



# Sustainability Report 2023

March 2023

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## Editorial Policy

The purpose of this publication is to provide all Kenedix stakeholders with information about the sustainability policies and activities of the Kenedix Group. We hope this information gives you a better understanding of our commitment and goals involving sustainability.

### Publication Date

March 2023  
(As a general rule, to be revised every March)

### Period Covered by This Report

January 1, 2022 to December 31, 2022  
Some information concerns activities prior to 2022.

### Scope of Reporting

Kenedix, Inc. and main group companies  
(excluding special purpose companies and certain other companies)

### Main group companies

Kenedix Real Estate Fund Management, Inc.  
Kenedix Investment Partners, Inc.  
Kenedix Property Design, Inc.  
Kenedix Engineering, Inc.  
Bit Realty, Inc.  
KDX Securities Preparatory Co., Ltd.  
Kenedix Asia Pte. Ltd.

### Guideline Used for Reference

GRI (Global Reporting Initiative) 「GRI Standards」

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# Message from the President

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## Dedicated to both sustained growth and social responsibility

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Kenedix has been a source of a diverse array of opportunities for investors since the start of operations in 1995. Today, we manage more than ¥2.8 trillion of assets under management. Operations encompass many asset categories and include numerous funds. We manage listed REITs specializing in sectors such as midsize office buildings, residential properties, healthcare facilities, hotels, retail facilities, and logistics facilities. Asset management also includes a private REIT that own large office buildings and other properties and many private funds.

We manage real estate that is used by an enormous number of tenants as well as visitors, customers and others. Overseeing this real estate requires working closely with many investors and property management companies. In addition, we manage properties while fulfilling our obligations to the communities where they are located and to the environment. The breadth and scale of our activities means that we must maintain sound relationships with many types of stakeholders. We are well aware of the responsibilities associated with the significant social and environmental effects of our real estate asset management operations.

Based on this understanding of the various ways that real estate affects our stakeholders, our goal is to achieve sustained growth while meeting our social responsibility by realizing the full potential of real estate.

## Build a stronger infrastructure for achieving both sustained growth and social responsibility

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To reinforce activities involving sustainability, including ESG (environment, society, governance), we have established the Public Relations & sustainability Department (former Corporate Communications Office) in April 2018 as a department responsible solely for these activities. With this office playing a central role, the entire Kenedix Group increases its various activities for more progress concerning sustainability.

## Material issues and sustainability policies

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To examine issues that would have material impact on both our business operations and society, Kenedix held discussions with relevant departments, group companies, external professionals and other stakeholders. As a result, the Board of Directors have established the final material issue selections. All issues are critical with regard to our real estate operations as well as the sustainability of the Kenedix Group. For these issues, we established five key areas: contribution to a sustainable environment, commitment to a diverse society, stakeholder

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engagement, attractive working environment, and responsible organization. By focusing on these themes, we are committed to contributing to sustainability and the achievement of the Sustainable Development Goals (SDGs).

In addition, we have set Sustainability Policies, which covers all ESG issues, to create guidelines for all sustainability initiatives. Adhering to this new policy, the Kenedix Group conducts unified activities that target the material issues.

## Promotion of information disclosure

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We have been working to enhance information disclosure related to sustainability since the establishment of the specialized department in 2018. The four REITs where Kenedix is the main sponsor, etc. have been engaged in various sustainability initiatives since before, and by comprehensively summarizing such initiatives of the group on website and sustainability report, we have been working to make our stakeholders understand our efforts.

## To our stakeholders

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Stakeholder engagement is one of the key areas of the Kenedix Group. We consider continuous engagement with all stakeholders with whom we interact in conjunction with the properties and funds we manage is essential and are ambitious to become a real estate asset management company that is committed to responsible investment. We sincerely ask for your continued support.



A handwritten signature in black ink, appearing to read 'T. Miyajima'.

Taisuke Miyajima, President & CEO, Kenedix, Inc.

# Initiatives for Sustainability

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## Our Mission and Vision

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### Mission Statement

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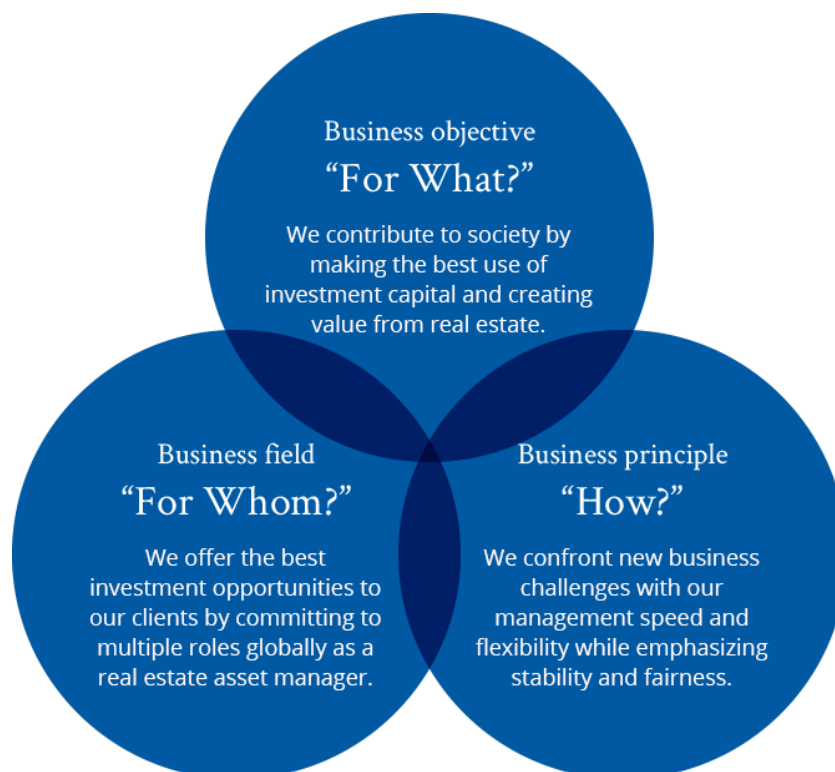
Kenedix is dedicated to realizing the full potential of real estate

In pursuit not only of increasing assets under management and realizing short-term investment yields, Kenedix, Inc. assesses real estate locations and property characteristics as it seeks to combine optimal asset management strategies, timing and financial approaches based on investors' needs, maintaining a strong conviction toward asset management that "realize the full potential of real estate."

The Company has formulated a mission statement that elucidates its commitment to real estate value creation: "Kenedix is dedicated to realizing the full potential of real estate."

### Corporate Mission

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## Long-term Vision

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### Kenedix Vision 2025: Delivering Growth via the Kenedix Model

Goals for 2025: AUM of ¥4 trillion, Kenedix Group market cap of ¥2 trillion and an ROE of 15%

\* The Kenedix Group market cap includes the market value of REITs where Kenedix serves as the main sponsor.

## Kenedix Model

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Kenedix does not own real estate directly. Properties are held by funds that are established and managed by the Kenedix Group.

### **Asset Management Business**

Kenedix constantly provides client investors with high-grade investment opportunities and does not own real estate itself

Kenedix creates funds that match the needs of each client. By managing these assets in a manner ideally suited to each property category, Kenedix performs asset management with a high level of transparency.

### **Real Estate Related Business**

Kenedix manages and operates real estate with the goal of increasing the value of funds managed by Kenedix group

Kenedix increases the value of the funds managed by Kenedix group through providing highly specialized real estate management that takes advantage of scale and real estate operation as an operator.

### **Real Estate Investment Business**

Kenedix co-invests with client investors in funds managed by Kenedix Group companies

Through making co-investments in the fund managed by Kenedix group, Kenedix share the risk/return with client investors and seeks to maximize the return of the funds together with client investors.

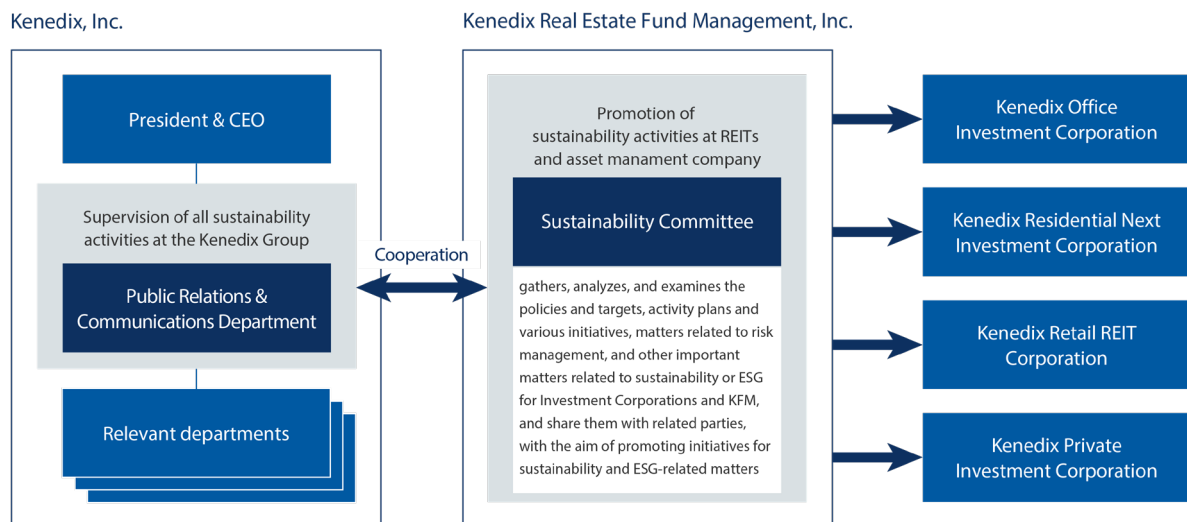
# Initiatives for Sustainability

## Sustainability Promotion Structure

The Public Relations & Sustainability Department, which is supervised directly by the President & CEO, is responsible solely for sustainability activities. This department has an Executive Officer as the head of the department and performs the centralized oversight of all types of sustainability programs at the Kenedix Group.

As to sustainability related activities for REITs, the initiatives for sustainability are promoted under the leadership of the Sustainability Committee established in KFM. The Sustainability Committee is composed of the president & CEO (Chief Sustainability Officer), who is the chairperson of the Sustainability Committee, and department managers of each REIT Division and others.

The Sustainability Committee gathers, analyzes, and examines the policies and targets, activity plans and various initiatives, matters related to risk management, and other important matters related to sustainability or ESG for REITs and KFM, and shares them with related parties, with the aim of promoting initiatives for sustainability and ESG-related matters. The committee meets in principle, every 3 months, and the content reviewed is also reported to KFM's Board of Directors with an independent external member, and to REIT's Board of Directors with independent supervisory directors.





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## Material Issues

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Kenedix has established material issues in order to identify subjects that are critical for achieving sustained growth of the Kenedix Group along with stakeholders and society. We are committed to find solutions to these issues both in business and society by making initiatives that reflect the opportunities and risks associated with each issue. Furthermore, we intend to contribute to achieving the SDGs by carrying measures for our materiality.

### Process of defining material issues



# Initiatives for Sustainability

## Material issues of the Kenedix Group

Key areas	Applicable SDGs	Material issues
Contribution to a Sustainable Environment	   	<ul style="list-style-type: none"> <li>Reduction of energy consumption and CO2 emissions</li> <li>Reduction of water consumption and waste materials</li> <li>Collaboration with tenants for environmental initiatives</li> </ul>
Commitment to a Diverse Society	   	<ul style="list-style-type: none"> <li>Providing properties with environmental and social considerations</li> <li>Improving resilience/climate adaptation</li> <li>Initiatives for an aging society with fewer children</li> </ul>
Stakeholder Engagement	 	<ul style="list-style-type: none"> <li>Continuous improvement of customer satisfaction</li> <li>Community engagement</li> <li>Managing conflicts of interests</li> </ul>
Attractive Working Environment	    	<ul style="list-style-type: none"> <li>Recruiting, employee retention and career advancement</li> <li>Health and wellbeing of employees</li> <li>Diversity and equal opportunities</li> </ul>
Responsible Organization	 	<ul style="list-style-type: none"> <li>Compliance</li> <li>Risk management</li> <li>Commitment to responsible investments</li> </ul>

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## Sustainability Policies

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As material issues are defined, we have set Sustainability Policies to cover ESG issues comprehensively. The Kenedix Group adheres to the Sustainability Policies as the basis for unified initiatives towards the material issues.

Key areas	Sustainability policies
<b>Contribution to a Sustainable Environment</b>	Improving the environmental performance of the properties we manage is one of our social missions. We will lower the environmental impact and make contribution to environmental sustainability by constantly reducing the negative environmental impact of these properties, such as energy consumption, CO2 emissions, water consumption and the generation of waste materials. We also have activities for the proper management of hazardous substances and reduction in their use.
<b>Commitment to a Diverse Society</b>	We contribute to the diversity of society while taking into account the social impact of our properties. We are committed to maintaining safety, confidence, good health, comfort and diversity regarding our tenants and the communities where we operate.
<b>Stakeholder Engagement</b>	We manage our properties as a responsible real estate asset management company by stressing the importance of engagement with our stakeholders such as investors, tenants, business partners, communities and property management companies.
<b>Attractive Working Environment</b>	We aim to maintain an attractive working environment by implementing measures for employees' health and wellbeing and for diversity and equal opportunities. To enable employees to realize their full potential, we will provide a variety of training programs and other educational opportunities.
<b>Responsible Organization</b>	We have sound compliance and risk management activities in all of our business activities. We are committed to the principle of responsible property investments by a responsible organization by aligning our operations with global ESG initiatives and actively disclosing ESG information.

# Initiatives for Sustainability

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## Stakeholder Engagement

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Investments in properties that we make as part of our real estate asset management operations create relationships and obligations concerning a broad spectrum of stakeholders. This is why stakeholder engagement is one of our key areas. Constant interaction with stakeholders is essential for establishing sound relationships. We are dedicated to using these relationships for even better asset management activities that can in turn help make society better.



Stakeholders	Our policy for engagement	Major engagement channels
<b>Customers of properties we manage</b> (tenants of office buildings and retail facilities, residents of residential properties and healthcare facilities and others)	Our priority is to provide a comfortable environment with safety and confidence so that we can ascertain the various needs of stakeholders and heighten customer satisfaction. We do this by building strong lines for frequent communications, performing customer satisfaction surveys, improving convenience for stakeholders and using other measures.	Frequent exchanges of ideas by using property management companies, customer satisfaction surveys, use of digital signage to supply information, collaboration with tenants for environmental initiatives and other activities.
<b>Client investors of funds we manage</b> (REIT investors, private fund investors and others)	<Listed REITs> There are frequent institutional investor meetings as well as earnings announcement information meetings for securities analysts and information meetings for individual investors. We also use questionnaires and other methods for direct communications with investors.	Frequent meetings, earnings announcement information meetings for securities analysts, information meetings for individual investors, general unitholder meetings and meetings to report fund performance, various investor surveys, strict measures to prevent conflicts of interest and other activities.
	<Private REIT and private funds> We use frequent meetings with institutional investors to give them a thorough understanding of our funds. For direct conversations, we ask these investors to tell us about requests, suggestions and any other matters.	Frequent meetings, asset management with strict measures to prevent conflicts of interest and other activities.
<b>Business partners</b> (property managers of portfolio properties and others)	Periodic meetings and other activities are used to give investors information about portfolio properties, a fund's current performance and any important issues. Furthermore, we assess the performance of property management companies periodically and announce the results along with items that require improvements.	Periodic meetings, feedback on assessments of property management companies and other activities.
<b>Communities</b> (communities where portfolio properties are located and their residents)	We use portfolio properties in many ways to contribute to the vitality and convenience of their surrounding areas. For example, we offer a property's common and open space for a variety of activities on a temporary basis. At some locations, our properties are used to increase greenery in a neighborhood in order to create a better environment.	Cooperation with communities by allowing the temporary use of properties (bicycle sharing site, disaster evacuation site, early voting location or other use), improvement of real estate environment to contribute to development of communities where our properties are located (planting vegetation, Satoyama project or other uses), and other forms of cooperation.
<b>Employees</b>	We hold personnel performance and goal discussions with employees regularly to learn their individual needs and other information about requests, goals and other subjects. Our people receive support for education, and we improve the working environment which provide programs for childcare, elderly parent care and other family requirements.	Semiannual personnel performance and goal discussions with feedback, more education assistance to support recruiting, retention and skill development, working style reforms, support for health management, and the upgrade of the Rules of Employment to include support for child or elderly parent care, and other types of benefits and support.



# Contribution to a Sustainable Environment

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## Sustainability Policies -Contribution to a sustainable environment-

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Improving the environmental performance of the properties we manage is one of our social missions. We will lower the environmental impact and make contribution to environmental sustainability by constantly reducing the negative environmental impact of these properties, such as energy consumption, CO2 emissions, water consumption and the generation of waste materials. We also have activities for the proper management of hazardous substances and reduction in their use.

## Environmental Policies and External Ratings

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### Environmental policies

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The officers and employees of Kenedix Real Estate Fund Management, Inc. ("KFM") will undertake investment management operations in accordance with the following environmental policies. KFM supports the international goals set forth in the Paris Agreement and is committed to continuously make efforts to mitigate climate change. We also endeavor to contribute to the shift towards a circular economy by using resources efficiently.

#### **1. Compliance with Environmental Laws and Regulations**

KFM will promote environment-friendly investment management operations by adhering to environmental laws and regulations.

#### **2. Promotion of Energy Conservation Measures**

KFM will systematically advance energy conservation measures at our managed properties, maintaining a strong awareness of the importance of natural and energy resources.

#### **3. Reduction of Environmental Burden**

KFM will undertake initiatives to reduce GHG (Greenhouse gas), water consumption and waste emissions as well as promote recycling at its managed properties, understanding its commitment to alleviating its environmental burden. In addition, KFM will take sufficient care when handling harmful substances and environmental pollutants.

#### **4. Challenge to achieve net zero GHG emissions**

To achieve Net Zero, KFM has established long-term targets for reducing GHG emissions of its REITs and will work internally and externally.

#### **5. Disclosure of Environmental Information**

KFM will work to disclose necessary information to a variety of concerned parties, including investors, tenants and business partners, in such areas as its environmental policies and measures.

## 6. Environmental Education

KFM will take steps to improve the environmental consciousness of its officers and employees through internal education.

## External ratings

### GRESB Real Estate Assessment

GRESB is a benchmark system for assessing the sustainability performance of the real estate sector, established in 2009 primarily by a group of major European pension funds. Leading institutional investors participate in the GRESB assessment to utilize it in implementing their real estate investment and management processes.

A high degree of attention has been paid to the GRESB survey, as it is used by institutional investors when they select investment targets and on other occasions. The GRESB survey, which is conducted each year, is participated in by many real estate companies, REITs and real estate private funds from around the world.

Numerous programs exist for the certification of environmentally responsible real estate. But the GRESB Real Estate Assessment is the only one that is a benchmark for individual real estate companies and funds. Comparative evaluations of overall scores on a global scale are used to determine GRESB ratings, which go from one to five stars.

Ratings for each Investment Corporation are shown below. All four were awarded a “Green Star” designation by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

(as of the end of December, 2022)

Kenedix Office Investment Corporation	Kenedix Residential Next Investment Corporation	Kenedix Retail REIT Corporation	Kenedix Private Investment Corporation
			
G R E S B ★ ★ ★ ★ ★ 2022	G R E S B ★ ★ ★ ☆ ☆ 2022	G R E S B ★ ★ ★ ★ ☆ 2022	G R E S B ★ ★ ☆ ☆ ☆ 2022

# Contribution to a Sustainable Environment

## Environmental certifications and evaluations

Each Investment Corporation has promoted to acquire external certification and evaluation of their properties by third parties to increase objectivity and reliability with respect to their initiatives to reduce their properties' environmental burden and boost medium- to long-term asset values. Certified rate of each Investment Corporation that have obtained environmental certifications are as follows.

- Overview of environmental certifications and evaluations  
(Kenedix Office Investment Corporation)

(as of the end of December, 2022)

	Number of properties	Floor area (m <sup>2</sup> )	Ratio (%) <sup>(2)</sup>
<b>Green certified building <sup>(1)</sup></b>	<b>57</b>	<b>527,205.11</b>	<b>71.3</b>
DBJ Green Building Certification	26	330,858.31	44.7
★★★★ four stars	4	55,441.86	7.5
★★★ three stars	14	205,004.36	27.7
★★ two stars	8	70,412.09	9.5
Certification for CASBEE for Real Estate	35	241,263.38	32.6
S rank	12	112,447.77	15.2
A rank	23	128,815.61	17.4
BELS Certification	5	50,186.99	6.8
★★★★★	1	7,720.08	1.0
★★★★	3	35,139.28	4.8
★★	1	7,327.63	1.0

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratios are percentages of each floor area to the gross floor area of properties owned by KDO (739,698.87 m<sup>2</sup>, calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, etc.).



- Overview of environmental certifications and evaluations  
(Kenedix Residential Next Investment Corporation)

(as of the end of December, 2022)

		Number of properties	Floor area (m <sup>2</sup> )	Ratio (%) <sup>(2)</sup>
	<b>Green certified building <sup>(1)</sup></b>	<b>15</b>	<b>126,285.74</b>	<b>18.9</b>
	DBJ Green Building Certification	12	109,643.20	16.5
	★★★★ four stars	7	58,312.37	8.7
	★★★ three stars	5	51,330.83	7.7
	Certification for CASBEE for Real Estate	4	39,626.63	5.9
	S rank	3	32,707.64	4.9
	A rank	1	6,918.99	1.0
	BELS Certification	1	3,156.96	0.5
	★★★	1	3,156.96	0.5

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratios are percentages of each floor area to the gross floor area of properties owned by KDR (666,472.91 m<sup>2</sup>, calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, etc., excluding land-only properties).

- Overview of environmental certifications and evaluations  
(Kenedix Retail REIT Corporation)

(as of the end of December, 2022)

		Number of properties	Floor area (m <sup>2</sup> )	Ratio (%) <sup>(2)</sup>
	<b>Green certified building <sup>(1)</sup></b>	<b>21</b>	<b>585,988.22</b>	<b>66.9</b>
	DBJ Green Building Certification	8	232,082.88	26.5
	★★★ three stars	8	232,082.88	26.5
	Certification for CASBEE for Real Estate	12	305,029.39	34.8
	S rank	9	222,469.50	25.4
	A rank	3	82,559.90	9.4
	BELS Certification	2	70,254.79	8.0
	★★★★★	1	31,598.28	3.6
	★★	1	38,656.51	4.4

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratio is the percentage of certified floor area to the gross floor area of properties owned by KRR (875,469.51 m<sup>2</sup>, calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, excluding land-only properties).

# Contribution to a Sustainable Environment

- Overview of environmental certifications and evaluations  
(Kenedix Private Investment Corporation)

(as of the end of December, 2022)

	Number of properties	Floor area (m <sup>2</sup> )	Ratio (%) <sup>(2)</sup>
<b>Green certified building <sup>(1)</sup></b>	<b>2</b>	<b>172,892.29</b>	<b>40.8</b>
DBJ Green Building Certification	1	63,419.60	15.0
★★★★ four stars	1	63,419.60	15.0
Certification for CASBEE for Real Estate	1	109,472.69	25.9
S rank	1	109,472.69	25.9

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratio is the percentage of certified floor area to the gross floor area of properties owned by KPI.

## DBJ Green Building Certification

DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. (DBJ) in April 2011 for the purpose of supporting properties that are environmentally and socially responsible ("Green Buildings"). The program evaluates, certifies and supports properties that fulfill social and economic requirements. Comprehensive assessments of properties cover factors ranging from environmental performance to the needs of stakeholders, such as disaster prevention and proper care for surrounding communities.



## DBJ Green Building

There are five certification ranks: properties with the best class environmental and social awareness (five stars), properties with exceptionally high environmental and social awareness (four stars), properties with excellent environmental and social awareness (three stars), properties with high environmental and social awareness (two stars), and properties with satisfactory environmental and social awareness (one star).

In addition, KDX Harumi Building, KDX Nagoya Sakae Building and KDX Kobayashi-Doshomachi Building, managed by Kenedix Office Investment Corporation, are the first J-REIT properties to receive DBJ Green Building Certification in 2011.

## Certification for CASBEE for Real Estate

CASBEE is an evaluation system for rating the environmental performance of buildings that was developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from two perspectives: the environmental quality and performance of a building and the impact of a building on the external environment.



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Certification for CASBEE for Real Estate is a system in which third-party organizations certify the contents of buildings evaluated by CASBEE for Real Estate, that has been developed for the purpose of using the results of environmental evaluations of existing buildings when performing real estate assessments.

### **BELS Certification**

BELS (Building-Housing Energy-efficiency Labeling System) is a third-party certification system for rating houses and buildings in accordance with the duty to make efforts to indicate energy saving performance in the Act on the Improvement of Energy Consumption Performance of Buildings. Residential and non-residential buildings are evaluated by using a BEI (Building Energy Index) derived from the primary energy consumption based on the government-designated energy efficiency performance standard for buildings.



The number of stars shows an evaluation result ranging one to five.

In addition, KDX Musashi-Kosugi Bldg. was the first J-REIT property to receive BELS certification in 2014.

## Reduction of Energy Consumption and CO2 Emissions

### (Climate Change Initiatives)

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#### Basic views

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Global warming, as the main factor for a climate change, has been the primal topic at international meetings so far and in 2015 Paris Agreement has adopted a new framework in 18 years since Kyoto Protocol. In this agreement, one of the goals is to keep the increase in global average temperature to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. In addition, at COP26 in 2021, the Glasgow Climate Pact was agreed that the 1.5°C target remains in sight and scales up action on dealing with climate impacts., Each Investment Corporation and the Asset Manager recognize that efforts to climate change is the most important issue for our business activities and properties under management.

Reduction of energy consumption and CO2 emissions is one of our material issues. We are making a contribution to environmental sustainability by using our business activities and property management operations for continuously cutting energy consumption and CO2 emissions in order to lower our environmental impact.

# Contribution to a Sustainable Environment

## Support for TCFD recommendations

Kenedix Real Estate Fund Management, Inc. expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

("TCFD") and also joined the TCFD consortium, a group of domestic companies that support TCFD recommendations.

TCFD is an international initiative established by the Financial Stability Board ("FSB") at the request of the G20 for the purpose of discussing the disclosures of Climate-related financial information and the responses by financial institutions. TCFD publishes recommendations for companies to disclose their governance, strategy, risk management, and metrics and targets for Climate-related risk and opportunities.

Also, TCFD Consortium is a group of companies and financial institutions that support the TCFD recommendations. The consortium was established with a view to further discussion on effective corporate disclosures of Climate-related information and initiatives to link disclosed information to



TCFD  
Consortium

appropriate investment decisions on the part of financial institutions and other organizations.

Our group REITs and the Asset Management Company will work to expand information disclosure based on TCFD and continue to actively promote ESG (Environment, Social and Governance) initiatives based on "Sustainability Policies" established by the Asset Management Company.

## Reduction target for energy consumption and CO2 emissions, etc.

Each of four REITs where Kenedix is the main sponsor has set medium-to long-term reduction targets for energy consumption, etc. and working to reduce energy consumption, etc. while continuously monitoring its efforts.

- [Kenedix Office Investment Corporation](#)
- [Kenedix Residential Next Investment Corporation](#)
- [Kenedix Retail REIT Corporation](#)
- [Kenedix Private Investment Corporation](#) (only in Japanese)

## Initiatives for the reduction of energy consumption and CO2 emissions

Kenedix will address the issue of climate change through the reduction of energy consumption and CO2 emissions of the properties under management. Although the range of efforts differs depending on the use of the properties under management, the management period of the funds, investors, etc., each Investment Corporation has taken

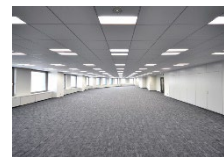
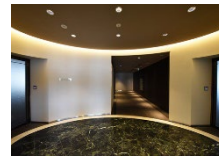


various approaches.

#### **Initiatives at office buildings managed by Kenedix Office Investment Corporation**

- Updating of lighting fixture

Activities at Kenedix Office Investment Corporation (KDO) for reducing electricity consumption at all of its properties help protect the environment as well as lower operating expenses. KDO's efforts include converting lighting in common/tenant area and emergency lights (including emergency guide lights) to LED to actively promote reduction of light bulb replacement costs and electricity expenses.



- Updating of heating and cooling systems

KDO has improved energy efficiency along with the comfort of tenants by installing highly efficient heating and cooling systems, replacing centralized systems (using a single heating/cooling unit and control room) with separate systems for different floors or zones of a building, and taking other actions.

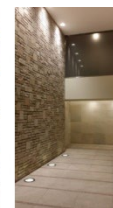
- Installation of motion sensors

The use of motion sensors in rest rooms, stairways and other locations means that lights are on only when needed and provides more convenience for building occupants.

#### **Initiatives at residential properties managed by Kenedix Residential Next Investment Corporation**

- Installation of LED lights in common areas

Kenedix Residential Next Investment Corporation (KDR) implements a variety of initiatives to conserve energy from the viewpoints of environmental awareness and cost reduction. One example is the use of LED lights in common areas and other locations for lowering expenses for electricity and the replacement of bulbs.



- Remote surveillance of pavement heating

KDR has installed remote surveillance systems for snow melting equipment at some residential properties in Sapporo. Remote surveillance has significantly reduced the cost of fuel for keeping outdoor areas free of snow.

- Outlets for recharging electric cars

Parking areas have outlets so that residents can easily recharge electric cars.



# Contribution to a Sustainable Environment

## Initiatives at retail facilities managed by Kenedix Retail REIT Corporation

- Installation of LED lights

Kenedix Retail REIT Corporation (KRR) uses LED lights to reduce bulb replacement expenses and conserve energy. KRR also reduces its environmental impact by reducing greenhouse gases. Major properties with LED lights are as follows:



Passaggio Nishiarai



Blumer HAT Kobe



Unicus Ina

- Solar panel installation

KRR installed solar panels at some of properties to decrease CO2 emissions.



Unicus Ina



Kawamachi Yahagi Mall



Monenosato Mall

## Initiatives at facilities managed by Kenedix Private Investment Corporation

- Installation of LED lights

Kenedix Private Investment Corporation (KPI) uses LED lights to reduce bulb replacement expenses and conserve energy. KPI also reduces its environmental impact by reducing greenhouse gases.

- The 8th Yokohama Global Warming Prevention Award

The Yokohama Global Warming Prevention Award is awarded to companies that have achieved outstanding results in terms of significant reductions of GHG emissions in the Yokohama City Global Warming Prevention Plan System. The eighth annual award was given to six of the 310 applicants who submitted their reports in 2021.



## Education to employees on green building

We provide annual sustainability training by external specialist to improve awareness and knowledge on sustainability for our employees. Also, it encourages our employees to acquire qualifications related to green buildings.

## Green finance

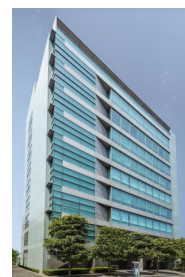
Kenedix Office Investment Corporation, Kenedix Retail REIT Corporation and Kenedix Private Investment Corporation want to contribute to the development of the domestic market using green finance. The green finance enables more committed efforts to improve sustainability and further contribution to development of the domestic market by financing opportunities to the universe of investors who take active stance towards ESG investment.

### What is a Green Finance?

Finance through green bonds and green loans by companies, local governments, or other organizations to raise funds for domestic and overseas green projects, which is a project contributing to environmental solution, are called green finance. As main characteristics of green finance, proceeds are allocated exclusively to green projects, and are tracked and managed in a reliable manner, ensuring transparency by reporting after the implementation of the finance.

## Switching to electricity from renewable source

Kenedix Office Investment Corporation is switching to effectively renewable energy (certified as Non-Fossil Fuel Energy with Tracking Information) at some properties. As a result, GHG emission from electricity use at the introduced property after the date of application is expected to be substantially zero.



## Switching to renewable energy sources for electricity

Kenedix has established a fund, which it also manages, that invests in solar and other renewable energy projects in Japan that generate electricity. Our asset management services for this fund are backed by our many years of experience involving private funds, the arrangement of financing and other activities.

	2019	2020	2021	2022
Number of renewable energy power plants*	23	23	23	34
Output of renewable energy facilities (MW)*	155.7	155.7	155.7	161.4

(Note) The number of renewable energy power plants and output of renewable energy facilities at the Kenedix renewable energy fund are as of the end of each year and include locations that are operating or under development by Kenedix Investment Partners, Inc.

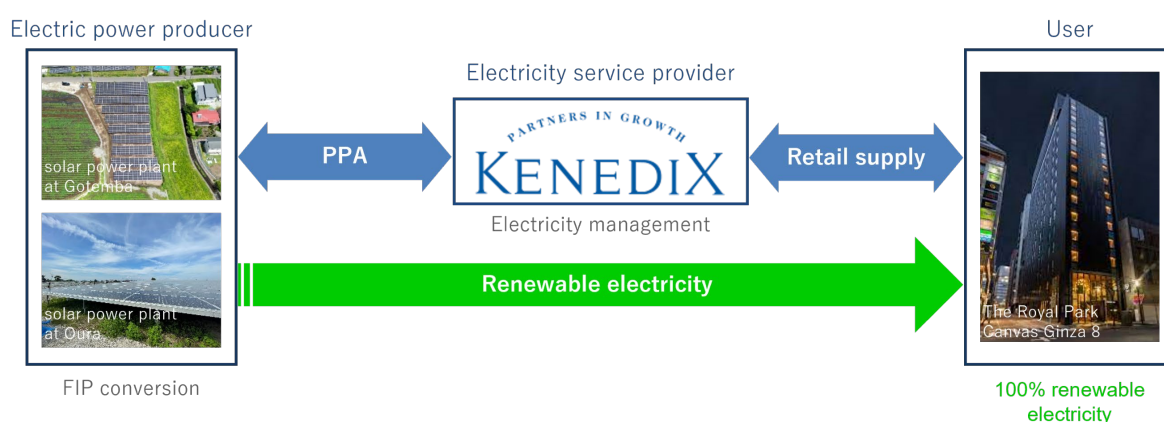
In order to further promote our renewable energy business, we established Renewable Energy Business Department in August 1, 2021. We aim to develop into a sustainable company by realizing a sustainable society and contributing to the SDGs through our renewable energy business.

# Contribution to a Sustainable Environment

## Participation in the retail electricity business

Kenedix aims to shifting to 100% renewable electricity for real estate owned by Kenedix Group REITs by 2025.

As a first step, we supply renewable electricity to “the Royal Park Canvas Ginza 8,” operated by Kenedix Group, through off-site PPA\*1 scheme. In this scheme, we will implement the conversion (FIP conversion) from the FIT (Feed-in Tariff) system to the FIP (Feed-in Premium) system for the solar power plants operated by Kenedix group. We will supply renewable electricity through a stable procurement environment for renewable electricity by concluding an off-site PPA contract.



In this initiative, Kenedix will participate in the retail electricity business as an electricity service provider to manage electric power producers and users and use the Digital Grid Platform operated by Digital Grid Corporation to conduct P2P power transactions\*3. This will create an environment in which long-term, stable renewable electricity can be procured. Kenedix aims to increase the value of its operating properties and contribute to reducing CO2 emissions in Japan by converting the power consumed to 100% renewable electricity.

(Note 1) PPA stands for Power Purchase Agreement and represents an electric power purchase agreement. The Off-site PPA is a system whereby a power generator that owns a photovoltaic power plant or the like on a land remote from a demand site provides electricity generated by a photovoltaic power plant or the like to certain general users via a general power grid.

(Note 2) This is a negotiated transaction that directly connects electric power producers and users without going through electric power companies.

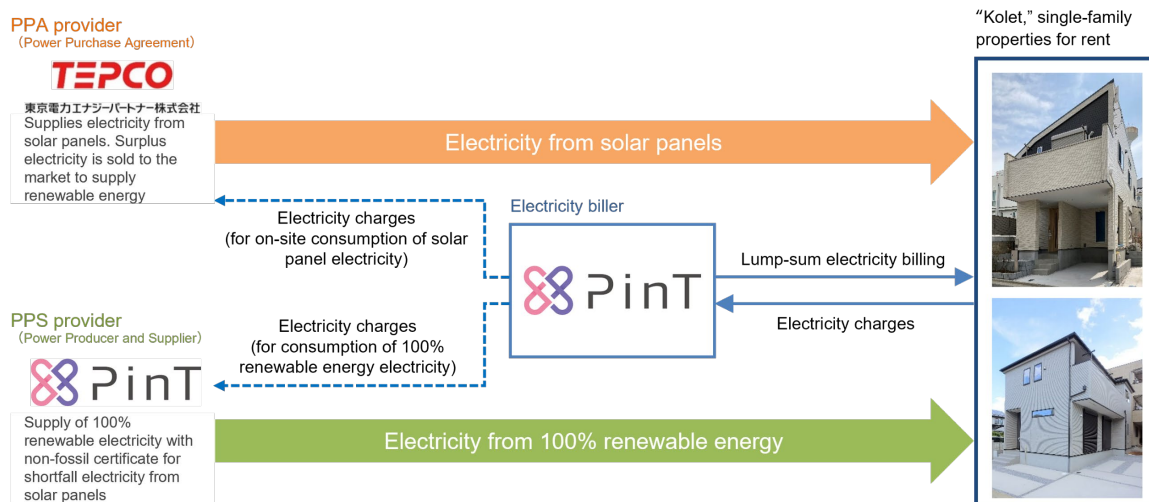


## Installation of solar power generation system on the roof of “Kolet,” single-family properties for rent

Kenedix has installed solar power generation system on the roof of “Kolet,” single-family properties for rent operated by Kenedix, together with TEPCO Energy Partners, Inc. (“TEPCO EP”) and PinT, Inc. (“PinT”), and started operating a scheme to directly supply renewable energy-derived electricity using an on-site PPA/TPO\* model in which power generators install power generation facilities on the premises of customers.

Under the Scheme, TEPCO EP will build a solar power generation system on the roof of the “Kolet” and operate the power generation business. For home use by “Kolet” residents, power from renewable energy will be supplied directly from solar power generation systems, and surplus power exceeding the demand from “Kolet” residents will be sold through commercial systems.

PinT has been commissioned by TEPCO EP to provide electricity billing services for the in-house use of “Kolet” residents. PinT will provide a unified operation service of the electricity supply scheme in the “Kolet” business by establishing billing structure for “Kolet” residents together with the virtually renewable energy 100% that the company has already supplied to all “Kolet” homes.



(Note) PPA/TPO is a system whereby a solar power generation company collects its own funds or investors to set up a solar power plant, and then concludes a Power Purchase Agreement (PPA) with a user who wants to purchase electricity from renewable energy.

## Reduction of Water Consumption and Waste Materials

### Basic views

Although there is no imminent water supply crisis in Japan, climate change and population growth threaten the viability of water supplies worldwide. We recognize that ensuring water sources is critical to our business as well considering the steady increase in global water consumption.

Progress concerning the proper treatment of waste materials and the effective use of natural resources in Japan is continuing as people become increasingly aware of the importance of 3R (reduce, reuse and recycle) activities. Japan is focusing more and more on recycling resources as much as possible rather than mass consumption. Due to growing limitations on natural resources worldwide, there is a need for even more qualitative initiatives to go along with quantitative measures for lowering the volume of waste materials.

As an organization that provides asset management services for many types of properties which are used as a place to work or live, Kenedix has significant obligations to use a diverse array of activities for using real estate to cut water consumption and the generation of waste materials.

The reduction of water consumption and waste materials is one of our material issues. We are constantly seeking ways to use our business activities and properties to cut water use and the amount of waste materials produced. We are also lowering our environmental impact and contributing to environmental sustainability by properly managing hazardous substances and eliminating their use wherever possible.

### Initiatives to reduce water consumption

#### Updating of water-efficient equipment

When scheduled maintenance and updates are performed at buildings we manage, we often install facilities that lower water consumption. Examples include water-efficient toilets, motion sensor faucets, water flow reduction plugs and rainwater tanks. Some of properties have introduced smart irrigation to facilitate watering plant and save water.

#### Rain garden at Yokohama Connect Square

Kenedix has promoted a large-scale development project in the 37th district of the Yokohama Minato Mirai Central District in collaboration with partner companies. In this project, rainwater is first stored during rainfall and gradually infiltrated to recharge groundwater. The landscape changes with the weather and seasons.



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## Initiatives for reduction of waste materials

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### **Waste material reduction and sorting**

By cooperating with property management companies used for portfolio properties, we contact tenants of office buildings, retail facilities, residential properties and other properties to urge them to reduce the amount of waste materials and dispose of items properly for each category of waste materials.

### **Proper measures for hazardous substances, soil contamination and other materials requiring special handling**

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Before acquiring a property and in conjunction with other transactions, we thoroughly examine properties by receiving an engineering report that covers the building's structure and facilities, including environmental items. We also receive an earthquake probable maximum loss assessment, a soil contamination survey and other information. These activities ensure that the building complies with laws and regulations.

The engineering report includes a confirmation that a building is free of asbestos, PCBs and fluorocarbons. If any hazardous substances are discovered, appropriate actions are taken, such as by establishing counter-measures, managing or disposing of these substances, in accordance with laws and regulations.

If a property we plan to acquire has soil contamination, we make the investment only after the completion of soil contamination counter-measures.

### **Brownfield Development at Yokohama Connect Square**

Kenedix is promoting a large-scale development project in the 37th district of Yokohama Minato Mirai Central District in collaboration with our partner companies. For this project, we are contributing approximately 1 billion yen to take appropriate measures to deal with soil contamination such as removal of contaminated soil and installation of water shielding walls, etc.



# Contribution to a Sustainable Environment

## Collaboration with Tenants for Environmental Initiatives

### Basic views

Kenedix has promoted many initiatives for the purpose of contributing to environmental sustainability by improving the environmental performance of managed properties and in other ways. Receiving the understanding and cooperation of the tenants of the properties we manage is also important. We have environmental education activities for tenants and a Green Lease program that allows both tenants and the building owner to benefit from the installation of energy-saving facilities. Activities like these make it possible to work with tenants to create a sustainable environment.

Collaboration with environmental initiatives is one of our material issues. We will continue to use joint activities with tenants, who are a key stakeholder category, for more contributions concerning environmental sustainability.

### Initiatives for collaboration with tenant

#### Environmental education programs for tenants

Tenants of Kenedix Office Investment Corporation's properties receive requests to conserve electricity and a manual that we have prepared that explains ways to use less electricity. We also place posters in the hallways of every floor to remind people to use electricity wisely. Eco-friendly paper including limestone materials are used for the posters.

In the office building jointly managed by Kenedix Office Investment Corporation and Kenedix Private Investment Corporation, the ESG service "EaSyGo" has been introduced with the aim of creating a better living and business environment by visualizing and working to improve ESG for workers and the local community.

By encouraging workers to participate in ESG-related actions, we can not only raise awareness of environmental issues, but also visualize the social and economic effects, and expect to increase the value of the building itself.



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### **Green Lease agreements**

The four REITs where Kenedix is the main sponsor have entered into green lease agreements with some of their tenants.

#### **What is a Green Lease?**

It is agreement specifying that building owners and tenants shall cooperate with each other to reduce environmental burden. The agreement contains provisions to facilitate renovation toward more environmentally-friendly buildings by reducing building owners' investment burden through sharing the economic merits generated as a result of energy-saving renovation works among building owners and tenants. It also contains an agreement to streamline operations for energy saving, water saving and enhancing indoor conditions.

#### **Introducing green lease with clause for environmental cooperation**

Kenedix Office Corporation and Kenedix Private Investment Corporation has promoted including clause to cooperate to improve environmental performance of the property, comfort and productivity of tenant into its based contract.

#### **Cooperation with property management companies**

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation are engaging with property management companies to share their vision, policies of sustainability and when making contract with a new tenant, property management companies explain these ideas to tenants to achieve their cooperation.

# Contribution to a Sustainable Environment

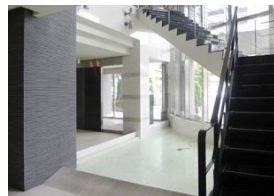
## Biodiversity

### Basic views

Protecting biodiversity and using real estate projects to create urban areas are normally conflicting activities that involve trade-offs. Kenedix has a commitment to managing real estate while giving substantial considerations for protecting biodiversity, which is critical to combating climate change. Biodiversity also plays a key role in the creation of pleasant environments for the tenants and residents of our buildings as well as everyone living in the surrounding areas.

### Promotion of greening

We plant bushes, flowering plants and other greening at building entrances, open areas of building sites, rooftops and other locations. Rooftop greening at retail facilities creates a relaxing space for people and has the added benefit of preventing the reflection of sunshine, which helps hold down summer heat in large cities.



KDX Residence Togoshi (greenery adds value to the entrance)



Blumer Maitamon



MONA Shin-Urayasu (Rooftop)



### Saitama Prefecture Greenery Plan Award

Unicus Ina, a shopping center owned and operated by Kenedix Retail REIT Corporation, was selected for the 10th Saitama Prefecture Greenery Plan Award in 2018 as an outstanding example of a plan for the use of vegetation. Winners are selected from greenery plans submitted in accordance with the prefecture's Ordinance for Protecting and Increasing Greenery in Saitama Communities.



Award ceremony



Wall greening



### Installation of SATOYAMA units

A “SATOYAMA unit” is a group planting unit of conventional seeds and plants remaining dormant in deserted village forests (“SATOYAMA”). We have installed the units at the entrance of KDX Residence Okachimachi. Through the installation of the “SATOYAMA units,” we contribute to activities for restoring SATOYAMA, as well as provide a comfortable living environment and help prevent bicycles from being left in no-parking areas.



SATOYAMA unit



SATOYAMA units at KDX Residence Okachimachi

## Consideration for Biodiversity

### Acquisition of JHEP Certification

Japan Habitat Evaluation and Certification Program (JHEP) provides a certificate to corporations for nature restoration efforts and nature-friendly development works. The Program reviews the nature restoration efforts based on the contribution for biodiversity protection, the representation of local community, and support toward healthy habitats for wildlife. JHEP was developed and has been administrated by Ecosystem Conservation Society-Japan.

Kenedix Residential Next Investment Corporation has received the “AA” ratings for KDX Residence Tsudanuma and KDX Residence Tsudanuma II.

### Birdbath at Yokohama Connect Square

Kenedix has promoted a large-scale development project in the 37th district of Yokohama Minato Mirai Central District in collaboration with our partner companies. For this project, birdbaths have been installed to serve as drinking and bathing areas for wild birds.



### ABINC certification

Hibiya Parkfront, which is where our head office is located, has received ABINC certification (urban/SC version) from the Association for Business Innovation in Harmony with Nature and Community (ABINC). This building, which we developed as a joint venture, was received this recognition due to its measures to protect biodiversity.





# Our Commitment to a Diverse Society

## Sustainability Policies -Our commitment to a diverse society-

We contribute to the diversity of society while taking into account the social impact of our properties. We are committed to maintaining safety, confidence, good health, comfort and diversity regarding our tenants and the communities where we operate.

## Providing Properties with Environmental and Social Considerations

### Basic views

Providing properties with environmental and social considerations is one of our material issues. Through our investments in many types of properties, we are making a contribution to lowering the overall environmental impact of society, providing greater convenience and achieving other forms of progress.

### Investments in various types of properties through REITs

The four REITs where Kenedix is the main sponsor specialize in specific categories of real estate. The operations of each one reflects the characteristics of its respective market sector, resulting in highly transparent asset management.

REITs are based on the premise that real estate will be owned and operated for a long-term. Therefore, investment and property management activities take into account environmental and social issues. Adopting this stance enables these REITs to help invigorate communities, provide greater convenience, supply pleasant and productive workplaces, and create safe and secure places to live.

REIT	Investment targets
<b>Kenedix Office Investment Corporation</b>	Mid-sized office buildings in the Tokyo metropolitan area where economic activities are densely integrated with abundant tenant demand and rich stocks of properties
<b>Kenedix Residential Next Investment Corporation</b>	Residential facilities and healthcare facilities where people live and stay
<b>Kenedix Retail REIT Corporation</b>	Neighborhood, community and other shopping centers for daily needs located within residential districts or adjacent to major roads or streets and distribution centers that deliver merchandise directly to consumers
<b>Kenedix Private Investment Corporation</b>	Invest mainly in office building located in the Tokyo metropolitan area. Diversify investment in real estate located outside of the Tokyo metropolitan area to mitigate regional unevenness risk.

## Investments in flexible / mixed use properties

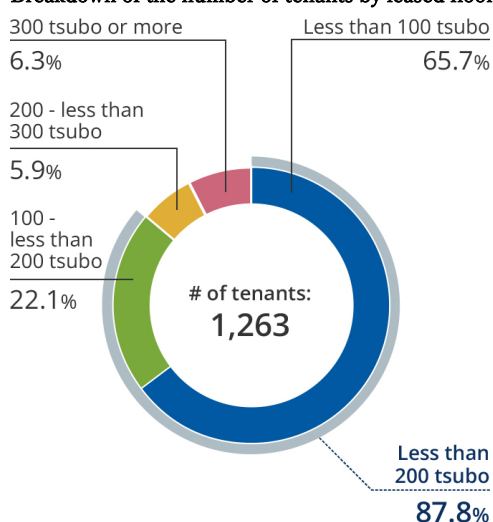
Kenedix invests in large, multi-purpose properties through funds and other schemes. Each Investment Corporation also invests in large, multi-purpose properties such as “office buildings, residential properties and hotels designed to meet the needs of retail tenants on lower floors,” “properties with multi-uses, such as stores, medical clinics and private nursing homes, that are directly linked to a railway station.” By utilizing areas of our building sites set aside for public use and providing properties for a broad range of applications, we contribute to tenants and residents of our buildings as well as everyone living in the surrounding area.

In addition, concerning KDX Chofu Building, Kenedix Office Investment Corporation has acquired office wing of the building and Kenedix Retail REIT Corporation has acquired retail wing of the building, respectively. This is the first joint acquisition of a mixed-use property by group REITs.

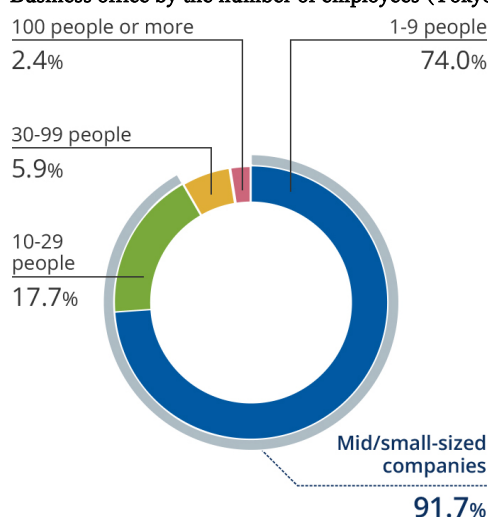
## Affordable real estate leasing

89 buildings, about 91% of Kenedix Office Investment Corporation portfolio is mid-sized offices (approx. 85% by acquisition price) and among them, the tenants who leased less than 200 tsubo (about 660 m<sup>2</sup> as 1 tsubo = 3.3 m<sup>2</sup>) that Kenedix Office Investment Corporation has been recognizing them as micro, small and medium-sized enterprises, account for 87.8%. Kenedix Office Investment Corporation and the asset management company are aiming to contribute to development in Japanese economy as well through providing better working environment for those mid-small sized companies that are the base of Japanese economy. (ratios are as of October 31, 2022)

**Breakdown of the number of tenants by leased floor area<sup>(Note)</sup>**



**Business office by the number of employees (Tokyo)<sup>(Source)</sup>**



(Note) based on the number of tenants in each office building as of October 1, 2022. Tenants leasing more than one property are counted as 1 tenant for each building without aggregating by name-base

(Source) Compiled by Kenedix Real Estate Fund Management, Inc. based on the Tokyo Metropolitan Government's own tabulation of the “2016 Economic Census - Activity Survey” conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry

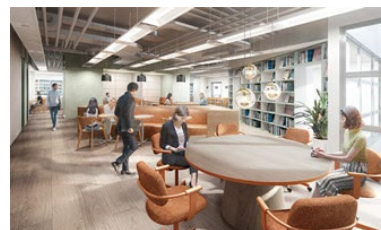
# Our Commitment to a Diverse Society

## Flexible and agile response to existing buildings

Expertise acquired since the start of real estate securitization in Japan enables us to recognize the potential value of existing buildings we acquired in the real estate market and produce the greatest possible value by taking flexible and agile actions.

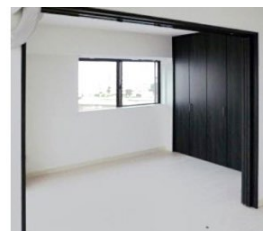
### Topics: KDX Iidabashi Building TurnKey Office Project

As part of the efforts to respond to diversifying office need, Kenedix Office Investment Corporation planned a space (TurnKey Office) that incorporates the idea of ABW (Activity Based Working) and allows for setting up and leasing office fixtures and business to be started promptly after the contract is concluded in KDX Iidabashi Building. Accumulating know-how through this initiative and considering adopting in other owned properties with needs.



### Topics: KDX Residence Tsurumi

KDX Residence Tsurumi, which is owned by Kenedix Residential Next Investment Corporation, was constructed as a residence for families more than 30 years ago. We remodeled apartments as needed when they became vacant. The value is high due to the small number of apartment buildings designed for families. Updates for apartment configurations, kitchens and bathrooms quickly attracted new tenants and made it possible to increase the rent.



### Topics: Similar Functions of Retail Facilities and Logistics Facilities

In the retail facilities and logistics facilities managed by Kenedix Retail REIT Corporation (KRR), the boundaries between asset types are decreasing in line with the progress of e-commerce. In the portfolio managed by KRR, various initiatives are implemented without being bound by conventional frameworks, such as delivery of products from retail facilities, installation of lockers to pick up products at retail facilities, integration of logistics and retail facilities and leasing a portion of the land of retail properties to logistics operators.



### Topics: Conversion project of Kitera Town Aobadai

In acquiring Kitera Plaza Aobadai, Kenedix Retail REIT Corporation demonstrated its ability to acquire properties based on the premise of conversion, thereby differentiating itself from other competitors. This project was an advanced initiative for J-REIT, as it utilized the Kenedix group's tenant network to convert a sports club that had been affected by the Corona disaster into a shopping center for daily needs that have high Corona resistance and e-commerce resistance. Asanuma Corporation, the construction company, has been working on the renovation project under the concept of "ReQuality".



## Urban redevelopment projects

Kenedix Inc. takes part in urban redevelopment projects through its real estate development funds and other schemes.

### Cooperation with Re-Seed

We are participating in a hotel redevelopment project in the Roppongi district of Tokyo and will operate the property after its completion. This is a joint project with Real Estate Sustainability & Energy Efficiency Diffusion Organization (Re-Seed), which promotes the construction of high-quality buildings that can withstand earthquakes and are environmentally responsible. The previous building was replaced by a quality structure with outstanding environmental and other characteristics. This project uses a sophisticated business structure. We received certification under the Real Estate Specified Joint Enterprise Act and are using a special business scheme designated by this act.



### Reuse of underground piles

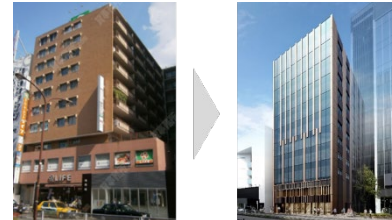
At Kenedix redevelopment projects in central Tokyo, the foundation piles of previous buildings have been reused in order to eliminate the cost of removal and replacement as well as the need to dispose of these piles. After a confirmation of their safety and structural integrity, existing piles have been used for the redevelopment of the Shinsei Bank head office site in Hibiya, hotel redevelopment projects in Roppongi and Ginza, and other projects.



# Our Commitment to a Diverse Society

## Urban redevelopment of aging condominium through condominium site sale program and real estate securitization scheme.

The number of aging condominiums and the shortage of manpower for management associations is expected to increase significantly. There are urgent needs to restrain deterioration, optimize the management and maintenance of condominiums in order to prevent harm to the surrounding area, and strengthen efforts to revitalize condominiums that are aging and difficult to maintain and repair.



Kenedix has developed an office building after the dismantlement of the 50-year-old condominium with former earthquake-resistant standards in front of Kichijoji Station by utilizing "condominium site sale program" based on the Act on Facilitation of Reconstruction of Condominiums and real estate securitization scheme. This is the first Project in Japan utilizing a real estate securitization scheme to form a fund for the acquisition of the Existing Building. The project was made possible by procuring a non-recourse loan for the project to resolve cost issues and by inviting quality investor.

## On-site expansion of existing properties

Kenedix Retail REIT Corporation (KRR) has expanded a recycle store building at Roseo Mito, two restaurant buildings at Unix Ina, and a restaurant building and a lounge building. KRR strives to enhance the value of properties through urban redevelopment.



## Investment in the Maebashi CCRC project properties

The concept of CCRC (Continuing Care Retirement Community) originally originated in the United States, but the Japanese version of CCRC was devised to extend healthy life expectancy in Japan as well as to improve the environment as a regional revitalization. Maebashi City in Gunma Prefecture promotes the Maebashi CCRC project with the aim of realizing a city in which all citizens can live in places where they are accustomed to living, with a sense of purpose, and with a sense of fulfillment throughout their lives.



Kenedix Cocorun Plaza, owned by Kenedix Private Investment Corporation, is a commercial facility located in the area of Cocorun City Maebashi, which opened in April 2022 as a pioneering model for the Maebashi CCRC business. The area includes multigeneration apartments, nursing homes with nursing care, kindergarten, and bakery café & community spaces in the parks.



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In January 2022, the CoCorun City Maebashi was formed as an organization that works to enhance the attractiveness of the surrounding area. Kenedix Private Investment Corporation, in cooperation with the tenants and other members of the commercial facility through the Cocorun Circle to foster a community of diverse people and generations, promotes to increase the attractiveness of the region and create a related population.

## Social finance

Kenedix Residential Next Investment Corporation further enhances initiatives for sustainability through the issuance of bonds and borrowing, which are limited use that make a high degree of contribution to society, and also aims to contribute to the development of the domestic social finance market by providing investment opportunities to and collaborating with financial institutions who are proactively conducting ESG investment and financing. In December 2019, Kenedix Residential Next Investment Corporation issued the J-REIT's first social bonds with total amount of 2 billion yen.

### What is a Social Bond?

Social bond refers to bonds for which the entire amount of the procured funds is allocated only to initial partial or full investment into new or existing eligible social projects or reflecting and is complaint with the four core requirements of the social bond principles (use of procured funds, evaluation and selection process of project, management of procured funds and reporting.)

## Providing investment opportunities through real estate crowdfunding

We have developed the real estate crowdfunding business "bitREALTY" since January 2019 to provide more people with opportunity to invest in unlisted real estate investment funds, which were previously limited to some institutional investors. We have provided a new era service that allows to invest in various real estate investment funds via the internet. We have organized various funds for hotel, rental housings, logistics facility, healthcare facilities, childcare facilities and retail facility, and have completed a total of 6.3 billion yen in offerings so far.



## Providing investment opportunities through real estate security tokens

In August 2021, Kenedix implemented Public Real Estate Security Token Offering for the first time in Japan to issue digital securities for the purpose of procuring funds. Real estate security tokens have both of the characteristics of real estate such as "visibility" and "stability" and the benefits of financial instruments such as "smaller-lot" and "liquidity."



# Our Commitment to a Diverse Society

These are convenient real estate investment methods that can be invested by way of existing securities companies' investment accounts, and we consider them to be new investment products that can meet diverse investment needs of a wide range of investors.

As its third offering, Kenedix implemented the largest Real Estate STO in Japan, with a total issue price of approx. ¥7 billion backed by a logistics property with an asset size of ¥14,600 million and the offering has won an award in the asset-backed token category at the TADS Awards 2022.



## Improving Resilience

### Basic views

Becoming more resilient to natural disasters is one of our material issues. We use many activities at our properties to ensure the safety and security of tenants, residents, and everyone who uses these properties or lives nearby.

### Preparedness for natural disasters and other emergencies

#### Emergency supplies

Emergency supplies are installed in some properties.

In some buildings owned by Kenedix Office Investment Corporation, elevators have emergency preparedness items for use in the event an elevator stops due to an emergency, power outage, malfunction or other reason.



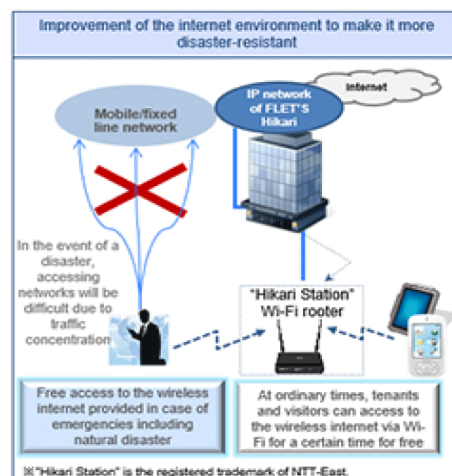
At properties owned by Kenedix Residential Next Investment Corporation, disaster readiness supplies such as food and drinking water are stored in the building manager's office or other locations that are easily accessible for residents.

In some properties owned by Kenedix Retail REIT Corporation, emergency supplies for employees are installed in the event of an emergency.

## Free Wi-Fi

To provide tenants with a more disaster-resistant internet environment, Kenedix Office Investment Corporation uses Hikari Station Wi-Fi routers at some of its properties.

Free access to the internet via a wireless network is provided to tenants during an emergency for business continuity. At other times, tenants and visitors can use Wi-Fi for a certain time for free.



## Disaster response vending machine

Some properties owned by Kenedix Residential Next Investment Corporation have disaster relief vending machines and SDGs promotion vending machines. In the event of a power outage due to disaster, etc. beverages in the vending machines can be provided free of charge as relief beverages.



## Distribution of emergency action manual handbook

Kenedix Office Investment Corporation published a pocket-sized, portable emergency action manual handbook and distributed to tenants for emergencies including major earthquakes. The handbook contains various helpful information in an emergency such as response to major earthquakes, emergency relief activities and how to use AED, etc.

In case of an emergency such as a major earthquake, Kenedix Retail REIT Corporation prepare an emergency response manual for some properties and distribute it to tenants. Various information useful for emergencies such as response to a large earthquake, typhoon, heavy rain, etc. is summarized on 15 pages.



# Our Commitment to a Diverse Society

## Sustainable guide

For the purpose of enabling the comfortable, safe and secure living of tenants, distribution of guides on sustainability containing information on initiatives on energy consumption, sorting of waste, and disaster preparedness.



## Installation of AEDs

AEDs (Automatic External Defibrillator) are installed at some properties.

AEDs in office buildings owned by Kenedix Office Investment Corporation and retail facilities owned by Kenedix Retail REIT Corporation are available not only for the tenants but for visitors and local communities as well, which is displayed on the AED stickers and registered in the administrative map.



## Verification of earthquake resistance

Before acquiring a property and in conjunction with other transactions, Kenedix receives an engineering report that covers the building, various equipment, environmental properties and other items. We use this report to confirm the building's resistance to earthquakes. If a building does not meet the standards, we complete the purchase only after the completion of seismic reinforcement work.

We also receive a probable maximum loss report prior to acquiring a building. This allows us to determine the maximum risk exposure associated with an earthquake.

## Initiatives for an Aging Society with Fewer Children

### Basic views

Japan's population has been declining since 2008 as the country's population becomes older and the number of children falls. As the already large number of older people continues to climb, the shortage of healthcare facilities will become an even more serious problem. On the other hand, we also recognize that the wait-listed children for childcare facilities in urban areas due to women's advancement in society and lack of nursery teachers is also a social issue.

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Initiatives for an aging society with fewer children are one of our material issues. We invest in residential facilities with healthcare and childcare facilities, healthcare facilities and using other activities to meet the needs of Japan's aging population.

## Management of healthcare facilities

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Kenedix Residential Next Corporation (KDR) has invested in healthcare facilities and plans to continue these investments in order to help meet the growing demand for healthcare by purchasing and operating these facilities.

Healthcare investments cover a variety of business sectors. Acquisitions include fee-based homes for the elderly and serviced housing for the elderly as well as investments in senior living intermediate nursing home, which is a first for a J-REIT.



KDR is dedicated to growing along with the operators of properties it owns by providing the best solutions for their business and facility management issues and other needs. KDR fully understands the philosophy, business operations and other characteristics of these partners. Operators of properties fully understand KDR's investment philosophy, management policies and other guidelines. This mutual understanding results in business partner relationships that go well beyond the conventional boundaries of ties between a building owner and a tenant.

## Management of childcare facilities

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Kenedix Residential Next Investment Corporation changed its asset management guidelines in September 2019 and has newly added childcare facilities as investment targets. We believe that investing in childcare facilities by a listed REIT that manages assets for a long period can lead to the promotion of the future supply of childcare facilities and has great social significance.

## Commitment to barrier-free access

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Office buildings, shopping centers and other real estate at the Kenedix Group have facilities for easy accessibility for everyone regardless of physical limitations.

## Sustainable Policies -Stakeholder engagement-

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We manage our properties as a responsible real estate asset management company by stressing the importance of engagement with our stakeholders such as investors, tenants, business partners, communities and property management companies.

## Stakeholder Engagement

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### Basic views

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The stakeholders of Kenedix are the customers of properties we manage, the client investors of funds we manage, business partners, communities, employees, and other investors. Constant interaction with stakeholders is essential for establishing sound relationships. We are dedicated to using these relationships for even better asset management activities that can in turn help make society better.

[Stakeholder Engagement](#)

## Continuous Improvement of Customer Satisfaction

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### Basic views

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The continuous improvement of customer satisfaction is one of our material issues. One key customer category is the tenants and residents of the properties we manage. We are also dedicated to increasing the satisfaction of Kenedix private fund, private REIT and listed REIT investors. Most important to achieving customer satisfaction are the quality of the properties we acquire and the performance of our funds. We work closely with property management companies and other business partners in order to improve property quality and fund returns.

### Portfolio property customer satisfaction

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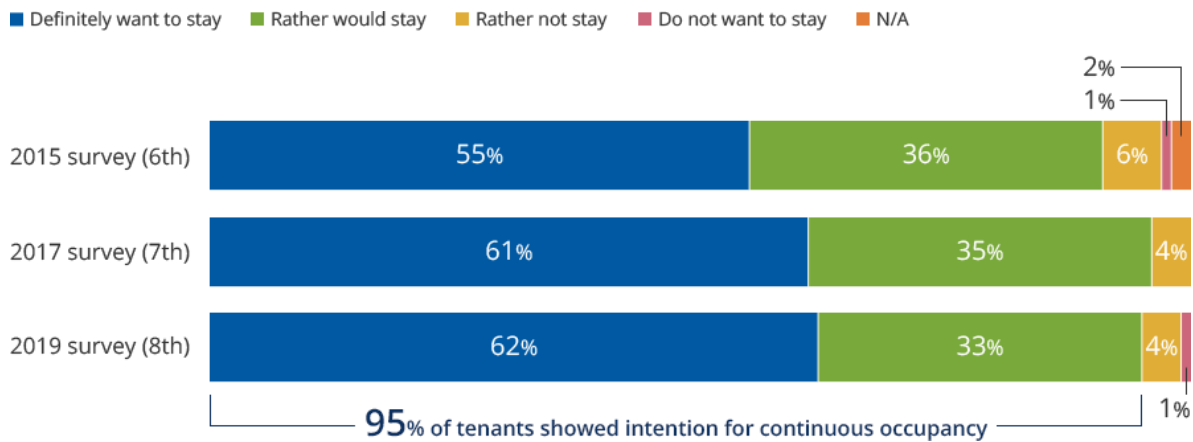
#### **Initiatives at office buildings managed by Kenedix Office Investment Corporation**

- **Customer satisfaction survey**

Kenedix Office Investment Corporation conducts satisfaction survey for tenants in office building, i.e. the person in charge of general affairs and employees, about building facilities and operational services, which is undertaken by a third party is conducted in every two years. Consecutive survey enables us to capture the tenant needs and quickly respond by renewal of facilities or implement refurbishment and receive strong intention to stay in the

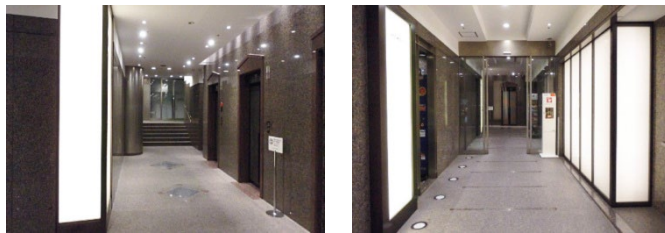


same building from tenants.



- Renovations for greater convenience and value

Replacing equipment and renovating buildings in other ways in response to information received from the customer satisfaction surveys are critical to maintaining a high level of tenant satisfaction. Some projects are complete renovations and others involve upgrades of entrances, rest rooms and other locations. Performing renovations as needed at every property keeps every building looking its best and ensures the greatest possible convenience for tenants.



### Initiatives at residential properties managed by Kenedix Residential Next Investment Corporation

- Secure parcel delivery lockers

For the convenience of residents, Kenedix Residential Next Investment Corporation (KDR) places secure lockers for parcel deliveries in the buildings it owns. In addition, secure lockers eliminate the need for delivery companies to return to a property when a resident is not home the first time. This reduces transportation CO2 emissions and wasted working time for drivers.



- Car sharing

KDR improves the convenience of residents by using vacant parking spaces for car sharing.

- Tenant satisfaction survey

KDR conducts surveys of satisfaction and request surveys regarding management and operation by third-party organizations for residents periodically (approx. once every three years). In addition, based on the results of the survey, KDR has made various efforts to increase the satisfaction for residents.

# Stakeholder Engagement

- Neighborhood maps for KDR properties as a tool for introducing properties

KDR produces maps for its properties that give directions to the property and include information about nearby points of interest. These maps are useful for residents as well as for real estate agents and people thinking about living in a KDR owned property.



## Initiatives at retail facilities managed by Kenedix Retail REIT Corporation

- Tenant satisfaction survey

Satisfaction survey for tenants in shopping centers, i.e. the persons in charge of general affairs and employees, about building facilities and operational services, which is undertaken every year.

Consecutive survey enables us to capture the tenant needs and quickly respond by renewal of facilities or implement refurbishment and receive strong intention to stay in the same shopping center from tenants.

- Renovations for work according to tenant's needs

Based on the outcome of the survey, appropriate replacement of equipment or renewal of facilities are undertaken, which increases tenant satisfaction. The action varies from entire renewal to partial replacement such as just for the entrance hall or the toilet and contribute to the improvement of tenant image and their convenience.



- Parcel delivery boxes (PUDO stations)

A PUDO (Pick Up & Drop Off) station is a parcel delivery box available to anyone and any delivery company. People can conveniently pick up parcels at retail facilities where they often use. PUDO station improves the convenience of customers as they can do shopping at the same time. KRR plans to install PUDO stations at more shopping centers, mainly multi-tenant locations, after completing compliance reviews and other required procedures.



## Topics: Infection prevention measures

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation raise awareness about safety measures and put antiseptic solution at their properties to prevent the spread of COVID-19 through tenant employees and visitors within the building.



In May 2020, in response to concerns about the spread of COVID-19 among the elderly and the increasing severity of symptoms, Kenedix Real Estate Fund Management, Inc. distributed a total of 16,500 masks for free to residents and others at 24 healthcare-related facilities owned by Kenedix Residential Next Investment

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Corporation. Received many words of appreciation for this initiative at a time of widespread anxiety of the spread of COVID-19.

#### **Initiatives at properties managed by Kenedix Private Investment Corporation**

- **Tenant satisfaction survey**

Kenedix Private Investment Corporation conducts satisfaction survey for tenants in properties under management about building facilities and operational services, which is undertaken by a third party is conducted in every two years. Consecutive survey enables us to capture the tenant needs and quickly respond by renewal of facilities or implement refurbishment and receive strong intention to stay in the same building from tenants.

- **Installation of aroma diffusers and digital signage**

Aroma diffusers have been installed at the entrances of some of our properties to improve the image of the properties and tenant satisfaction. In addition, digital signage has been installed in the elevator halls to share ESG-related information, such as disaster prevention-related contents, information of public interest including contents linked with public organizations, and energy consumption of the properties.

### **Fund customer satisfaction**

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We hold regular meetings with the broad range of institutional investors all over Japan and overseas that have funds managed by Kenedix group. Direct engagement with these investors give them a better understanding of our funds and allow us to hear suggestions, requests and other thoughts of these investors.

The listed REITs sponsored by Kenedix hold earnings announcement information meetings for securities analysts in each fiscal period. These REITs also participate in information meetings for individual investors as needed in order to maintain direct lines of communication with these investors.

### **Engagement with business partners**

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To properly share information such as the status of properties and improvements, we meet on a regular basis with the property and building management companies that oversee our real estate holdings. When there is a natural disaster or other emergency, we use our close ties with these companies for quickly determining building damage and performing on-site management.

The listed REITs periodically evaluate the performance of the property management companies they use and hold discussions about their performance. This creates an appropriate level of pressure on both parties to do their best at all times. With no obligations or restrictions involving affiliations with other companies or groups, Kenedix has the flexibility to make investments and manage every property in the best possible way.

# Stakeholder Engagement

## Topics: Unified asset and property management by the Kenedix group

Kenedix Real Estate Fund Management, Inc. and Kenedix Property Design, Inc. provide unified asset management and property management services to Kenedix Office Investment Corporation. Using this coordinated framework creates a sound base for providing high-quality office services that precisely match the needs of tenants while taking actions aimed at improving the profitability and value of portfolio properties.

Kenedix Property Design, Inc. established Kenedix Engineering, Inc. for the purpose of providing high-quality total management services by handling renovation and construction projects at managed properties. Adding this company gives Kenedix Property Design the ability to cover a broad range of property management activities extending from know-how to building facilities.

## Contact for formal grievance complaint

Kenedix provides convenient channels for customers to submit complaints and consultations and is committed to resolving every issue in a speedy and suitable manner that earns the understanding of customers.

### [Complaints and Appeals](#)

## Community Engagement

### Basic views

We have identified “Community engagement” as material topic and taking various unique initiatives to make positive contribution to the local communities.

### Community engagement through managed properties

#### Local events at retail facilities

Kenedix Retail REIT Corporation mainly invests in neighborhood, community and other shopping centers for daily needs and helps invigorate communities by using these shopping centers to host a variety of events.



Roseo Festival  
(Roseo Mito)



Summer Festival  
(Unicus Ina)



Kamisato Farmers Market  
(Unicus Kamisato)

### Volunteer participation in community events

As part of its support for local activities, employees of Kenedix Real Estate Fund Management, Inc. volunteered to participate in local summer festivals sponsored by operators of “Yuimaru Hijirigaoka” owned by Kenedix Residential Next Investment Corporation to promote interaction with local communities and residents.



### Installation of fund-raising vending machines

Kenedix Office Investment Corporation installed fund-raising vending machines in which proceeds from sales of the vending machine is used to support tree-planting activities through a public-interest foundation.



### Installation of sharing ports for bicycle sharing, etc.

Kenedix Office Investment Corporation has agreements with municipalities and the vendors to allow the use of part of an office building’s open area as a port for bicycle sharing. In addition to providing sites for bicycle sharing service, Kenedix Office Investment Corporation and Kenedix Private Investment Corporation started providing sites for new electric kickboards’ sharing ports.



Also, other REITs provide a part of its properties as a rental cycle base and electric bike base for the purpose of providing services to residents and surrounding residents and reducing environmental impact.



### Supporting Japan for UNHCR

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation support the activities of Japan for UNHCR (United Nations High Commissioner for Refugees), which is the official contact for UNHCR, by providing free space such as common areas of their properties for UNHCR’s campaign to support refugees.



UNHCR's campaign



# Stakeholder Engagement

## Japan for UNHCR

The UNHCR (United Nations High Commissioner for Refugees) is mandated to lead and resolve refugee problems worldwide. The agency received the Nobel Prize in 1954 and 1981. It has its headquarters in Geneva, Switzerland and is active in around 125 countries. Japan for UNHCR is the only official entity in Japan to raise awareness and funds for UNHCR from the private sector.



## Supporting UNICEF

Kenedix Retail REIT Corporation supports the activity of UNICEF (United Nations Children's Fund) by providing common areas of its properties for their fund-raising campaign.



## SDGs event at our property

As part of its community contribution activities, Kenedix Retail REIT Corporation held an event to create a Christmas tree using local tenryu cedar trees at one of its property, Sun Street Hamakita. This event not only increased the interest towards local forestry industry, but also contributed to raising awareness to SDGs.



## Initiatives for art project

Kenedix Private Investment Corporation offers open space of its office building free of charge as a place to exhibit artworks for community-sponsored art events, providing workers and residents in the neighborhood with a place to relax and have fun.





## Community engagement by Kenedix group

### Community participation activities

- Calendar recycling campaign

Kenedix engaged in recycling activities by collecting unneeded calendars in the company and distributing them to homes of the elderly and welfare facilities through social welfare corporations

- Collaboration with local communities

Kenedix Retail REIT Corporation entered into agreements with Yoshikawa City, Ina Town, Konosu City and Ashikaga City under which a part of Unicus Yoshikawa, Unicus Ina, Unicus Konosu and Ashiko Town Ashikaga, respectively, can be used as a temporary shelter at times of emergency.

Kawamachi Yahagi Mall is registered as a place where parents with infants can feed their babies and change diapers under the "Baby Station" project implemented by Chiba City.



### Education and academic support activities

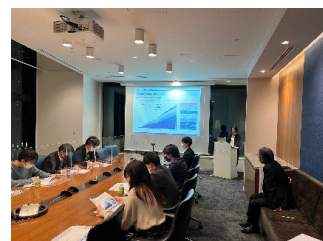
- High school student work experience

We provided work experience opportunities for high school students. In addition to the tour of our office, they learned about the structure of real estate, real estate funds, and the current status of women's empowerment.



### J-REIT study session for university students

We have provided opportunities for J-REIT study session for university students to learn basic knowledge about J-REITs and structures of real estate funds.



- Donation to orphanage

As a part of our social contribution activities, we donate to children's homes.

# Stakeholder Engagement

## Culture, art and sports support activities

- Sponsorship of Hibiya Music Festival

The Hibiya Music Festival is a “borderless music festival that anyone can join for free,” held at Hibiya Park where is a central park in Tokyo. We co-sponsor the Hibiya Music Festival, which is held in the Hibiya Park next to our office.



- Donations and support for sports

Activities for the support of sports include donations to the Japan Rowing Association and sponsor the All Japan Ice Hockey Championships.



## International exchange activities

- Support for the Mindanao Children's Library

The Kenedix Group donates supplies to the Mindanao Children's Library in the Philippines on a regular basis. Employees of group companies donate shoes, apparel, stationery supplies and other items that they no longer need. Children who receive these recycled items send a message of thanks to Kenedix every year.



## Reconstruction support activities

- Matching donations

In the event of a disaster such as earthquake, heavy rain or typhoon, etc., Kenedix conducts a matching donation program to support reconstruction activities. With this program, Kenedix adds a certain amount to every donation that employees made to an eligible disaster relief charity.



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# Managing Conflicts of Interests

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## Basic views

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The real estate operations of Kenedix encompass a broad spectrum of stakeholders as well as a large number and variety of properties owned by various investment funds. The immense scale of these activities creates the risk of conflicts of interest. Preventing this problem requires managing assets while exercising care to prevent conflicts involving transactions between Kenedix funds and other activities.

Managing conflicts of interests is one of our material issues. The Kenedix Compliance Manual has policies for specific measures aimed at preventing these conflicts and protecting the assets of the Kenedix Group. We have compliance and other training programs for reinforcing the commitment of employees to prevent conflicts of interests.

## [Compliance](#)



# Attractive Working Environment

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## Sustainability Policies -Attractive working environment-

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We aim to maintain an attractive working environment by implementing measures for employees' health and wellbeing and for diversity and equal opportunities. To enable employees to realize their full potential, we will provide a variety of training programs and other educational opportunities.

## Recruiting, Employee Retention and Career Advancement

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### Basic views

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Recruiting, employee retention and career advancement is one of our material issues. We have many programs to develop the skills of our people and are always seeking ways to upgrade training and other educational activities so that all our employees can realize their full potential.

### Workforce diversity and stability

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As a relatively new business sector, the real estate asset management industry developed by bringing together specialists with experience in many areas of the real estate and finance sectors in its early days. Kenedix takes over and utilizes the know-how, expertise, philosophies, and human networks that have been developed over the years. Kenedix also continues to recruit new employees so that it can secure appropriate human capital in a timely manner in accordance with business conditions and environmental changes, etc. In addition, we have been recruiting new university graduates continuously since 2005. Maintaining a diverse workforce is an important element of our sustainability as a real estate asset management company.

Since our establishment in 1995, we have never conducted lay-offs for the purpose of downsizing our workforce.

### Human capital development system

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At Kenedix, Inc., originally hired employees as new graduates are assigned to one-month entry training and then rotate several times in 5 years to make them grow up to human capital that have broad insight. Furthermore, to continuously improve the operational skills of employees, the company provides external seminars that are structured for specific job categories, such as managers, mid-level employees and new employees.

## Examples of human capital development programs by position and level

	Senior associate, Associate, and Junior	Senior manager, and Manager	Head of team	Head of department, and Vice head of department
Training program by position	New employee training			Officer training
	Online training tool			
Business skills, Self-development support	External seminar			
	English language training			
	Self-development program/Encouraging people to obtain professional certifications			
Training program by theme	IT and DX literacy training			
	Compliance training/Fraud prevention training/Harassment training			
	Study abroad program			

## Training programs

### English language training

Kenedix provides English language training by teachers from educational institutions to employees who apply for these classes. Students participate in discussions every week. An online-speaking program is also available so employees can utilize this opportunity with more flexibility.

### Job-specific skill development training

Kenedix provides seminars arranged by a third party for specific job categories, such as managers, mid-level employees and new employees to give them opportunities to acquire the skills required at each level.

### Self-development program

Kenedix provides seminars arranged by a third party for specific job categories, such as managers, mid-level employees and new employees to give them opportunities to acquire the skills required at each level.

### Study abroad program

Kenedix provides opportunities to obtain a broad range of knowledge, personal connections and international viewpoints by sending employees to study in overseas graduate schools where they acquire skills to become the next generation of management.

### IT and DX literacy training

Literacy training on AI, IT, etc. is conducted for all executives and employees, including contract employees, with the aim of sharing basic knowledge on DX throughout the company for the promotion of DX in the Group.



# Attractive Working Environment

## Encouraging people to obtain professional certifications

To keep the status of leading company with professionals that provide high quality services, it is encouraged for its employees to obtain various certifications to develop capability and career and improve organizational power. All executives and employees, including contract employees, are eligible to receive full subsidies for registration, maintenance, and renewal costs of recommended or supported certifications, with the aim of promoting skill development and career formation of employees who are the future leaders of the company and improving the vitality of the organization. In addition, additional incentives are provided for the acquisition of certain recommended certifications to promote the acquisition thereof by executives and employees.

### Qualified individuals

(as of December 31, 2022)

Real estate notaries	184	Tax accountants	3
ARES (real estate securitization) certified masters	92	Chartered members of the Securities Analysts Association of Japan	14
Certified real estate consulting masters	28	Administrative scriveners	4
Certified building administrators	27	Judicial scriveners	1
Licensed senior architects	16	Administrative managers	15
Real estate appraisers	9	Condominium property managers	7
Certified public accountants (Japan)	5	Loan operations managers	13
Certified public accountants (United States)	2	Attorneys	3

(Note) These figures are based on individuals who are working at Kenedix group companies and employed directly by Kenedix.

## Internal job application program

The Kenedix Group has internal job application program to provide its employees with the opportunity to demonstrate the best of their ability and to exploit human capital within the company. Employees are allowed to apply for the jobs they wish and design their own career.

## Evaluation system to encourage employees' career development

Employees make their goal setting and performance evaluation in the middle of the year and at the fiscal year end. Managers hold interviews with each employee to discuss his/her performance and career opportunities at the beginning, half year, and the fiscal year end.

At the fiscal year end, all employees undergo an evaluation of achievement of contribution responsibility. The supervisor evaluates the performance of each employee in terms of their contribution responsibilities and the degree to which they have achieved them, and the results are fed back to the employee after reflecting the assessment results of the Personnel Evaluation Committee.



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## Engagement survey

We conduct regular engagement surveys every year as a measure to make Kenedix Group a rewarding place to work and a company of choice for our employees. By measuring employee satisfaction, we are working to strengthen engagement by continuously examining improvement measures to realize an attractive workplace. Based on the results of the survey, we take organizational issues seriously, analyze them, and respond to them.

	2022
Engagement rating	BBB
Engagement score	55.4

\* We have changed survey companies since 2022.

## Introduction of investment unit ownership program

We have introduced investment unit ownership program for each of the three listed REITs (Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation) managed by Kenedix Real Estate Fund Management, Inc. for our original regular employees and senior executive officers.

The purpose of the introduction of the program is to promote welfare benefits by providing opportunities to acquire Kenedix group REITs' investment units and facilitating their wealth building as well as to enhance unitholder value over the medium to long-term by promoting further alignment of interests with Kenedix group REITs' unitholders. In addition, the program provides a certain percentage incentive for contributions to each investment unit ownership, which also contributes to the welfare of employees.



# Attractive Working Environment

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## Health and Wellbeing of Employees

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### Basic views

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The health and wellbeing of employees is one of our material issues. To enable employees to maintain the proper balance between work and their private lives, we have activities involving workplace facilities, working styles and other measures that take into consideration the health and wellbeing of employees and create a pleasant and productive environment. There are also various programs that reflect a variety of personal needs.

### Work style reform

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We have been improving how people do their jobs by encouraging employees to take paid time off, reducing overtime and introducing various systems to allow flexible working formats.

#### **Promoting the use of paid vacation days**

On top of annual paid leave, we have a program that allows employees to take consecutive days off in July, August and September. Department managers encourage the people they supervise to go on an extended vacation and to use all of their annual leave.

#### **Hourly paid leave**

We have an hourly paid leave system that allows employees to choose a flexible working style. Annual paid leave, sick/injured childcare leave and elderly parent care extended leave can all be taken in one-hour increments.

#### **Staggered working hours**

We have a staggered working hours system that allows employees to start work in the morning at any time between 8:00 and 10:00.

#### **Initiatives to reduce overtime**

Department managers supervise working hours and adjust workloads of employees to minimize overtime. If an employee has worked more than a certain number of hours, a check-up by doctor is arranged upon the employee's request.

#### **Topics: Business operation during the COVID-19 related crisis**

In response to the spread of the new coronavirus infection from the beginning of 2020, we quickly expand a staggered working hours system and implemented teleworking system, which enabled us to smoothly transition to a company-wide teleworking system and build a continuous business operation system when the state of emergency was declared in April 2020.

After the emergency declaration was lifted in May 2020, we have continued the shift work style, such as

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introducing the use of shared offices on a trial basis and improving the office environment and infrastructure.

In addition, we aim to prevent the spread of new coronavirus infections by vaccinating employees against new coronaviruses during working hours, introducing vaccination leave for adverse reactions, and actively encouraging PCR testing with company subsidy for testing costs.

## Health and wellbeing

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We have health management activities to support the physical and mental health of employees and maintain a pleasant working environment.

### **Health committee**

Kenedix has a Health Committee that performs surveys and studies concerning the health of employees and prevention of problems. The committee meets monthly to discuss activities and issues involving employees' health. In addition, the committee performs educational activities by distributing to all employees a monthly message about their health and wellbeing.

### **Annual physical check-up**

All employees including contract employees receive an annual examination by doctor at the company's expense.

### **Mental health care**

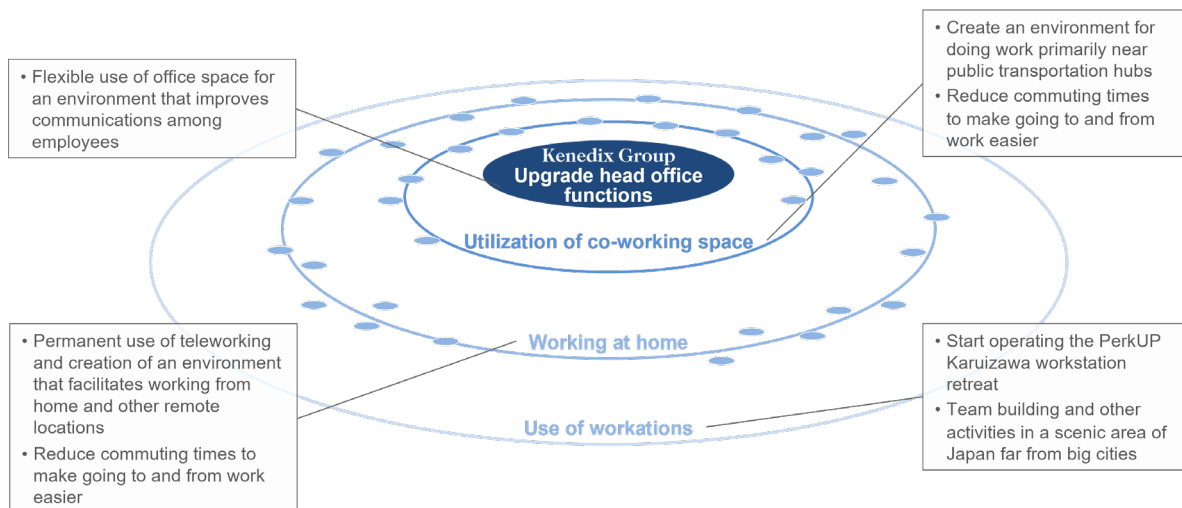
All employees have access to an external counseling service provided by Kenedix. Individuals can discuss any personal or job-related issues with counselors. Every month, all employees receive messages with topics about mental health and other information so that everyone is aware of these issues and the counseling service.

In addition, Kenedix performs annual stress check-ups for all employees. Individuals receive the results and can arrange a check-up with a doctor if necessary.

# Attractive Working Environment

## Diverse working styles

We make the working environment more flexible and provide a variety of working styles and options to suit each individual.

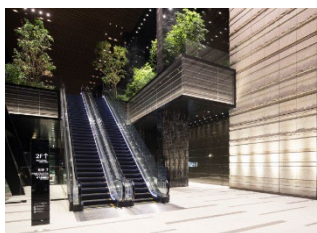


## Pleasant working environment

Hibiya Parkfront, which we developed as a joint venture, is in a prime location that faces Hibiya Park and has direct access through adjacent buildings to the Kasumigaseki and Uchisaiwaicho subway stations. This building was designed to create the atmosphere of offices within a park. There is a large amount of greenery inside and outside the building as well as a variety of services and equipment for the support of office workers. The result is a new concept for an ideal office environment where people can feel they are surrounded by nature and are able to do their jobs in comfort.

### ● In harmony with Hibiya Park's natural environment

As plans for the property called for planting vegetation to harmonize with the adjacent Hibiya Park, more than 100 types of plants are used in the building. Greening is not limited to the area surrounding the building but also extends to the interior to create a park-life environment.



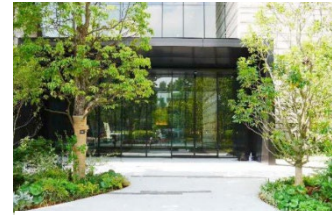
1F Entrance hall



21F Sky garden

- The Hibiya Centrium links the building with the greenery of Hibiya Park

To help preserve biodiversity, Hibiya Centrium has about 100 types of plants that were selected based on a survey of the vegetation in neighboring Hibiya Park. This spacious area full of greenery is one of the building's most popular places among not only tenants but also neighboring office workers.



Hibiya Centrium

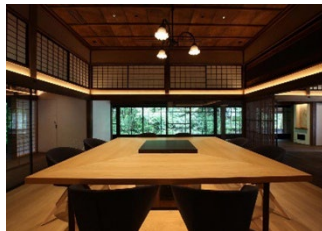
### Interaction among employees in a communication room

Located adjacent to working space, the communication room is a place employees can use for a break, a small meeting or any other purpose, being the hub for communication among employees.



### Use of workcations

We started the operation of PerkUP Karuizawa as a base for team building and other activities in a scenic area of Japan far from big cities.



## Other initiatives

### Employees meeting

As the spread of the new coronavirus infection has made it difficult to hold off-site meetings and other opportunities for interaction, we promote internal exchanges through employee meetings using online tools. All employees of the Kenedix group participate in the meetings and share various topics such as messages from the president, introductions of each department, and awards for projects implemented during the fiscal year in order to promote friendship.

### Proposal Project

We have implemented a project to solicit a variety of proposals that contribute to the achievement of the Mid-term Management Plan from all employees of Kenedix group. Winners are selected through employee voting, etc., and those proposals deemed desirable to be promoted as a project are promoted toward realization with resources, etc., provided by the company.

“Kolet,” the newly built single-family properties for rent, was commercialized through this proposal project.



## Attractive Working Environment

### Support for group activities outside of work

Kenedix subsidizes activities such as futsal or golf that help employees make personal connections outside the workplace.

### Certification of health & productivity management outstanding organizations

Through the implementation of various initiatives related to health management, etc., we have been certified as a “health & productivity management outstanding organization 2023 (large enterprise category)” by Nippo Kenko Kaigi, which recognizes organizations that practice excellent health & productivity management.



The certified health & productivity management outstanding organizations recognition program is a program that recognizes large corporations, small and medium-sized companies, and other corporations that practice particularly excellent health management as "organizations that think about employee health management from a managerial perspective and engage in it strategically," based on initiatives that meet local health issues and health promotion initiatives promoted by Nippon Kenko Kaigi.



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# Diversity and Equal Opportunities

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## Basic views

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Kenedix has established diversity and equal opportunities as one of its material issues. We promote various initiatives related to diversity, equity & inclusion. Also, we welcome diversity regarding race, religion, creed, gender, age, sexual orientation, disabilities and nationality and respect the rights of individuals. We are dedicated to operating workplaces where all people at the Kenedix Group can realize their full potential.

## Respect for human rights, prevention of all forms of discrimination and harassment

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The Kenedix Compliance Manual clearly states that we will respect human rights and reject all forms of discrimination and harassment. There are compliance and other training programs to be certain that everyone at the Kenedix Group understands and observes these standards. We recognize the ILO (International Labor Organization) declaration on fundamental principles and rights at work, including the elimination of discrimination, prohibition of forced labor, prohibition of child labor, freedom of association, and the right to collective bargaining, as important social issues, and we are also working to prevent overwork and pay wages that exceed the minimum wage. In addition, we are thoroughly prohibiting harassment, and we provide training for managers on how to deal with harassment.

## Promotion of women employees' activities

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We believe that it is important to revitalize the workplace through the participation of a diverse range of employees. In addition, from the perspective of effectively utilizing human resources to cope with the future decline in the working-age population, we are particularly promoting the activities of women. In order for women to realize their full potential, we have established a workplace environment that is easy for women to work in, as well as systems to support childbirth and childcare, and we aim to become a company where women and their families can play an even more active role.

### **Topics: Women's Activity Promotion Project**

As a result of an internal proposal project, we have established a new project team for the promotion of women's activities across the Group. This project conducted a company-wide questionnaire on women's activities to summarize the issues and future measures to be taken by the company, and conducted training for all employees, executives, managers, and female employees on diversity to foster understanding of diversity in the company. In addition, based on these trainings and other activities, the Kenedix Group executives formulated the "Kenedix Declaration of Conduct for the Promotion of Female Advancement and Improvement of the Workplace Environment.



# Attractive Working Environment

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## **Kenedix Declaration of Conduct for the Promotion of Women Advancement and Improvement of the Workplace Environment**

Each and every one of our employees is the source of Kenedix's corporate value. We respect the abilities of all employees and aim to create a workplace environment where they can work with peace of mind.

- 1) We will create a workplace where all employees, regardless of gender, occupation, or age, can improve their skills and fully demonstrate their individual abilities.
- 2) We will create a workplace where employees can respect each other and freely and openly exchange opinions regardless of hierarchy, departments, age, or gender.
- 3) We will provide opportunities for motivated women employees to gain a wide range of work experience.

## **General business owner action plan based on the law for the promotion of women's activity**

In order to create an employment environment in which all employees, regardless of gender, can improve their skills and fully demonstrate their individual abilities, we have established the following action plan.

### ● Targets

- 1) Increase the percentage of female employees in management positions to at least 15% by the end of 2025, with a view to achieving 20% by the end of 2030.
- 2) Continue to have 100% of female employees take childcare leave, and increase the number of male employees taking childcare leave.

### ● Initiatives

- 1) Training and career support for female employees
  - Promotion of measures through the Women's Activity Promotion Project
- 2) Creation of a workplace environment for flexible and efficient work and leave styles
  - Introduce a permanent telework system
  - Promote flexible and efficient work styles by use of PerkUP Karuizawa, shared offices, etc.
  - Promote the use of various types of leave, including annual paid leave
- 3) Establishment and dissemination of an environment that facilitates the use of childcare leave
  - Promote internal awareness of childcare-related programs
  - Gathering information on case studies of other companies, etc.

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## Employment system for seniors

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As one way to increase diversity, we have a system that allows employees who have reached the official retirement age of 60 to return to work until the age of 65. This program also helps maintain a sufficient number of people as Japan's working age population declines. With experience dating back to the start of real estate asset management in Japan, these older workers have considerable knowledge they can pass on to others.

## Support for childbirth, childcare and senior nursing care

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We have prepared various programs to support employees so they can remain at the Kenedix Group while spending time for personal needs such as childbirth and childcare or caring for an aging parent.

### **Childbirth and childcare**

We have a number of programs for women during a pregnancy, such as time off for medical check-ups, working hours that avoid times when trains are most crowded, and days off for good health during a pregnancy. At childbirth and afterward, we provide time off for women and their husbands.

Employees can receive time off for the care of a baby or when a preschool age child is sick or requires other care. We also offer flexible working time so employees can care for family members. For example, employees can limit overtime and late-night assignments, reduce working hours, or use staggered hours. There is also a subsidy for expenses for child-related transportation needs before and after work and a discounted babysitter service.

### **Senior nursing care**

Employees taking care of an elderly parent or other relative can use extra days off or extended leave. We also limit overtime and late-night assignments, reduce working hours, or use staggered hours so that an individual can fulfill family responsibilities. Support for nursing care goes beyond requirements by providing more than the legally mandated time off and special days off to care for an elderly parent or other relative.

## Sustainability Policies -Responsible organization-

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We ensure compliance and sound risk management in our entire business activities. We are committed to responsible property investment by a responsible organization by aligning with global ESG initiatives and proactively disclosing ESG information.

## Compliance

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### Basic views

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Strict compliance with laws, regulations and other guidelines is positioned as a vital element of the management of Kenedix based on the awareness that compliance problems are a significant risk regarding business operations.

We have a responsibility to use business operations to create the types of value that meet social requirements. We have extensive and constant compliance programs in order to achieve qualitative and quantitative improvements of the value of our business operations.

By implementing a rigorous compliance program, we are determined to contribute to economic and social advancement and, as a result, earn the admiration of investors and the trust of the public.

Compliance is one of our material issues and the entire group has a strong commitment to compliance.

### Compliance system

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A Compliance Officer who reports directly to the president of Kenedix is responsible for the establishment and operation of a compliance program. There is also a Corporate Compliance Committee for discussing matters involving compliance at Kenedix (except items involving business operations) and reaching decisions about specific actions. In addition, there is a Business Compliance Committee for discussions and approvals of matters involving compliance concerning business operations of Kenedix. Corporate Compliance Committee is composed of full-time directors, senior executive officers, and the Compliance Officer. The Business Compliance Committee consists of the director in charge of compliance, Compliance Officer, and outside committee members.

The Compliance Officer performs the following activities.

1. Proposals for rules and other items and their implementation  
Proposals, and subsequent implementation of, for rules and other items associated with compliance

activities, including the Compliance Manual, Compliance Program and other guidelines for the proper conduct of executives and employees

2. Guidance and training

Periodic compliance guidance and training activities for executives and employees

3. Confirmation of the status of compliance

Activities to confirm that compliance programs are functioning properly

4. Handling of problems

When there is an incident involving financial instruments or any other problem related to compliance, the Compliance Officer immediately performs an investigation to determine what happened. After using this information to determine the cause, the Compliance Officer implements preventive measures and, as needed, submits a report to regulatory authorities and takes other actions.

### Compliance manual

The Kenedix Compliance Manual gives executives and employees specific guidelines for what they should do concerning compliance activities. The manual explains corporate compliance programs and laws and regulations that must be understood and observed when conducting business operations. In addition, members of the Regal & Compliance Department use this manual to hold seminars in order so that everyone has a sound compliance understanding and commitment.

When a compliance problem occurs, executives and employees have a duty to submit a report containing the basic sequence of events. This includes the discovery of a violation of the Compliance Manual rules and guidelines or behavior that creates a compliance problem as well as the receipt of information from a customer or other source about a compliance problem. If it is not possible to submit this type of report for some reason, the whistleblowing system can be used.

### Compliance as a company

- Compliance as a company Respect for human rights, refusal to allow discrimination, harassment, etc.
- No conflicts of interest and the protection of corporate assets
- Strict oversight of giving or receiving gifts, including meals and entertainment, involving customers
- Proper management of confidential information (personal information)
- No insider trading
- Rejection of anti-social forces
- Resolution of complaints
- Proper handling of clerical errors, etc.



## Compliance program

Kenedix has a compliance program for the purpose of providing a specific action plan for compliance. As a rule, Kenedix establishes a compliance program every six months and uses the program to provide compliance guidance and training activities for employees.

## Corporate ethics policy

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Kenedix has the following Corporate ethics policy.

- We will contribute to the advancement of society as a responsible corporate citizen.
- We will maintain sincere relationships with all customers and business partners in the spirit of fair play.
- We will contribute to society in many ways, and operate in a manner that benefits investors.
- We will use our skills as real estate professionals to be a source of highly appealing products and services.
- We will provide the greatest possible protection and convenience for users of financial services.

## Rejection of anti-social forces

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Kenedix has prepared a Manual for Blocking Relationships with Anti-social Forces and Ensuring Appropriate Business Transactions. To reject relationships of any kind with anti-social forces, Kenedix has a resolute stance for refusing to deal with criminal and other anti-social forces.

Kenedix confirms that buyers and sellers of properties, tenants, business partners, and other transaction counterparties are not anti-social forces. In addition, Kenedix requires all contracts to include provisions for refusing to deal with anti-social forces and performing confirmations in accordance with the Act on Prevention of Transfer of Criminal Proceeds when conducting transactions. Consequently, Kenedix takes concrete actions for the purpose of preventing relationships with anti-social forces. In addition, the Kenedix Compliance Manual has specific policies concerning anti-social forces. Compliance and other training programs give employees a thorough understanding of these policies.

## Measures against money laundering and terrorist financing

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Kenedix has prepared a Manual for Blocking Relationships with Anti-social Forces and Ensuring Appropriate Business Transactions and properly performs confirmations in accordance with the Act on Prevention of Transfer of Criminal Proceeds when conducting transactions. These activities are used to confirm the identities of transaction counterparties as well as their attributes, business activities and purpose of the transaction. Risk identification, evaluation and reduction measures are implemented from the perspective of the risk-based approach specified in the Guidelines Concerning Money Laundering and Financing of Terrorism of the Financial



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Services Agency.

## Ethics and anti-corruption policy

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Kenedix has established specific policies in The Employment Regulations and Compliance Manual regarding not engaging in money laundering, embezzling, fraud, theft or other criminal activity. In addition, Kenedix strictly prohibits the acceptance of bribes or other improper activities, directly or involving a third party, by the staff of Kenedix in connection with their duties. If any activity of this type is discovered, disciplinary action will be taken based on the Employment Regulations.

Furthermore, Kenedix has established rules concerning entertainment outside the company, whether an employee received or provides this hospitality, for the purpose of preventing hospitality that goes beyond normal social standards. To prevent improper activities, employees are required to receive approval before providing meals or other hospitality to others. The implementation of these guidelines is subject to internal audits.

## Whistleblowing system

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Kenedix has a whistleblowing system for the prevention and rapid discovery of incidents caused by violations of laws and regulations and other improper conduct, the improvement of self-cleansing processes, the control of reputational risk exposure, and the retention of public trust. Our whistle-blowing policy applies to all the employees including directors, full-time employee, elderly employee, contact employee, part-time employee, assigned / temporary employee from the other company, and former employee left within 1 year of the termination date.

### **Reporting, investigation and disciplinary processes**

If violation of law (including internal company policies) occurs or could occur and if the matter has not been satisfactorily resolved by ordinary procedures, the company accepts reports, declarations, and consultations from internal and external contacts. Anonymous reporting is also accepted.

The person in charge of handling whistleblowing shall conduct fair and impartial investigation. The respondent will be provided with the opportunity to present a defense and the fair hearing is held with relevant persons in compliance with the obligation of confidentiality.

The person in charge of handling whistleblowing reports all results from investigations to the director in charge of compliance and the president, as well as to the board of directors and the council of corporate auditors, including the results of notifications to the whistleblower. The head of the department to which the accused belongs take appropriate action such as immediate order to stop action in violation of law.

Based on the report, disciplinary action and all the other appropriate measures to correct such as criminal prosecution, claims for damages or measures to prevent recurrence shall be taken.

Internal channel 1 (for all legal, personnel and labor problems)	Compliance Officer
Internal channel 2 (for improper behavior by directors and other executives)	Full-time corporate auditors
External channel (for all categories of problems)	External attorney

## Prohibition of unfair treatment

Whistleblowers and those who cooperate with them, as well as those who cooperate with investigations based on the reports, are subject to protection under the whistleblowing system and the Whistleblower Protection Act, and any unfair treatment against the whistleblower are prohibited.

## Managing conflicts of interests

Managing conflicts of interest is one of our material issues. The Compliance Manual has specific policies for the prevention of these conflicts and protection of the company's assets. Compliance and other training programs give employees a thorough understanding of conflicts of interest and how to prevent them. In addition, we have Related Party Transaction Rules that include processes for making decisions, basic views concerning these transactions and other guidelines. The objective is to prevent transactions between Kenedix and related parties (executives, major shareholders and others) and between these related parties from being detrimental to shareholder value.

## Business compliance committee

The role of the Business Compliance Committee is separate from that of the Corporate Compliance Committee, which discusses matters involving compliance and reaches decisions. Discussing and making decisions involving business that contribute to revenue now or may contribute in the future is this committee's responsibility. These activities concern how business operations are conducted and how these businesses perform transactions with customers. The Business Compliance Committee ensures that business operations use extreme care to avoid conflicts of interest between different stakeholder categories.

## Proper information management among group companies

Kenedix Group provides asset management services for a large number of investment corporations and funds on behalf of investors. Kenedix has signed a memorandum with Kenedix Real Estate Fund Management, Inc. and the investment corporations managed by this company and with Kenedix Investment Partners, Inc. concerning the provision of real estate and other information by Kenedix. The proper provision of information by Kenedix and group companies along with the determination of the types of support supplied by the Kenedix Group (and disclosure of this information) ensures the transparency and suitability of the operations of funds and other similar entities.

## Rule concerning conflicts of interest among REITs

Since Kenedix Real Estate Fund Management, Inc. manages multiple REITs, it has established a pipeline

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committee and adopted internal guidelines in order to prevent the improper allocation of acquisition opportunities as well as prohibition of concurrent serve as several general managers of REIT management departments, and thus, managing conflicts of interests among the REITs.

By managing these rules appropriately and smoothly, it strives to implement appropriate measures for conflicts of interest, such as preventing arbitrary distribution of real estate sales information and preventing conflicts of interest among the investment corporation managed by the asset management company.

## Risk Management

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### Basic views

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Kenedix manages risk in accordance with its Risk Management Rules, which define risk factors as potential problems that could be detrimental to corporate value with respect to business processes or be an impediment to the ability to achieve sustained growth.

Risk management is one of the material issues of Kenedix. There are many activities for the proper oversight and control of risk factors.

### Risk management system

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The General Administration and Human Resources Department is responsible for risk management. Department managers are responsible for risk management in their respective business units and are given the authority needed to establish and operate risk management systems, submit reports, and perform other duties.

The Internal Audit Department performs audits to confirm that risk management activities of the General Administration and Human Resources Department comply with the Risk Management Rules.

### Crisis and disaster response system

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Kenedix has Crisis Management Rules and Disaster Response Rules for natural disasters, incidents, accidents and other problems that have a major impact on business activities or society overall and are detrimental to corporate value. The General Administration and Human Resources Department is responsible for crisis management and disaster response activities. This department establishes an emergency response headquarters to take actions as needed when problem occurs.

In accordance with the Kenedix Group Business Continuity Plan, disaster response drills are held periodically, there are measures in place to resume business operations quickly following a disaster or other problem, and other

measures to be prepared for a crisis.

We periodically reexamine this plan and make revisions as needed.

Kenedix also uses the following measures to be prepared for a disaster.

1. Storage of disaster response kits with food, water and other supplies for executives and employees at business sites
2. A safety confirmation system for quickly determining the status of executives and employees after a disaster
3. Back-up servers in several locations to protect data

## Information security

Information security measures at Kenedix are based on an Information Management Policy that includes the following measures and is constantly seeking ways to improve security. These activities reflect the understanding that protecting and properly managing information, whether on paper or electronic media, is a key social responsibility.

1. Kenedix obtains information as needed for business operations and by using legal and fair methods.
2. Kenedix protects information from unauthorized access, loss, theft, damage, alteration, leaks, improper use and other problems.
3. Kenedix has established rules and other guidelines based on the Information Management Policy and prescribed methods for handling information. In addition, the duties and responsibilities of executives and employees regarding information are clearly defined.
4. When the handling of information is outsourced, Kenedix confirms that companies used for outsourcing have an information management system that is equivalent to its own system.
5. Kenedix constantly reexamines and makes improvements as needed to its information management framework.

Kenedix has an Information Security Officer for the oversight of information security. This officer is an executive who supervises departments that perform information system operations and who has responsibilities and authority for the handling of information in all business units of Kenedix.

Kenedix executives and employees receive training as needed concerning the proper handling and protection of information. Audits of these activities are performed by designated auditors. In addition, Kenedix has a manual concerning the use of mobile devices, personal smartphones, social media, and other devices and media and uses

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other activities to ensure that employees manage information strictly in accordance with all rules and guidelines.

### **Protection of personal information**

The Kenedix Compliance Manual contains specific policies for the proper management of confidential information (personal information). Kenedix also has a Personal Information Procedures Manual and conducts compliance and other training programs for employees to be certain that everyone has a strong commitment to protecting personal information.

For the protection and proper management of personal information, Kenedix has a Personal Information Protection Policy, Personal Information Protection Rules, Rules for Handling Specific Personal Information, and other rules and guidelines.

### **[Privacy Policy](#)**

### **IT system security**

The Kenedix IT System Security Rules specifies the minimum level of measures that employees and others must use for the proper use of information and operation of IT systems. The objectives are preventing leaks, damage, losses and other problems involving information, operating IT systems properly, and minimizing any losses or other damage caused by IT system accidents.

## Commitment to Responsible Investments

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### Basic views

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A commitment to responsible investments is one of the Kenedix material issues. We are committed to building a stronger infrastructure for achieving both sustained growth and social responsibility.

### Signing on to the PRI

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The PRI is a set of principles established for the financial industry in 2006 under the leadership of the United Nations Secretary-General of the time, Kofi Annan. PRI comprises six principles.

The PRI encourages the incorporation of ESG issues (Environment, Social and Governance) into investment decision-making processes, with the aim to help companies enhance long-term investment performance and better fulfill their fiduciary duty.

*Signatory of:*



Kenedix has signed on to the PRI and is ambitious to become a real estate asset management company that commit responsible investment through the practice of PRI.

### Signing on to the PFA21

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The PFA21 (Principles for Financial Action for the 21st Century) has been established by drafting committee with participation of various financial institutions in October 2011 as the action guidelines of financial institutions who seek to fulfill their responsibilities and roles required for the formation of a sustainable society. Signing financial institutions will implement initiatives based on the seven principles as much as possible based on their own businesses. It has been positioned as a starting point to collaborate without being restricted by business categories, scale or region.



Kenedix, Inc. and Kenedix Real Estate Fund Management, Inc., which is the asset management company for listed REITs and a private REIT, have signed on to the PFA 21 and are ambitious to become a real estate asset management company that commits to responsible investment through the practice of the PFA21.



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## GRESB membership

GRESB (Global Real Estate Sustainability Benchmark) is an annual benchmark system for assessing environmental, social and governance performance in the real estate sector. Many institutional investors use GRESB assessments when selecting investment targets and for engagement with companies where they have made investments.

Kenedix Real Estate Fund Management, Inc., which manages the assets of listed and private REITs, is a participant member of GRESB.



## Kenedix group's investment in group REITs

Kenedix holds a portion of the investment units of three listed REITs and a private REIT managed by Kenedix Real Estate Fund Management, Inc. This aligns Kenedix group's interest with unitholders' interests of each REIT.

# Relevant Data

## Relevant Data (Environment)

	2019	2020	2021	2022
Number of renewable energy power plants*	23	23	23	34
Output of renewable energy facilities (MW)*	155.7	155.7	155.7	161.4
Violations of environmental laws and regulations and environmental accidents	0	0	0	0

(Note) The number of renewable energy power plants and output of renewable energy facilities at the Kenedix renewable energy fund are as of the end of each year and include locations that are operating or under development by Kenedix Investment Partners, Inc.

## Relevant Data (Social)

	2019	2020	2021	2022
Number of healthcare properties managed by Kenedix Group REITs	24	24	28	37
AUM of healthcare properties managed by Kenedix Group REITs (millions of yen)	54,128	54,128	61,610	73,381

## Relevant Data (Stakeholder)

	2019	2020	2021	2022
ROE	11.2%	8.6%	9.7%	10.2%

## Relevant Data (Employment)

	2019	2020	2021	2022
Number of employees (average age) <sup>*1</sup>	67(41.3)	72(41.5)	81(42.0)	78(42.4)
Men (average age)	49(40.2)	54(40.3)	63(40.9)	58(41.3)
Women (average age)	18(44.3)	18(45.0)	18(46.0)	20(45.5)
Pct. of females in employees	26.9%	25.0%	22.2%	25.6%
Number of employees [consolidated]	339	347	351	367
Average number of consecutive years at the Kenedix Group <sup>*1</sup>	6.9	7.1	6.9	6.9
Men	6.4	6.5	6.1	6.4
Women	8.2	8.9	9.9	8.4
Difference ((Women–Men) / Men)	28.1%	36.9%	62.3%	31.3%
Number of newly hired employees <sup>*2</sup> (new graduate hires / mid-career hires)	11 (5/6)	15 (3/12)	30 (5/25)	44 (3/41)
Men (new graduate hires / mid-career hires)	8 (5/3)	12 (3/9)	23 (5/18)	25 (2/23)
Women (new graduate hires / mid-career hires)	3 (0/3)	3 (0/3)	7 (0/7)	19 (1/18)
Pct. of women in newly hired employees (new graduate hires / mid-career hires)	27.3% (0%/50.0%)	20.0% (0%/25.0%)	23.3% (0%/28.0%)	43.2% (33.3%/43.9%)
Number of managers <sup>*1</sup>	19	21	27	25
Men	17	20	24	22
Women	2	2	3	3
Pct. of female managers	10.5%	9.5%	11.1%	12.0%
Number of directors <sup>*1</sup>	9	9	7	7
Men	8	8	7	7
Women	1	1	0	0
Pct. of female directors	11.1%	11.1%	0%	0%

\*1 These figures are based on individuals who belong to Kenedix.

\*2 These figures are based on individuals who are working at Kenedix group companies and employed directly by Kenedix.

# Relevant Data

## Relevant Data (System Use, etc.)

	2019	2020	2021	2022
Number of employees using childbirth leave <sup>*2</sup> (Men / Women)	4 (0/4)	2 (0/2)	5 (0/5)	4 (0/4)
Number of employees using childcare leave <sup>*2</sup> (Men / Women)	3 (0/3)	8 (2/6)	8 (0/8)	9 (2/7)
Pct. of employees returning to work after childcare leave <sup>*2</sup> (Men / Women)	100% (-/100%)	100% (-/100%)	87.5% (-/87.5%)	100% (100%/100%)
Number of employees using shortened working hours for childcare <sup>*2</sup> (Men / Women)	1 (0/1)	1 (0/1)	0 (0/0)	1 (0/1)
Number of employees using staggered working hours for childcare <sup>*2</sup> (Men / Women)	7 (1/6)	6 (3/3)	9 (3/6)	8 (3/5)
Number of employees using sick/injured childcare leave <sup>*2</sup> (Men / Women)	2 (0/2)	1 (0/1)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care extended leave <sup>*2</sup> (Men / Women)	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care single-day leave <sup>*2</sup> (Men / Women)	4 (0/4)	3 (0/3)	1 (0/1)	0 (0/0)
Number of employees using shortened working hours to care for an elderly parent <sup>*2</sup> (Men / Women)	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using staggered working hours to care for an elderly parent <sup>*2</sup> (Men / Women)	2 (1/1)	2 (1/1)	1 (1/0)	1 (1/0)
Average number of days of paid leave used <sup>*1</sup>	12.7	10.4	9.4	10.6
Pct. of paid leave used <sup>*1</sup>	71.2%	58.6%	56.6%	67.4%
Overtime hours, per month, per person <sup>*1</sup>	17.3	14.3	18.1	22.7
Training expense per employee	¥29,461	¥30,944	¥59,606	¥65,933
Pct. of employees receiving a health check-up <sup>*2</sup>	100%	100%	100%	100%
Number of work-related fatalities <sup>*2</sup>	0	0	0	0

\*1 These figures are based on individuals who belong to Kenedix.

\*2 These figures are based on individuals who are working at Kenedix group companies and employed directly by Kenedix.

## Relevant Data (Governance)

	2019	2020	2021	2022
Term of directors	1yr	1yr	1yr	1yr
Directors	9	9	7	7
Men	8	8	7	7
Women	1	1	0	0
Pct. of female directors	11.1%	11.1%	0%	0%
Average age of directors	57.6	57.8	56.6	56.0
Average years since election	3.6yrs	4.3yrs	3.0yrs	3.9yrs
Number of Board of Directors meetings <sup>*1</sup>	21	25	9	13
Average attendance of board meetings <sup>*1</sup>	100%	97.4%	98.4%	95.2%
Corporate auditors	5	5	4	4
Men	5	4	4	4
Women	0	1	0	0
Pct. of female corporate auditors	0%	20.0%	0%	0%
Total number of compliance training programs conducted <sup>*2</sup>	16	118	321	455

\*1 Since there was a change in the organizational structure in March 2021 due to the delisting, the number of Board of Directors Meetings and Average attendance of board meetings in 2021 are the figures for the period from March 30, 2021 to December 31, 2021.

\*2 As some of the training was held via web-based training, the total number of participants is described after 2020.

# GRI Content Index

## GRI Content Index

Statement of use	Kenedix, Inc. has reported the information cited in this GRI content index for the period (January 1, 2022 through December 31, 2022) with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

## Universal Standards

\*: Core topics defined in the GRI Standards.

GRI standard	Disclosure	Location
<b>GRI 2 : General disclosures 2021</b>		
<b>1. The organization and its reporting practices</b>		
2-1	Organizational details	<a href="#">Company Profile</a> <a href="#">Our Business</a> <a href="#">Kenedix Group</a> <a href="#">Our Mission and Vision</a>
2-2	Entities included in the organization's sustainability reporting	<a href="#">Editorial Policy</a>
2-3	Reporting period, frequency and contact point	<a href="#">Editorial Policy</a>
2-4	Restatements of information	N/A
2-5	External assurance	There are no external assurances as of the publication date
<b>2. Activities and workers</b>		
2-6	Activities, value chain and other business relationships	<a href="#">Stakeholder Engagement</a>
2-7	Employees	<a href="#">Relevant Data (Employment)</a>
2-8	Workers who are not employees	-
<b>3. Governance</b>		
2-9	Governance structure and composition	<a href="#">Organization</a> <a href="#">Management team</a> <a href="#">Sustainability Promotion Structure</a>
2-10	Nomination and selection of the highest governance body	-
2-11	Chair of the highest governance body	-

GRI standard	Disclosure	Location
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Sustainability Promotion Structure</a>
2-13	Delegation of responsibility for managing impacts	<a href="#">Sustainability Promotion Structure</a>
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Sustainability Promotion Structure</a>
2-15	Conflicts of interest	<a href="#">Managing Conflicts of Interests</a>
2-16	Communication of critical concerns	<a href="#">Whistleblowing system</a>
2-17	Collective knowledge of the highest governance body	-
2-18	Evaluation of the performance of the highest governance body	-
2-19	Remuneration policies	-
2-20	Process to determine remuneration	-
2-21	Annual total compensation ratio	-
<b>4. Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	<a href="#">Message from the President</a>
2-23	Policy commitments	<a href="#">Our Mission and Vision</a> <a href="#">Diversity and Equal Opportunities</a> <a href="#">Compliance</a>
2-24	Embedding policy commitments	<a href="#">Diversity and Equal Opportunities</a> <a href="#">Compliance</a>
2-25	Processes to remediate negative impacts	-
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Complaints and Appeals</a> <a href="#">Whistleblowing system</a>
2-27	Compliance with laws and regulations	<a href="#">Contribution to a Sustainable Environment</a> <a href="#">Compliance</a>
2-28	Membership associations	<a href="#">Company Profile</a>
<b>5. Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
2-30	Collective bargaining agreements	-
<b>GRI 3: Material Topics 2021</b>		
<b>1. Guidance to determine material topics</b>		
<b>2. Disclosures on material topics</b>		



# GRI Content Index

GRI standard	Disclosure	Location
3-1	Process to determine material topics	<a href="#">Material Issues</a>
3-2	List of material topics	<a href="#">Sustainability Policies</a> <a href="#">Managing Conflicts of Interests</a> <a href="#">Reduction of Energy Consumption and CO<sub>2</sub> Emissions</a> <a href="#">Reduction of Water Consumption and Waste Materials</a> <a href="#">Health and Wellbeing of Employees</a> <a href="#">Recruiting, Employee Retention and Career Advancement</a> <a href="#">Diversity and Equal Opportunities</a> <a href="#">Community Engagement</a> <a href="#">Improving Resilience/Climate Adaption</a>
103-3	Management of material topics	<a href="#">Sustainability Promotion Structure</a>

## Economic Standards

GRI standard	Disclosure	Location
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	<a href="#">Financial Highlights</a>
201-2	Financial implications and other risks and opportunities due to climate change	-
201-3	Defined benefit plan obligations and other retirement plans	-
201-4	Financial assistance received from government	-
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	-
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Ethics and anti-corruption policy</a>
205-3	Confirmed incidents of corruption and actions taken	-

## Environmental Standards

GRI standard	Disclosure	Location
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Preparing for disclosure in future
302-2	Energy consumption outside of the organization	Preparing for disclosure in future
302-3	Energy intensity	Preparing for disclosure in future
302-4	Reduction of energy consumption	-
302-5	Reductions in energy requirements of products and services	-
<b>GRI 303: Water 2018</b>		
303-1	Interactions with water as a shared resource	-
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	-
303-4	Water discharge	-
303-5	Water consumption	Preparing for disclosure in future
<b>GRI 304: Biodiversity 2016</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">Biodiversity</a>
304-2	Significant impacts of activities, products, and services on biodiversity	-
304-3	Habitats protected or restored	<a href="#">Biodiversity</a>
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Preparing for disclosure in future
305-2	Energy indirect (Scope 2) GHG emissions	Preparing for disclosure in future
305-3	Other indirect (Scope 3) GHG emissions	-
305-4	GHG emissions intensity	Preparing for disclosure in future
305-5	Reduction of GHG emissions	-
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	-
306-2	Management of significant waste-related impacts	-
306-3	Waste generated	Preparing for disclosure in future
306-4	Waste diverted from disposal	-

# GRI Content Index

GRI standard	Disclosure	Location
306-5	Waste directed to disposal	-
<b>GRI 307: Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	There are no violations within the reporting period

## Social Standards

GRI standard	Disclosure	Location
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	<a href="#">Relevant Data (Employment)</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	<a href="#">Support for childbirth, childcare and senior nursing care</a> <a href="#">Relevant Data (System Use, etc.)</a>
<b>GRI 403: Occupational Health and Safety 2018</b>		
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	-
403-5	Worker training on occupational health and safety	-
403-6	Promotion of worker health	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
403-8	Workers covered by an occupational health and safety management system	-
403-9	Work-related injuries	<a href="#">Relevant Data (System Use, etc.)</a>
403-10	Work-related ill health	-

GRI standard	Disclosure	Location
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	-
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Training programs</a> <a href="#">Employment system for seniors</a>
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Human resource development system</a> <a href="#">Evaluation system to support employees' career development</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	<a href="#">Diversity and Equal Opportunities Relevant Data (Employment)</a>
405-2	Ratio of basic salary and remuneration of women to men	-
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Community Engagement</a>
413-2	Operations with significant actual and potential negative impacts on local communities	-
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Preparedness for natural disasters and other emergencies</a>
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">Privacy Policy</a>