



Sustainability Report 2024

March 2024

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Editorial Policy

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

Publication Date

March 2024
(As a general rule, to be revised every March)

Period Covered by This Report

January 1, 2023 to December 31, 2023
Some information concerns activities prior to 2023.

Scope of Reporting

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

Main group companies

Kenedix Real Estate Fund Management, Inc.
Kenedix Investment Partners, Inc.
Kenedix Property Design, Inc.
Kenedix Engineering, Inc.
Kenedix Green Energy, Inc.
Bit Realty, Inc.
Kenedix Asia Pte. Ltd.

Guideline Used for Reference

GRI (Global Reporting Initiative) [GRI Standards]

Department in Charge of Production

Public Relations & Sustainability Department,
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Message from the President

Dedicated to both sustained growth and social responsibility

Kenedix has been a source of a diverse array of opportunities for investors since the start of operations in 1995. Today, we manage more than ¥3.3 trillion of assets under management. Operations encompass many asset categories and include numerous funds. We manage listed REIT specializing in sectors such as office buildings, residential properties, retail facilities, logistics facilities and healthcare facilities. Asset management also includes a private REIT that own large office buildings and other properties and many private funds.

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

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

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

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

Material issues and sustainability policies

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

committed to contributing to sustainability and the achievement of the Sustainable Development Goals (SDGs).

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

Promotion of information disclosure

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

To our stakeholders

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



A handwritten signature in black ink, which appears to be 'T. Miyajima', written in a cursive style.

Taisuke Miyajima, President & CEO, Kenedix, Inc.

Initiatives for Sustainability

Our Mission and Vision

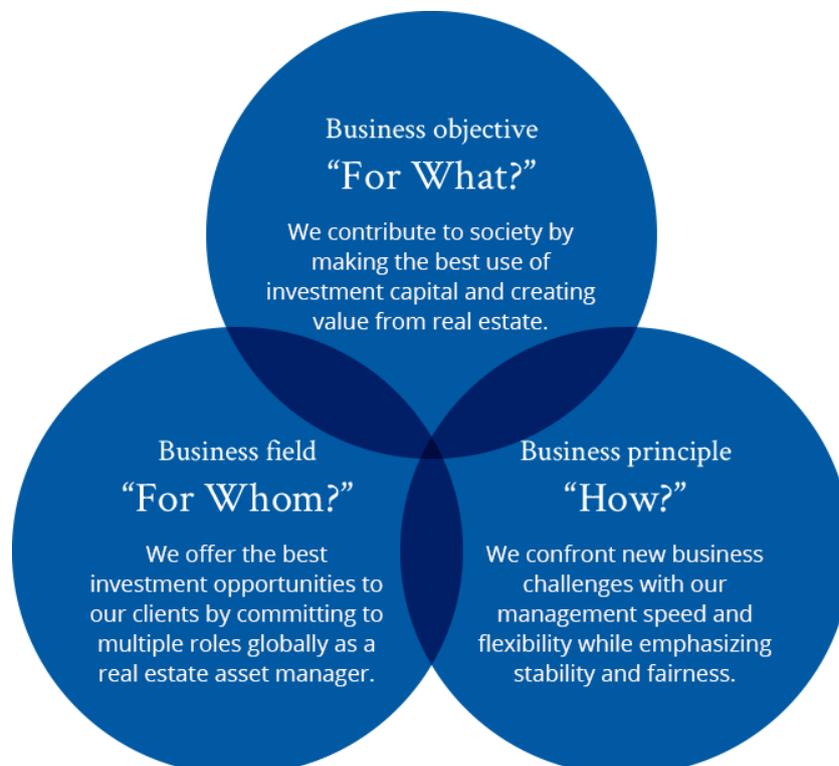
Mission Statement

Kenedix is dedicated to realizing the full potential of real estate

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

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

Corporate Mission



Long-term Vision

Kenedix Vision 2025: Delivering Growth via the Kenedix Model

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

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

Kenedix Model

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

Asset Management Business

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

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

Real Estate Related Business

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

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

Real Estate Investment Business

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

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

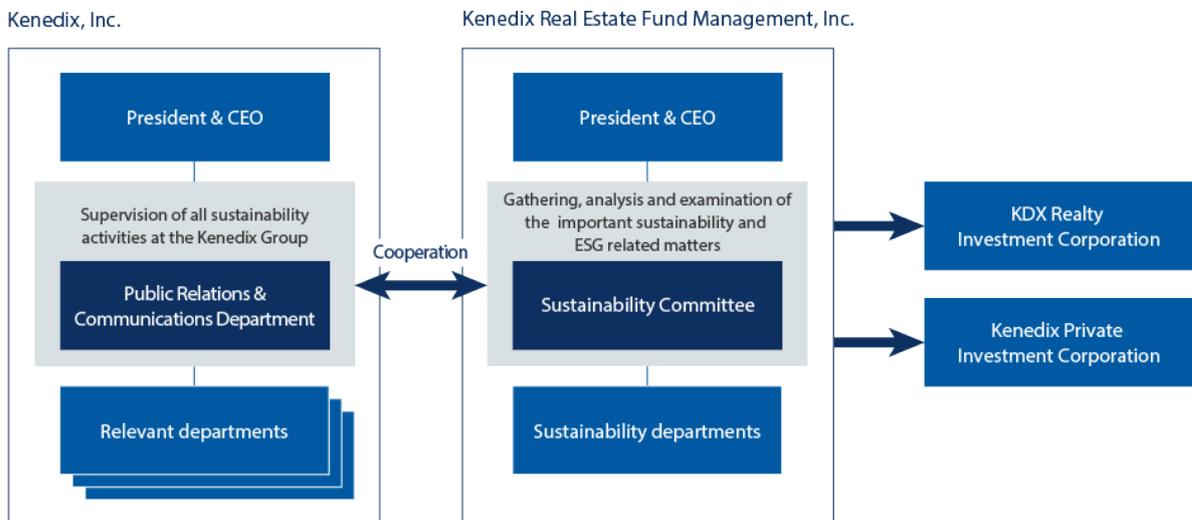
Initiatives for Sustainability

Sustainability Promotion Structure

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

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

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



Material Issues

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

Process of defining material issues



Initiatives for Sustainability

Material issues of the Kenedix Group

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

Sustainability Policies

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

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

Initiatives for Sustainability

Stakeholder Engagement

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

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

Contribution to a Sustainable Environment

Sustainability Policies -Contribution to a sustainable environment-

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

Environmental Policies and External Ratings

Environmental policies

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

1. Compliance with Environmental Laws and Regulations

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

2. Promotion of Energy Conservation Measures

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

3. Reduction of Environmental Burden

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

4. Challenge to achieve net zero GHG emissions

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

5. Disclosure of Environmental Information

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

6. Environmental Education

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

Certifications

Each REIT will continue to advance environmental and energy conservation measures as well as efficient energy use for their portfolio and proactively acquired the following certifications and assessment to promote initiatives for sustainability.

Overview of Environmental certifications

- Overview of environmental certifications (KDX Realty Investment Corporation)

(as of December 31, 2023)

	Number of certified properties	Certified floor area (m ²)	Ratio (%) ⁽²⁾
Environmental certified building ⁽¹⁾	104	1,350,511.33	58.9
CASBEE Certifications	68	769,931.48	33.6
BELS Certification	8	123,598.73	5.4
DBJ Green Building certification	44	648,860.20	28.3
ResReal certification	3	35,601.23	1.6

Note 1: If a property has multiple environmental certifications, it is counted as one property.

Note 2: The ratio of each floor area to the total floor area of properties owned by KDXR (2,294,498.68 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership).

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

(as of December 31, 2023)

	Number of properties	Floor area (m ²)	Ratio (%) ⁽²⁾
Green certified building ⁽¹⁾	5	138,937.52	37.9
Certification for CASBEE for Real Estate	4	91,372.82	24.9
DBJ Green Building Certification	1	47,564.70	13.0

Note: The ratio is the percentage of certified floor area to the gross floor area of properties owned by KPI (calculated on a pro-rata basis of ownership ratio for compartmentalized ownership).

Contribution to a Sustainable Environment

CASBEE Certification

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is an evaluation system provided by the Institute for Building Environment and Energy Conservation (IBEC), to assess and evaluate the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from two perspectives; the evaluation of the environmental quality and performance of buildings themselves and the external environmental impact of buildings. CASBEE Certifications are based on a five-scale system (“Rank S (excellent),” “Rank A (very good),” “Rank B+ (good),” “Rank B- (slightly inferior)” and “Rank C (inferior)”) for buildings that have been completed for more than one year.

> [For more details concerning CASBEE Certification](#)



BELS Certification

BELS (Building-Housing Energy-efficiency Labeling System) is the third-party certification system to rate houses and buildings in accordance with duty to make effort to label energy saving performance in the Act on Improving of Energy Consumption Performance for Architectural Structures. Houses and buildings are evaluated based on the value of BEI (Building Energy Index) derived from the primary energy consumption based on the building energy consumption performance standard set by the government. The evaluation result is represented by a number of stars (one star “★” to five stars “★★★★★”).

KDX Realty Investment Corporation was the first J-REIT to acquire this certification in 2014.

> [For more details concerning BELS Certification](#)



DBJ Green Building Certification

DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. (DBJ) in April 2011 to support real estate that meets environmental and social considerations.

The program evaluates and certifies real estate with environmental and social considerations, taking into account each property's environmental features and measures taken for various stakeholders, such as disaster and community-conscious measures.

Furthermore, there are 5 levels, “five stars”, “four stars”, “three stars”, “two stars”, “one star” as the certification ranks.

KDX Realty Investment Corporation was the first J-REIT to acquire this certification in 2011.

> [For more details concerning the DBJ Green Building Certification](#)



DBJ Green Building

ResReal Real Estate Resilience Certification

ResReal, is the first certification program in Japan to evaluate the “Robustness (location and building)”, “Redundancy”, “Readiness” and “Substitutability” of properties to quantify and visualize the resilience (strength, flexibility, resilience and resistance) of real estate against natural disasters, certified by the Japan Real Estate Institute.

ResReal Flood Damage Edition quantifies the resilience of the subject property to flood damage on a 100-point scale, with five grade ranging from Platinum (extremely resilient) to Standard (generally resilient) depending on the score.

KDX Realty Investment Corporation was the first J-REIT to acquire this certification in 2023.

> [For more details concerning ResReal Certification](#)



Contribution to a Sustainable Environment

Reduction of Energy Consumption and CO2 Emissions

(Climate Change Initiatives)

Basic views

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

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

Support for TCFD recommendations

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



(“TCFD”) and also joined the TCFD consortium, a group of domestic companies that support TCFD recommendations in October 2021.

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

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



KDX Realty Investment Corporation, Kenedix Private Investment Corporation, and Kenedix Real Estate Fund Management, Inc. will work to expand information disclosure based on TCFD and continue to actively promote ESG (Environment, Social and Governance) initiatives based on “Sustainability Policies” established by the Asset Management Company.

Metrics and Targets

Each of two REITs where Kenedix is the main sponsor has set GHG emission reduction goal (KPI) as follows in order to actively promote the reduction of environmental impact and contribute to sustainability of environment through the mid- to long-term reduction of GHG emission in our portfolio.

- [KDX Realty Investment Corporation](#)
- [Kenedix Private Investment Corporation](#) (only in Japanese)

Reduction of Environmental Burden

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

Initiatives by KDX Realty Investment Corporation

- Installation of LED Lightings

We promote to convert lightings in common area, tenant area, etc. and emergency lights (including emergency guide lights) to LED to actively promote reduction of electricity consumption.



We will continue to convert lightings in tenant area by promoting Green Lease based on discussions with tenants in a planned way as well as in common area.

Contribution to a Sustainable Environment

- Solar panel installation

We installed solar panels at our properties to decrease GHG emissions.



Unics Ina



Kawamachi Yahagi Mall



Apita Terrace Yokohama Tsunashima



Tenri Distribution Center



Monenosato Mall



Yumemachi Narashinodai Mall

- Remote surveillance of road heating

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



- Installing Secure Lockers for Deliveries

Secure lockers for parcels eliminate the need for delivery companies to return to a property when a resident is not home the first time. This reduces transportation GHG emissions and wasted working time for drivers.



Initiatives by Kenedix Private Investment Corporation

- Installation of LED lights

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



- The 8th Yokohama Global Warming Prevention Award

The Yokohama Global Warming Prevention Award is awarded to companies that have achieved outstanding results in terms of significant reductions of GHG emissions in the Yokohama City Global Warming Prevention Plan System. The eighth annual award was given to six of the 310 applicants who submitted their reports in 2021. G.K. YMM Investment has submitted the report as a representative of the building and was awarded as one of the six awardees.

G.K. YMM Investment is a core fund SPC, for which our group company is entrusted asset management, and invests in a portion of the shares in the Mitsubishijuko Yokohama Building. The Mitsubishijuko Yokohama Building has

been jointly managed since 2018 by KDX Realty Investment Corporation, Kenedix Private REIT Investment Corporation and G.K. YMM Investment.



Education to employees on green building

We provide annual sustainability training by external specialist to improve awareness and knowledge on sustainability for our employees.

Green finance

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

What is a Green Finance?

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

Switching to renewable energy sources for electricity

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

Contribution to a Sustainable Environment

	2020	2021	2022	2023
Number of renewable energy power plants*	23	23	34	47
Output of renewable energy facilities (MW)*	155.7	155.7	161.4	170.4

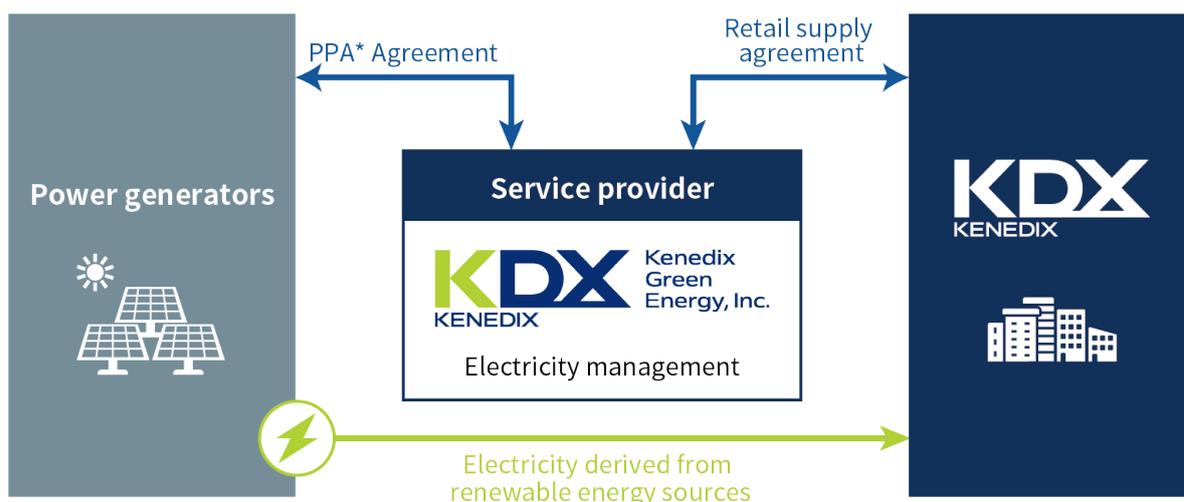
(Note) The number of renewable energy power plants and output of renewable energy facilities at the Kenedix renewable energy fund are as of the end of each year and include locations that are operating or under development by Kenedix Investment Partners, Inc.

100% Renewable-energization of Group REITs

As part of our decarbonization management, we established Kenedix Green Energy, Inc. (KGE), a wholly owned subsidiary of Kenedix, Inc., on June 5, 2023, with the aim of contributing to the reduction of CO2 emissions by switching to 100% renewable energy for the electricity consumed by the properties managed by Kenedix group in order to achieve the carbon neutrality of Kenedix group. KGE's main business is service provider of retail electricity business as stipulated in the Electricity Business Act, and its current goal is to convert to 100% renewable energy for the electricity consumed by the properties owned by our group REITs by the end of FY2025.

KGE will develop power generators, procure stable renewable energy electricity by concluding long-term Power Purchase Agreements (PPA), propose switching to renewable energy electricity for the properties owned by our group REITs, and provide renewable energy electricity through licensed retail suppliers.

By promoting this business, KGE will contribute to the realization of GHG emission reduction target of "Net Zero" for the Group REITs, as well as to the Kenedix Group's key material issue of "Contributing to a Sustainable Environment."



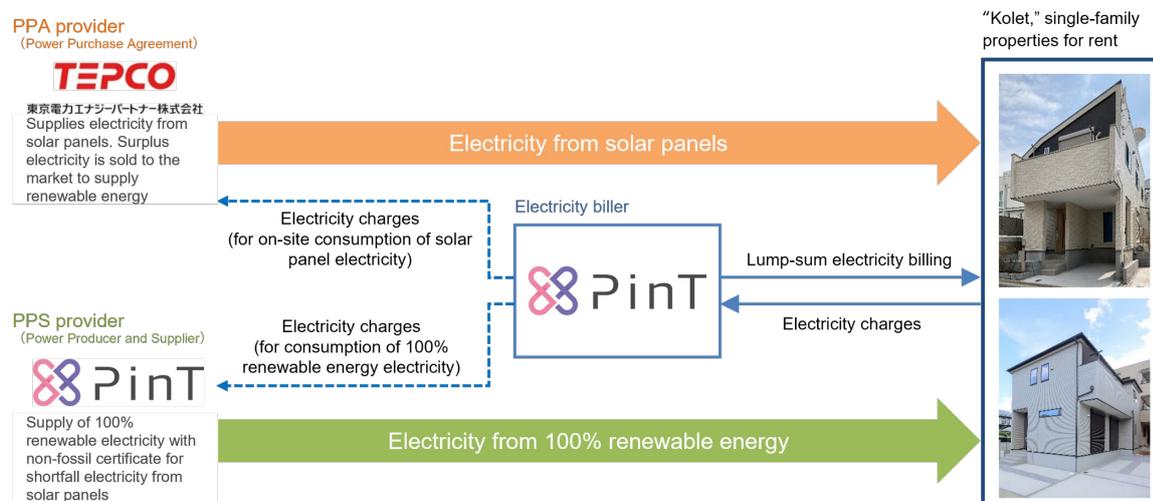
(Note) PPA is the abbreviations for the Power Purchase Agreement. PPA is contract in which corporations, such as companies and local governments, purchase the electricity derived from renewable energy sources.

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

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

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

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



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

Reduction of Water Consumption and Waste Materials

Basic views

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

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

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

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

Initiatives to reduce water consumption

Water Conservation Initiatives

We are working to reduce water consumption by introducing toilets with water-saving functions and installing rainwater tanks in our properties.

Rain garden at Yokohama Connect Square

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



Initiatives for reduction of waste materials

Waste material reduction and sorting

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

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

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

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

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

Brownfield Development at Yokohama Connect Square

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



Collaboration with Tenants for Environmental Initiatives

Basic views

As we are continuously making effort to realize sustainable environment, we think it is crucial to cooperate with our tenants who constantly use our properties. We are aiming to cooperate by taking initiatives to raise awareness and promoting green lease that allow both owner and tenant to share economic merit to achieve sustainable environment.

Collaboration with environmental initiatives is one of our material issues. We have been making contribution through promoting tenant cooperation and cooperating with other stakeholders such as property management companies who actually manage the building and employees of Kenedix Group who manage the properties.

Initiatives for collaboration with tenant

Green Lease

KDX Realty Investment Corporation and Kenedix Private Investment Corporation conducted LED lighting installation works for a part of a tenant office space at the expense of them based on the agreement. A certain ratio of the highly reduced amount of electricity charges and maintenance costs (costs for exchanging fluorescent bulbs) has been paid from the tenants in return as Green Lease fee.

What is a Green Lease?

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

Introducing green lease with clause for environmental cooperation

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

Cooperation with property management companies

KDX Realty Investment Corporation and Kenedix Real Estate Fund Management, Inc. are engaging with property management companies to share their vision, policies of sustainability and when making contract with a new tenant, property management companies explain these ideas to tenants to achieve their cooperation.

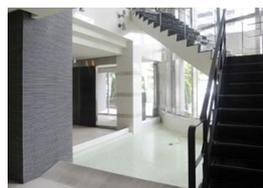
Biodiversity

Basic views

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

Promotion of greening

We plant bushes, flowering plants and other greening at building entrances, open areas of building sites, rooftops and other locations. Rooftop greening at retail facilities



KDX Residence Togoshi
(greenery adds value to the entrance)



MONA Shin-Urayasu
(Rooftop)

creates a relaxing space for people and has the added benefit of preventing the reflection of sunshine, which helps hold down summer heat in large cities.

Consideration for Biodiversity

Birdbath at Yokohama Connect Square

Yokohama Connect Square, which Kenedix was engaged in the development and which was completed in January 2023, has birdbaths that serve as watering and bathing areas for wild birds.



ABINC certification

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





Our Commitment to a Diverse Society

Sustainability Policies -Our commitment to a diverse society-

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

Providing Properties with Environmental and Social Considerations

Basic views

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

Investments in various types of properties through REITs

The two REITs where Kenedix is the main sponsor provide investment management in a diverse range of targeted sectors. The operations of each one reflects the characteristics of its respective market sector, resulting in highly transparent asset management.

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

Investments in flexible / mixed use properties

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

Flexible and agile response to existing buildings

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

Urban redevelopment projects

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

Cooperation with Re-Seed

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



Reuse of underground piles

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



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

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





Our Commitment to a Diverse Society

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

On-site expansion of existing properties

KDX Realty Investment Corporation has expanded a recycle store building at Roseo Mito, two restaurant buildings at Unix Ina, and a restaurant building and a lounge building. KRR strives to enhance the value of properties through urban redevelopment.



Investment in the Maebashi CCRC project properties

The concept of CCRC (Continuing Care Retirement Community) originally originated in the United States, but the Japanese version of CCRC was devised to extend healthy life expectancy in Japan as well as to improve the environment as a regional revitalization.

Kenedix Private Investment Corporation owns a commercial facility located in local city that is promoting CCRC business. The area includes multigeneration apartments, nursing homes with nursing care, kindergarten, and bakery café & community spaces in the parks.

An organization that works to enhance the attractiveness of the surrounding area has been formed. Kenedix Private Investment Corporation, in cooperation with the tenants and other members of the organization to foster a community of diverse people and generations, promotes to increase the attractiveness of the region and create a related population.



Social finance

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

What is a Social Bond?

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

Providing investment opportunities through real estate crowdfunding

We have developed the real estate crowdfunding business “bitREALTY” since January 2019 to provide more people with opportunity to invest in unlisted real estate investment funds, which were previously limited to some institutional investors. We have provided a new era service that allows to invest in various real estate investment funds via the internet. We have organized various funds for hotel, residential properties, logistics facility, healthcare facilities, childcare facilities and retail facility, and have completed a total of 8.5 billion yen in offerings so far.



Providing investment opportunities through real estate security tokens

In August 2021, Kenedix implemented Public Real Estate Security Token Offering (Real Estate STO) for the first time in Japan to issue digital securities for the purpose of procuring funds. Real estate security tokens (Real Estate ST) have both of the characteristics of real estate such as "visibility" and "stability" and the benefits of financial instruments such as "smaller-lot" and "liquidity." These are convenient real estate investment methods that can be invested by way of existing securities companies' investment accounts, and we consider them to be new investment products that can meet diverse investment needs of a wide range of investors.



Opportunities to investment in large real estate

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

In addition, in August 2023, Kenedix implemented larger Real Estate STO than that, backed by a tower condominium with an asset size of ¥30,000 million.





Our Commitment to a Diverse Society

Opportunities to investment in secondary market via ODX

As its ninth offering, in December 2023, Kenedix implemented the Real Estate STO, backed by a hotel with an asset size of ¥8,900 million. The Real Estate ST is one of the first security in START, new trading system operated by Osaka Digital Exchange Co. Ltd, (ODX) for distribution of security tokens, to begin trading.

Improving Resilience

Basic views

Improving resilience/climate adaption is one of our material issues. We have been making various initiatives to prepared for emergency situations in our properties for the safety and security of tenants' employees, visitors and local communities.

Improving resilience for disaster

Emergency kit box in elevator

KDX Realty Investment Corporation has been placing boxes of emergency kit in the elevators in case of disaster and machine trouble.



Distribution of emergency action manual handbook

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



Disaster response vending machine

Some properties owned by Kenedix Residential Next Investment Corporation have disaster relief vending machines and SDGs promotion vending machines.

In the event of a power outage due to disaster, etc., beverages in the vending machines can be provided free of charge as relief beverages.



Verification of earthquake resistance

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



Our Commitment to a Diverse Society

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

Initiatives for an Aging Society with Fewer Children

Basic views

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

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

Management of healthcare facilities

KDX Realty Investment Corporation has invested in healthcare facilities in order to help meet the growing demand for healthcare by purchasing and operating these facilities.

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



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

Commitment to barrier-free access

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

Sustainable Policies -Stakeholder engagement-

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

Stakeholder Engagement

Basic views

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

[Stakeholder Engagement](#)

Continuous Improvement of Customer Satisfaction

Basic views

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

Portfolio property customer satisfaction

Tenant satisfaction survey

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

Fund customer satisfaction

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

The listed REIT, KDX Realty Investment Corporation, hold earnings announcement information meetings for securities analysts in each fiscal period. These REITs also participate in information meetings for individual investors as needed in order to maintain direct lines of communication with these investors.

Engagement with business partners

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

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

Topics: Unified asset and property management by the Kenedix group

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

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

Contact for formal grievance complaint

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

[Complaints and Appeals](#)

Community Engagement

Basic views

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

Community engagement through managed properties

Local events at our properties

KDX Realty Investment Corporation is making efforts to enliven local communities by holding community-participating events at its properties.



Roseo Festival
(Roseo Mito)



Summer Festival
(Unicus Ina)



Kamisato Farmers Market
(Unicus Kamisato)

Support for the activities of Japan for UNHCR

KDX Realty Investment Corporation has been supporting Japan for UNHCR, which is the official contact point in Japan on behalf of UNHCR, a refugee support organization of United Nations, by providing common areas of its properties as locations for fund-raising activities to support refugees, showing their advertising video on the digital signages of our properties both for free. The letter of appreciation was given by Japan for UNHCR to KDX Realty Investment Corporation.



UNHCR's campaign

SDGs event at our property

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



Initiatives for art project

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



Community engagement by Kenedix group

Community participation activities

- Collaboration with local communities

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



Education and academic support activities

- High school student work experience

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



J-REIT study session for university students

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



Stakeholder Engagement

Culture, art and sports support activities

- Sponsorship of Hibiya Music Festival

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



- Donations and sponsorship for sports

We sponsor the Japan Rowing Championships and Japan Ice Hockey Championships, etc.



International exchange activities

- Support for the Mindanao Children's Library

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



Reconstruction support activities

- Matching donations

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



Managing Conflicts of Interests

Basic views

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

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

[Compliance](#)



Attractive Working Environment

Sustainability Policies -Attractive working environment-

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

Recruiting, Employee Retention and Career Advancement

Basic views

Recruiting, employee retention and career advancement is one of our material issues. Kenedix Group is promoting initiatives to develop capabilities of employees by providing trainings and educational programs to maximize individual productivity. Employees receive the opportunities to discuss whether they are satisfied with their jobs and their career plans twice a year, which are used to improve the efficiency of the operation and distribution of personnel at the most desirable place.

Workforce diversity and stability

As a relatively new business sector, the real estate asset management industry developed by bringing together specialists with experience in many areas of the real estate and finance sectors in its early days. Kenedix takes over and utilizes the know-how, expertise, philosophies, and human networks cultivated by the Kenedix Group. Furthermore, Kenedix continues to recruit new employees so that it can secure appropriate human resources in a timely manner in accordance with business conditions and environmental changes. In addition, we have been recruiting new university graduates continuously since 2005.

Moreover, to forecast hiring needs and proactively develop new pools of talent, Kenedix has adopted a referral recruitment strategy (an employee placement system whereby current officers and employees are encouraged to recommend personnel suited to the Kenedix Group, such as acquaintances and friends) in February 2021 in addition to regular new graduate recruitment and mid-career recruitment.

By securing various human resources, Kenedix promotes sustainability management as a real estate asset management company.

Kenedix Group have never conducted lay-offs or other employment adjustment since their establishment in 1995.

Total benefits package

Kenedix Group strives to create a comfortable working environment through various benefit programs for all of its employees (including contract and part-time employees).

	Programs	Scope	Contents
Human Resource Development	Training program	All employees	Allows employees to take various training courses required for their job level
	Subsidy for qualification acquisition	All employees	Subsidizes the registration, maintenance, and renewal costs of recommended and supported qualifications in full. In addition, separate incentive payments are provided for the acquisition of certain recommended qualifications
Childcare and Nursing	Maternity leave, childcare leave and child nursing leave	All employees	Leave and absence to care for children
	Subsidy for childcare transportation	All employees	Subsidy for transportation to daycare centers, etc. for employees who care for multiple preschool children
	Nursing care leave	All employees	Leave and absence to care for a family member in need of nursing care
	Non-statutory nursing care leave system	All employees	Leave to care for a family member in need of nursing care for a period exceeding one year in combination with nursing care leave
	Special nursing care leave	All employees	In addition to nursing care leave, a total of 10 days of paid special leave for nursing care is granted for each person requiring nursing care.
	Shorter working hour	All employees	Allows employees to shorten their working hours for the purpose of childcare or nursing care
Support for Diverse Working Style	Flexible working hours	All employees	Allows employees to flexibly choose their start and end times for their workday according to personal convenience
	Remote work	All employees	Allows employees to work from home or in a shared office, etc. for greater flexibility in working style
	Annual paid leave in excess of statutory requirements	All employees	20 days of paid leave at a flat rate (monthly rate for the first year of employment)
	Consecutive leave	All employees	In addition to regular annual paid leave, employees are granted consecutive leave
	Refreshment leave	Regular employees	Refreshment leave is granted every 10 years of continuous service, and a commemorative service reward is provided to those who take the leave.



Attractive Working Environment

	Hourly paid leave	All employees	Allows employees to take annual paid leave, child nursing care leave, and nursing care leave in one-hour increments
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Human resource development system

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

Examples of human resource development programs by position and level

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

Employee talent development training percentage

2020	2021	2022	2023
32.2%	93.4%	82.9%	83.6%

(Note) In 2020, the figure declined sharply due to the COVID-19 pandemic. The figure rebounded in 2021 by utilizing online training.

Training cost per employee

2020	2021	2022	2023
30,944 yen	59,606 yen	65,933 yen	65,393 yen

(Note) Calculated for employees directly employed by Kenedix, Inc.

Training programs

Job-specific skill development training program

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

Self-development program

Kenedix provides opportunities to all of its employees to attend seminars and trainings arranged by third parties to acquire specialist knowledge or skills required for their jobs.

English language training

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

Study abroad program

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

Encouragement to obtain professional certifications

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

Qualified individuals

(as of December 31, 2023)

Real estate notaries	194	Tax accountants	2
ARES certified masters	89	Chartered members of the Securities Analysts Association of Japan	16
Certified real estate consulting masters	23	Administrative scriveners	4
Certified building administrators	27	Judicial scriveners	1
Licensed senior architects	14	Administrative managers	11
Real estate appraisers	9	Condominium property managers	9



Attractive Working Environment

Certified public accountants (Japan)	4	Loan operations managers	15
Certified public accountants (United States)	4	Attorneys	4

(Note) Calculated for employees directly employed by Kenedix, Inc.

- Persons Eligible for Subsidy

All executives and employees, including contract employees

- Detail of Subsidy

All registration, maintenance and renewal costs for recommended and supported qualifications

Separate incentive payments for acquisition of certain recommended qualifications.

Internal job announcement

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

Evaluation system to encourage employees' career development

Employees performance is evaluated through objectives management evaluations. Managers interview individuals to discuss their performance and career opportunities at the beginning, half year and end of the fiscal year.

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

Engagement survey

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

	2022	2023
Engagement rating	BBB	A
Engagement score	55.4	59.3

Investment Unit Ownership Program (ESOP)

We have introduced investment unit ownership program (ESOP) for KDX Realty Investment Corporation for the employees and senior executive officers.

The purpose of the introduction of the program is to promote welfare benefits by providing opportunities to acquire the Kenedix group REIT's investment units and facilitating their wealth building as well as to enhance unitholder value over the medium-to long-term by promoting further alignment of interests with Kenedix group REIT's unitholders. In addition, the program allows for the purchase of investment units through payroll deductions and provides a 10% incentive on the purchase amount.

Health and Wellbeing of Employees

Basic views

The health and wellbeing of employees is one of our material issues. We have been promoting initiatives to maintain work / life balance, provide working environment that is pleasant and advantageous in soft and hard to maximize employee's ability. In addition, the company has prepared the non-salary benefits for all of its employees to reflect a variety of personal needs.

Work style reform

We have been improving its working environment by encouraging employees to take paid holiday, reducing overtime work and introducing various internal rules to allow flexible work style.

Paid vacation in excess of statutory requirements

20 days of paid vacation are granted to all employees after their second year of employment (the first year of employment, the number of days is granted according to the length of employment)

Promoting the use of paid vacation days

On top of annual paid leave, we have a program that allows employees to take consecutive days off. Department managers encourage the people they supervise to go on an extended vacation and to use all of their annual leave. In addition, in the year following the attainment of 10, 20 or 30 years of continuous service as a regular employee, refreshment leave is granted, which is added to the number of consecutive days off, and a rewards for commemoration of service is provided to those who take refreshment leave.

Hourly paid leave

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

Flexible working hours

All employees can choose different start and end times for their workday except a core-time from 10 a.m. to 3 p.m. to enhance their working arrangements.

Remote work

All employees can work from home or in a shared office for their greater flexibility in working style.

Initiatives to reduce overtime work

Managers in each department are monitoring working hours and in their team and adjusting workloads of employees to minimize overtime. If an employee has worked more than certain hours, a check-up by doctor shall

be arranged upon employee's request, reported to the Health Committee.

Health and wellbeing

We have been endorsing health management to support health of employees and preparing comfortable working environment through establishing rules as follows.

Health committee

Kenedix has established health committee and organized monthly meeting to discuss and take measures to promote health and prevent disorder for its employees. Also, the committee sends email every month to all employees on relevant topics to enlighten them on health and wellbeing.

Annual physical check-up

All employees including contract employees are to receive annual physical health checkup by doctor on company cost.

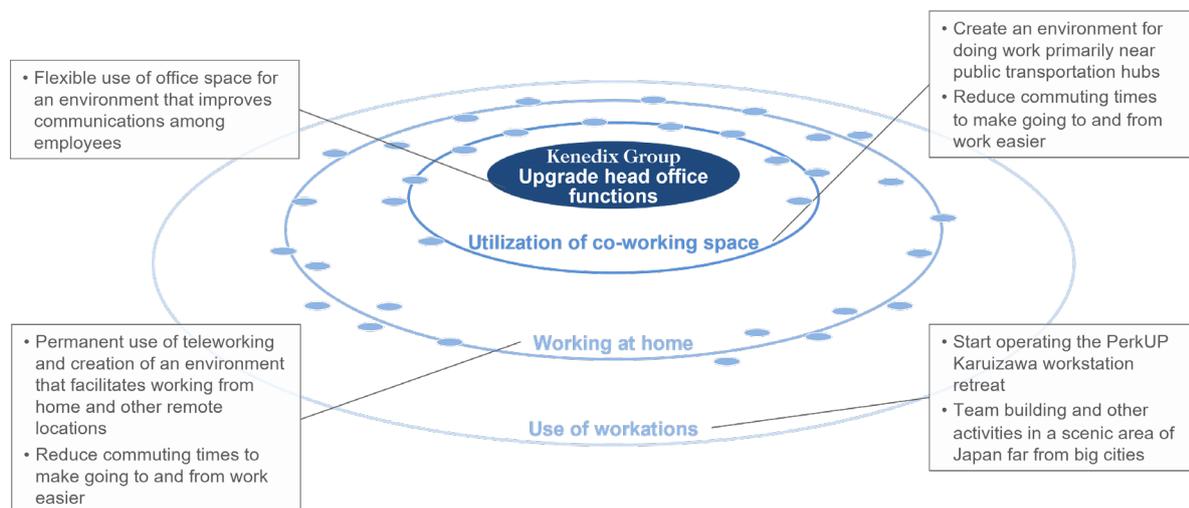
Mental health care

All employees have access to counseling service provided by the company where employees are allowed to report any personal issues or issues regarding the company to external counselors, in order to raise their mental literacy. Newsletter with relevant topics on mental health is sent every month to notify of this service.

In addition, the company provides annual stress check to all employees including contract employees to prevent illness of which result are provided to each employee and, if necessary, checkup by doctor is arranged.

Diverse working styles

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



Attractive Working Environment

Positive working environment for workers

We are located at “Hibiya Parkfront”, the building we participated in its development. The transportation of the building is excellent since it is directly connected to 2 metro stations, Kasumigaseki and Uchisaiwaicho, through the neighboring building. Taking advantage of its rare location near Hibiya Park, abundant trees are planted inside and outside the building under the concept of an "office in the park". In addition, by providing services and facilities to support office workers, the building has become an ideal office where "people can feel nature and work comfortably".

- Introduction of an Activity-Based Workplace (ABW)

We have redesigned our head office to realize a new way of working by adopting an Activity-Based Workplace (ABW), in which employees can choose where they work according to the nature of their work, without fixed seating.

The “activity-based type,” which has been attracting attention in Japan following Europe, the U.S., and Asia, is a development of the free-address type, with the same features of a designated workplace shared by all employees without fixed seating, but with a variety of seating and space arrangements, allowing employees to choose an environment that suits their working style and work content. Since Kenedix group handles highly confidential information such as client asset management and personal information, it clearly separates the space for each group company and the space shared by the entire company, and adopts ABW for the company-wide shared space, while introducing a flextime system to support diverse employee work styles.



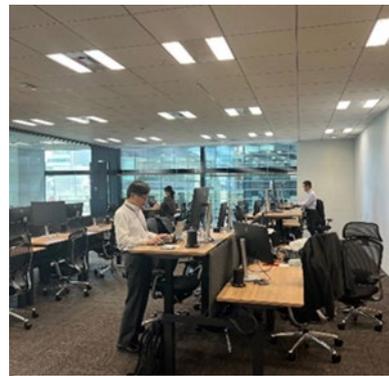
Open table seats

Open-air seating for casual chit-chat and lunch time.



BOX seats

Box seating for four persons enables casual meeting.



Standing desk

It can improve excessive sitting and change posture to amplify health and improve concentration.



Café counter

Freshly ground coffee is served, and employees can stand around and talk in a café-like atmosphere.



Booth

Users can use the facility for telephone calls or web conference on alone, without worrying about surrounding eyes and sounds.



High concentration area

Employees can work alone in a quiet and calm environment to improve their work efficiency.

● Harmonization with the nature of Hibiya Park

In order to harmonize with Hibiya Park, the landscape was developed for greening with over 100 plants and trees. Trees and plants are also placed inside the building to achieve park-like comfortable space in the building.



1F Entrance hall



21F Sky garden

● Hibiya Centrum unified with landscape in Hibiya Park

To protect biodiversity, over 100 kinds of trees and plants were selected after thorough examination of landscape in Hibiya Park. The area has become the oasis for tenants and workers from the nearby office.



Hibiya Centrum

Use of workcations

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



Other initiatives

Employees meeting

Employees meetings, both online and off-site, are held to promote interaction among group employees. All employees of the Kenedix group participate in the meetings and share various topics such as messages from the president, introductions of each department, and awards for projects implemented during the fiscal year in order to promote friendship.

Proposal Project

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

“Kolet,” the newly built single-family properties for rent, was commercialized through this proposal project. In addition, various initiatives are underway to contribute to positive working and contribution to society, such as group exchange party, measures to improve the rate of paid leave used, the introduction of office music and the provision of donated study session to universities and other organizations.

Support for group activities outside of work

Kenedix subsidizes for group activities such as futsal or golf, which help employees make personal connections beyond his/her job scope.

Certification of health & productivity management outstanding organizations

Through the implementation of various initiatives related to health management, etc., we have been certified as a “health & productivity management outstanding organization 2024 (large enterprise category)” by Nippon Kenko Kaigi, which recognizes organizations that practice excellent health & productivity management.

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



Diversity and Equal Opportunities

Basic views

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

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

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

Promotion of women employees' activities

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

Topics: Women's Activity Promotion Project

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



Attractive Working Environment

In January 2024, this project team was re-launched as the diversity promotion project team, and is now engaged in various activities with a greater emphasis on diversity.

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

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

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

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

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

● Targets

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

● Initiatives

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

Employment system for seniors

From the perspective of revitalizing the workplace through the participation of diverse employees and effectively utilizing human resources in response to the future decline in the working-age population, we have established a system for rehiring employees who have reached retirement age of 60 until the age of 65, we expect that the knowledge and expertise of our senior employees, who have been at the forefront of the real estate asset management industry since its dawn, will be passed on to the organization.

Support for employees through their life event

We have prepared various programs to support employees to work through their life event such as having children or nursing elderly.

Childbirth and childcare

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

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

Nursing elderly

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

Sustainability Policies -Responsible organization-

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

Compliance

Basic views

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

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

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

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

Compliance system

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

The Compliance Officer performs the following activities.

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

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

2. Guidance and training

Periodic compliance guidance and training activities for executives and employees

3. Confirmation of the status of compliance

Activities to confirm that compliance programs are functioning properly

4. Handling of problems

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

Compliance manual

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

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

Compliance as a company

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



Compliance program

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

Corporate ethics policy

Kenedix has the following Corporate ethics policy.

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

Rejection of anti-social forces

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

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

Measures against money laundering and terrorist financing

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

Anti-bribery and anti-corruption policy

Strict compliance with laws, regulations and other guidelines is positioned as a vital element of the management of Kenedix based on the awareness that compliance problems are significant risks regarding business operations. Kenedix strives to prevent corruption by establishing specific policies on “Prohibition of bribery,” “Prohibition of embezzlement, fraud, theft, and other criminal acts” and “Prohibition of insider trading” in our “Employment Regulations” and “Compliance Manual.” Any violation of these policies will be subject to disciplinary action in accordance with the “Employment Regulations.”

Furthermore, compliance awareness is raised by regular training on a wide range of legal and compliance issues through compliance training for new employees and for all officers and employees (including temporary employees.)

In fiscal year 2023, there were no cases of “Incidents related to fraud or corruption,” “Dismissals or termination related to fraud or corruption,” “Costs of fines, penalties, or settlements related to fraud or corruption” in the Kenedix group. Moreover, there were no record of political contributions.

Entertainment/hospitality and prohibition of bribery

Kenedix has set rules such as “Prohibition of entertaining clients and giving gifts to public service officials,” “Prohibition of requesting entertaining clients and giving gifts from business partners beyond a reasonable range,” and “Prior approval when providing entertaining clients or giving gifts.”

Kenedix is committed to prevent the corruption in accordance with the National Public Service Ethics Law, the National Public Service Ethics Code and regulations.

Kenedix regularly verifies that each entertainment and hospitality is properly conducted by internal rules, and the records of such activities are kept and monitored. The operation of these anti-corruption & bribery rules is subject to internal audit.

Due Diligence on new business partners and brokers

Kenedix conducts due diligence by checking the anti-social forces and information management systems for the “transactions with new business partners and brokers, others.” In addition, the Compliance Manual stipulates the rule of “prohibition of bribery, others at the time of selecting business partners, others.”

Response to violation occurrence

Employees are required to report to the department head or the compliance officer when one discovers a compliance problem such as bribery, or receives a suggestion from others of existence of a compliance problem, or is concerned regarding possible compliance violation. If the compliance officer deems it necessary in compliance with various laws, regulations and rules, the compliance officer reports to the President & CEO, the compliance committee, the board of directors, and appropriate action will be taken.

Responsible Organization

The employees (including directors, regular employees, contract employees, temporary employees, part-time employees, dispatched employees and workers stationed within our company on subcontracting, those who have made a report within one year from leaving the company) may also utilize the whistleblowing system, which allows anonymous reporting.

Whistleblowing system

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

Reporting, investigation and disciplinary processes

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

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

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

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

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

Prohibition of unfair treatment

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

Managing conflicts of interests

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

Business compliance committee

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

Proper information management among group companies

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

Rule concerning conflicts of interest among REITs

Since Kenedix Real Estate Fund Management, Inc. manages multiple REITs, it has established a pipeline committee and adopted internal guidelines in order to prevent the improper allocation of acquisition opportunities as well as prohibition of concurrent serve as several general managers of REIT management departments, and thus, managing conflicts of interests among the REITs.

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

Risk Management

Basic views

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

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

Risk management system

In order to ensure sound management and to contribute to the protection and improvement of corporate value, Kenedix has prepared Risk Management Regulations, which stipulate policies, divisions and methods of risk management.

Risks to be managed are defined as potential factors that may damage corporate value or hinder sustainable growth in the process of business execution, and are classified into four categories: compliance risk, business country risk, financial risk and reputation risk.

The President & CEO is the chief risk management officer, and the General Administration & Human Resources Department is the risk management division, which is responsible for the development of the risk management system, overseeing company-wide risk management and providing advice and guidance to each division in the development, operation and reporting of its risk management system.

Each division implements risk management individually, and the head of each department has the necessary authority and responsibility for the development, operation, reporting of its risk management system.

The head of each department shall report the status of risk management managed by the department to the risk management division for each fiscal year. The risk management division shall report to the chief risk management officer for each fiscal year a summary of the reports from each department on a company-wide basis.

Regardless of the timing of the reports from each department, the risk management division may, if it deems necessary, check the status of risk management of each department voluntarily, and if, as a result of such check, it determines that risk management is insufficient, the risk management division may instruct each department to correct or improve the situation.

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

Crisis and disaster response system

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

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

We periodically reexamine this plan and make revisions as needed.

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

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

Information security

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

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

5. Kenedix constantly reexamines and makes improvements as needed to its information management framework.

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

Kenedix executives and employees receive training as needed concerning the proper handling and protection of information. Audits of these activities are performed by designated auditors. In addition, Kenedix has a manual concerning the use of mobile devices, personal smartphones, social media, and other devices and media and uses other activities to ensure that employees manage information strictly in accordance with all rules and guidelines.

Protection of personal information

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

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

[Privacy Policy](#)

Information security

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

Responding to cyber incident

Kenedix has prepared the Cyber Incident Response Standards and provided a system and procedures for responding to various incidents (including system downtime, malfunction, inadequacy, malware infection, information leakage, unauthorized use, etc.; hereinafter referred to as "Cyber Incident") where cyber security risks are manifested or realized in the cyber security field such as information security-related accidents and cyber-attacks. The following is the response system and procedures for cyber incidents.

the General Administration and Human Resources Department is designed as lead department for information systems, and oversees and manages operations related to cyber incident response. In addition, Kenedix has prepared cyber incident response procedures, and under the response system according to the cyber incident level,

we strive to minimize damage in the event of cyber incidents, and to restore damaged operations quickly and efficiently.

Commitment to Responsible Investments

Basic views

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

Signing on to the PRI

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

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

Signatory of:



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

Signing on to the PFA21

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



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

GRESB membership

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

KDX Realty Investment Corporation was the first J-REIT to participate in the "GRESB Real Estate Assessment" in 2011, an annual benchmarking assessment for real estate companies and funds. Since then, we have been awarded "Green Star" for 12 consecutive years by achieving high performance both in "Management Component," which evaluates policies and organizational structures for ESG promotion, and the "Performance Component," which assesses environmental performance and tenant engagement at properties owned. In the 2023 GRESB Real Estate Assessment, KDX Realty Investment Corporation earned the highest evaluation of "5 Stars" for second consecutive year. Moreover, KDX Realty Investment Corporation has received "A" rating, the highest level of ESG-related information disclosure.

Also, Kenedix Private Investment Corporation has been awarded "Green Star" and earned the evaluation of "3 stars."

KDX Realty Investment Corporation	Kenedix Private Investment Corporation
 <p>G R E S B ★ ★ ★ ★ ★ 2023</p>	 <p>G R E S B ★ ★ ★ ☆ ☆ 2023</p>

Kenedix group's investment in group REITs

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

Relevant Data

Relevant Data (Environment)

	2020	2021	2022	2023
Number of renewable energy power plants*	23	23	34	47
Output of renewable energy facilities (MW)*	155.7	155.7	161.4	170.4
Violations of environmental laws and regulations and environmental accidents	0	0	0	0

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

Relevant Data (Social)

	2020	2021	2022	2023
Number of healthcare properties managed by Kenedix Group REITs	24	28	37	39
AUM of healthcare properties managed by Kenedix Group REITs (millions of yen)	54,128	61,610	73,381	82,417

Relevant Data (Stakeholder)

	2020	2021	2022	2023
ROE	8.6%	9.7%	10.2%	11.3%

Relevant Data (Employment)

	2020	2021	2022	2023
Number of employees (average age) ^{*1}	72 (41.5)	81 (42.0)	78 (42.4)	93 (42.8)
Men (average age)	54 (40.3)	63 (40.9)	58 (41.3)	72 (41.8)
Women (average age)	18 (45.0)	18 (46.0)	20 (45.5)	21 (46.1)
Pct. of females in employees	25.0%	22.2%	25.6%	22.6%
Number of employees [consolidated]	347	351	367	381
Average number of consecutive years at the Kenedix Group ^{*1}	7.1	6.9	6.9	6.6
Men	6.5	6.1	6.4	5.8
Women	8.9	9.9	8.4	9.1
Difference ((Women–Men) / Men)	36.9%	62.3%	31.3%	56.9%
Number of newly hired employees ^{*2} (new graduate hires / mid-career hires)	15 (3/12)	30 (5/25)	44 (3/41)	55 (4/51)
Men (new graduate hires / mid-career hires)	12 (3/9)	23 (5/18)	25 (2/23)	40 (3/37)
Women (new graduate hires / mid-career hires)	3 (0/3)	7 (0/7)	19 (1/18)	15 (1/14)
Pct. of women in newly hired employees (new graduate hires / mid-career hires)	20.0% (0%/25.0%)	23.3% (0%/28.0%)	43.2% (33.3%/43.9%)	27.3% (25.0%/27.5%)
Number of managers ^{*1}	21	27	25	29
Men	20	24	22	26
Women	2	3	3	3
Pct. of female managers	9.5%	11.1%	12.0%	10.3%
Number of directors ^{*1}	9	7	7	7
Men	8	7	7	7
Women	1	0	0	0
Pct. of female directors	11.1%	0%	0%	0%

*1 Calculated for employees belong to Kenedix, Inc.

*2 Calculated for employees directly employed by Kenedix, Inc.

Relevant Data

Relevant Data (System Use, etc.)

	2020	2021	2022	2023
Number of employees using childbirth leave ^{*2} (Men / Women)	2 (0/2)	5 (0/5)	4 (0/4)	2 (0/2)
Number of employees using childcare leave ^{*2} (Men / Women)	8 (2/6)	8 (0/8)	9 (2/7)	7 (1/6)
Pct. of employees returning to work after childcare leave ^{*2} (Men / Women)	100% (-/100%)	87.5% (-/87.5%)	100% (100%/100%)	100% (100%/100%)
Number of employees using shortened working hours for childcare ^{*2} (Men / Women)	1 (0/1)	0 (0/0)	1 (0/1)	0 (0/0)
Number of employees using staggered working hours for childcare ^{*2} (Men / Women)	6 (3/3)	9 (3/6)	8 (3/5)	9 (3/6)
Number of employees using sick/injured childcare leave ^{*2} (Men / Women)	1 (0/1)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care extended leave ^{*2} (Men / Women)	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care single-day leave ^{*2} (Men / Women)	3 (0/3)	1 (0/1)	0 (0/0)	0 (0/0)
Number of employees using shortened working hours to care for an elderly parent ^{*2} (Men / Women)	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using staggered working hours to care for an elderly parent ^{*2} (Men / Women)	2 (1/1)	1 (1/0)	1 (1/0)	1 (1/0)
Average number of days of paid leave used ^{*1}	10.4	9.4	10.6	11.7
Pct. of paid leave used ^{*1}	58.6%	56.6%	67.4%	71.9%
Overtime hours, per month, per person ^{*1}	14.3	18.1	22.7	23.3
Training expense per employee	¥30,944	¥59,606	¥65,933	¥65,393
Pct. of employees receiving a health check-up ^{*2}	100%	100%	100%	100%
Number of work-related fatalities ^{*2}	0	0	0	0

*1 Calculated for employees belong to Kenedix, Inc.

*2 Calculated for employees directly employed by Kenedix, Inc.

Relevant Data (Governance)

	2020	2021	2022	2023
Term of directors	1yr	1yr	1yr	1yr
Directors	9	7	7	7
Men	8	7	7	7
Women	1	0	0	0
Pct. of female directors	11.1%	0%	0%	0%
Average age of directors	57.8	56.6	56.0	58.4
Average years since election	4.3yrs	3.0yrs	3.9yrs	4.9yrs
Number of Board of Directors meetings ^{*1}	25	9	13	17
Average attendance of board meetings ^{*1}	97.4%	98.4%	95.2%	96.6%
Corporate auditors	5	4	4	4
Men	4	4	4	4
Women	1	0	0	0
Pct. of female corporate auditors	20.0%	0%	0%	0%
Total number of compliance training programs conducted ^{*2}	118	321	455	208

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

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

GRI Content Index

GRI Content Index

Statement of use	Kenedix, Inc. has reported the information cited in this GRI content index for the period (January 1, 2023 through December 31, 2023) with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Universal Standards

*: Core topics defined in the GRI Standards.

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

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

GRI Content Index

GRI standard	Disclosure	Location
3-1	Process to determine material topics	Material Issues
3-2	List of material topics	Sustainability Policies Managing Conflicts of Interests Reduction of Energy Consumption and CO₂ Emissions Reduction of Water Consumption and Waste Materials Health and Wellbeing of Employees Recruiting, Employee Retention and Career Advancement Diversity and Equal Opportunities Community Engagement Improving Resilience/Climate Adaption
103-3	Management of material topics	Sustainability Promotion Structure

Economic Standards

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

Environmental Standards

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

GRI Content Index

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

Social Standards

GRI standard	Disclosure	Location
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Relevant Data (Employment)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	Support for employees through their life event Relevant Data (System Use, etc.)
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	-
403-2	Hazard identification, risk assessment, and incident investigation	-
403-3	Occupational health services	-
403-4	Worker participation, consultation, and communication on occupational health and safety	-
403-5	Worker training on occupational health and safety	-
403-6	Promotion of worker health	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
403-8	Workers covered by an occupational health and safety management system	-
403-9	Work-related injuries	Relevant Data (System Use, etc.)
403-10	Work-related ill health	-

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