

# ARES

THE ASSOCIATION FOR REAL ESTATE SECURITIZATION

## ESG Information Disclosure Case Studies





## Introduction

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The Association for Real Estate Securitization (ARES) has prepared this case studies to support the promotion of SDGs and ESG investment by ARES member companies in their business activities in the real estate investment and securitization markets.

This case studies has been compiled in book form based on the results of a research study commissioned by ARES on ESG to the Japan Research Institute, Ltd.

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Title: “ARES ESG Information Disclosure Case Studies” (June 2021)

Published by: The Association for Real Estate Securitization (ARES)

Edited by: The Japan Research Institute, Limited

The contents of this case studies are based on the information available at the time of preparation. The contents and the URL described in provenance are subject to change.

### **Features of this case studies**

This case studies introduce ESG information disclosure cases that are considered to be useful and easy to understand for users such as investors. In addition, various asset types such as offices, hotels, residentials, and logistics have been taken up as examples so that they can be used as a reference for real estate investment corporations that disclose ESG information in the future.

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# Environment

## 1.1 Environmental Vision and Management

Correspondence with ESG framework

GRI



SASB



“Environmental Vision and Management” refers to the organization’s medium- to long-term environmental policies and their implementation. In some cases, the Environmental Vision is formulated over a longer time frame than the management plan, and it can be said that it is useful information for investors to understand the direction of long-term management.

As of January 2021, about 90% of J-REITs had disclosed their own environmental visions (often called “Policy”).

For example, a “sustainability policy” was formulated, and in many cases, the concepts related to environmental initiatives, such as “energy conservation” “resource conservation” and “waste reduction” of properties targeted for investment, were arranged and disclosed.

### 1 Whether or Not There are Long-Term Environmental Targets (1.5 Degrees Target, etc.), and How They are Viewed

In the past, it was common to set targets based on the targets of “Act on the Rational Use of Energy” (Energy Conservation Law) to “1% reduction in unit energy consumption on average per year”. However, in response to the Paris Agreement adopted in 2015 and the movements of investors seeking contributions to the “1.5 degrees target” based on the Paris Agreement, an increasing number of J-REITs have set medium- and long-term targets for 2030 and 2050 as a response to climate change. Also, how much progress has been made toward the goals set is one of the concerns of investors. J-REITs believe that disclosing not only targets but also performance results as progress toward achieving them will increase objectivity and transparency.



#### Case ①

#### Setting of Medium- and Long-Term Targets with an Awareness of the International Framework on Climate Change

Nomura Real Estate Master Fund, Inc. (Diversified)

In the Message from the Management, the Executive Director expressed his belief that “Contributing to the resolution of social issues through business is in line with the basic policies of the Investment Corporation, ‘Securing stable earnings over the medium to long term’ and ‘Steady growth in assets under management’ and contributes to the improvement of investor value.” and the Group, together with asset management companies, is implementing management that takes ESG into consideration.

In order to accelerate concrete efforts, the government is revising its target upward. For example, with regard to the target on climate change “Portfolio greenhouse gas (GHG) emissions per floor area (basic unit)”, the Government has set a higher target of a 25% reduction by FY 2030 (Fiscal 2016 standards) than a 40% reduction by FY 2030.

In order to achieve this goal, Nomura Real Estate Master Fund discloses that it is making various efforts to conserve energy, monitor and tabulate the performance results of properties held each fiscal year by asset management companies, and disclose in an easy-to-understand manner how far it is progressing with the overall portfolio targets.

## Greenhouse Gas (GHG) Emissions

### ➤ Key Performance Indicator (KPI)

Achieve **40% reduction** in greenhouse gas (GHG) emissions per floor area (intensity) from our portfolio **by 2030** compared with the 2016 level.

(Medium-term goal: 34% reduction by 2025)

### ➤ Actual results of our GHG emissions

	Unit	FY2016 (Base Year)	FY2017	FY2018	FY2019	FY2030 (Target Year)
GHG Emissions	t-CO <sub>2</sub>	89,110	68,157	67,957	66,822	-
Scope 1	t-CO <sub>2</sub>	2,687	2,297	2,329	2,535	-
Scope 2	t-CO <sub>2</sub>	31,885	24,504	24,374	23,799	-
Scope 3	t-CO <sub>2</sub>	54,538	41,357	41,253	40,487	-
GHG Emissions Intensity	t-CO <sub>2</sub> /m <sup>2</sup>	0.0769	0.0634	0.0577	0.0547	-
Reduction Rate	%	-	-17.5%	-25.1%	-28.9%	-40.0%
Energy Consumption	KI	37,926	33,654	35,289	35,299	-
Energy Consumption Intensity	KI/m <sup>2</sup>	0.0327	0.0313	0.0299	0.0289	-
Reduction Rate	%	-	-4.3%	-8.6%	-11.5%	-
Emission Factor	-	2.35	2.03	1.93	1.89	-
Decline Rate	%	-	-13.8%	-18.0%	-19.6%	-

\* This has been retroactively revised due to changes in the standards for properties subject to aggregation.

\* Please refer to [Basis for Calculating Environmental Performance Data](#) for the calculation standards for various indicators.

**[Provenance]** (<https://www.nre-mf.co.jp/en/esg/index.html>)

([https://www.nre-mf.co.jp/en/esg/esg\\_performance.html](https://www.nre-mf.co.jp/en/esg/esg_performance.html))

### Focused Points

- While single-year targets are common, targets are set for the medium- to long-term outlook of FY 2030 to address the issue of climate change that requires long-term consideration.
- The target is being revised based on international trends, and the target value has been raised from 25% reduction to 40% reduction, setting a higher target than other companies in the same industry.
- In response to climate change, targets are set for greenhouse gas emissions rather than energy consumption.
- The annual performance figures are disclosed along with the targets, making it easy to understand the progress of efforts to achieve the targets.

## 2

### Consideration for Comparability

From the perspective of investors and other users of disclosed information, it is also important to set targets and disclose information in consideration of “comparability”.



#### Case ②-1

#### Setting Targets for Comparability (Disclosure of Basic Unit Targets)

ORIX JREIT Inc. (Diversified)

In order to reduce greenhouse gas emissions, in addition to the total CO<sub>2</sub> emission reduction target, ORIX JREIT has set a CO<sub>2</sub> emission intensity reduction target (By 2030, 12% reduction from 2018 levels).

**[Provenance]** 2020 ESG Report

(<https://www.orixjreit.com/file/en-esgreport-7787f5ee0a281bc8d585433315575ad919e94a25.pdf>)

## Focused Points

- In addition to the total volume target, ORIX JREIT has also set and disclosed targets for “basic unit” making it easy to compare with other companies in the industry.



### Case ②-2

## Comparable Disclosure (Disclosure of Performance Results per Unit of Production)

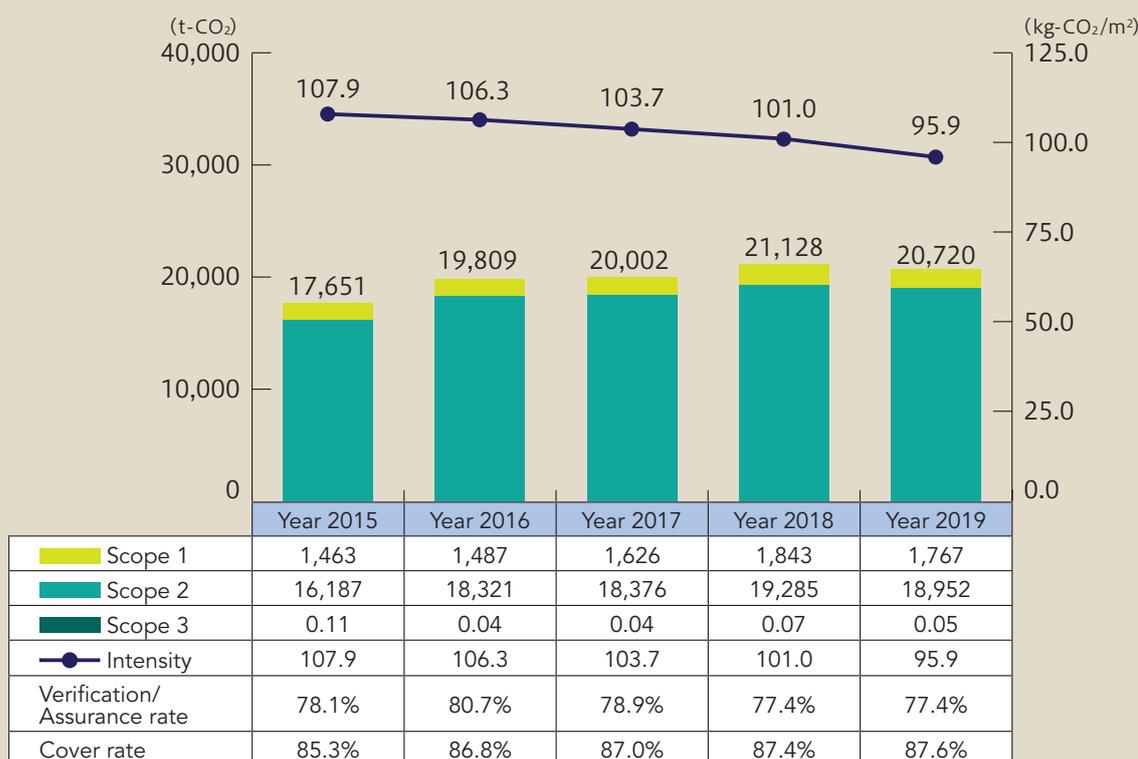
### Mori Hills REIT Investment Corporation (Diversified)

As the actual value of the environmental impact caused by business activities, CO<sub>2</sub> emission intensity (The basic unit is calculated by dividing CO<sub>2</sub> emissions by the total floor area subject to calculation.) is disclosed together with Scope 1 ~ 3 (\*) CO<sub>2</sub> emissions for offices of investment corporations and asset management companies and properties owned by investment corporations.

(\*) Scope 1 refers to direct emissions of greenhouse gases by businesses itself, Scope 2 refers to indirect emissions primarily associated with the use of electricity, and Scope 3 refers to emissions in the supply chain.

### Transitions of Carbon Dioxide Emission and Intensity

Figures, with the exception of some, are verified and validated by an independent third party. Scope 1 is entirely CO<sub>2</sub> [Boundary] Offices of MHR and MIM and properties owned by MHR (Cover rate: See the table below)



\*Carbon dioxide emissions are calculated based on the “Manual for Calculating and Reporting Greenhouse Gas Emissions” by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. Also, intensity is calculated by dividing the carbon dioxide emissions by the calculated total floor area.

**[Provenance]** ([https://www.mori-hills-reit.co.jp/en/outline/Sustainability/environment\\_initiatives/climate\\_change/tabid/397/Default.aspx](https://www.mori-hills-reit.co.jp/en/outline/Sustainability/environment_initiatives/climate_change/tabid/397/Default.aspx))

## Focused Points

- By disclosing not only actual figures such as the total amount, but also information such as the basic unit and coverage ratio of the target range, it becomes easy to compare with other companies in the same industry.
- Scope3’s CO<sub>2</sub> emissions and verification guarantee rate are also identified and disclosed, and information disclosure is more detailed than other companies.



### Case 2-3

## Comparable Disclosure (Disclosure of Changes in Performance over Time)

### Activia Properties Inc. (Retail and Office)

Based on the idea that reducing environmental impact and contributing to the surrounding environment and local communities are important factors in building a portfolio, annual energy consumption, CO<sub>2</sub> emissions, water consumption, and waste emissions for the entire portfolio for fiscal 2015 to 2019 are disclosed.

### Portfolio Environmental Performance (Energy, CO<sub>2</sub>, Water, Waste)

		FY2015	FY2016	FY2017	FY2018	FY2019
 Energy consumption per year (Note2)	Actual (MWh)	86,660	102,039	104,804	112,120	116,744
	Intensity (MWh/m <sup>2</sup> )	0.23	0.25	0.22	0.22	0.21
Renewable energy generation per year (MWh)		0.06	0.05	0.04	0.04	0.02
 CO <sub>2</sub> emissions per year (Note3)	Actual (t-CO <sub>2</sub> )	34,197	37,285	40,910	46,172	45,347
	Intensity (t-CO <sub>2</sub> /m <sup>2</sup> )	0.093	0.090	0.087	0.089	0.083
 Water consumption per year	Actual (m <sup>3</sup> )	526,515	533,757	591,392	675,847	701,847
	Intensity (m <sup>3</sup> /m <sup>2</sup> )	1.42	1.29	1.25	1.30	1.29
 Recycled water (Grey Water and Drainage) (m <sup>3</sup> )		-	12,072	14,961	18,993	30,768
 Waste generation per year (t) (Note4)		2,824	3,209	3,665	4,262	4,367

(Note 1) Principally the figures shown above are the cumulative amount of the entire portfolio during each fiscal year. (number of properties FY2015 : 30, FY2016 : 37, FY2017 : 40, FY2018 : 42, FY2019 : 43)

(Note 2) Total amount of consumption fuel (gas, heavy oil, etc.), electricity and district heating / cooling of the properties.

(Note 3) Total amount of Scope 1 (Direct emission from fuel consumption) and Scope 2 (Indirect emission from electricity consumption, etc.). The factor and the method applied to the calculation conform to "GHG Emissions Accounting, Reporting and Disclosure System" of the Ministry of the Environment.

(Note 4) Excludes waste generated by tenants. The figure of FY2016 excludes properties of which data were not available (the figure represents 91.5% of the entire portfolio).

(Note 5) As of December 8, 2020

[Provenance] (<https://www.activia-reit.co.jp/en/sustainability/performance.html>)

### Focused Points .....

- By disclosing the results for five years, rather than the results for a single year or for two years only, it will be easier to understand whether there is a trend toward improvement over time, and it will be possible to make comparisons over time.

## 3 Scope of Environmental Impact Assessment

The scope of the environmental impact that a real estate investment corporation should be responsible for is not limited to certain properties and common areas, but extends to the entire portfolio, including tenant management authority. In addition, there is a trend toward expanding the scope of data collection, including offices of investment

corporations and asset management companies. There is also a growing trend to include not only greenhouse gas emissions and energy consumption, but also water consumption and waste emissions, in terms of the environmental impact to be assessed.



### Case 3-1

## Understanding and Disclosing the Environmental Impact of the Entire Portfolio

### Advance Residence Investment Corporation (Residential)

The overall portfolio aims to reduce energy consumption and greenhouse gas emissions by an average of 1% per year over the medium to long term. For CO<sub>2</sub> emissions, Advance Residence discloses the coverage ratio of actual emissions and the calculation method for the coverage ratio. In addition to direct emissions (Scope1) and indirect emissions (Scope2), Scope3 identifies and discloses CO<sub>2</sub> emissions from the combustion of waste generated by properties owned by the company.

	Total Usage(t) Intensity (t/m <sup>2</sup> )	FY2014	FY2015	FY2016	FY2017	FY2018		
						Actual	Same Store	Coverage
GHG Emission (CO <sub>2</sub> )	Total	10,337	11,783	12,547	24,830	25,975	25,727	24.0%
		0.0114	0.0124	0.0132	0.0252	0.0266	0.0410	
	Direct Emission Scope1	233	292	289	298	323	319	37.7%
		0.0003	0.0003	0.0003	0.0031	0.0034	0.0089	
	In-direct Emission Scope2	10,104	11,491	12,258	11,854	12,205	12,122	24.3%
0.0112		0.0121	0.0129	0.0122	0.0125	0.0518		
Scope3 (Note)	-	-	-	12,678	13,447	13,287	65.1%	
	-	-	-	0.0130	0.0138	0.0212		

Note: Calculated by multiplying the amount of garbage discharged at the property by incinerator emission factor.

#### Calculation method

01. "Intensity" is calculated as follows.

$$\text{Total Usage or Emission (MWh)} \div \text{Total Property Floor Space (m}^2\text{)}$$

02. "Coverage" is calculated as follows.

$$\text{Total Floor Space of Data Collected (m}^2\text{)} \div \text{Total Property Floor Space (m}^2\text{)}$$

[Provenance] (<https://www.adr-reit.com/en/company/sustain/03>)

#### Focused Points .....

- In light of the need to grasp data across the entire portfolio, the report also discloses the annual performance coverage ratio and the calculation method, thus providing highly transparent information disclosure.



### Case 3-2

## Assessing the Environmental Impact of Water Usage and Waste Emissions

### Frontier Real Estate Investment Corporation (Retail)

For the purpose of continuous management of the environment such as reduction of energy consumption, collection, accumulation and analysis of data such as electricity consumption, city gas consumption, water consumption and waste discharge are promoted through outside experts.

[Provenance] (<https://www.frontier-reit.co.jp/en/csr/environment-initiative.html>)

\*the URL link will be valid in late-June 2021

#### Focused Points .....

- As an investment corporation, Frontier Real Estate seeks cooperation not only in properties with management authority that makes it relatively easy to understand environmental data, but also in tenant management authority that is normally difficult to understand, in order to understand the environmental impact of the entire portfolio.

J-REITs are working to improve their environmental performance by establishing a system to collect and evaluate environment-related information on properties they own.



### Case ④

#### Establishment of a Environmental Data Monitoring System

##### Japan Real Estate Investment Corporation (Office)

Energy consumption, water consumption, and waste volume of each building are measured and grasped on a monthly basis, and aggregation and analysis are outsourced to companies specializing in environmental management systems to implement the PDCA cycle. If there is a large difference between the aggregated data and the previous month or the previous year, etc., cause analysis is conducted by interviewing property managers, etc., to pursue the accuracy of the data. Japan Real Estate is also constantly monitoring the reduction effects of environment-related construction (Switch to LEDs and refurbish air conditioning).

Some of the data appropriately identified and aggregated in accordance with these internal monitoring standards have received third-party guarantees from independent assurance organizations in accordance with ISAE 3000 (International Standard on Assurance Engagements).

Summaries of environment-related data and various indicators compiled by the environmental management system are reported to the chief sustainability officer (President and Chief Executive Officer) on a monthly basis for analysis and feedback.

**[Provenance]** Sustainability Report 2020

([https://jre-esg.com/en/pdf/sustainability\\_report2020.pdf?v2](https://jre-esg.com/en/pdf/sustainability_report2020.pdf?v2))

#### Focused Points

- By establishing a monitoring system for the environmental data of each building owned by Japan Real Estate, it has been able to grasp the environmental impact data steadily, and by periodically conducting a PDCA (Plan-Do-Check-Act) cycle, it has been able to improve its efforts.
- It conducts detailed analysis in comparison with other companies in the same industry by analyzing each environmental data collected in comparison with the previous month and the previous year.

## 1.2 Commitment to Climate Change

Correspondence with ESG framework

GRI



SASB



### 1 Energy Conservation Efforts

As for energy conservation measures, it is common to replace common areas of property with LED lighting. In addition, there has been an increase in the number of cases in which green lease contracts (Initiatives to promote environmental consideration by both building owners and tenants through building lease agreements) have been introduced as an effort to achieve both environmental conservation and favorable effects on the company's business.



### Case ①-1

## Initiatives to Balance Environmental Conservation with Favorable Impact on the Company's Business: Promoting Green Leasing

Japan Excellent, Inc. (Office)

In order to improve the environmental performance of its portfolio, Japan Excellent is renovating existing properties in order to conserve energy, conserve water, and reduce waste. It believes that capturing the "Opportunity/Potential" in the green buildings with high environmental performance such as energy conservation, water conservation, and waste reduction will benefit investment corporations in the medium to long term.

In cooperation with tenants and property management (PM) companies, it promotes green leasing by stipulating in principle green lease terms in lease contracts to be newly signed. The green lease provisions stipulate cooperation in improving environmental performance, sharing of energy consumption data, and environmental consideration in renovation work. As of December 2019, green leases accounted for 98.7% of all leases.

[Provenance] (<https://www.excellent-reit.co.jp/en/esg/environment.html>)

### Focused Points .....

- In principle, Japan Excellent has a policy to stipulate green lease terms for new contracts, and it promotes green lease contracts. Among J-REITs, this is the only J-REIT that discloses the ratio of green lease contracts.
- By promoting green lease contracts and switching to energy-saving equipment (LED lighting, etc.) in properties owned by the company, greenhouse gas emissions in buildings can be reduced.
- In addition to green lease fees or additional rents, investment corporations can expect positive effects on cash flow during the investment period by improving tenant satisfaction by reducing electricity rates and prolonging the tenancy period of existing tenants.



### Case ①-2

## Disclosure of Specific Environmental Impact Reduction Effects through Initiatives

Sekisui House Reit, Inc. (Diversified)

As a result of the introduction of LED lighting in common areas, the estimated annual electricity consumption and CO<sub>2</sub> emissions reduced by the introduction are disclosed.

[Provenance] (<https://sekisuihouse-reit.co.jp/en/esg/environment.html>)

### Focused Points .....

- The environmental impact reduction effects of energy conservation efforts are disclosed quantitatively, and the positive effects on the environment are explained in more detail.

## 2

## Initiatives for Renewable Energy

In the area of renewable energy, mainly retail and logistics J-REITs, are working to install solar panels on the rooftops of their properties. At the time of renewal of power contracts, efforts to purchase green power and to switch to electricity derived from renewable energy are increasing.



### Case ②-1

## Private Consumption of Renewable Energy

Kenedix Retail REIT Corporation (Retail and Logistics)

Kenedix Retail REIT has installed solar panels on the rooftops of some of its properties (Power generation

capacity approx. 600 kW) and is promoting renewable energy by using the generated electricity for its own consumption.

**[Provenance]** (<https://www.krr-reit.com/en/esg/environment.html>)

### Focused Points .....

- The introduction of solar power generation and the private consumption of renewable energy contribute directly to the expansion of renewable energy.
- Although there are many properties equipped with renewable energy power generation facilities, most of them sell electricity, and few of them are self-consuming.



### Case ②-2 Promotion of the Use of Renewable Energy

#### Nippon Prologis REIT, Inc. (Logistics)

Nippon Prologis REIT aims to contribute to the realization of a low-carbon society in the future by making the logistics facilities in the portfolio a clean power generation platform. As part of this effort, it is actively introducing solar power generation systems on the roofs of facilities owned and operated in each region where it operates. In Japan, it began introducing solar power generation systems in 2009, and has installed solar power generation systems in many of its properties.

**[Provenance]** (<https://www.prologis-reit.co.jp/en/esg/environmental3.html>)

### Focused Points .....

- Nippon Prologis REIT takes a long-term and wide-ranging approach to power supply and makes clear that the logistics facilities in the portfolio will be a clean power generation platform.
- It is actively promoting the introduction of solar power generation systems, and the scale of introduction is the largest among the industry.



### Case ②-3 Switching to Renewable Energy Sources

#### NIPPON REIT Investment Corporation (Diversified)

By changing power contracts for some properties and using renewable energy generated by hydroelectric power to cover the total amount of power (205,763 kWh) used in the properties, NIPPON REIT expects to reduce CO<sub>2</sub> emissions by 95 tons per year from hydroelectric power.

**[Provenance]** (<http://www.nippon-reit.com/en/esg/esg-environment.html>)

### Focused Points .....

- This is the first case of switching to electricity from 100% renewable energy sources in the industry, and indirectly contributes to the expansion of renewable energy.



### Case ③-1

## Analysis and Disclosure of Climate Change Risks and Opportunities

### Japan Prime Realty Investment Corporation (Office and Retail)

Based on the recognition that climate change will lead to an increase in sea level rise, heavy rain, and flooding, and may affect business and asset values, risks and opportunities related to climate change are classified into risks related to transition to a low-carbon society (transition risk) and risks related to physical changes caused by climate change (physical risk).

#### Transition risks

	Risks	Recognized challenges
1	Tightening of environmental regulation	Reputation risks arising from breaches of environmental legislation
		Increased cost of CO <sub>2</sub> emissions
2	Rising energy prices	Rising utility costs
3	Changes in tenant behavior	Growing demand for disaster proof, eco-friendly buildings
4	Changes in investor behavior	Decline in asset value of buildings with poor environmental performance
		Fall in investment unit price amid avoidance of investment due to insufficient climate disclosures

#### Physical risks

	Risks	Recognized challenges
1	Damage caused by typhoons and heavy rain	Decline in value of assets in areas with high disaster risk
		Higher costs arising from damage to buildings due to disaster
2	Increase of average temperatures	Higher costs associated with surging electricity demand
		Increased complaints from building occupants due to heat
3	Rising sea levels	Higher costs and decline in the value of assets due to flood damage
		Higher costs for protection against floods

**[Provenance]** (<https://www.jpr-reit.co.jp/esg/9374fe21f79e8a8b6fc248bf079c172f280ca9e4.pdf>)

#### Focused Points .....

- Japan Prime Realty analyzes the risks of climate change from two aspects: transition risks and physical risks, and provides specific information on future challenges.



### Case ③-2

## Disclosure of Climate Change Risks and Measures

### Japan Real Estate Investment Corporation (Office)

The transition risks and physical risks associated with climate change are sorted out and strategies are implemented to reduce these risks. In terms of physical risks, appropriate measures are taken to prepare for the occurrence of disasters not only from the aspects of building hardware, such as installation of water stop plates and preparation of sandbags and water stop sheets, but also from the aspects of software, such as holding disaster prevention councils with tenants and distributing BCP manuals.

## Overviews of Climate Risks and JRE's Countermeasures

Risk Classification (based on TCFD recommendations)		Effects Relative to Office and Real Estate Market	Time-frame*1	JRE's Tasks to Address Risks	JRE's Strategy to Address Risks*2
Transition Risks	Policy and Legal	<ul style="list-style-type: none"> <li>Stronger energy regulations</li> <li>Potential introduction of carbon taxes</li> <li>Increase in regulatory compliance costs</li> </ul>	Medium-term Long-term	<ul style="list-style-type: none"> <li>Continue improving energy efficiency</li> <li>Introduce renewable energy</li> <li>Quantify risks related to cost increases from future regulations</li> </ul>	<ul style="list-style-type: none"> <li>Setting 35% reduction target of CO<sub>2</sub> emissions</li> <li>CAPEX and energy saving investments (in cooperation with engineering team of Mitsubishi Jisho Sekkei Inc.)</li> <li>Implement PDCA cycle that includes proprietary EMS and internal carbon pricing</li> <li>Introduce green certificates and renewable energy</li> <li>Replace property (mainly with our sponsors')</li> <li>Scenario-based quantitative risk assessment (in progress)</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>Potential relative degradation of existing buildings</li> </ul>	Medium-term Long-term	<ul style="list-style-type: none"> <li>Employ advanced technology</li> </ul>	<ul style="list-style-type: none"> <li>Utilize technological expertise of our sponsor group (engineering team of Mitsubishi Jisho Sekkei Inc.)</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Brown discounts of the existing buildings</li> <li>Stranded assets</li> </ul>	Medium-term Long-term	<ul style="list-style-type: none"> <li>Gain an understanding of tenants' green needs</li> <li>Tenant engagement</li> <li>Improve environmental performance of buildings</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions intensity (i.e., energy efficiency improvement)</li> <li>Conduct tenant satisfaction survey and market research</li> <li>Promote green projects with the cooperation of tenants</li> <li>Acquire green building certifications</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>Increase of procurement costs stemming from a high climate risk assessment</li> </ul>	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li>Improve environmental performance</li> <li>Green financing and procurement of funds</li> </ul>	<ul style="list-style-type: none"> <li>Green bonds (for refurbishment) and green financing</li> <li>Strengthen ESG risk management system</li> </ul>
Physical Risks	Acute	<ul style="list-style-type: none"> <li>Risk of damage from intense typhoons and floods</li> </ul>	Short-term Medium-term Long-term	<ul style="list-style-type: none"> <li>Increase resiliency and create a disaster response</li> <li>Quantify future disaster risks</li> </ul>	<ul style="list-style-type: none"> <li>Perform DD and risk assessment</li> <li>Implement hard and soft disaster measures</li> <li>Scenario-based quantitative risk assessment (in progress)</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>Increased building management costs due to climate change</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Determine cost of rising temperatures and rising sea level</li> <li>Quantify risk related to future operating cost increases</li> </ul>	<ul style="list-style-type: none"> <li>Perform DD and risk assessment</li> <li>Scenario-based quantitative risk assessment (in progress)</li> </ul>

\*1 Timeframes defined as follows: Short term: within a few years Medium-term: By roughly 2030 Long-term: By roughly 2050

\*2 Abbreviations: CAPEX: capital expenditures EMS: environmental management system DD: due diligence

[Provenance] ([https://jre-esg.com/en/pdf/sustainability\\_report2020.pdf?v2](https://jre-esg.com/en/pdf/sustainability_report2020.pdf?v2))

### Focused Points .....

- Japan Real Estate not only organizes risks, but also specifies strategies for it. In addition, both hard and soft measures against climate change are disclosed.



# 1 Efforts to Reduce Waste Emissions

In particular, in commercial facilities, efforts to reduce waste emissions from tenants, etc. are an important aspect of the environment.



## Case ①-1 Initiatives to Reduce Waste Emissions

### Frontier Real Estate Investment Corporation (Retail)

Frontier Real Estate monitors waste emissions from the entire investment portfolio, sets a target of “1% reduction per unit of waste output per year on average over the medium to long term” and compares the target value with the actual value to monitor progress every 12 months.

As a concrete effort to reduce waste, it is working with tenants to recycle food waste from restaurants into fertilizer and livestock feed.

#### Reducing Waste

FRI strives to reduce waste by working with tenants to recycle food waste from restaurants and other facilities as fertilizer and animal feed.

	Total (fiscal 2018)	
Food garbage	Amount generated	503 t/year
	Amount recycled	479 t/year
	Recycling rate ((Amount recycled / Amount Generated) × 100)	95.3 %
Recycled material uses	Fertilizer, feed	

\* Totals for 5 properties at which tenants have disclosed the relevant information.

[Provenance] (<https://www.frontier-reit.co.jp/en/csr/environment-crt.html>)

([https://www.frontier-reit.co.jp/en/csr/esg\\_data.html](https://www.frontier-reit.co.jp/en/csr/esg_data.html))

\*the URL links will be valid in late-June 2021

#### Focused Points .....

- The amount of waste generated in the investment portfolio “whole” is ascertained, and the coverage of the actual performance is high.
- By working with tenants to improve the recycling rate of waste, Frontier Real Estate is enhancing the effect of reducing the environmental impact of real estate operations.
- As for the results of cooperative efforts with tenants, it measures and transparently discloses actual values of the amount of food waste generated, the amount recycled, and the recycling rate as a “Achievements in food waste recycling”.



## Case ①-2 Initiatives to Reduce Waste Emissions

### Hoshino Resorts REIT, Inc. (Hotel)

Quantitative information on waste weight and recycling rate is disclosed. Furthermore, in order to reduce the amount of waste generated, the 3R guidelines are presented, along with specific measures such as switching to refillable containers and recycling of toothbrushes, and the effects of some measures are clearly indicated.

[Provenance] (<https://www.hoshinoresorts-reit.com/en/sustainability/environment.html>)

## Focused Points .....

- Hoshino Resorts REIT shows the policy to promote 3R, and shows the concrete reduction effects quantitatively regarding the efforts to reduce waste discharge.
- The environmental performance data includes quantitative information on waste emissions and recycling rates.

## 2 Efforts to Reduce Water Resource Input

Efforts are being made to reduce the use of water resources through activities such as raising awareness of water conservation among tenants, renovating and repairing buildings and facilities, and introducing new water-saving devices.



### Case ②-1

#### Initiatives to Reduce Water Resource Input and Disclosure of Reduction Effects

NIPPON REIT Investment Corporation (Diversified)

A number of properties have introduced water-saving devices in toilets to conserve water. NIPPON REIT also shows examples that water consumption in a property has been reduced by 48% by introducing water-saving devices.

[Provenance] (<http://www.nippon-reit.com/en/esg/esg-environment.html>)

## Focused Points .....

- The reduction effect of water consumption after the introduction of water-saving equipment is quantitatively disclosed.



### Case ②-2

#### Initiatives to Reduce Water Resource Input (Water Reuse)

Japan Hotel REIT Investment Corporation (Hotel)

Water-saving devices are installed in washrooms and kitchen faucets, and water usage is reduced by adjusting the amount of water to the appropriate level. In addition, several hotels are working to reduce the use of clean water by reusing well water and gray water. The amount of water used is also disclosed in the environmental performance results.

[Provenance] (<https://www.jhrth.co.jp/en/about/sustainability.html>)

## Focused Points .....

- In addition to reducing water consumption through the introduction of water-saving devices, the reuse of water contributes to reducing water consumption.
- Reuse efforts are being made at hotels located in Okinawa, reflecting local circumstances that tend to suffer from water shortages.

## 3 Initiatives Related to Biodiversity

It formulates and discloses organizational policies on biodiversity and undertakes initiatives for biodiversity conservation and greening.



### Case ③-1 Formulation of Policies on Biodiversity

Sekisui House Reit, Inc. (Diversified)

In the sustainability policy formulated by the asset management company, “biodiversity” is listed as one of the items. Based on the “Gohon no ki(Five Trees)” Plan proposed by the sponsor company, Sekisui House, the plan states that it will aim for harmony with nature and the surrounding environment by maintaining and managing the planting of tree species that take into account ecosystems such as native species.

[Provenance] (<https://sekisuihouse-reit.co.jp/en/esg/environment.html>)

#### Focused Points .....

- While there are few examples of establishing policies on biodiversity, policies for biodiversity conservation are disclosed in an easy-to-understand manner.



### Case ③-2 Disclosure of Biodiversity Initiatives

Mori Hills REIT Investment Corporation (Diversified)

In addition to disclosing its policy and approach to “Greening and Biodiversity” on its website, Mori Hills REIT has declared that it will actively plant greenery in open spaces and on rooftops of buildings as a concrete effort, and has also disclosed the percentage of greenery in major facilities as a list.

[Provenance] ([https://www.mori-hills-reit.co.jp/en/outline/Sustainability/environment\\_initiatives/biodiversity/tabid/396/Default.aspx](https://www.mori-hills-reit.co.jp/en/outline/Sustainability/environment_initiatives/biodiversity/tabid/396/Default.aspx))

#### Focused Points .....

- By disclosing the percentage of greenery in major facilities as well, Mori Hills REIT shows the approach to promote biodiversity and greening more persuasively.

## 1.4 Initiatives through Real Estate Business

Correspondence with ESG framework

GRI



SASB



### 1 Promotion of Environment-friendly Real Estate

Investors also place importance on promoting initiatives that add new value through their core businesses (Initiatives that have a positive impact on the environment), such as environment-friendly real estate. In the case of real estate development in the group, some J-REITs have begun to set targets to make their investment properties meet sustainability certification standards such as CASBEE in order to promote environmentally friendly facility development.



### Case ①-1 Setting Targets for the Promotion of Environmental Consideration through Real Estate Businesses

Nippon Prologis REIT, Inc. (Logistics)

The Prologis Group has set the following five ESG goals and is promoting sustainability initiatives through its real estate business.

1. Provide industry-leading, energy-efficient buildings that meet or exceed recognized sustainable development standards and reduce customer operating costs, promote health and well-being and enhance the communities where we do business.
2. Meet or exceed recognized standards for sustainable development to deliver projects that enable our customers to operate more efficiently and our communities to prosper more sustainably.
3. Engage employees in every office on the topics of health and wellness and connect them to ongoing strategies to reduce our environmental footprint.
4. Partner with community organizations to support environmental, educational and social initiatives.
5. Engage suppliers to uphold our Supplier Code of Conduct.

In addition, as a global development goal for logistics facilities, the Prologis Group has set a target of obtaining sustainability certification such as CASBEE for 100% of newly developed properties.

SDG <sup>1</sup>	INITIATIVE	GOAL	PROGRESS
	Solar Power Generation	200 MW by 2020 (achieved in 2019)	<b>106%; 212MW</b>
		400 MW by 2025	Set goal in 2019
	Community Workforce Initiative	25,000 individuals trained by 2025	Set goal in 2019
	Hours Spent Benefitting Local Communities Globally <sup>2</sup>	75,000 hours by 2025	Set goal in 2019
	Sustainable Building Certifications <sup>3</sup>	100% designed to sustainable building certification standards <sup>2</sup>	<b>169 MSF</b>
	Efficient Lighting <sup>4,5</sup>	100%	<b>88%</b>
	LED Lighting <sup>4</sup>	100% by 2025	Set goal in 2019
	Cool Roofs <sup>4</sup>	100% new development and property improvement <sup>6</sup>	<b>46%</b>
	GHG Emissions Reduction, Scope 1 and 2(Science-Based Targets)	2,160 MTCO <sub>2</sub> E by 2025, a 21% reduction in Scope 1 and 2 GHG emissions	<b>4,842 MTCO<sub>2</sub>E(+77%)<sup>7</sup> 2,682 MTCO<sub>2</sub>E to be reduced before goal is reached</b>
	GHG Emissions Reduction, Scope 3(Science-Based Targets)	4,904,815 MTCO <sub>2</sub> E by 2025, a 15% reduction in Scope 3 GHG emissions	<b>5,038,778 MTCO<sub>2</sub>E(-13%)<sup>8</sup> 133,963 MTCO<sub>2</sub>E to be reduced before goal is reached</b>
	Employee Ethics Training	100% annually	<b>100%</b>

1. The UN Sustainable Development Goals (SDGs) guide the UN's global agenda for sustainable development by 2030.
2. Includes volunteer hours, such as IMPACT Day, and time invested by our teams in community programs, such as CWI.
3. The goal is to design to sustainable building certification standards and with sustainable design features as appropriate and in line with customer specifications.
4. Percentage based on percent of global portfolio by area.
5. Includes LED and T5/T8 fluorescent. Going forward Prologis will report progress towards converting the portfolio to 100% LED.
6. As appropriate given local climate factors.
7. Increase above the 2016 baseline emissions.
8. Decrease from the 2016 baseline emissions.

**[Provenance]** (<https://www.prologis-reit.co.jp/en/esg/index.html>)  
(<https://www.prologis.com/esg-report/2019/goals>)

### Focused Points .....

- External certification standards are used to objectively demonstrate that the facility is sustainable.
- In the area of new development, the group has set an ambitious goal of obtaining certification for "100%" sustainable buildings and is promoting environmentally friendly real estate.



## Case ①-2 Setting Targets for Green Building Certification

ORIX JREIT Inc. (Diversified)

ORIX JREIT has “Promotion of measures against climate change” as the one of the important issues for sustainability. It aims to reduce greenhouse gas emissions by introducing equipment that contributes to energy conservation and improving energy efficiency in properties owned by the company, and to obtain various green building certifications to visualize objectivity and performance. As a concrete numerical target, the rate of green building certification acquisition is set to be 70% or more on the basis of floor area by 2030, and it is disclosed together with the actual value of each year.

### Green Building Certifications / Energy-saving certification

Items	Unit	As of April 18, 2019	As of March 4, 2020
<b>DBJ</b>	Number of properties	2	8
	GFA coverage ratio	4%	20%
<b>CASBEE</b>	Number of properties	16	24
	GFA coverage ratio	36%	42%
Total of the Green Building Certifications	Number of properties	18	32
	GFA coverage ratio	40%	62%
<b>BELS</b>	Number of properties	10	10
	GFA coverage ratio	20%	20%
<b>Total of the Energy-saving certification</b>	GFA coverage ratio	<b>60%</b>	<b>71%</b>

#### Notes

- 1: GFA coverage ratio is calculated based on the registered gross floor space excluding land rights. In the case where the certification was acquired for a specific section of a multi usage facility, we will use the entire gross floor space of this property for the purpose of calculating the coverage ratio.
- 2: Two types of certification had been acquired for some properties, but the area of these properties was not double counted.

**[Provenance]** Prepared based on 2020 ESG Report  
(<https://www.orixjreit.com/file/en-esgreport-7787f5ee0a281bc8d585433315575ad919e94a25.pdf>)

### Focused Points .....

- The results are disclosed after setting goals for contributing to the expansion of environment-friendly real estate, making it easy to understand the progress of each year.

## 2

## Understanding and Recognizing the Effects of Environmental Initiatives as Business Opportunities

Investors focus not only on whether or not a company is fulfilling its social responsibilities, but also on how it seeks to improve its corporate value over the medium to long term. For this reason, it is important to disclose the environmental impact reduction effects of individual property sustainability initiatives as well as the impact of those initiatives on the profitability of properties owned.



## Case ② Identifying and Recognizing the Effects as Business Opportunities

Bentall Kennedy Limited Partnership (US)

Bentall Kennedy Limited Partnership, a U.S. real estate management company, disclosed in its sustainability report the reduction rate of environmental impact (Unit energy consumption and unit water consumption, etc.) in its investment portfolio, as well as the operating costs (utilities cost) reduced through its efforts to reduce environmental impact.

It also claims that sustainability efforts are a source of higher rents and asset value. For example, the results of an analysis show that buildings with LEED certification in the United States have 3.7% higher rents and 4.0% higher occupancy rates than those without LEED certification.

**[Provenance]** Bentall Kennedy Limited Partnership 2016 Corporate Responsibility Summary  
(<http://www.bentallkennedy.com/pdf/cr/2016-bentall-kennedy-corporate-responsibility-summary.pdf>)

**Focused Points** .....

- By showing that sustainability efforts lead to higher rents and higher asset values, Bentall Kennedy Limited Partnership promotes investor understanding of its efforts.

# Social<sup>2</sup>

## 2.1 Loyalty to Customers

Correspondence with ESG framework

GRI



SASB



### 1 Customer Health and Safety

In this case studies, “customers” for investment corporations will be residents and users of properties owned by investment corporations, and employees working for tenants, etc.

In response to the growing interest in reforming the way companies work and in health management, investment corporations have begun to consider the health, safety, and comfort of their customers.

In recent years, attention has been focused on certification systems that evaluate the comfort and ease of working of building users.



#### Case ①-1

#### Acquiring Certification Regarding the Health and Comfort of Building Users and Conducting Tenant Satisfaction Surveys

Hulic Reit, Inc. (Diversified)

Hulic Reit has acquired “CASBEE for Wellness Office Certification” for its property which evaluates the specifications, performance, and efforts of buildings that support the maintenance and improvement of users’ health and comfort.

In order to ensure that tenant companies can use buildings comfortably, a tenant satisfaction survey has been conducted on approximately 200 tenant companies since 2017. Most of the tenant companies that responded to the survey said they were satisfied overall. The survey results are fed back to PM, BM, etc., to improve service. In some properties owned by the company, safety measures in preparation for disasters, the installation of disaster prevention equipment, and renovation work to improve tenant comfort are being carried out.

**[Provenance]** ([https://www.hulic-reit.co.jp/assets/file/en\\_report-esg\\_2.pdf](https://www.hulic-reit.co.jp/assets/file/en_report-esg_2.pdf))  
([https://www.ibec.or.jp/CASBEE/certification/WO\\_certification.html](https://www.ibec.or.jp/CASBEE/certification/WO_certification.html))

#### Focused Points .....

- With the acquisition of “ CASBEE for Wellness Office Certification ” means that it is at a high level in terms of customers’ health and comfort.
- Most of the tenants have highly satisfied, and Hulic Reit is continuously implementing efforts for improvement, so that, it is in a system to ensure the health and safety of its customers.



### Case ①-2

## Compliance with Operations and Administration Manual

### Japan Prime Realty Investment Corporation (Office and Retail)

Appropriate facility management is carried out in accordance with the operation management manual. In particular, in the management and operation of parking lots which have high risk when it comes to safety, Japan Prime Realty has established its own safety standards that exceed the legal standards.

In addition, continuous risk reduction is being attempted by repeatedly examining and reviewing each property.

**[Provenance]** (<https://www.jpr-reit.co.jp/esg/9374fe21f79e8a8b6fc248bf079c172f280ca9e4.pdf>)

### Focused Points

- It is clear that facilities are managed in accordance with clear manuals, and it can be said that a system to ensure the safety of customers has been established.

## 2

## Protection of Personal Information

Investment corporations and asset management companies hold a large amount of personal information in the course of business. With regard to personal information and privacy, new issues are being actively discussed along with the progress of digitization in society, and it is important to advance efforts to protect personal information while taking into account such discussions.



### Case ②-1

## Formulation of Personal Information Protection Policy

### Invincible Investment Corporation (Diversified)

The privacy policy specifies specific personal information that an investment corporation acquires and declares that it will handle it appropriately.

**[Provenance]** (<https://www.invincible-inv.co.jp/en/guide/privacy.html>)

### Focused Points

- Specific personal information acquired by investment corporations is defined in detail.



### Case ②-2

## Implementation of Personal Information Protection Policy

### Industrial & Infrastructure Fund Investment Corporation (Logistics, etc.)

The Personal Information Protection Policy has been formulated, and the purposes for which personal information is used and the situations in which personal information is disclosed and provided to third parties are carefully arranged, and the operation is carried out assuming the specific situation of use. It also refers to compliance with new laws and regulations, such as the My Number Act, and specifies in detail the purpose of using Individual Numbers.

**[Provenance]** (<https://www.iif-reit.com/english/policy/index.html>)

### Focused Points

- The use of personal information and numbers, and disclosure and provision to third parties are arranged in an easy-to-understand manner for each case.
- Responses to complaints and consultations regarding the handling of personal information obtained are also specified.

In addition to the risk of earthquakes, damages caused by weather disasters such as heavy rains and floods have been increasing in recent years. Therefore, safety measures and the formulation of business continuity plans (BCP) in preparation for disasters, and the installation of disaster prevention stockpiles are important efforts to ensure the safety of users.



### Case ③-1

#### Formulation of BCPs and Measures against Earthquake Disasters

##### Japan Prime Realty Investment Corporation (Office and Retail)

In order to respond to unforeseen situations such as natural disasters, Japan Prime Realty has formulated crisis management regulations and BCPs and conducts regular training. In addition, taking into consideration the risk of earthquakes, it is being thoroughly enforced not to acquire properties that do not meet certain earthquake resistance standards. In 2009, 288 “Axial force control oil damper” were installed on Shinjuku Center Building with the support of Taisei Corporation which is a sponsor company. This is the first case in Japan for the existing skyscraper to take measures against long-period ground motions. As a result, at the time of the Great East Japan Earthquake, the maximum displacement was reduced by 22% and the maximum acceleration by 29%, thus minimizing damage.

**[Provenance]** (<https://www.jpr-reit.co.jp/esg/9374fe21f79e8a8b6fc248bf079c172f280ca9e4.pdf>)

#### Focused Points .....

- Specific earthquake countermeasures are presented for specific properties, and their effects are shown quantitatively, making these efforts highly reliable.



### Case ③-2

#### Assistance from the Time of Disaster Until Recovery

##### Industrial & Infrastructure Fund Investment Corporation (Logistics, etc.)

As disaster prevention measures for tenants, portable storage batteries and emergency lifeline facilities such as temporary toilets and lighting are provided for tenants. In addition, a water stop board is installed to prevent flooding of the buildings.

**[Provenance]** ([https://iif-reit\\_sustainability.disclosure.site/en/themes/82/](https://iif-reit_sustainability.disclosure.site/en/themes/82/))

#### Focused Points .....

- As providing support from the time of disaster to the time of recovery, a system is in place to enable tenants to continue their business even in the event of a disaster.



### Case ③-3

#### Fostering Residents' Awareness of Disaster Prevention

##### Advance Residence Investment Corporation (Residential)

In all the properties owned (271 were as of the end of January 2021), a map showing the place of refuge in case of disaster is posted in the common area. In addition, some properties provide disaster-related goods free of charge to those who wish to use them.

**[Provenance]** (<https://www.adr-reit.com/en/company/sustain/04>)

#### Focused Points .....

- In addition to supporting residents to ensure safety in times of disaster, it also promotes residents' awareness of disaster prevention.



### Case ③-4

## Supporting Local Communities in Times of Disaster

### NIPPON REIT Investment Corporation (Diversified)

A number of properties are equipped with automatic vending machines that can provide beverages free of charge in the event of a disaster. Normally, they are used as beverage vending machines, but in an emergency such as a disaster, anyone can easily take out drinks for free.

In addition, NIPPON REIT cooperates with fire station through providing roof top space of a property in times of disaster to respond to BCP, and contribute to local communities. Emergency storage boxes are installed in warehouses and elevators in preparation for emergency disasters, emergency stop of elevators due to power failure or breakdown.

[Provenance] (<http://www.nippon-reit.com/en/esg/esg-social.html>)

### Focused Points

- Through the provision of supplies in the event of a disaster, not only the tenant but also the local community is responding to the disaster, and a system is being established to continue business from a broader perspective.

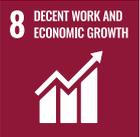
## 2.2 Consideration for Employees

Correspondence with ESG framework

GRI



SASB



### 1 Health and Safety Policies, Initiatives, and Results

“Human resources” is an important management resource for investment corporations because it is the people who invest in real estate. From this perspective, efforts are being made to ensure the health and diversity of employees at asset management companies to which investment corporations entrust asset management.



### Case ①

## Disclosure of Health and Safety Performance

### Japan Prime Realty Investment Corporation (Office and Retail)

Based on the concept that “Maintaining a balance between work and life by reviewing employees’ working hours leads to improved productivity and job satisfaction”, Japan Prime Realty promotes the creation of a work environment that is easy to work with consideration to work-life balance. In particular, quantitative information is disclosed on overtime hours, the rate of paid holidays taken, and the rate of medical examinations reception.

Related data	Fiscal 2017 (Apr. 2017-Mar. 2018)	Fiscal 2018 (Apr. 2018-Mar. 2019)	Fiscal 2019 (Apr. 2019-Mar. 2020)
Overtime hours per employee (monthly)	13.2 hours	10.7 hours	12.5 hours
Related data	Fiscal 2017 (Apr. 2017-Mar. 2018)	Fiscal 2018 (Apr. 2018-Mar. 2019)	Fiscal 2019 (Apr. 2019-Mar. 2020)
Ratio of paid leave taken	89.1%	83.2%	70.8%
Related data	Fiscal 2017 (Apr. 2017-Mar. 2018)	Fiscal 2018 (Apr. 2018-Mar. 2019)	Fiscal 2019 (Apr. 2019-Mar. 2020)
Ratio of employees receiving health checkups	100.0%	100.0%	100.0%

[Provenance] (<https://www.jpr-reit.co.jp/esg/9374fe21f79e8a8b6fc248bf079c172f280ca9e4.pdf>)

### Focused Points .....

- It is easy to understand the change over time because the indexes of overtime hours, paid leave acquisition rate, and medical examination consultation rate are disclosed for 3 fiscal years.

## 2 Employee Diversity Policy, Initiatives, and Results

In response to growing investor interest in diversity, there has been a growing trend to disclose information regarding consideration for diversity. However, since disclosure tends to be biased towards women, it is expected that future initiatives will be expanded and promoted.



### Case ②-1 Formulation of Diversity and Inclusion Policy

#### Nippon Prologis REIT, Inc. (Logistics)

Nippon Prologis REIT focuses on hiring and growing the most talented employees and creating an environment where they can work for a long time. As part of these efforts, in order to make female employees find the organization more attractive and to help them grow and work longer, an internal network called the “Break-through” was established in 2014. Also, the trainings are conducted for employees around the world to eliminate “unconscious bias”.

In addition, it strives to foster a corporate culture that allows all employees are actively engaged in their work and express their individuality, regardless of race, ethnicity, gender, age, sexual orientation, social status, religious beliefs or physical abilities. When hiring new employees, it is mindful of diversity and focuses on maximizing the abilities of their employees through transfers, etc.

[Provenance] (<https://www.prologis-reit.co.jp/en/esg/social3.html>)

### Focused Points .....

- It can be said that establishing an in-house network as a measure to promote the active participation of female employees is a voluntary and sustainable approach.
- Nippon Prologis REIT gives opportunities the employees to maximize their abilities through transfers etc., with the basic policy which is to foster a culture that accepts diversity in a wide range of fields, including race, ethnicity, gender and age.



### Case ②-2 Disclosing Achievements in Promoting Female Employees

#### MORI TRUST Hotel Reit, Inc. (Hotel)

From the perspective of diversity, efforts are being made to promote female participation and work-life balance, and quantitative information such as the ratio of female employment, the ratio of female employees, the ratio of female in management positions, and the ratio of paid leaves taken are being disclosed. It also discloses that a sponcer company, Mori Trust has been certified by the Ministry of Health, Labour and Welfare as a child-rearing support company “Kurumin” and a company promoting women’s participation in society “Eruboshi”.

①	Female employment ratio	20.8%
②	Female employee ratio	24.7%
③	Female management position ratio	7.8%
④	Rate of paid leave taken	75.6%

\*Items ①④: FY2019, items ②③: as of March 31, 2020

[Provenance] (<http://www.mt-hotelreit.jp/en/features/esg-society.html>)

## Focused Points

- While there are many cases in which only policies regarding the promotion of female participation and work-life balance are disclosed, detailed performance values are also specified quantitatively. The Ministry of Health, Labour and Welfare's certification marks are also open to the public for ease of understanding.

## 2.3 Consideration for Suppliers

Correspondence with ESG framework

GRI



SASB



### 1 Policies for Subcontractors

The promotion of sustainability is not something that can be accomplished by a single company; it requires that efforts be spread throughout the entire supply chain through procurement and purchasing activities.

As for real estate investment, in order to promote sustainability across the entire supply chain, an increasing number of investment corporations regard subcontractors as suppliers and stipulate requirements from the perspective of ESG.



#### Case ①-1

#### Formulation of Supplier Code of Conduct

Nippon Prologis REIT, Inc. (Logistics)

The "Supplier Code of Conduct" has been established for all business partners engaged in directly or indirectly related operations, and all processes in the supply chain must comply with and further improve ethical, environmental and social standards. Detailed requirements for suppliers are presented from three aspects: business practices, employment practices, and environmental practices.

[Provenance] ([https://www.prologis.com/sites/default/files/documents/2017/03/Prologis-Supplier-Code-of-Conduct.pdf?\\_ga=2.112900486.327795716.1616995119-2091035605.1601866689](https://www.prologis.com/sites/default/files/documents/2017/03/Prologis-Supplier-Code-of-Conduct.pdf?_ga=2.112900486.327795716.1616995119-2091035605.1601866689))

## Focused Points

- The requirements for suppliers are set out in detail, covering the entire supply chain.



#### Case ①-2

#### Specific Initiatives for Suppliers

Japan Real Estate Investment Corporation (Office)

In response to the spread of COVID-19 infection, in consideration of the health and safety (prevention of infection) of workers in construction companies, equipment construction companies, building management companies, etc., repair work and maintenance work are postponed considering the urgency and importance. At the same time, the safe operation is tackled by the implementation of distributed work rotation.

[Provenance] ([https://jre-esg.com/en/pdf/sustainability\\_report2020.pdf?v2](https://jre-esg.com/en/pdf/sustainability_report2020.pdf?v2))

## Focused Points

- In order to protect the health and safety of business operators involved in the construction and management of facilities, concrete measures for work schedules and work systems are presented.

## 2 Initiatives to Ensure Effectiveness

In order to enhance the effectiveness of their suppliers' sustainability initiatives, some J-REITs conduct surveys of property holdings and provide feedback to PM.



### Case ②-1 Feedback to PM on Sustainability

Japan Real Estate Investment Corporation (Office)

Japan Real Estate conducts questionnaires on sustainability for each building, focusing on the GRESB questions, and analyzes the data of all efforts made by each building. Feedbacks on collected and analyzed data is provided through interviews with all PM companies.

**[Provenance]** ([https://jre-esg.com/en/pdf/sustainability\\_report2020.pdf?v2](https://jre-esg.com/en/pdf/sustainability_report2020.pdf?v2))

#### Focused Points .....

- Questionnaires on sustainability initiatives are conducted with a focus on the GRESB questions, which is the global real estate sustainability certification, providing reliable data analysis and feedback.



### Case ②-2 Disclosure of Results Regarding Efforts with Suppliers

United Urban Investment Corporation (Diversified)

“Environmental Policy” and “Basic Supply Chain ESG Policy” have been notified to 972 business partners of United Urban. In addition, 32 PM companies all of which have a direct contractual relationship have given United Urban a written consent of observance on “Environmental Policy” and “Basic Supply Chain ESG Policy”.

**[Provenance]** (<https://www.united-reit.co.jp/en/feature/esg/social.html>)

#### Focused Points .....

- The number of policy and guideline notifications and the number of written agreements are disclosed as the results of efforts to suppliers.

## 2.4 Business Opportunity

Correspondence with ESG framework



There are beginning to be cases of understanding and recognizing the effects of unique social initiatives as business opportunities, such as supporting initiatives that lead to the revitalization of local communities around J-REITs' properties.



### Case ①-1 Initiatives for Contributing to Local Communities

Hoshino Resorts REIT, Inc. (Hotel)

Hoshino Resorts REIT provides a wide variety of services not only to hotel guests, but also to nearby residents and holiday home guests, and is working to promote economic circulation. Specifically, it has developed commercial facilities such as restaurants and leisure facilities such as hot springs and skating rinks.

It also contributes to cultural inheritance and ecosystem conservation. In Taketomi Island, in order to pass down the unique crops of the island, a field is created in HOSHINOYA Taketomi Island facility to cultivate millet and potato, which have been popular on the island. In addition, in order to coexist with bears, HOSHINOYA Karuizawa developed garbage bins that are not vandalized by bears. Around 1999, more than 100 cases of public garbage bins were damaged annually, but in 2009, the number was reduced to 0. By revitalizing regional economies, the tourism industry is growing, generating stable profits and securing stable long-term cash flows.

**[Provenance]** (<https://www.hoshinoresorts-reit.com/en/sustainability/society.html>)

### Focused Points .....

- At accommodation facilities operated throughout the country, Hoshino Resorts REIT aims to create a circulation of the economy involving not only the guests but also the residents of the neighborhood and the visitors of the villa. Furthermore, it contributes to the sustainable development of the regions in which it invests, without being limited to direct economic effects such as cultural inheritance and ecosystem conservation.



### Case ①-2 Communication with Local Communities

#### Japan Metropolitan Fund Investment Corporation (Diversified)

As an effort to reduce traffic congestion in the surrounding area and take the environment into consideration, mozo wonder city has introduced the “Park and Ride Shopping” and is cooperating with local railway companies in an effort to offer benefits to customers who come to the store by train after parking in a designated parking lot. In addition, it is open to the public as a public space for greening facilities and parks, and is continuously cooperating with local events.

**[Provenance]** ([https://jmf-reit\\_sustainability.disclosure.site/data/themes\\_131/esg\\_report\\_2021\\_en.pdf](https://jmf-reit_sustainability.disclosure.site/data/themes_131/esg_report_2021_en.pdf))

### Focused Points .....

- In cooperation with other businesses and local governments in the region, Japan Metropolitan Fund works to create new businesses that will revitalize the region.



### Case ①-3 Revitalization of Commercial Facilities in Aging Areas

#### ESCON JAPAN REIT Investment Corporation (Retail)

The Top Commitment refers to Japan’s declining birthrate and aging population as a social issue, and declares that it will invest in commercial facilities that are closely connected to local life. As a specific initiative, all tenants in tonarie Seiwadai have taken dementia supporter courses in order to create a community friendly to the elderly with dementia. The sponcer company, ESCON JAPAN, also uses the training of employees for dementia supporters as one of the ESG activity indicators.

**[Provenance]** (<https://www.escon-reit.jp/en/esg/index.html>)

(<https://www.es-conjapan.co.jp/corporate19950418/wp-content/blogs.dir/2/files/b5fc0fb0d216baa62cb29d1ddb-f1a446.pdf>)

### Focused Points .....

- From the perspective of nurturing nursing care personnel, ESCON JAPAN REIT is addressing the issue of how to revitalize commercial facilities in areas with a high aging rate.
- The shopping district with its own commercial facilities has been recognized by Hyogo Prefecture as a “Dementia Support Shopping District” for its efforts to build a community friendly to the elderly.

# Governance 3

## 3.1 Commitment to Sustainability

Correspondence with ESG framework

GRI



SASB



### 1 Incorporating Sustainability and ESG into Portfolio Building Policies

As a measure of corporate value over the medium to long term, there has been a growing trend to incorporate sustainability and ESG initiatives into the investment management process. A similar trend is emerging in real estate investment.



#### Case ①

#### Responsible Real Estate Investment (RPI) Strategy

##### Japan Metropolitan Fund Investment Corporation (Diversified)

With regard to investment and management processes, activities are conducted in accordance with the “Basic Policy on Responsible Real Estate Investment” (Policy to integrate environmental and social considerations into investment and management processes) established by the asset management company, and this policy clearly states that the RPI strategy is incorporated in the management process of investment corporations and is being implemented in the entire company organization. It also clarifies the entire holding period from acquisition to completion of asset management, leasing, renovation, management, and sale.



[Provenance] ([https://mc-ubs\\_sustainability.disclosure.site/en/themes/94/](https://mc-ubs_sustainability.disclosure.site/en/themes/94/))

## Focused Points

- This sets out a clear policy for the strategy of Responsible Property Investment (RPI), and covers the entire ownership period from acquisition to sale of real estate. Therefore, it can be said that the sustainability/ESG perspective is incorporated into the entire real estate investment.

## 2 Top Management's Awareness of Resolving Social Issues and Improving Corporate Value

As well as resolving social issues through real estate investment, one of the concerns of investors is how this will affect the profitability and future prospects of real estate, and how this will impact investment performance. In order to convey to investors the stance as an organization to improve corporate value, management is required to clearly state the specific paths leading to both social issue resolution and economic value enhancement, and to indicate the source of competitive advantage.

Real estate is also closely related to "Sustainable Development Goals (SDGs)" related to global economic, social and environmental issues. As interest in SDGs has increased in recent years, an increasing number of J-REITs have declared that they will contribute to the achievement of SDGs through real estate investment. As of January 2021, approximately half of the 62 J-REITs disclosed some information about SDGs that contribute to their business activities.



### Case ②-1

#### Reference to Resolution of Social Issues and Enhancement of Corporate Value by Top Management

Nippon Building Fund Inc. (Office)

In the Message from the Executive Officer, he expressed the view that corporate approaches to environmental issues such as climate change, and social issues such as work style reform and community revitalization are regarded as important risk factors in the medium to long term by investors. It also sees these challenges as new value creation and business opportunities. The real estate investment management business also recognizes the importance of promoting consideration for ESG in overall management operations, and has made clear its organizational stance that consideration for ESG is essential for maintaining and improving asset value over the medium to long term, in light of the strengthening of environmental regulations of various country and changes in tenants' preferences for properties with excellent environmental performance and amenity.

[Provenance] ([https://www.nbf-m.com/nbf\\_e/profile/sustainability/index.html](https://www.nbf-m.com/nbf_e/profile/sustainability/index.html))

## Focused Points

- The message clearly states that promoting measures to address social issues will lead to the creation of new value and business opportunities. It emphasizes that efforts to resolve social issues will lead to increased corporate value.



### Case ②-2

#### Top Management's Reference to SDGs

Nippon Accommodations Fund Inc. (Residential)

With the adoption of the SDGs (Sustainable Development Goals) by the United Nations as a backdrop, the Management declared to actively pursue initiatives based on global standards, and set important ESG issues that investment corporations should address in February 2020. Nippon Accommodations Fund expresses its stance of addressing the issues it has set, deepening communication with stakeholders through appropriate disclosure, and contributing to a sustainable society.

[Provenance] (<https://www.naf-r.jp/english/esg/2-1.html>)

## Focused Points

- This indicates that important ESG issues have been set for the achievement of the SDGs, indicating its commitment to resolving social issues through business activities.

### 3 Formulation and Disclosure of Codes and Policies Related to Compliance

By formulating and disclosing ethical codes of conduct to be observed by all officers and employees and policies for thorough compliance and prevention of fraud and corruption, J-REITs can give stakeholders a better impression of their stance on social responsibility.



#### Case 3-1 Formulation and Disclosure of Code of Ethics

Nippon Prologis REIT, Inc. (Logistics)

The “Code of Ethics” states that Nippon Prologis REIT shall conduct its business in a fair, impartial, ethical and appropriate manner in full compliance with all laws and regulations, aiming to be the company that is known as a sincere and high ethical standard. It positions “sincerity” as the basis for all corporate relationships, including those with customers, suppliers, communities and employees. Each year, directors and all employees are required to take the Code of Ethics challenge and pass a completion test.

**[Provenance]** (<https://www.prologis-reit.co.jp/en/esg/governance2.html>)

#### Focused Points

- The code of ethics states that “Company known for its integrity and high ethical standards” and provides specific guidelines for the conduct of directors and employees.
- All employees are required to pass a test on the code of ethics every year.

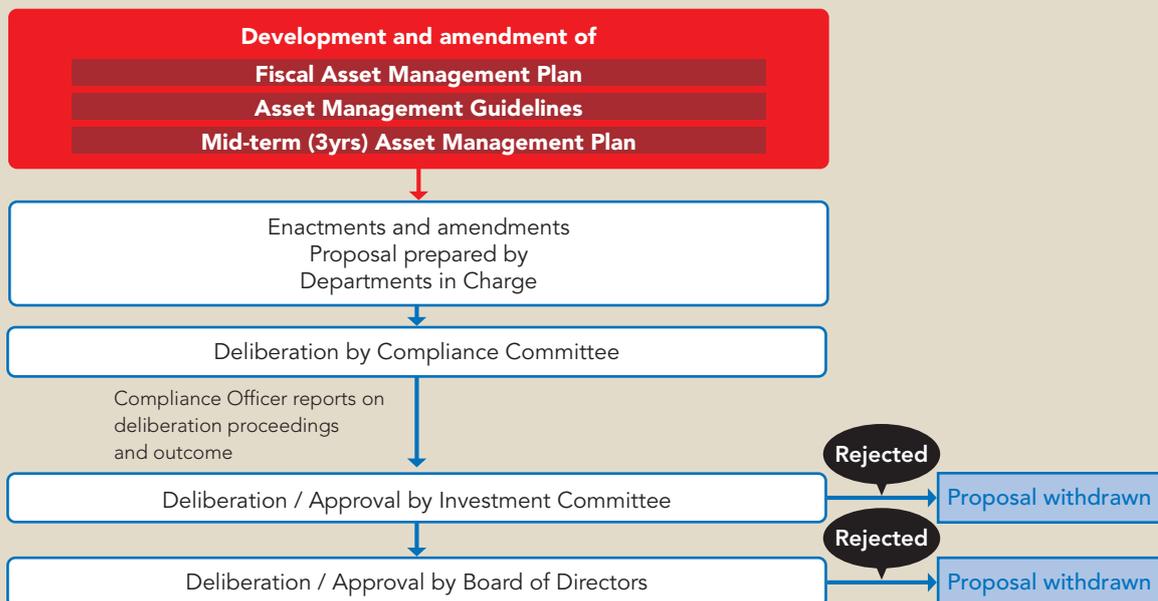


#### Case 3-2 Formulation and Disclosure of Compliance Regulations

Advance Residence Investment Corporation (Residential)

The Compliance and Risk Management Office and the Compliance Committee have been established to develop a system for steadily implementing compliance. In addition, members of the Compliance Committee, details of deliberations, and deliberation methods are also disclosed in detail. It also illustrates how the Compliance Committee is integrated into the investment management plan approval and asset acquisition and sale decision flows.

#### Investment and Asset Management Plans Approval Flow



**[Provenance]** (<https://www.adr-reit.com/en/compliance/>)

## Focused Points .....

- Members of the Compliance Committee and deliberation methods are also specified.
- The diagram clearly shows that the compliance committee checks the investment management and asset acquisition flows.



### Case ③-3

#### Disclosure of Initiatives and Results for Fraud and Corruption Prevention

##### Mori Hills REIT Investment Corporation (Diversified)

The Asset Management Company has formulated the “Compliance Manual” which sets forth the principles of conduct related to compliance. Mori Hills REIT strictly observes various laws and regulations, such as the prohibition of bribery and insider trading, and prohibits activities that may cause conflicts of interest, such as entertaining, giving or receiving favors that may invite suspicion or distrust.

To prevent fraud and corruption, the report discloses quantitative information, such as the number of compliance training sessions and the total amount of political donations, over the past five years, indicating that there has been no fraud or corruption.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
No. of compliance sessions held	4	4	4	4	4
Total amount of political donations [yen]	0	0	0	0	0
No. of cases of exposure related to fraud and corruption	0	0	0	0	0
No. of cases of punishment/dismissal related to fraud and corruption	0	0	0	0	0
Reconciliation cost of penalties/punishment related to fraud and corruption [yen]	0	0	0	0	0

[Provenance]([https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance\\_initiatives/tabid/395/Default.aspx](https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance_initiatives/tabid/395/Default.aspx))

## Focused Points .....

- Concrete expressions such as the prohibition of “Acceptance and receipt of entertainment, gifts, and favors” are used to indicate prohibited matters.
- Quantitative information on the prevention of fraud and corruption over the past five years is disclosed, and detailed results are disclosed.

## 4

### Signing or Endorsement of International Principles of Action

By signing and endorsing ESG-related international principles of action, it is also important for organizations to demonstrate their commitment to sustainability both internally and externally.



### Case ④-1

#### Signature of International Principles

##### Industrial & Infrastructure Fund Investment Corporation (Logistics, etc.)

In support of the United Nations Principles for Responsible Investment, the asset management company, Mitsubishi Corp.-UBS Realty became the first J-REIT signatory in August 2013. It also endorsed the Principles for Financial Action towards a Sustainable Society, the Montreal Carbon Pledge, the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Global Compact (UNGC) and the Task Force on Climate-related Financial Disclosures(TCFD).

[Provenance] ([https://mc-ubs\\_sustainability.disclosure.site/en/themes/85/](https://mc-ubs_sustainability.disclosure.site/en/themes/85/))

## Focused Points .....

- As an asset management company for J-REITs, Mitsubishi Corp.-UBS Realty is the first institution to sign the UNPRI. It also supports several initiatives to build a sustainable society.



## Case ④-2 Participation in International Initiatives

### LaSalle LOGIPORT REIT (Logistics)

The sponsor company, U.S. real estate investment advisory firm LaSalle Investment Management is a charter member of the ULI Greenprint Center for Building Performance and in 2017 provided \$147 billion to GRESB.

In addition, it has signed the UN Principles for Responsible Investment, achieving high scores for 3 consecutive years, including “A +”. It is a signatory to the Task Force on Climate-related Financial Disclosures(TCFD) and a member of the United Nations Environment Programme Finance Initiative (UNEP FI).

**[Provenance]** (<https://www.lasalle.com/company/sustainability>)

#### Focused Points

- The sponsor is actively participating in international activities such as providing funds to the GRESB and participating as a supporter of the Task Force on Climate-related Financial Disclosures(TCFD).

## 3.2 Corporate Governance System

Correspondence with ESG framework



### 1 Ensuring Transparency of the Board of Directors

In order to ensure the transparency and effectiveness of the Board of Directors, it is required to disclose the reasons for appointing directors, as well as the results of evaluations of the effectiveness of the Board of Directors.



## Case ①-1 Disclosure of Basic Information and Compensation Criteria for Officers

### Nomura Real Estate Master Fund, Inc. (Diversified)

In selecting candidates for directors, the reasons for selection adopted by the resolution of the general meeting of unitholders are specified on the assumption that they do not fall under any of the grounds for disqualification provided for in various laws and regulations such as the Investment Trust Act (Articles 98 and 100 of the Investment Trust Act and Article 244 of the Ordinance for Enforcement of the Investment Trust Act). Also, it is also shown that all active directors are composed of outside experts (attorneys, accountants, and real estate appraisers) who have no special interest in the investment corporation. In addition, attendance at board of directors meetings and payment criteria are disclosed.

**[Provenance]** ([https://www.nre-mf.co.jp/en/esg/esg\\_governance.html](https://www.nre-mf.co.jp/en/esg/esg_governance.html))

#### Focused Points

- The reason for the appointment of officers is described in detail, and attendance at board meetings and the method of determining remuneration are disclosed to enhance the transparency and effectiveness of board meetings.



### Case ①-2

## Disclosure of the Results of the Effectiveness Evaluation by the Board of Directors

Mori Hills REIT Investment Corporation (Diversified)

The Board of Directors conducts self-assessments once a year to identify issues that need improvement. As a result of the evaluation conducted in May 2020, it was also disclosed that the diversity of directors, including expertise and gender, was recognized as an issue to be further improved.

[Provenance] ([https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance\\_initiatives/tabid/395/Default.aspx](https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance_initiatives/tabid/395/Default.aspx))

### Focused Points .....

- In addition to disclosing the methods used to evaluate the effectiveness of the Board of Directors, the results of the evaluation clarify issues that need to be improved in the future.

## 2 Diversity of the Board of Directors

Principle 2-4 of the Corporate Governance Code stipulates that “Ensuring diversity within the company, including promotion of women’s activities” The promotion of diversity within the Board of Directors is an important issue.



### Case ②

## Percentage of Female in the Board of Directors

Mori Hills REIT Investment Corporation (Diversified)

Currently, there are no female directors, but Mori Hills REIT supports and respects the idea of emphasizing gender diversity, and has a policy to increase the ratio of female directors in the future.

<Goal> Female executives : 30% or more (2021)

[Provenance] ([https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance\\_initiatives/tabid/395/Default.aspx](https://www.mori-hills-reit.co.jp/en/outline/Sustainability/governance_initiatives/tabid/395/Default.aspx))

### Focused Points .....

- To ensure board diversity, the percentage of female board members is disclosed as a KPI.
- It has set a target of 30% for female executives, a relatively high level within the industry.

## 3 Linking ESG to Executive Compensation

There is a growing trend among companies to reflect the degree of achievement of ESG initiatives in executive compensation. J-REITs are also beginning to consider linking to executive compensation.



### Case ③

## ESG-Aware Approach to Executive Compensation

United Urban Investment Corporation (Diversified)

On the condition of the remuneration received by each director, it is clearly stated that the promotion of medium- to long-term growth that balances the environment, social and governance is expected, rather than maximizing short-term dividends.

[Provenance] (<https://www.united-reit.co.jp/en/about/governance.html>)

### Focused Points .....

- It is the only J-REIT case that explicitly state their emphasis on promoting medium- to long-term growth in their approach to executive compensation.



### 1 Whether or Not There are Sustainability Promotion Systems and Plans

In order to systematically promote sustainability initiatives, some J-REITs regularly hold meetings on sustainability to improve their efforts based on progress toward their targets.



#### Case ①-1

#### Establishment of the Sustainability Committee and Assignment of ESG Staff

##### Frontier Real Estate Investment Corporation (Retail)

In order to ensure the effectiveness of sustainability initiatives, the Asset Management Company has established a Sustainability Committee, chaired by the CEO and Representative Director, and composed of the Investment Division General Manager, the Finance Division General Manager, and the Planning and Administration Division General Manager, as well as a Sustainability Secretariat as a prior consultation body. The Sustainability Committee clearly states that it will deliberate on the “Sustainability Policy” and the “Short- or medium- to long-term targets based on an understanding of risks and opportunities” formulated by the Sustainability Secretariat, as well as the “Specific measures and implementation plans” to manage and realize them.

**[Provenance]** (<https://www.frontier-reit.co.jp/en/csr/management-system.html>)

\*the URL link will be valid in late-June 2021

#### Focused Points

- The role of the committee, which is a meeting body on sustainability, and the secretariat are positioned differently, and the difference between the members is shown, and the annual activity schedule is specified.
- It is indicated that the committee is chaired by the CEO and Representative Director, indicating the commitment of top management to sustainability initiatives.



#### Case ①-2

#### Establishment of the ESG Promotion Meeting and Report to the Board of Directors

##### Tosei Reit Investment Corporation (Diversified)

The sponsor, the Tosei Group, has established the ESG Promotion Meeting, which deliberates and decides ESG policies and action plans to promote sustainability initiatives throughout the company. The meeting consists of Executive Directors, and the results of its deliberations are reported to the Board of Directors and reflected in its business activities. In addition, ESG Project, which consists of members from each department, has been established as a subordinate organization to implement and report the activity plan as needed.

**[Provenance]** (<https://www.toseicorp.co.jp/english/csr/esg/>)

#### Focused Points

- The results of discussions by the ESG Promotion Meeting are reported to the Board of Directors on a regular basis and reflected in business activities.
- ESG projects have also been established as a subordinate organization, and specific activities are being developed in each department.

International guidelines for preparing sustainability reports, such as the GRI Standards, require organizations to identify critical aspects (material aspects) that have a significant impact on management, the environment, and society, and to report performance information related to those aspects. As of January 2021, approximately 40% of J-REITs identified ESG issues (materiality) to be addressed. Some J-REITs have started to identify materiality, set quantitative KPIs (key performance indicator) for issues, and commit concrete results.



Case ②-1

Disclosure of Materiality Identification Process

Hulic Reit, Inc. (Diversified)

Based on the heights of “Expectations demanded by society and stakeholders” and “Impact on Business” materiality is identified through 3 steps. Specifically, “Strengthening governance” “Motivating workplace” “Enhancement of customer satisfaction” and “Energy conservation and prevention of global warming” are considered as materiality.

<Step 1: Extraction of issues>

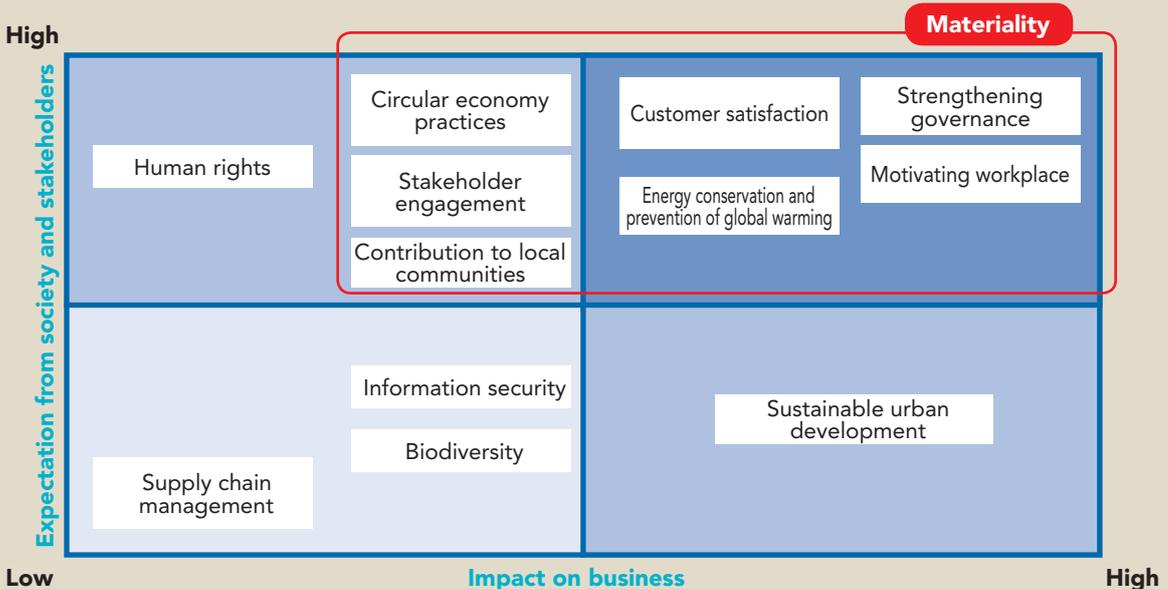
- Extract elements of potential issues that should be considered when thinking about Hulic Reit’s sustainable growth widely from environmental, social and governance aspects, using SDGs, GRI, GRESB, ESG rating agencies’ assessment criteria and such as reference

<Step 2: Refinement and prioritization of draft issues, and preparation of draft materiality>

- Assess degree of importance to stakeholders based on opinions and advice of key figures representing stakeholders
- Assess degree of impact and importance in terms of Hulic Reit’s business risks and opportunities in light of the findings of questionnaires of Hulic REIT Management’s key employees and officers and the Sustainability Policy
- Prepare draft materiality as matrix of the outcome of assessment from the two perspectives

<Step 3: Management-level discussion, validation and approval>

- Hulic REIT Management’s Sustainability Committee discusses draft materiality and identifies materiality in line with Hulic Reit’s and Hulic REIT Management’s internal regulations, etc.



[Provenance] ([https://www.hulic-reit.co.jp/assets/file/en\\_report-esg\\_2.pdf](https://www.hulic-reit.co.jp/assets/file/en_report-esg_2.pdf))

Focused Points

- The procedure to the materiality identification is shown in detail.



## Case ②-2 Setting Up Materiality-Based KPIs

Nomura Real Estate Master Fund, Inc. (Diversified)

9 important ESG issues (materiality) have been identified for the investment corporation, and quantitative KPIs have been established based on each materiality.

Establishment of an effective internal control system			
<b>Governance</b> <b>G</b> 	Target	<ul style="list-style-type: none"> <li>• Ensure legal compliance through raising awareness of compliance.</li> <li>• Prevent risks to the soundness of management and business continuity through appropriate risk management such as elimination of conflicts of interest in transactions with interested parties.</li> <li>• Ensure the effectiveness of internal control process through internal audits.</li> </ul>	
	KPI	<ul style="list-style-type: none"> <li>• Compliance training attendance rate (<b>Target: 100%</b>)</li> <li>• Risk assessments frequency (<b>Target: once a year</b>)</li> <li>• BCP training frequency (<b>Target: once a year</b>)</li> <li>• Safety drill frequency utilizing safety confirmation system (<b>Target: 4 times a year</b>)</li> <li>• Internal audit frequency (<b>Target: once a year</b>)</li> </ul>	
	Reported Location	Governance/Compliance Governance/Risk Management	

[Provenance] (<https://www.nre-mf.co.jp/file/en-top-financial-0edf1300acc59bfdbffe825b2ceb9f3cf01d2600.pdf>)

### Focused Points

- By setting quantitative KPIs based on materiality, Nomura Real Estate Master Fund can show the attitude of committing concrete results.

## 3 Awareness of Potential ESG Risks in Business Activities and Risk Management System

Disclosure of ESG-related potential risks associated with business activities will help to demonstrate management's foresight and risk management capabilities.



## Case ③-1 Disclosure of Potential ESG-Related Risks

Activia Properties Inc. (Retail and Office)

Identify potential ESG-related risks associated with business activities and identify ESG issues that should be addressed intensively. The impact of not addressing key ESG issues is summarized below.

### <Reducing environmental impact>

- Increased physical risk from escalation of climate change (human damage, property damage, economic damage)

### <Human capital development as a group of professionals>

- Lack of sufficient skilled resources may hinder business operation, leading to stagnant or lower investor values

### <Contribution to the local community>

- Breakdown of communication with local community at times of emergency such as disaster may cause reputational risk
- Risk of loss of liveliness due to the image of the invested region becoming obsolete or due to population decrease

### <Health and well-being of tenants>

- Facilities with inferior ESG considerations may risk losing support from tenants

<Supplier engagement>

- Impact on management operation and deteriorated credit in case significant violation against sustainable procurement such as discrimination, exploitation, destruction of nature, contamination and violation of laws by suppliers are recognized

<Management framework corresponding to multifaceted social demand towards sustainable society>

- Inappropriate response to multifaceted social demands may risk fall in trust concerning sound and effective management business and affect market development

[Provenance] (<https://www.activia-reit.co.jp/en/sustainability/material.html>)

Focused Points .....

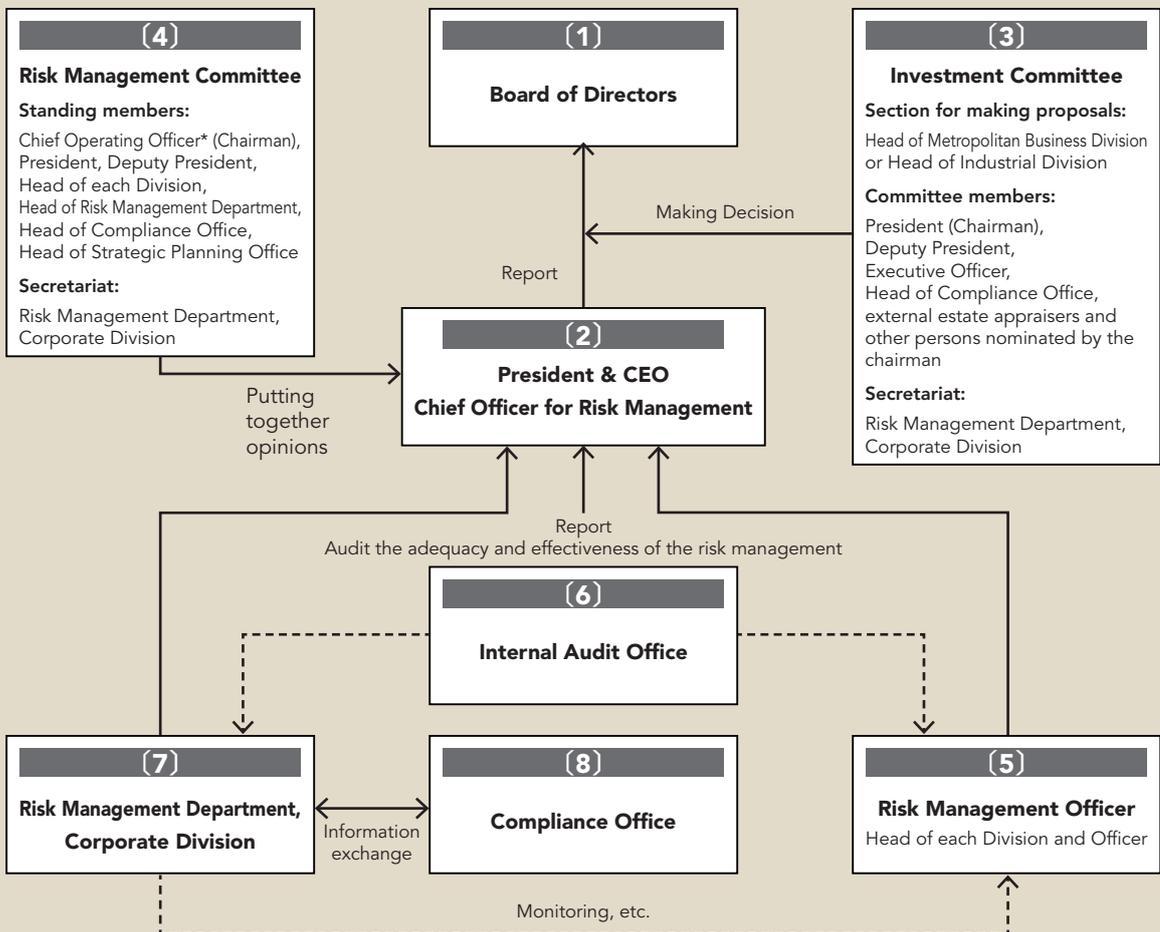
- Risks associated with failure to address key ESG issues are summarized for each case in an easy-to-understand manner.



Disclosure of Case ③-2  
Risk Management System

Industrial & Infrastructure Fund Investment Corporation (Logistics, etc.)

For the purpose of investor protection and the proper operation of the investment management business, the principle of business operation is to conduct business pertaining to investment of assets of an investment corporation with the care of a faithful and good manager for the investment corporation which is a customer in accordance with the principle of the investment management business. The major risks that may arise in asset management are defined by classifying them into investment management risks, operational risks, and system risks, and efforts are made to respond to the risks and make continuous improvements under the system shown in the diagram below.



\*From April 1, 2021, Head of Corporate Division is going to be the chairman of the Risk Management Committee.

**[1] Board of Directors**

Understanding of overall risk management. etc.

**[2] President & CEO, Chief Officer for Risk Management**

President & CEO: Supervision of the overall risk management, etc.

Chief Officer for Risk Management: Execute necessary measures to properly manage risks

**[3] Investment Committee**

Examines, discusses and makes decisions regarding overall risks affecting the portfolio as a whole (e.g. acquisition, disposal and management of assets by the investment corporations, investment policy and standards, management policies and standards, budgets, funding, etc.)

**[4] Risk Management Committee**

When required, identifies, examines and formulates responses and policies for matters that pose major risks (excluding those matters that are dealt with by the Investment Committee)

**[5] Risk Management Officer**

- Person responsible for managing major risks, etc. in his/her department
- Reports the state of risk management to the Risk Management Committee

**[6] Internal Audit Office**

Planning and implementation of internal audit

**[7] Risk Management Department, Corporate Division**

- Plans and makes proposals concerning risk management for the company as a whole
- Monitors, evaluates, and analyzes the extent to which risk management is in place and functioning
- Runs the Risk Management Committee

**[8] Compliance Office**

Accumulating risk information through, but not limited to, the management of operational accidents and the review of the approval documents

**[Provenance]** ([https://iif-reit-sustainability.disclosure.site/data/themes\\_76/esg\\_report\\_2021\\_en.pdf](https://iif-reit-sustainability.disclosure.site/data/themes_76/esg_report_2021_en.pdf))

**Focused Points** .....

- The roles of relevant departments and committees in the risk management system are clearly disclosed.

**4 Human Rights Due Diligence**

Human rights due diligence involves minimizing negative impacts on customers, employees, suppliers, and regions by focusing on the points of contact between business activities and human rights issues (Consideration for the socially disadvantaged, the working environment of business partners, employment and workplace practices, consideration for local communities, etc.). In order to assume these points of contact, J-REITs must first identify the points of contact with human rights issues in their business activities.



**Case ④**

**Implementation of Due Diligence Including the Labor Environment**

**United Urban Investment Corporation (Diversified)**

In acquiring real estate assets to investment, Unietd Urban shall conduct sufficient due diligence, closely examine not only profitability but also the following effects, etc., and determine the investment based on the investment environment, etc., after ascertaining the investment value. If due diligence finds a problem, it will not acquire it regardless of profitability.

- Environment (e.g. asbestos, soil contamination)
- Tenants (e.g. antisocial forces, labor environment)
- Surrounding area (e.g. relationship with the relevant community, influence of traffic congestion on surrounding

environment, etc.)

[Provenance] (<https://www.united-reit.co.jp/en/feature/investment-policy.html>)

### Focused Points

- Due diligence for real estate acquisition takes into account not only environmental aspects such as soil contamination, but also the working environment of tenants.

## 5 Implementation of the Internal Reporting System

As part of the internal reporting system, some J-REITs have established a compliance-related consultation desk staffed by an outside lawyer, and have established a system for receiving reports and consultations from executives and employees, non-regular employees, and business partners.

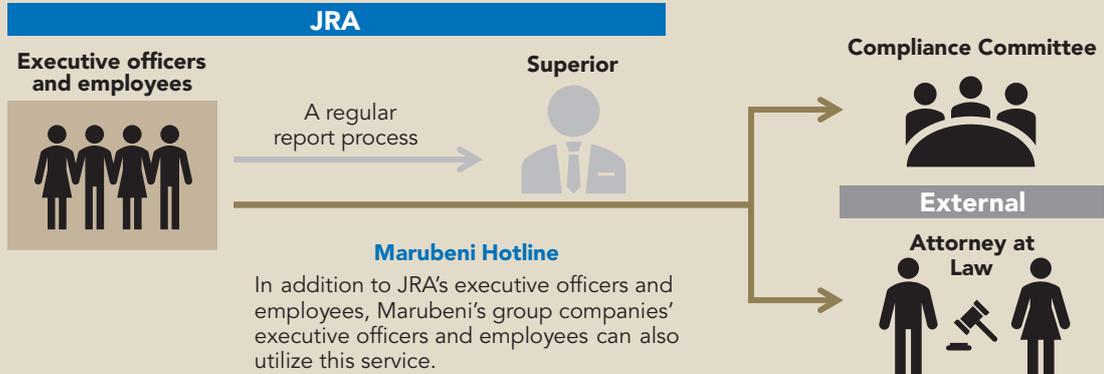


### Case ⑤ Compliance Consultation Office

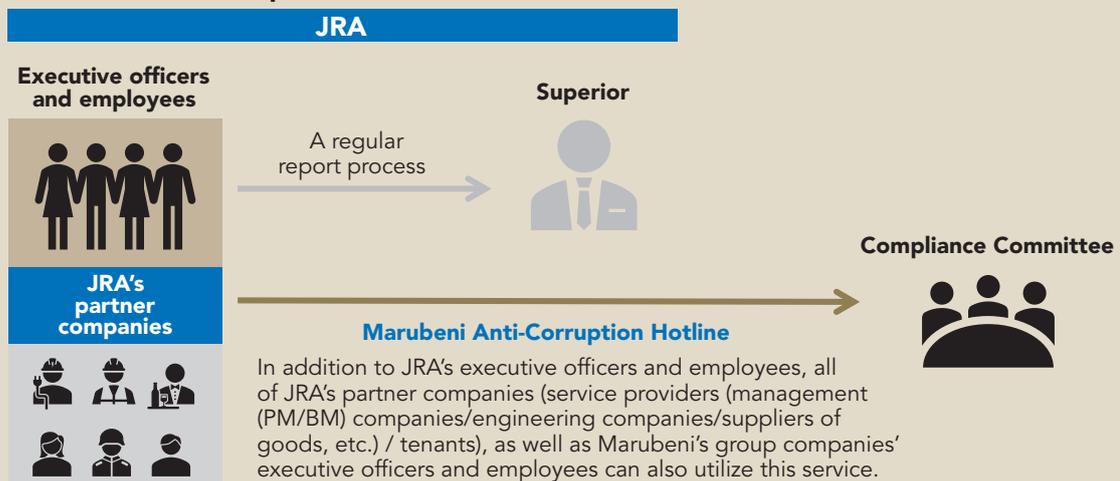
#### United Urban Investment Corporation (Diversified)

In addition to ensuring anonymity, consultation desks have been established for complaints and harassment, including compliance issues. The annual results also show that there were no compliance violations that had a significant impact on management. United Urban also discloses that it has established a “Marubeni Hotline” where employees can directly consult with it about overall compliance and complaints, and a compliance counter “Marubeni Anti-Corruption Hotline” where employees can directly consult with it about serious crimes such as bribery.

#### Marubeni Hotline



#### Marubeni Anti-Corruption Hotline



[Provenance] ([https://www.united-reit.co.jp/assets/feature/en/esg/esg\\_report\\_2019.pdf](https://www.united-reit.co.jp/assets/feature/en/esg/esg_report_2019.pdf))

## Focused Points .....

- The flow of whistle-blowing is explained in an easy-to-understand manner using figures, and detailed information is disclosed, including the establishment of external reception desks and information on the targets.

## 3.4 Communication with Stakeholders

Correspondence with ESG framework

GRI



SASB



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



### 1 Status of Information Disclosure

J-REITs have begun to disclose not only their sustainability policies and initiatives on their website, but also their annual achievements in the form of regular reports. When disclosing information, it is important to clearly indicate the scope and period of reporting. In addition, some J-REITs have created “integrated report” that integrate financial and non-financial information disclosure and explain improvements in corporate value over the medium to long term.



#### Case ①-1 ESG Periodic Report Disclosure

Invesco Office J-REIT, Inc. (Office)

Details of ESG-related policies, initiatives, and results are reported in the form of annual reports.

[Provenance] ([http://www.invesco-reit.co.jp/file/sustainability\\_report\\_2019\\_ja.pdf](http://www.invesco-reit.co.jp/file/sustainability_report_2019_ja.pdf))  
([http://www.invesco-reit.co.jp/file/sustainability\\_report\\_2019\\_en.pdf](http://www.invesco-reit.co.jp/file/sustainability_report_2019_en.pdf))

#### Focused Points .....

- The status of efforts in each fiscal year is reported.
- The information is disclosed in Japanese and English, and overseas investors are also considered.



#### Case ①-2 Disclosure of the Scope and Period of the Report

Nomura Real Estate Master Fund, Inc. (Diversified)

The “ESG Annual Report” provides information based on international ESG frameworks and requests from investors and evaluation organizations. With regard to the scope of the report, the report clearly indicates whether the company is an investment corporation or an asset management company, the reporting period, and the renewal period.

[Provenance] ([https://www.nre-mf.co.jp/en/esg/esg\\_framework.html](https://www.nre-mf.co.jp/en/esg/esg_framework.html))

#### Focused Points .....

- While few J-REITs disclose sustainability information in the form of annual reports, Nomura Real Estate Master Fund provides detailed information on its disclosure, including the scope of reporting, reporting period, and timing of updates.



#### Case ①-3 Disclosure of Integrated Report

Fukuoka REIT Corporation (Diversified)

Since fiscal 2019, “integrated report” has been disclosed, which consolidates financial and non-financial

information and summarizes initiatives for sustainable growth and medium- to long-term corporate value creation. For the purpose of conveying the value creation process of investment corporations in an easy-to-understand manner, this report systematically and comprehensively explains the status of sustainability initiatives and materiality (key issue), the macro environment surrounding Fukuoka, etc., as well as financial strategies and business models. This is the first case of a J-REIT explicitly issuing a “integrated report”.

**[Provenance]** ([https://www.fukuoka-reit.jp/en/ir/index.html#c3\\_2](https://www.fukuoka-reit.jp/en/ir/index.html#c3_2))

## Focused Points

- The report is in the form of an “integrated report” with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation of Japan’s Ministry of Economy, Trade and Industry (METI).

## 2 Status of Dialogue and Engagement with Stakeholders

Interactive communication with diverse stakeholders may lead to improvements in J-REITs’ own sustainability efforts. In addition, having the opportunity to hear the opinions of third parties is also an opportunity to show an open attitude to the outside world.

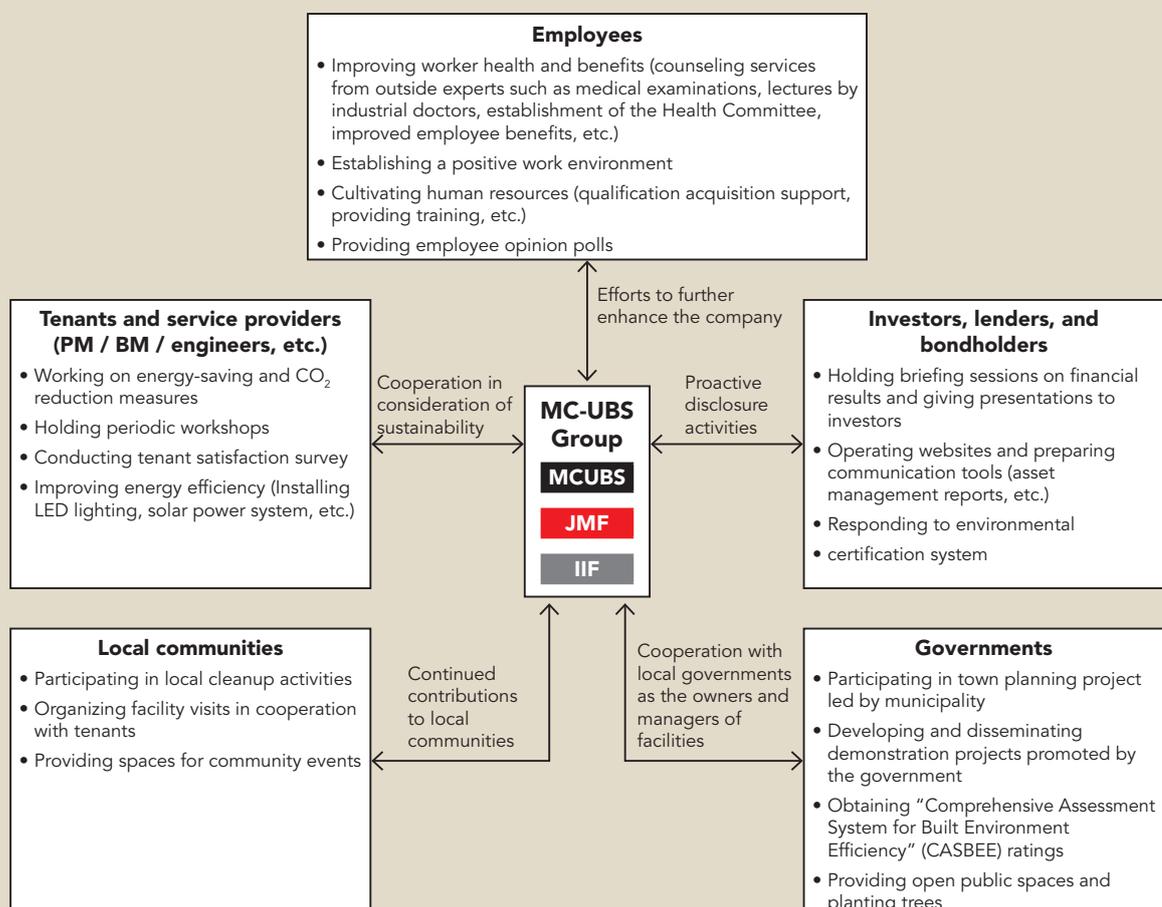


### Case 2-1

#### Communication with Diverse Stakeholders

##### Industrial & Infrastructure Fund Investment Corporation (Logistics, etc.)

Stakeholders include investors, lenders and creditors, tenants and service providers such as PM/BM engineers, as well as the surrounding community and government. Employees are also important stakeholders, and Industrial & Infrastructure Fund aims to build long-term relationships and continue sustainable management.



**[Provenance]** ([https://iif-reit\\_sustainability.disclosure.site/data/themes\\_76/esg\\_report\\_2021\\_en.pdf](https://iif-reit_sustainability.disclosure.site/data/themes_76/esg_report_2021_en.pdf))

**Focused Points** .....

- The report presents the specific content of communication with each stakeholder and the policy for building sustainable relationships.



**Case ②-2  
Engagement**

**Nomura Real Estate Master Fund, Inc. (Diversified)**

The “stakeholder engagement” states that it will deepen relationships of trust through constructive dialogue with investors, tenants and business partners, employees, and the community, and will reflect the expectations and requests of stakeholders in the business activities of the Investment Corporation and ESG initiatives.

**[Provenance]** ([https://www.nre-mf.co.jp/en/esg/esg\\_stakeholder.html](https://www.nre-mf.co.jp/en/esg/esg_stakeholder.html))

**Focused Points** .....

- As specific engagement activities with stakeholders, the plan specifies specific activities to be implemented in relation to investors, tenants and business partners, employees, and communities.

# Reference

## ESG Framework Correspondence Matrix

The items in this case studies are set based on the ESG issues surrounding real estate that are of great interest to investors and items that are useful for investment decisions. For reference in future ESG disclosure in J-REITs, the correspondence with the representative frameworks GRI and SASB is shown.

Contents		GRI	SASB
Environment	Environmental Vision and Management	○	○
	Commitment to Climate Change	○	○
	Resource	○	○
	Initiatives through Real Estate Business	○	○
Social	Loyalty to Customers	○	
	Consideration for Employees	○	
	Consideration for Suppliers	○	
	Business Opportunity	○	
Governance	Commitment to Sustainability	○	
	Corporate Governance System	○	
	Sustainability Management	○	
	Communication with Stakeholders	○	

## Sustainable Building Certification System

The Sustainable Building Certification System is a certification system for real estate that has taken into consideration the environment and social, which began overseas. There are various certification systems in Japan.

certification system	Overview	Rating	Authentication Count
LEED	A certification system developed by the U.S. Green Building Council in 1996. Evaluation of energy efficiency, resource conservation, water resource conservation, and landscape conservation in planning, designing, construction, operation and maintenance of buildings.	Platinum Gold Silver Certified	86,081 cases (As of July 2020)
CASBEE for Buildings Certification	A certification system developed in 2002 by the Japan Sustainable Building Consortium (JSBC) with the support of Japan's Ministry of Land, Infrastructure, Transport and Tourism. For buildings with a total floor area of 300 square meters or more, the use of materials and equipment with low environmental impact and consideration for indoor comfort and landscape were comprehensively evaluated.	S, A, B +, B-, C	984 cases (As of April 2020)
CASBEE for Wellness Office Certification	A certification system developed by JSBC in fiscal 2019. Evaluation of specifications, performance, and efforts to support the maintenance and improvement of building users' health and comfort.		
BELS	Energy conservation performance was evaluated in accordance with the "Act on Improvement of Building Energy Consumption Performance (Building Energy Conservation Act)" established in 2015. Evaluation organizations related to BELS registered with the Housing Performance Evaluation and Labeling Association evaluate and display energy conservation performance.	5 levels	—
DBJ Green Building Certification	A certification system established in 2011 by the Development Bank of Japan Inc. (DBJ). The building's environmental performance, tenant user comfort, ability to respond to crises, consideration for diversity and the surrounding environment, and cooperation with stakeholders were evaluated. There are office buildings, logistics, retail and residential versions.	5 levels	840 cases (As of the end of December, 2020)

**[Provenance]** <https://www.usgbc.org/leed>  
<https://www.ibec.or.jp/CASBEE/certification/certification.html>  
<https://www.hyoukakyokai.or.jp/bels/bels.html>  
<http://igb.jp/en/index.html>

## About SDGs

The logos with each section of the case studies represent the 17 goals of the United Nations Sustainable Development Goals (SDGs).



**[Provenance]** United Nations Information Centres

(<https://www.un.org/sustainabledevelopment/news/communications-material/>)

1 Environment			Investment corporation and company name	Asset Type		page of publication	
<b>1.1 Environmental Vision and Management</b>							
1	Whether or Not There are Long-Term Environmental Targets (1.5 Degrees Target, etc.), and How They are Viewed	Case ①	Setting of Medium- and Long-Term Targets with an Awareness of the International Framework on Climate Change	Nomura Real Estate Master Fund, Inc.	Diversified	4	
		Case ②-1	Setting Targets for Comparability (Disclosure of Basic Unit Targets)	ORIX JREIT Inc.	Diversified	5	
2	Consideration for Comparability	Case ②-2	Comparable Disclosure (Disclosure of Performance Results per Unit of Production)	Mori Hills REIT Investment Corporation	Diversified	6	
		Case ②-3	Comparable Disclosure (Disclosure of Changes in Performance over Time)	Activia Properties Inc.	Retail	Office	7
3	Scope of Environmental Impact Assessment	Case ③-1	Understanding and Disclosing the Environmental Impact of the Entire Portfolio	Advance Residence Investment Corporation	Residential	8	
		Case ③-2	Assessing the Environmental Impact of Water Usage and Waste Emissions	Frontier Real Estate Investment Corporation	Retail	8	
4	Environmental Management	Case ④	Establishment of a Environmental Data Monitoring System	Japan Real Estate Investment Corporation	Office	9	
<b>1.2 Commitment to Climate Change</b>							
1	Energy Conservation Efforts	Case ①-1	Initiatives to Balance Environmental Conservation with Favorable Impact on the Company's Business: Promoting Green Leasing	Japan Excellent, Inc.	Office	10	
		Case ①-2	Disclosure of Specific Environmental Impact Reduction Effects through Initiatives	Sekisui House Reit, Inc.	Diversified	10	
2	Initiatives for Renewable Energy	Case ②-1	Private Consumption of Renewable Energy	Kenedix Retail REIT Corporation	Retail	Logistics	10
		Case ②-2	Promotion of the Use of Renewable Energy	Nippon Prologis REIT, Inc.	Logistics		11
		Case ②-3	Switching to Renewable Energy Sources	NIPPON REIT Investment Corporation	Diversified		11
3	Addressing Climate Change	Case ③-1	Analysis and Disclosure of Climate Change Risks and Opportunities	Japan Prime Realty Investment Corporation	Office	Retail	12
		Case ③-2	Disclosure of Climate Change Risks and Measures	Japan Real Estate Investment Corporation	Office		12
<b>1.3 Resource</b>							
1	Efforts to Reduce Waste Emissions	Case ①-1	Initiatives to Reduce Waste Emissions	Frontier Real Estate Investment Corporation	Retail		14
		Case ①-2	Initiatives to Reduce Waste Emissions	Hoshino Resorts REIT, Inc.	Hotel		14
2	Efforts to Reduce Water Resource Input	Case ②-1	Initiatives to Reduce Water Resource Input and Disclosure of Reduction Effects	NIPPON REIT Investment Corporation	Diversified		15
		Case ②-2	Initiatives to Reduce Water Resource Input (Water Reuse)	Japan Hotel REIT Investment Corporation	Hotel		15
3	Initiatives Related to Biodiversity	Case ③-1	Formulation of Policies on Biodiversity	Sekisui House Reit, Inc.	Diversified		16
		Case ③-2	Disclosure of Biodiversity Initiatives	Mori Hills REIT Investment Corporation	Diversified		16
<b>1.4 Initiatives through Real Estate Business</b>							
1	Promotion of Environment-friendly Real Estate	Case ①-1	Setting Targets for the Promotion of Environmental Consideration through Real Estate Businesses	Nippon Prologis REIT, Inc.	Logistics		16
		Case ①-2	Setting Targets for Green Building Certification	ORIX JREIT Inc.	Diversified		18

2 Social		Investment corporation and company name	Asset Type	page of publication		
<b>2</b> Understanding and Recognizing the Effects of Environmental Initiatives as Business Opportunities	<b>Case ②</b>	Identifying and Recognizing the Effects as Business Opportunities	Bentall Kennedy Limited Partnership (US)	18		
<b>2.1 Loyalty to Customers</b>						
<b>1</b> Customer Health and Safety	<b>Case ①-1</b>	Acquiring Certification Regarding the Health and Comfort of Building Users and Conducting Tenant Satisfaction Surveys	Hulic Reit, Inc.	Diversified	20	
	<b>Case ①-2</b>	Compliance with Operations and Administration Manual	Japan Prime Realty Investment Corporation	Office	Retail	21
<b>2</b> Protection of Personal Information	<b>Case ②-1</b>	Formulation of Personal Information Protection Policy	Invincible Investment Corporation	Diversified	21	
	<b>Case ②-2</b>	Implementation of Personal Information Protection Policy	Industrial & Infrastructure Fund Investment Corporation	Logistics	Other	21
<b>3</b> Business Continuity/Disaster Countermeasures, etc.	<b>Case ③-1</b>	Formulation of BCPs and Measures against Earthquake Disasters	Japan Prime Realty Investment Corporation	Office	Retail	22
	<b>Case ③-2</b>	Assistance from the Time of Disaster Until Recovery	Industrial & Infrastructure Fund Investment Corporation	Logistics	Other	22
	<b>Case ③-3</b>	Fostering Residents' Awareness of Disaster Prevention	Advance Residence Investment Corporation	Residential		22
	<b>Case ③-4</b>	Supporting Local Communities in Times of Disaster	NIPPON REIT Investment Corporation	Diversified		23
<b>2.2 Consideration for Employees</b>						
<b>1</b> Health and Safety Policies, Initiatives, and Results	<b>Case ①</b>	Disclosure of Health and Safety Performance	Japan Prime Realty Investment Corporation	Office	Retail	23
<b>2</b> Employee Diversity Policy, Initiatives, and Results	<b>Case ②-1</b>	Formulation of Diversity and Inclusion Policy	Nippon Prologis REIT, Inc.	Logistics		24
	<b>Case ②-2</b>	Disclosing Achievements in Promoting Female Employees	MORI TRUST Hotel Reit, Inc.	Hotel		24
<b>2.3 Consideration for Suppliers</b>						
<b>1</b> Policies for Subcontractors	<b>Case ①-1</b>	Formulation of Supplier Code of Conduct	Nippon Prologis REIT, Inc.	Logistics		25
	<b>Case ①-2</b>	Specific Initiatives for Suppliers	Japan Real Estate Investment Corporation	Office		25
<b>2</b> Initiatives to Ensure Effectiveness	<b>Case ②-1</b>	Feedback to PM on Sustainability	Japan Real Estate Investment Corporation	Office		26
	<b>Case ②-2</b>	Disclosure of Results Regarding Efforts with Suppliers	United Urban Investment Corporation	Diversified		26
<b>2.4 Business Opportunity</b>						
	<b>Case ①-1</b>	Initiatives for Contributing to Local Communities	Hoshino Resorts REIT, Inc.	Hotel		26
	<b>Case ①-2</b>	Communication with Local Communities	Japan Metropolitan Fund Investment Corporation	Diversified		27
	<b>Case ①-3</b>	Revitalization of Commercial Facilities in Aging Areas	ESCON JAPAN REIT Investment Corporation	Retail		27
3 Governance		Investment corporation and company name	Asset Type	page of publication		
<b>3.1 Commitment to Sustainability</b>						
<b>1</b> Incorporating Sustainability and ESG into Portfolio Building Policies	<b>Case ①</b>	Responsible Real Estate Investment (RPI) Strategy	Japan Metropolitan Fund Investment Corporation	Diversified	28	
<b>2</b> Top Management's Awareness of Resolving Social Issues and Improving Corporate Value	<b>Case ②-1</b>	Reference to Resolution of Social Issues and Enhancement of Corporate Value by Top Management	Nippon Building Fund Inc.	Office	29	
	<b>Case ②-2</b>	Top Management's Reference to SDGs	Nippon Accommodations Fund Inc.	Residential	29	

3	Formulation and Disclosure of Codes and Policies Related to Compliance	Case 3-1	Formulation and Disclosure of Code of Ethics	Nippon Prologis REIT, Inc.	Logistics		30
		Case 3-2	Formulation and Disclosure of Compliance Regulations	Advance Residence Investment Corporation	Residential		30
		Case 3-3	Disclosure of Initiatives and Results for Fraud and Corruption Prevention	Mori Hills REIT Investment Corporation	Diversified		31
4	Signing or Endorsement of International Principles of Action	Case 4-1	Signature of International Principles	Industrial & Infrastructure Fund Investment Corporation	Logistics	Other	31
		Case 4-2	Participation in International Initiatives	LaSalle LOGIPORT REIT	Logistics		32
<b>3.2 Corporate Governance System</b>							
1	Ensuring Transparency of the Board of Directors	Case 1-1	Disclosure of Basic Information and Compensation Criteria for Officers	Nomura Real Estate Master Fund, Inc.	Diversified		32
		Case 1-2	Disclosure of the Results of the Effectiveness Evaluation by the Board of Directors	Mori Hills REIT Investment Corporation	Diversified		33
2	Diversity of the Board of Directors	Case 2	Percentage of Female in the Board of Directors	Mori Hills REIT Investment Corporation	Diversified		33
3	Linking ESG to Executive Compensation	Case 3	ESG-Aware Approach to Executive Compensation	United Urban Investment Corporation	Diversified		33
<b>3.3 Sustainability Management</b>							
1	Whether or Not There are Sustainability Promotion Systems and Plans	Case 1-1	Establishment of the Sustainability Committee and Assignment of ESG Staff	Frontier Real Estate Investment Corporation	Retail		34
		Case 1-2	Establishment of the ESG Promotion Meeting and Report to the Board of Directors	Tosei Reit Investment Corporation	Diversified		34
2	Materiality Identification	Case 2-1	Disclosure of Materiality Identification Process	Hulic Reit, Inc.	Diversified		35
		Case 2-2	Setting Up Materiality-Based KPIs	Nomura Real Estate Master Fund, Inc.	Diversified		36
3	Awareness of Potential ESG Risks in Business Activities and Risk Management System	Case 3-1	Disclosure of Potential ESG-Related Risks	Activia Properties Inc.	Retail	Office	36
		Case 3-2	Risk Management System	Industrial & Infrastructure Fund Investment Corporation	Logistics	Other	37
4	Human Rights Due Diligence	Case 4	Implementation of Due Diligence Including the Labor Environment	United Urban Investment Corporation	Diversified		38
5	Implementation of the Internal Reporting System	Case 5	Compliance Consultation Office	United Urban Investment Corporation	Diversified		39
<b>3.4 Communication with Stakeholders</b>							
1	Status of Information Disclosure	Case 1-1	ESG Periodic Report Disclosure	Invesco Office J-REIT, Inc.	Office		40
		Case 1-2	Disclosure of the Scope and Period of the Report	Nomura Real Estate Master Fund, Inc.	Diversified		40
		Case 1-3	Disclosure of Integrated Report	Fukuoka REIT Corporation	Diversified		40
2	Status of Dialogue and Engagement with Stakeholders	Case 2-1	Communication with Diverse Stakeholders	Industrial & Infrastructure Fund Investment Corporation	Logistics	Other	41
		Case 2-2	Engagement	Nomura Real Estate Master Fund, Inc.	Diversified		42



June 2021

Published by: The Association for Real Estate Securitization

Edited by: The Japan Research Institute, Limited

