursing care leave systems	0
Percentage of employees taking childcare leave: 50% or more	90.9%
Frequency rate of occupational accidents :Zero	0%
Average monthly overtime / Less than 45 hours (Compliance with 36 agreements)	25：58

*As of the end of March 2024

Please refer to "ESG Data" in this report for data for previous years.

Promotion of health management and strengthening of prevention

IRM recognizes that regular health checkups are the first step in health promotion, and in addition to aiming to achieve 100% attendance at regular health checkups, IRM recommends that all persons with findings receive a medical examination and checkup at a hospital. 100% attendance rate for regular health checkups was achieved in FY2023. IRM also provides health literacy education opportunities by holding company-wide health seminars and self-care training programs for employees to promote their mental and physical health. Furthermore, to ensure that employees can receive vaccinations with peace of mind, IRM treats vaccination time as work time and provide a prescribed number of days off (with pay) for adverse reactions after vaccinations. In addition, employees are granted leave (with pay) to accompany their family members for vaccinations.

Addressing Women's Specific Health Issues

IRM identifies efforts to maintain and promote women's health (addressing health issues specific to women) as one of its priority measures to promote health management. As part of this policy, IRM has expressed its support for the Laurier in Workplace project operated by Laurier, a sanitary product brand of Kao Corporation. Launched by Kao Corporation, the project aims to make sanitary napkins available in corporate offices and other places to create a better work environment for women.
Please click here (in Japanese) for more information.

Laurier in Workplace 職場のロリエ

Establishment of Health Committee

IRM has established a "Health Committee," which meets once a month with an industrial physician to exchange opinions on the workplace environment and gain knowledge about health in order to prevent health problems and maintain and promote the health of executives and employees.

Mental Health Care Efforts

To prevent and detect mental health problems at an early stage, IRM has established a mental health development plan, conducts "stress checks" once a year, and utilizes the results of organizational diagnosis in its workplace development efforts.

Periodic monitoring of employee satisfaction

To be a company where employees can work with pride and satisfaction, we conduct employee satisfaction surveys and apply the results to such efforts as improving the workplace environment.

【Results conducted in FY2024】
Surveyed: Directors and Full-time employees
Response rate: 91.7

Wellbeing（Initiatives for health and comfort）

IRM

Human Resources System

IRM is working to improve its various personnel systems in order to create a healthy and comfortable working environment that allows all executives and employees to maximize their abilities.

Childcare leave, shortened work hours for childcare, nursing leave

To assist employees in balancing work and childcare, we offer childcare leave that can be taken until the child turns two, and shortened work hours for childcare that can be taken until the child enters elementary school. In addition, we treat nursing leave taken to care for sick or injured until children graduation from elementary school as paid leave.

Caregiver leave, shortened work hours for caregivers, caregiver absence

To assist employees in balancing work and caregiving, IRM offers caregiving leave, shortened work hours for caregivers, and caregiver absence.

Special leave system

IRM has a system that allows employees to take up to five days of leave per year, in addition to paid leave. This leave system can be used for participation in community contribution activities and social welfare activities, childcare support such as the birth of a spouse or other family member or participation in a child's school events, and healthcare purposes such as periodic health checkups and explanations of the results and secondary examinations.

Hourly paid leave

Each year, employees may take paid leave by the hour for up to five days' worth of hours (40 hours).

Telecommuting and flextime systems

IRM has introduced telecommuting and flextime systems to realize diverse work styles and promote efficient operations.

Congratulatory and condolence money

IRM provides congratulatory benefits for employees' marriages and childbirths, and we also have a system of providing condolence money in preparation of loss of family members.

Continued employment

IRM has set the retirement age at 60, but eligible employees may choose to be reemployed as a commissioned employee under a renewable annual contract.

Employee Benefits

Employee investment unit ownership program

IRM has established an investment unit ownership program for investing in units of the investment corporation whose assets we manage (Advance Residence Investment Corporation). The aim is to further align the interests of our employees with those of the investment corporations' unitholders and to expand employee benefits.

Cafeteria-style benefits package

The cafeteria-style benefits package offers employees preferential rates for the unlimited use of a broad range of services provided by various partners, such as hotels, fitness clubs, and childcare providers. The objective is to support employees in balancing work and family life, and in improving their health.

Company trips

To promote friendly relations among our employees, as a general rule we organize annual company trips. The trips provide the opportunity for employees to get to know each other better while spending time together in a setting outside of the office. They also have a major positive impact on work as well.

Company gatherings

The organization of social gatherings, walking events and various communication events deepens the friendship between employees. By promoting good health and fostering communication between employees in various departments, company-wide morale is enhanced.

Foods provided for the purpose of refreshing

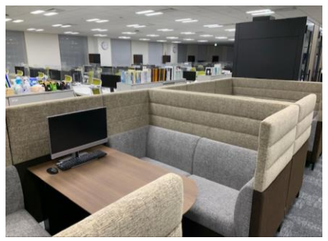
IRM provides health-conscious foods and ice cream free of charge to promote the health and refreshment of its executives and employees.





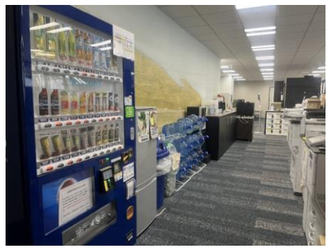
Office environment development

IRM has developed its office environment so that each and every officer and employee can work comfortably, and in April 2023, a major layout change was made to expand the shared space in the office.



Expansion of internal meeting spaces

Meeting space has been expanded to stimulate communication between employees. Not only team meetings, but also cross-departmental exchanges have become more active.



Creation of magnetic spaces

Free coffee servers, water servers, multifunctional machines and other equipment that can be shared by employees are located together, creating a magnet space where people naturally gather. Communication across departmental boundaries takes place not only during breaks but also at work.



Individual booths

From the perspective of promoting in-house DX, individual booths are set up for online meetings and telephone conferences. They are well received within the company as they allow employees to concentrate on their work.

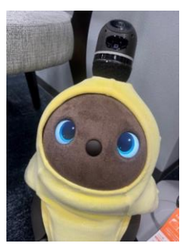


Employee interaction in communication spaces

A communication space has been set up in the office. Employees are free to use the communication space for internal meetings and lunches, and it provides a place for interaction.

Measures to revitalize communication

In order to create opportunities for communication between employees and to create a relaxing time during work, we introduced the communication AI robot "LOVOT" in November 2023. For more information about LOVOT, please see here （Japanese Only).



Governance

Corporate Governance / Compliance Structure

IRM ADR

IRM has established a corporate governance framework by clearly defining our commitment to our fiduciary duty, setting up compliance and investment committees, and other means. The framework enables us to ensure risk management and compliance in our operations, fairly handle transactions involving conflicts of interest, and work toward improving and further enhancing our corporate governance.

Supervision by the Board of Directors and other bodies

The status of risk management is reported to the Board of Directors of IRM and each investment corporation as required.
IRM formulates a compliance program each term to serve as a detailed plan of action for putting into practice the compliance manual, which is our code of conduct. The program is finalized after deliberation by the Compliance Committee and approval by the Board of Directors. The results of verification of the program's progress and other factors are reported to the Compliance Committee and the Board of Directors.
In addition, the results of internal audits and the operational status of the whistleblowing system are also reported to the Compliance Committee and the Board of Directors.
IRM also has a system in place in which the Compliance Committee and the Boards of Directors of IRM and each investment corporation can offer opinions and make other suggestions regarding the reported matters as needed to ensure that improvement efforts are effective.
Furthermore, the Sustainability Promotion Committee identifies and evaluates climate-related risks and opportunities, formulates strategic plans for key challenges, and verifies the results of measures based on the Climate Change and Resilience Policy, after which it reports these matters to the CEO and to the Board of Directors.

Attendance

● Over the past year, attendance rates of executive and supervisory directors at the board meetings of ADR has been 100%. *1

● The attendance rate of directors and auditors at Board of Directors meetings of the asset management company was 96% in FY2023.

*1 The figures for the terms ending January 2024 (27th term) and July 2024 (28th term) are used for ADR.

Appointment of female officers

ADR is promoting a diverse composition of officers with the aim of strengthening its governance system. From October 2023, ADR increased the number of fund officers, and the ratio of female officers on the board of directors reached 25%.

Target	Progress (FY2023)
Increase in the number of fund officers and appointment of female officers comprising 25%	Increase in number of fund directors: 3 ⇒ 4 Percentage of female executives: 25

※ As of the end of March 2024

Basic Policy on Customer-Oriented Business Conduct

IRM places the highest priority on faithfully managing the funds entrusted to us by investors and have established the Basic Policy on Customer-Oriented Business Conduct and publish the appropriate management of conflicts of interest transactions, clarification of fees, and other relevant matters on the website.

Please refer here for the Basic Policy on Customer-Oriented Business Conduct on the IRM website(in Japanese).

Directors and Officers investment unit ownership program

IRM has introduced an investment unit ownership program for directors and officers with the objective of achieving growth in unitholder value over the long term by strengthening the alignment of interests between our officers and the unitholders of ADR , listed companies. The executive compensation of IRM's representative director is partly linked to the progress of ESG-related initiatives.

Preventing Misconduct and Corruption IRM

IRM recognizes that legal compliance is a given, and that we must ensure compliance to continue being an organization that is trusted by society. We have therefore established our Anti-Corruption Policy as part of our Compliance Manual. Our Anti-Corruption Policy stipulates that we will maintain sound relationships with our stakeholders and that we will not provide entertainment or gifts that may lead to the suspicion or distrust of society.

As specific measures, IRM implements guidelines related to bribery and internal audits are conducted every year to confirm that expenses are not being misused every year.

The ITOCHU Group has also established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

Anti-corruption Policy

1. **We will not engage in or be complicit in any form of corruption, including embezzlement, fraud, money laundering, or the obstruction of justice.**
2. **We will not provide money, services, conveniences, or other benefits to civil servants or persons in similar positions in Japan or elsewhere for the purpose of obtaining illicit gains.**
3. **We will not provide money, services, convenience, or other benefits to the officers and employees of private-sector business partners for the purpose of obtaining illicit gains.**
4. **We will not request business partners and others to provide entertainment or gifts that go beyond personal benefits or common sense.**

ITOCHU Group Policy

The ITOCHU Group ensures the implementation of compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization with acceptable standards in a modern society. We have no tolerance for any gain obtained through illegal means.
To address the risk of bribery and corruption, the ITOCHU Group has established rules that cover, among others, application and approval procedures and recording methods. These rules describe behaviors that are commonly found in scenarios where bribery or corruption take place and instruct the strict observance of those rules. The rules were established based on the Regulations Concerning the Prohibition of Giving Illicit Benefit, as well as four related guidelines about public officers, foreign public officers, business partners, and investments.

【 ITOCHU Group Anti-Corruption Policy 】

1. **No money, entertainment, gifts, or anything of value shall be given to any public or quasi-public official inside or outside of Japan, to obtain illicit gains.**
2. **No money, entertainment, gifts, or anything of value shall be given to any director, officer or employee of any private entity, to obtain illicit gains.**

For more information on the ITOCHU Group Anti-Corruption Policy, please click here.

Preventing Misconduct and Corruption

IRM

Internal audit structure

IRM has an Internal Audit Office under the direct control of the president. Based on our Internal Audit Regulations, the Internal Audit Office conducts internal audits on the overall operations of all departments once a year to verify the status of their compliance with laws, regulations, the Articles of Incorporation, and internal regulations, as well as the procedures for executing duties and the validity of the work done. It also carries out unannounced inspections of information management and other operations several times a year.
If problems are identified or requests for improvement are made in audits, the audited department is required to formulate a plan for improvement and have it approved by IRM's Board of Directors. Later, the Internal Audit Office conducts a follow-up audit and reports the progress made on improvement to the Board of Directors.
Other external evaluations by third-party organizations include system audits related to IRM and PM companies, as well as an evaluation of the Internal Audit Office once every five years.

Whistleblowing system

IRM has set up whistleblowing contacts where all officers and employees can directly report misconduct (internal, at the parent company, and at an independent third-party). Under the whistleblowing system, IRM has established an appropriate handling mechanism, protect whistleblowers, and maintain the confidentiality of information. The system is designed to strengthen compliance management through the early detection and correction of improper acts, including bribery. The operational status of the whistleblowing system is reported to the Compliance Committee and the Board of Directors once a year.
The Compliance Officer immediately investigates the facts when report or consultation concerning a fact that is the subject of a report is received, unless there is a valid reason not to investigate the subject matter. The results of the investigation are reported to the representative director, president & CEO and to the general manager of the General Affairs and Management Division, and corrective action and measures to prevent recurrence are decided through discussion. If an internal disciplinary action is deemed appropriate, IRM will impose an appropriate disciplinary action on the officers and employees involved in the subject case in accordance with the Company's internal rules such as the Employment Regulations.
In addition, in compliance with the Whistleblower Protection Act, we prohibit disadvantageous treatment against whistleblowers.

Employee education

IRM continuously provides education and awareness-raising programs on compliance to ensure that each officer and employee understands the purpose of laws and regulations, social norms, business rules, and other standards and complies with them with an enhanced compliance mindset.

Coverage: All executives and employees (including contract employees and temporary employees)

Target	Progress (FY2023)
Conduct in-house compliance training, achieve 100% participation rate	Conducted in-house compliance training and confirmation test: 100%

*As of the end of March 2024

Implementation of compliance training, etc.

IRM offers such compliance training as general training for all officers and employees (including temporary employees and others in addition to full-time employees) Several times a year, training for new employees at the time of hiring, and training by department and rank. To date, we have taken up such topics as responding to legal regulations, whistleblowing system, and information management. By being timely in focusing on issues that society demands corporate action on, we are continuously working to enhance the compliance knowledge of officers and employees and to foster a mindset of compliance.

Initiatives	Details
General Training	Training sessions held for all officers and employees ≪FY2023≫In addition to conducting training on harassment, the "Act on Prevention of Transfer of Criminal Proceeds", AML/CFT compliance, etc., IRM also conducted web-based compliance tests.
Training at the time of hire	For new hires (including mid-career hires, dispatched employees, and others), we provide training and review exams over a total of nine sessions on matters that they need to understand for their work at IRM.
Rank-based training	IRM provides rank-based training every year.
Others	Compliance-related information (including matters linked to preventing corruption) such as internal rules and regulations, revision of laws and regulations, and compliance incidents and efforts at other companies is provided as appropriate. As part of ITOCHU Group compliance, ITOCHU Corporation conducts on-site compliance training once a year.

Case in IRM

- In FY2023 (April 2023 to March 2024), there were no incidents of compliance violations disciplinary action based on our Employment Regulations or Board of Directors Regulations.
- There have been no incidents of violations of our Anti-corruption Policy, nor were any officers or employees disciplined or dismissed for this reason.
- IRM has never paid any fines or settlements related to corruption.
- No payments of fines or settlements have been identified as ESG issues in our audited accounts.
- IRM complies with the Political Funds Control Act, the Public Offices Election Act, and other relevant laws and regulations, and has never paid any political contributions.

Preventing Misconduct and Corruption

ADR

Disclosure

In order to ensure disclosure transparency, in addition to statutory disclosures, ADR will disclose information it deems useful and valuable on a timely basis in an easy-to-understand form. Specifically, ADR will actively disclose information on its website in addition to disclosing on the Tokyo Stock Exchanges disclosure system .

Management Fee Structure

Management fee structures for ADR is linked to unitholders' interests. Moving forward, we aim to further align the interests ADR unitholders with the interests of IRM.

Fee Category	Fees Linked To	Maximum Rate
AM Fee Ⅰ	NOI*	7.00%
AM Fee Ⅱ	AM Fee Ⅰ X Adjusted FFO Per Unit*	0.005%

* NOI = Gross Operating Income minus Gross Operating Expense (excluding depreciation and loss from fixed asset retirement)

* Adjusted FFO per Unit＝(net profit excluding AM Fee II + depreciation expense - gains on transfer of real estate + losses on transfer of real estate + impairment losses) / Number of investment units issued as of the closing date of the accounting term

Officer's compensation or remuneration

officer's compensation or remuneration

The compensation for directors of ADR shall be a maximum of 1 million yen per month per executive director and 500,000 yen per month per supervisory director in accordance with the Articles of Incorporation of the Investment Corporation, and shall be determined by the Board of Directors as an amount deemed reasonable in light of general price trends, wage trends, and other factors.

Title	Name	Total amount of compensation during the 27th FP (thousand yen)	Total amount of compensation during the 28th FP (thousand yen)
Executive Director	Wataru Higuchi	2,700	2,700
Supervisory Director	Yoshitsugu Oba	1,800	1,800
Supervisory Director	Satoru Kobayashi	1,800	1,800
Supervisory Director	Aiko Kanayama*	1,200	1,800

*Appointed as ADR Supervisory Director effective October 26, 2023 (increase to strengthen governance).

Compensation for Independent Auditor

The remuneration for the independent accounting auditor shall be up to 20 million yen for each fiscal period to be audited, an amount to be determined by the Board of Directors.

Title	Name	Total amount of compensation during the 27th FP (thousand yen)	Total amount of compensation during the 28th FP (thousand yen)
Independent Auditor	Deloitte Touche Tohmatsu LLC	19,000*1	16,500*2

*1 The remunerations paid to Deloitte Touche Tohmatsu LLC include 4,000 thousand yen, which is remuneration for services other than those prescribed in Article 2, paragraph 1 of the Certified Public Accountant Act. The remuneration paid to persons belonging to the same network as Deloitte Touche Tohmatsu LLC for services other than those prescribed in Article 2, paragraph 1, of the Certified Public Accountant Act was 5,634 thousand yen

*2 The remunerations paid to Deloitte Touche Tohmatsu LLC include 1,500 thousand yen, which is remuneration for services other than those prescribed in Article 2, paragraph 1 of the Certified Public Accountant Act. The remuneration paid to persons belonging to the same network as Deloitte Touche Tohmatsu LLC for services other than those prescribed in Article 2, paragraph 1, of the Certified Public Accountant Act was 4,789 thousand yen.

Please refer to ADR's Asset Management Report for details on executive compensation, etc.
Click here to view ADR's Asset Management Report.

Risk Management IRM

BCP Countermeasures

IRM conducts annual BCP training as risk management for sustainable business growth.

Progress (FY2023)

Target	number of times	Total hours/person
Conduct annual BCP training	1	3.5

Conduct crisis management public relations training

As part of its BCP Countermeasures, IRM conducted “Crisis Management Public Relations Training” for directors, executive officers, and others in FY2023 by outside instructors with the aim of strengthening their skills in dealing with the media in the event of a crisis.

Obtaining Resilience Certification

With the aim of enhancing its own business continuity capabilities, IRM continues to obtain Resilience Certification sponsored by the Resilience Japan Promotion Council.



*Resilience Certification...The Resilience Japan Promotion Council certifies organizations that contribute to national resilience from the perspective of improving the resilience of society as a whole, based on the “Guidelines for Certification of Organizations Contributing to National Resilience” established by the Office of National Resilience, Cabinet Secretariat of the Japanese government. The system certifies organizations that contribute to national land resilience from the perspective of improving the resilience of society as a whole. For details, please click here(In Japanese).

Ascertainment of someone's safety

IRM has introduced an Internet-based safety confirmation system and conducts safety confirmation drills at least once a year. The purpose of these drills is to quickly ascertain the status and safety of executives and employees in the event of a disaster as part of corporate crisis management.

Information Security

IRM shall take initiatives as follows in order to realize appropriate protection for all information assets of the Company to continuously and stably operate as an asset management company of a real estate investment corporation.

Basic Policy Regarding Information Security

1.Responsibility of management

The Company will endeavor to properly protect information assets in a systematic and continuous manner under initiative of management.

2.Establishment of an internal system

The Company shall set up an information management supervisory department to properly protect information assets. n addition, the internal audit department will appropriately conduct internal audits concerning information assets and report any inappropriate events to the Board of Directors as necessary.

3. Efforts by employees

Information assets are classified according to their degrees of importance and confidentiality, and we will work to protect information assets appropriately through a mechanism that can only be operated appropriately and based on necessity according to its purpose.

4. Compliance with laws, regulations and contractual requirements

The Company complies with laws, regulations, restrictions, norms and contractual obligations related to the protection of information assets.

5. Handling of violations and accidents

When outsourcing operations related to information assets, the Company will implement safety measures against various threats, prepare for recovery measures in case of failure, and establish a structure for reporting.

The Company will also take appropriate measures against legal violations, contract violations, and accidents related to the protection of information assets and prevent any recurrence.

Conduct training on responding to targeted attack e-mails

IRM regularly alerts its employees to suspicious e-mails. In addition, in order to raise awareness in a more practical manner, targeted attack e-mail response training is conducted for all officers and employees.

Green Finance

Green Finance

ADR

Green finance refers to financing (i.e., issuance of bonds (green bonds) and/or procurement of loans (green loans)) for which use of proceeds is limited to environmentally-conscious projects. IRM intends to use the proceeds from green financing for implementing sustainability-promoting initiatives in line with its Basic Sustainability Policy, and will proactively recognize the required level of environmental, social, and governance (ESG) practices through a dialogue with investors and apply such knowledge to its asset management strategy.

Outline of Green Finance Framework

● Green Finance Framework Evaluation

ADR received the “Green 1 (F)” rating, the highest rating in the JCR Green Finance Framework Evaluation by the Japan Credit Rating Agency, Ltd. (JCR), which assesses if a framework is in line with the requirements of the Green Bond Principles of the International Capital Market Association, the Green Bond Guidelines of the Ministry of the Environment of Japan, and the Green Loan Principles of the Loan Market Association and the Asia Pacific Loan Market Association.

*Please visit the Green 1 (F)” rating in the JCR Green Finance Framework Evaluation for details.

●Purpose of funds procured through green finance

（1） Acquisition funds for eligible green assets

（2） Finance or refinancing of renovation work funds for eligible green assets

●Eligible Green Assets

（1）Funds for the acquisition of Eligible Green Assets

Assets meeting the eligible criteria (Eligible Green Assets) are assets that have acquired or are scheduled to acquire or to be rectified the following certifications.

- 3-star, 4-star or 5-star ratings in DBJ Green Building Certification
- B+, A or S rankings in CASBEE Certification
- 3-star, 4-star or 5-star ratings in BELS Certification

（2）Fund renovation work which meets the eligible criteria

- Construction work and equipment renovation work that contribute to energy conservation and environmental improvement
- Renovation works which meets the eligible criteria are works that aims to reduce energy consumption, CO2 emissions or water consumption by 10% or more.

Eligible Green Assets

Property No.	Name	Rank of evaluation DBJ Green Building Certification	Rank of evaluation CASBEE Certification	Date of acquisition of certification	Acquisition Price（million yen）	Total Floor Space（㎡）
T-035	RESIDIA Nishi-Azabu	-	A	March 3, 2022	6,780	10,834.93
T-038	RESIDIA Roppongi-Hinokichokoen	-	A	January 26, 2024	3,570	6,269.11
T-039	RESIDIA TOWER Meguro-Fudomae	-	S	March 3, 2022	16,500	29,561.91
T-044	RESIDIA TOWER Azabujuban	-	A	August 25, 2023	6,190	11,053.03
T-054	RESIDIA Shibaura	-	A	July 29, 2022	4,670	12,540.48
T-056	RESIDIA Yutenji	-	A	January 26, 2024	5,260	5,846.64
T-057	Park Tower Shibaura Bayward Urban Wing	-	A	March 3, 2022	9,570	19,562.07
T-064	RESIDIA TOWER Nakameguro	-	A	January 26, 2024	3,300	5,594.51
T-065	RESIDIA Sasazuka II	-	A	January 26, 2024	3,760	5,504.20
T-087	RESIDIA Ichigaya-Sadohara	-	A	July 28, 2023	4,085	7,303.76
T-093	RESIDIA Kamata	-	A	January 26, 2024	2,640	5,637.66
T-103	RESIDIA Kinshicho	-	A	January 26, 2024	4,200	5,622.99
T-120	RESIDIA Bunkyo-Otowa	-	A	January 30, 2023	3,380	8,163.50
T-131	RESIDIA Mejiro	-	A	July 29, 2022	6,280	17,417.59
T-133	RESIDIA Nihonbashi-Bakurocho	-	A	January 30, 2023	5,500	9,605.78
T-134	RESIDIA Suginami-Honancho	-	A	January 30, 2023	3,834	7,561.63
T-140	RESIDIA Minami-senjyu	-	S	July 29, 2022	2,580	10,492.28
T-150	RRESIDIA TOWER Kami-Ikebukuro (Tower)	-	S	March 3, 2022	8,250	29,454.37
	RRESIDIA TOWER Kami-Ikebukuro (Park)	-	A	March 3, 2022		4,081.05
T-170	RRESIDIA Shin-Okachimachi II	-	A	July 28, 2023	4,650	6,843.89
T-185	RESIDIA Shinagawa Seaside	-	A	January 26, 2024	3,315	3604.99
T-189	RESIDIA Sendagi	-	A	July 26, 2024	2,912	2,745.30
S-020	Pacific Royal Court Minato Mirai Ocean Tower	-	A	March 3, 2022	14,000	40,527.16
S-036	Tokyo Student-House Musashi-Kosugi	★★★★★	-	July 26, 2024	5,835	6,845.00
R-030	RESIDIA Izumi	-	A	August 25, 2023	3,700	10,546.49
R-042	RESIDIA Nishijin	-	A	January 30, 2023	2,380	9,233.43
R-051	RESIDIA Miyakojima I&II	-	A	January 26, 2024	3,232	13,477.82
R-053	RESIDIA Higashi-zakura II	-	A	July 29, 2022	2,862	10,944.91
R-086	RESIDIA Kumamoto-Karashima	-	A	January 26, 2024	4,000	14,988.83
Total of Eligible Green Assets					147,235	331,865.31

Green Finance

ADR

Appropriation of Funds

Green Bond

Bonds	Issue Date	Redemption Date	Issue Amount (million yen)	Appropriation of Funds	Fund Appropriation Target
ADR Bond #34 (Unsecured)	Oct. 25, 2021	Oct. 24, 2031	1,000	Appropriated	Pacific Royal Court Minato Mirai Ocean Tower
ADR Bond #35 (Unsecured)	Oct. 25, 2021	Oct. 24, 2036	1,600	Appropriated	

Green Loan

Lender	Drawdown Date	Principal Repayment Date	Amount (million yen)	Appropriation of Funds	Fund Appropriation Target
Sumitomo Mitsui Trust Bank, Limited	Mar. 29, 2024	Mar. 31, 2034	1,500	Appropriated	RESIDIA Shinagawa Seaside
Sumitomo Mitsui Trust Bank, Limited	Mar. 29, 2024	Mar. 30, 2029	1,500	Appropriated	
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	Apr. 24, 2024	Apr. 24, 2036	2,000	Appropriated	Pacific Royal Court Minato Mirai Ocean Tower Park Tower Shibaura Bayward Urban Wing
Mizuho Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,000	Appropriated	RESIDIA TOWER Meguro-Fudomae
SBI Shinsei Bank, Limited	Jul. 23, 2024	Jan. 24, 2033	1,500	Appropriated	
The Yamaguchi Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,500	Appropriated	
The Keiyo Bank, Ltd.	Jul. 23, 2024	Jan. 24, 2033	1,000	Appropriated	
MUFG Bank, Ltd.	Jul. 31, 2024	Jul. 29, 2033	1,000	Appropriated	RESIDIA Sendagi Tokyo Student-House Musashi-Kosugi
MUFG Bank, Ltd.	Jul. 31, 2024	Jan. 31, 2030	1,000	Appropriated	
The Chiba Bank, Ltd. The Norinchukin Bank	Jul. 31, 2024	Jan. 31, 2030	2,500	Appropriated	
Resona Bank, Limited.	Jul. 31, 2024	Jul. 31, 2034	1,600	Appropriated	

Green Finance Performance

Number of properties

6 properties

Total Floor Area

102,846.43㎡

Green finance appropriation amount

16,100 million yen

Impact Reporting

The status of funds raised with green financing is updated annually and uploaded on the websites of ADR. Reporting on the effectiveness of environmental improvement (impact reporting) of green eligible assets is also uploaded on the ADR website on an annual basis.

ESG Data

Environmental performance data

ADR

Category	Unit	FY 2018 (Base Year)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023		
			Results	Results	Results	Results	Results	Coverage	% Change (vs FY2018)
Energy Consumption Total	Total Usage(MWh)	15,749	15,536	15,354	15,266	14,274	15,306	100.0%	-6.3%
	Intensity (MWh/㎡)	0.086	0.086	0.083	0.082	0.077	0.081		
Electricity	Total Usage(MWh)	14,273	13,926	13,860	13,705	13,009	13,980	100.0%	−5.5%
	Intensity (MWh/㎡)	0.078	0.077	0.075	0.074	0.077	0.074		
Fuel	Total Usage(MWh)	1,248	1,365	1,263	1,313	1,091	1,075	100.0%	−7.5%
	Intensity (MWh/㎡)	0.060	0.064	0.042	0.061	0.052	0.055		
Ditrict Heaing and Cooling	Total Usage(MWh)	229	245	230	248	174	251	100.0%	+9.7%
	Intensity (MWh/㎡)	0.016	0.017	0.016	0.017	0.012	0.017		
GHG Emission(CO2) Total (scope1+2)	Total Usage(t)	7,757	8,119	7,052	253	188	188	100.0%	-97.7%
	Intensity(t/㎡)	0.043	0.045	0.038	0.001	0.001	0.000		
Direct Emission Scope1	Total Usage(t)	219	239	221	230	188	188	100.0%	-13.8%
	Intensity(t/㎡)	0.010	0.011	0.007	0.011	0.009	0.010		
In-direct Emission Scope2	Total Usage(t)	7,538	7,880	6,831	23	0	0	100.0%	-100.0%
	Intensity(t/㎡)	0.041	0.044	0.037	0.000	0.000	0.000		
Water Usage	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	100.0%	-10.8%
	Intensity（㎥/㎡）	0.069	0.069	0.070	0.061	0.065	0.062		
Water intake	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	-	-
	Intensity（㎥/㎡）	0.069	0.069	0.070	0.061	0.065	0.062	-	-
Displacement	Total Usage (㎥)	11,035	10,817	11,263	9,879	10,637	11,289	-	-
	Intensity（㎥/㎡）	0.069	0.069	0.070	0.061	0.065	0.062	-	-
Waste Volume	Total Volume(t)	84	119	181	115	126	132	-	-
	Recycling Volume (t)	74	102	160	103	111	121	-	-
	Recycling Rate (%)	88.0	85.7	88.4	89.8	88.5	91.7		-

1. Review period
Results are updated on an annual basis.
FY2023:From January to December, FY2018～FY2022：From April to March

2. Scope of Reporting
Only properties held for the full fiscal year are included in the scope of reporting, excluding properties that were traded during the fiscal year.

3. Calculation Method

1. “Intensity” is calculated as follows.
Total Usage or Emission (MWh) ÷ Total floor area of common area (m2)

2. For unit-owned properties, the ADR's ownership percentage is multiplied by the relevant data.

3.The calculation of the waste recycling rate is as follows
Recycling rate (%) = (1) Total amount recycled ÷ (2) Total amount x 100

(1)Total amount of waste recycled The amount of waste recycled out of the total amount of waste generated by the restoration work ordered by ITOCHU Urban Community, a group company of the asset management company (㎥).

(2)Total amount of waste generated from the same work (㎥).

※Past performance data may be revised retroactively in accordance with the revision of calculation methods, etc.
※Figures are rounded to the nearest indicated digit.

Independent assurance statement (limited assurance)

Environmental performance data for FY2023, with a few exceptions, has been obtained from Sustainability Accounting Co., Ltd. as Independent assurance statement (limited assurance) in accordance with the International Standard for Assurance Engagements ISAE 3000 and ISAE 3410.

Human Resource Data

IRM

Key Human Resource Data

Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Employees*1 (No. of people)	59	62	64	67	78	79
Males (No. of people)	49	52	52	55	62	60
Females (No. of people)	10	10	12	12	16	19
Percentage of females (Percent)	16.9%	16.1%	18.8%	17.9%	20.5%	24.1%
Average years of service (No. of years)	8 yrs 1 mths	8 yrs 1 mths	8 yrs 5 mths	8 yrs 8 mths	8 yrs 3 mths	8 yrs 7mths
Males (No. of years)	8 yrs 3 mths	8 yrs 1 mths	8 yrs 7 mths	8 yrs 11 mths	8yrs 6 mths	9yrs 2mths
Females (No. of years)	7 yrs 6 mths	8 yrs 2 mths	7 yrs 10 mths	7 yrs 7 mths	7 yrs 2 mths	6yrs 11mths
No. of new hires (No. of people)	2	6	6	6	2	4
Males (No. of people)	2	5	4	5	1	1
Females (No. of people)	0	1	2	1	1	3
Turnover*2 (Percent)	3.4%	8.1%	6.3%	3.0%	5.1%	5.1%

Employee Health and Safety

Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual medical exam taken (Percent)	100	100	100	100	100	100
Occupational accident frequency rate*3 (Percent)	0.00	0.00	0.00	0.00	0.00	0.00

Coverage: Full-time employees and contract employees

※1 Number of employees as of March 31 .Information is before the asset management company merger on June 1, 2022, and therefore does not include the number of employees of the former ITOCHU REIT Management Co.,Ltd.

※2 Turnover is calculated by dividing the number of employees that left IRM during the fiscal year by the number of employees as of March 31. Additionally, there were no workforce reductions due to corporate mergers or acquisitions involving restructuring, or for other reasons during the fiscal years listed above. Also, and the same applies to the merger between asset management companies on June 1, 2022.

※3 Occupational accident frequency rate is calculated as follows: number of fatalities and injuries due to accidents ÷ cumulative work hours x 1 million hours.

For details, please refer to the following Ministry of Health, Labour and Welfare site (in Japanese).

Workstyle Reforms・Diversity

Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average overtime (Length of time)	17:31	20:35	23:46	20:41	26:16	25:58
Paid leave acquisition rate (Percent)	79.9	68.4	68.2	59.8	67.9	70.1
Share of female executives (Percent)	0.0	0.0	0.0	0.0	0.0	0.0
Share of female managers (Percent)	0.0	3.7	6.3	11.4	10.3	14.0
Users of childcare leave system (No. of people)	1	1	1	1	1	0
Users of shortened work hours for childcare (No. of people)	2	1	1	0	1	1
Users of nursing leave (Whole)	76.5	78.6	66.7	50.0	83.3	90.9
Users of nursing leave (Percent of males)	69.2	72.7	58.3	45.5	77.8	87.5
Users of nursing leave (Percent of females)	100.0	100.0	100.0	100.0	100.0	100.0
Average overtime (Length of time)	7	3	0	1	0	13

＊ As part of our efforts to enhance work-life balance, we are expanding the use of the following.
～FY2022 For Volunteers
FY2023 In addition to the above, childcare (from 4/1) and health care related (from 3/1) were added.

Employees with professional certification

Category	Number of people certified
Real Estate Transaction Agent	61
ARES Certified Master	36
Certified Building Administrator	6
First-Class Architect	4
Lawyer	1
Real estate appraiser	1
Securities Analyst	4
Certified Public Accountant	2
U.S. CPA	1
Labor and Social Security Attorney	1
Certified Internal Auditor	1

*Includes those who have passed the examinations and are not yet registered.

Human Resource Data IRM

General training

Category	Overview	Managers	General employees	Non-regular employees	Hours/people
New officer training	Responsibility and role recognition required of officers	no applicable employees	–	–	–
ESG Training for Executives	Training for executives to deepen their knowledge on ESG issues	6	–	–	1
Manager training	Training of future executives、Line Care Training	35	–	–	7
	Multifaceted Evaluation Training (Target: Department heads and above)	15	–	–	5
Future manager training	Management training	–	no applicable employees	–	–
Next generation Business leader training	Leadership training	–	no applicable employees	–	–
Fourth-year training	Training for fourth-year employees	–	2	–	17.5
Second-year training	Training for Second-year employees	–	no applicable employees	–	–
Instructor training	Training for appointees as instructors of new hire	–	no applicable employees	–	–
New hire training	Basic training for new graduate hires (ITOCHU Group)	–	no applicable employees	–	–
Bookkeeping training	Training on basic bookkeeping knowledge for new hires	–	no applicable employees	–	–
Training on office machinery	Training for new hires and some junior employees	–	no applicable employees	–	–
Compliance training and exams	Comprehensive compliance training (For all officers and employees Apart from training, compliance exams are conducted.)	–	Cumulative total: 295	–	–
Crisis Management Public Relations Training	Training to strengthen media response skills in the event of a crisis	9	1	–	3.5
Sustainability training and exams	Training aimed at raising the awareness of officers and employees	46	40	14	–
Life Plan Training	Life planning and career design training for employees over 50 years old	–	no applicable employees	–	–
Cafeteria-style training	Training provided by the ITOCHU Group. Participants have a choice of approx. 200 courses.	–	2	–	–
Subscription-based training	A video learning platform that allows employees to study business-focused, carefully selected programs regardless of time or location. Employees can learn at their own discretion.	All employees		–	–
Company-wide online health program	Online stretching and yoga instruction	49	34	16	Conducted more than once

Career Support System

Category	Overview	Managers	General employees
Mentor system	System of support by senior employees(expenses borne by company)	–	no applicable employees
Career path reporting system	System for employees to indicate career path intentions	–	34
Support for certification	System of financial aid toward the costs of acquiring certification to improve business execution skills and gain expertise	11	6
Language learning support	System of financial aid for part of the costs of language classes to improve language skills required for business	2	4

* FY2023 actual results

Comparative Table with GRI Standards (GRI content index)

Comparative Table with GRI Standards（GRI content index）

Universal Standards		Page	References
GRI 2: General Disclosures 2021			
1.The organization and its reporting practices			
2-1	Organizational details	3	Overview of the investment corporation and asset management company
2-2	Entities included in the organization’s sustainability reporting	2	About This ESG Report
2-3	Reporting period, frequency and contact point	2	About This ESG Report Inquiries
2-4	Restatements of information	N/A	N/A
2-5	External assurance	N/A	N/A
2.Activities and workers			
2-6	Activities, value chain and other business relationships	–	–
2-7	Employees	38	Human Resource Data
2-8	Workers who are not employees	–	–
3. Governance			
2-9	Governance structure and composition	10	Governance
2-10	Nomination and selection of the highest governance body	–	–
2-11	Chair of the highest governance body	10	Governance
2-12	Role of the highest governance body in overseeing the management of impacts	10	Governance
2-13	Delegation of responsibility for managing impacts	10	Risk Management
2-14	Role of the highest governance body in sustainability reporting	10	Governance
2-15	Conflicts of interest	30	Preventing Misconduct and Corruption
2-16	Communication of critical concerns	30	Case in IRM
2-17	Collective knowledge of the highest governance body	32	BCP Countermeasures Conduct crisis management public relations training
2-18	Evaluation of the performance of the highest governance body	–	–
2-19	Remuneration policies	31	Officer's compensation or remuneration
2-20	Process to determine remuneration	31	Officer's compensation or remuneration
2-21	Annual total compensation ratio	–	–
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4	Message from Top Management
2-23	Policy commitments	4	Message from Top Management
		7	Sustainability Policy
		23	Human Rights Policy
		29	Preventing Misconduct and Corruption
2-24	Embedding policy commitments	10	Governance
		19	Supply Chain Management
2-25	Processes to remediate negative impacts	–	–
2-26	Mechanisms for seeking advice and raising concerns	30	Preventing Misconduct and Corruption
2-27	Compliance with laws and regulations	30	Case in IRM
2-28	Membership associations	3	Overview of the investment corporation and asset management company
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	28	Basic Policy on Customer-Oriented Business Conduct
2-30	Collective bargaining agreements	–	–
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	–	–
3-2	List of material topics	8	Materiality and Targets
3-3	Management of material topics	8	Materiality and Targets
		37	Environmental performance data

Topic Standards (Economic)		Page	References
GRI201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	–	–
201-2	Financial implications and other risks and opportunities due to climate change	10	Climate Change Initiatives
201-3	Defined benefit plan obligations and other retirement plans	–	–
201-4	Financial assistance received from government	–	–
GRI 202：Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	–
202-2	Proportion of senior management hired from the local community	–	–
GRI 203：Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	21	Initiatives for Tenants and Regional Contribution
203-2	Significant indirect economic impacts	–	–
GRI 204：Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	–	–
GRI 205：Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	30	Preventing Misconduct and Corruption
205-2	Communication and training about anti-corruption policies and procedures	39	General training
205-3	Confirmed incidents of corruption and actions taken	30	Case in IRM
GRI 206：Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	30	Case in IRM
GRI 207：Tax 2019			
207-1	Approach to tax	–	–
207-2	Tax governance, control, and risk management	–	–
207-3	Stakeholder engagement and management of concerns related to tax	–	–
207-4	Country-by-country reporting	–	–

Topic Standards (Environmental)		Page	References
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	–	–
301-2	Recycled input materials used	–	–
301-3	Reclaimed products and their packaging materials	–	–
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	37	Environmental performance data
302-2	Energy consumption outside of the organization	–	–
302-3	Energy intensity	37	Environmental performance data
302-4	Reduction of energy consumption	37	Environmental performance data
302-5	Reductions in energy requirements of products and services	37	Environmental performance data
GRI 303：Water and Effluents 2018			
303-1	Interactions with water as a shared resource	–	–
303-2	Management of water discharge-related impacts	–	–
303-3	Water withdrawal	37	Environmental performance data
303-4	Water discharge	37	Environmental performance data
303-5	Water consumption	37	Environmental performance data
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	–
304-2	Significant impacts of activities, products, and services on biodiversity	–	–
304-3	Habitats protected or restored	–	–
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–	–

Comparative Table with GRI Standards（GRI content index）

Topic Standards (Environmental)		Page	References
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	37	Environmental performance data
305-2	Energy indirect (Scope 2) GHG emissions	37	Environmental performance data
305-3	Other indirect (Scope 3) GHG emissions	14	Environmental performance data
305-4	GHG emissions intensity	37	Environmental performance data
305-5	Reduction of GHG emissions	37	Environmental performance data
305-6	Emissions of ozone-depleting substances (ODS)	–	–
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A	N/A
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	–	–
306-2	Management of significant waste-related impacts	–	–
306-3	Waste generated	37	Environmental performance data
306-4	Waste diverted from disposal	37	Environmental performance data
306-5	Waste directed to disposal	–	–
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	–	–
308-2	Negative environmental impacts in the supply chain and actions taken	–	–

Topic Standards (Social)		Page	References
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	38	Key Human Resource Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	–
401-3	Parental leave	38	Workstyle Reforms・Diversity
GRI 402：Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	–	–
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	–	–
403-2	Hazard identification, risk assessment, and incident investigation	–	–
403-3	Occupational health services	–	–
403-4	Worker participation, consultation, and communication on occupational health and safety	25	Establishment of Health Committee
403-5	Worker training on occupational health and safety	–	–
403-6	Promotion of worker health	25	Wellbeing（Initiatives for health and comfort）
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A	N/A
403-8	Workers covered by an occupational health and safety management system	–	–
403-9	Work-related injuries	38	Employee Health and Safety
403-10	Work-related ill health	38	Employee Health and Safety
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	39	General training
404-2	Programs for upgrading employee skills and transition assistance programs	39	General training
404-3	Percentage of employees receiving regular performance and career development reviews	39	Career Support System
GRI 405：Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	38	Key Human Resource Data
405-2	Ratio of basic salary and remuneration of women to men	–	–
GRI 406：Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	30	Case in IRM
GRI 407：Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A	N/A
GRI 408：Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A	N/A

Topic Standards (Social)		Page	References
GRI 409：Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	N/A
GRI 410：Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	N/A	N/A
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	N/A	N/A
GRI 413：Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	21	Initiatives for Tenants and Regional Contribution
413-2	Operations with significant actual and potential negative impacts on local communities	N/A	N/A
GRI 414：Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	–	–
414-2	Negative social impacts in the supply chain and actions taken	–	–
GRI 415: Public Policy 2016			
415-1	Political contributions	30	Case in IRM
GRI 416：Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	N/A	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	N/A
GRI 417：Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	N/A	N/A
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A	N/A
417-3	Incidents of non-compliance concerning marketing communications	30	Case in IRM
GRI 418：Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	35	Case in IRM