

Sustainability Report 2022



Sustainability of HEIWA REAL ESTATE 2022

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Message from the President

Helping realize a sustainable society as a company that contributes to revitalizing areas



The Mission of the Heiwa Real Estate Group

Heiwa Real Estate Co., Ltd., was originally established as the owner of stock exchange buildings in cities across Japan, including Tokyo, Osaka, and Nagoya. By operating and maintaining the facilities that house the country's financial infrastructure, the Group has built up relations of trust with its building tenants, business partners, and the local communities it serves. Through its efforts to revitalize urban areas, the Group has been providing solutions for environmental issues and challenges faced by communities, while closely engaging with its diverse stakeholders to raise their level of satisfaction. In these ways, the Group is playing a part in making society more sustainable.

Offering solutions to communities as a company that contributes to revitalizing areas

To realize a sustainable society and further growth, Heiwa Real Estate will make efforts to resolve social issues and contribute to the SDGs through our corporate activities. In terms of materiality, we recognize climate change countermeasures, industrial and regional development, response to social needs, natural disaster risk mitigation measures, and strengthening corporate governance as particularly important and will promote various initiatives to address each issue.

Meanwhile, the Heiwa Real Estate Group is expected to help enhance Tokyo's competitiveness among major cities of the world. The Tokyo Metropolitan Government has created a vision to make Tokyo a "global financial city," and the Group is playing a part by improving infrastructure in the city's financial center through its redevelopment of the Nihonbashi Kabutocho and Kayabacho district.

On that basis, we opened KABUTO ONE, the first phase of the Nihonbashi Kabutocho and Kayabacho Revitalization Project, in August 2021. In connection with the government's vision to make Tokyo a global financial city, KABUTO ONE has been designated as a nationally strategic urban development project, and its facilities as a financial center have been highly evaluated. It is also designed for disaster preparedness with emergency shelters for stranded commuters, and will utilize renewable energy to reduce environmental burden.

In April 2022, we completed construction of KITOKI, the first office building with retail stores for which Heiwa Real Estate adopted a hybrid structure comprising wood and SRC. In creating a district in harmony with nature, we incorporated a biophilic design that satisfies the instinctive human desire to be close to nature, featuring exteriors reflecting vibrant greenery and interior designs conveying a sense of trees, water and wind on each floor.

We are developing the Kabutocho 12 Project aimed at the FY2025 opening of Caption by Hyatt Kabutocho Tokyo, the first Hyatt select service lifestyle hotel brand in Japan. This project has been selected for the Leading Projects Program for Sustainable Buildings for 2020 (led by wooden structure) promoted by the Ministry of Land, Infrastructure, Transport and Tourism, with the aim of spreading awareness and advancing technologies related to wooden buildings as a leading project promoting the use of wood in mid- and high-rise hotels. After KITOKI, this is the second Heiwa Real Estate project selected for this program. These projects are part of our efforts to realize sustainable district revitalization, which is one goal of the Nihonbashi Kabutocho and Kayabacho Revitalization Project.

Considering the risk of major earthquakes and other natural disasters, reducing the overconcentration of people in Tokyo is a major issue in terms of the resilience of Japanese society as a whole. We will also incorporate lessons learned from the Nihonbashi Kabutocho and Kayabacho Revitalization Project to promote Redevelopment Business in Sapporo. I believe that the city of Sapporo, which hosted the full marathon event originally planned for Tokyo in last year's Olympics, is itself quite significant for its diverse array of functions. We own assets in the heart area of Sapporo, and will focus on the Sapporo Redevelopment Project from the larger perspective of addressing social issues.

In all of the Group's projects—not only new ones—our aim is to improve environmental performance and disaster-response capabilities. By implementing sustainable building management, we will keep working to reduce CO₂ emissions over the long term.

Aiming to continuously raise corporate value under our new Medium-term Management Plan, “Challenge & Progress”

Established in April 2020, our new Medium-term Management Plan, “Challenge & Progress,” spans from fiscal 2020 to 2023. Under this plan, we intend to continue revitalizing the Nihonbashi Kabutocho and Kayabacho districts, proceed with redevelopment projects in Sapporo, shift to a business model designed to create added value through external and internal growth, and implement sustainability initiatives as a means to help communities solve related challenges. In all of these activities, Heiwa Real Estate will work to make substantial progress going forward as a company that contributes to revitalizing areas.

While pursuing those activities, we will strive to achieve our profit targets by fiscal 2023, specifically earnings per share of ¥200 and consolidated operating income of ¥12.0 billion. We have also designated key performance indicators for facilitating our corporate capital policies, which place importance on the cost of capital and capital efficiency, from fiscal 2020 to fiscal 2023. Specifically, we are aiming for return on equity of 6%, and a consolidated total shareholder return ratio of 70% along with a consolidated dividend payout ratio of 50% by 2023. Moreover, we will take steps to raise awareness of compliance among officers and employees in an effort to ensure greater compliance. At the same time, we will work to further strengthen corporate governance, practice sustainability management, and promote occupational health for employees.

A Message to Stakeholders

Through these endeavors, Heiwa Real Estate will work to help communities overcome challenges as a company that contributes to revitalizing areas. Management is committed to meeting the expectations of all stakeholders and ensuring that the Group attains sustainable growth going forward. On behalf of management, I look forward to the ongoing support of the Group’s stakeholders.

Kiyoyuki Tsuchimoto
Representative Executive Officer, President and CEO

Approach to Sustainability

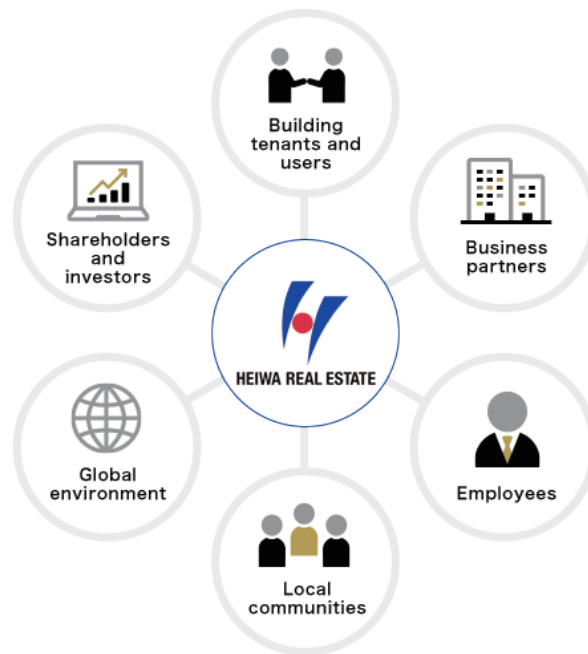
Sustainability Vision

Under its slogan of “Aiming to be a company that contributes to revitalizing areas,” the Heiwa Real Estate Group works to help communities overcome challenges and enhance the satisfaction of its stakeholders through its business activities as ways to continuously offer value to people throughout society.

Sustainability Vision		Help realize a sustainable society by increasing satisfaction through development of resolutions to environmental and social issues, and interactive communication with shareholders, in our role as “a company that contributes to revitalizing districts”		
Social Value		Materiality	SDGs	
Create Lively Areas through Diversity & Incubation	We will play an active role in the creation of ideal areas, where a diverse range of people gather and work together, stimulate investment, securities and finance, and foster culture and the arts.	Industrial Development / Regional Development	8 DECENT WORK AND ECONOMIC GROWTH	
		Responding to Social Needs	2 AFFORDABLE AND CLEAN ENERGY, 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES	
Create Disaster-Resistant, Resilient Areas	We are dedicated to creating buildings and facilities with a high level of disaster preparedness and ensuring that the city continues to function safely through the daily community activities of the people who live and work there.	Natural Disaster Risk Mitigation Measures	11 SUSTAINABLE CITIES AND COMMUNITIES	
Create Environment-friendly Low-carbon Areas	We will enthusiastically support moves to embrace energy-efficient technologies and renewable energy to help reduce CO ₂ emissions in areas.	Climate Change Countermeasures	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 15 LIFE ON LAND	
Create Lively Areas through Corporate Governance	We will continue to strengthen corporate governance on an ongoing basis and aim to be a company in which all officers and employees actively tackle environmental and social issues.	Strengthening Corporate Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	

Stakeholder Engagement

The Group promotes engagement with all stakeholders in order to mutually strengthen bonds with everyone who has a stake in its business. At the same time, the Group endeavors to improve urban environments, bring value to communities and help people benefit economically with a view to help make society more sustainable.



Building tenants and users

The Group works to ensure sound business activities and improve its services from the standpoint of its building tenants and users, while responding to their concerns fairly and sincerely.

Business partners

The Group conducts business in good faith in accordance with societal norms and laws related to free and fair competition and transactions in an effort to mutually raise corporate value together with its business partners.

Employees

The Group endeavors to respect each employee's character, eliminate any and all discrimination and harassment, and ensure a safe and comfortable work environment. Through these efforts, the Group strives to realize a sense of latitude and abundance.

Shareholders and investors

The Group creates a wide range of opportunities to engage with shareholders and investors by proactively making such efforts as holding financial results briefings and attending events for individual investors as well as disclosing information in a timely and proper manner.

Global environment

Giving full consideration to its responsibility to conserve the natural environment, the Group actively implements environmental initiatives while complying with environment-related laws and regulations.

Local communities

The Group places importance on coexistence with local communities and broadly works to contribute to society as a good corporate citizen.

Environment



- >Basic Approach
- >Promotion System
- >Environmental Supply Chain
- >Environmental Compliance



- >Basic Approach
- >Disclosing Information Based on TCFD Recommendations
- >Initiative Targets and Results
- >Specific Initiatives



- >Basic Approach
- >Initiative Targets
- >Specific Initiatives



- >Pollution
- >Waste and Resource Usage Initiatives

Environmental Concepts

Basic Approach

The Heiwa Real Estate Group considers its initiatives in environmental concerns as fundamental managerial issues and will promote the initiatives throughout its overall corporate activities. Giving full consideration to its responsibility to conserve the natural environment, the Group actively implements environmental initiatives while complying with environment-related laws and regulations.

Promotion System

In December 2020, the Company has established a Sustainability Committee, headed by the Executive Officer, President and CEO and comprised of Executive Officers and Managing Officers and heads of each departments, to facilitate the smooth implementation of our sustainability initiatives. By monitoring the plan-do-check-act (PDCA) cycle for each sustainability initiative, including those for climate change and other environmental issues, and by reporting important details to the Board of Directors, the Sustainability Committee acts as a main driver in increasing the effectiveness of sustainable management.



We have also established individual rules and policies for important environmental issues, and formulated specific measures to reduce our impact on the environment.

To implement these rules and policies, we established an Environmental Management System (EMS) based on the PDCA cycle with the aim of continuously reducing our impact on the environment.

*None of our offices have received ISO 14001 or other environmental certification.

Environmental Supply Chain

As the development and operation of real estate in the core Building and Redevelopment Businesses is a long-term process involving many stakeholders (design companies, construction companies, customers and others), we recognize the importance of tackling environmental issues throughout the supply chain in order to properly address them.

Sustainable Procurement

To promote ESG-friendly initiatives throughout the value chain for the Group's real estate portfolio, we have established procurement policies for major products, services and business partners (e.g., property management companies and building management companies). The Group strives to build cooperative relationships by sharing information on environmental concepts and targets to the greatest extent possible.

Environmentally Friendly Procurement Policies (Excerpted from Sustainable Procurement Policy)

② Introduction of Environmentally Friendly Operational Procedures

We shall comply with the various laws, regulations, standards, and other requirements related to the environment and sustainability.

③ Procurement of Environmentally Friendly Goods

When selecting goods for procurement in construction projects, the following items related to reducing environmental burden must be satisfied in addition to the necessary quality, functions, economic efficiency, and rationality.

- a. We shall strive to conserve resources and energy.
- b. Reduction of environmental pollutants: We shall strive to reduce the use and emission of harmful chemical substances, ozone-depleting substances, and other such substances.
- c. Long useful lifespans: We shall explore improvements such as in durability and ease of repair and parts replacement.

For more details on the Group's Sustainable Procurement Policy, please refer to Social Supply Chain under Social.

Policy on Environmental Issues within Tenant Businesses

The Heiwa Real Estate Group views initiatives addressing environmental concerns as fundamental managerial issues and promotes them throughout all corporate activities. In full recognition of its responsibility to conserve the natural environment, the Group proactively implements environmental initiatives while complying with environment-related laws and regulations. Environmental guidelines for tenants include policies on environmental issues such as climate change, water resources and waste.

Policy on Environmental Issues within Tenant Businesses (Excerpts from the Tenant Guidelines for Environmental Concerns)

Climate Change Countermeasures: Approach and Policies

The Group manages and maintains an appropriate understanding of energy consumption and the status of greenhouse gas (GHG) emissions arising from real estate management in the Group's businesses. We also take various initiatives to promote GHG emission reductions, efficient energy use, and renewable energy utilization beyond compliance levels, thereby working to fight climate change.

Water Resource Initiatives: Approach and Policies

The Group manages and maintains an appropriate understanding of the status of water usage arising from real estate management in the Group's businesses. We also make various efficiency improvements to promote water usage efficiency beyond compliance levels stipulated by law.

Waste Initiatives: Approach and Policies

The Group strives to reduce (waste emissions), reuse, and recycle in all of its corporate activities. We also work to reduce building lifecycle costs and conserve resources to realize a recycling-oriented society.

Real Estate Portfolio Biodiversity Preservation Project Progress

The Japan Exchange Group (JPX) is engaged in conservation activities in the hope that the growth of trees will lead to the development and enhanced attractiveness of markets. Heiwa Real Estate will use timber from the Tokyo Stock Exchange (TSE) Listing Forest, located in the Yashima district of Yurihonjo, Akita Prefecture, to contribute to the effective recycling of forest resources in Japan and help preserve ecosystems through the Wood Project, in which timber is utilized for building materials, benches and other purposes in our business activities. We also contribute to the preservation of biodiversity in urban areas with building rooftop gardens and tree planting around properties.

Water Usage within the Real Estate Portfolio

>Water Resource Initiative Targets and Results

Energy Consumption with the Real Estate Portfolio

>Climate Change Initiative Targets and Results

Greenhouse Gas Emissions in the Real Estate Portfolio

>Climate Change Initiative Targets and Results

Environmental Compliance

The Group maintains compliance with environment-related laws and regulations. There were no violations of environment-related laws and regulations or environmental accidents in FY2021.

Item	FY2019	FY2020	FY2021
Violations of Environment-Related Laws and Regulations	0	0	0
Environmental Accidents	0	0	0
Environment-Related Fines	0	0	0

Climate Change Countermeasures

Basic Approach

The Heiwa Real Estate Group recognizes that climate change will seriously affect the natural environment and social structures, and regards it as a material issue that will have a major impact on its businesses as a whole.

As climate change intensifies, abnormal weather and rising sea levels will have serious consequences for countries around the world.

This could also have a significant impact on the Group's business activities, as the value of properties it owns could decrease due to natural disasters, and stricter environmental regulations could affect its operations. Based on this recognition, we are making an effort to reduce greenhouse gas emissions and energy consumption while promoting the use of renewable energy and other measures.

Recognizing Issues and Commitments Related to Greenhouse Gas Emissions

The reduction of GHG emissions to mitigate climate change is one of the most important global environmental issues. In Japan, companies and offices (buildings) are required to calculate GHG emissions in accordance with the Act on Promotion of Global Warming Countermeasures, reduce total emissions in line with Tokyo Metropolitan Government regulations, and submit plans and reports on global warming countermeasures.

As society as a whole undergoes the transformation toward low-carbon and decarbonization, taking the initiative in reducing GHG emissions is also expected to lead to financial benefits, such as business differentiation, enhanced preference from prime tenants, and increased financing opportunities from ESG investors.

In light of these issues, the Group will appropriately monitor and manage GHG emissions from real estate management, while promoting GHG emission reductions beyond legal compliance levels through various GHG emission reduction measures.

Recognizing Issues and Commitments Related to Energy Consumption

Inefficient energy consumption leads to the waste of global environmental resources and excessive greenhouse gases emissions, which have negative impacts on the global environment, while also increasing the cost of energy and regulatory compliance, and can become factors that deteriorate the economic value of real estate.

Conversely, the efficient use (conservation) of energy in real estate protects the global environment and mitigates climate change. Efficient energy consumption can also be expected to result in reduced operating costs, lower regulatory risks, and increased financial benefits, such as improved real estate value over the medium to long-term, which in turn can lead to business opportunities.

Based on our recognition of these issues, the Group will promote the efficient use of energy above and beyond statutory compliance requirements by appropriately monitoring and managing energy consumption within Group real estate operations while implementing various energy conservation measures.


Disclosing Information Based on TCFD Recommendations

Support for TCFD Recommendations

Many corporate stakeholders, particularly investors, are aware that climate change poses systemic risks to the financial performance of companies today, and therefore, they expect companies to disclose information concerning climate related risks and opportunities. In response to this trend, Heiwa Real Estate announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD) in December 2021.

Based on the TCFD recommendations, which were finalized in 2017, the Company will identify, assess, and manage climate-related risks and opportunities that could impact the Group's business and enhance its information disclosure accordingly, recognizing that improving the resilience of its operations is essential for continuously and stably generating earnings over the long term.

*The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board at the request of the G20 to recommend a framework for the disclosure of climate-related information.

Disclosing Information Based on
TCFD Recommendations  >

Initiative Targets and Results

Initiative Targets

The Group set the long-term target of a 50% reduction in GHG emissions by FY2030 (total volume target compared to FY2018 level), and the short-term target of annual reductions of at least 1% (basic unit target compared to previous fiscal year)*¹ *². The long-term target acquired SBT certification as consistent with the Paris Agreement under the SBT Initiative. We are also aiming for a 100% environmental certification acquisition rate at newly developed properties.

Item		Target
GHG emissions reductions* ¹ * ²	Long-term target* ³	50% reduction in GHG emissions by FY2030 (total volume target compared to FY2018 level)
	Short-term target	Annual reduction of at least 1% (basic unit target compared to the previous fiscal year)
Newly developed property environmental certification acquisition rate* ⁴		100% acquisition

*1 The portfolio of real estate owned by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation.

*2 Greenhouse gas (GHG) emissions = Scope 1 + 2

Scope 1: Direct greenhouse gas emissions directly from sources owned or controlled by business operators.

Scope 2: Indirect greenhouse gas emissions from the use of electricity, steam and heat.

*3 Heiwa Real Estate obtained SBT certification (1.5°C level) from the Science Based Target (SBT) Initiative, which encourages the setting of science-based reduction targets to achieve the Paris Agreement, an international framework for reducing greenhouse gas emissions.

*4 Environmental certifications include DBJ Green Building Certification and CASBEE construction; applicable properties include offices and commercial buildings (excluding small properties).

GHG Emissions and Energy Consumption

	Unit	FY2018 (Base year)	FY2019	FY2020	FY2021
GHG (CO ₂) emissions	t-CO ₂	241,584	190,180	103,982 ✓	130,337 ✓
Scope 1	t-CO ₂	2,999	3,183	3,023 ✓	3,011 ✓
CO ₂	t-CO ₂	2,603	2,633	2,799	2,720
CH ₄	t-CO ₂	0	0	0	0
N ₂ O	t-CO ₂	0	0	0	0
HFC	t-CO ₂	397	551	225	292
PFC	t-CO ₂	0	0	0	0
SF ₆	t-CO ₂	0	0	0	0
Other	t-CO ₂	0	0	0	0
Scope 2	t-CO ₂	27,230	27,255	25,306 ✓	20,564 ✓
Scope 1+2	t-CO ₂	30,230	30,439	28,330 ✓	23,576 ✓

	Scope 3	t-CO ₂	211,354	159,740	75,652 ✓	106,761 ✓
	Category 1 Purchased products and services	t-CO ₂	46,073	17,478	14,714 ✓	14,289 ✓
	Category 2 Capital goods	t-CO ₂	26,634	15,407	22,272 ✓	60,937 ✓
	Category 3 Scope 1, 2 upstream	t-CO ₂	4,324	5,012	4,743 ✓	4,395 ✓
	Category 5 Waste emissions from business	t-CO ₂	1,876	1,855	1,457 ✓	1,386 ✓
	Category 6 Business travel	t-CO ₂	30	30	31 ✓	31 ✓
	Category 7 Employee commuting	t-CO ₂	34	36	35 ✓	35 ✓
	Category 11 Use of products sold	t-CO ₂	121,744	106,983	20,222 ✓	14,575 ✓
	Category 12 Disposal of products sold	t-CO ₂	1,706	614	135 ✓	403 ✓
	Category 13 Leased assets (downstream)	t-CO ₂	8,929	12,321	12,039 ✓	10,706 ✓
GHG (CO ₂) emissions (unit of output) Scope 1 + 2		kg-CO ₂ /m ²	68.3	66.5	60.0 ✓	47.6 ✓
Energy consumption		MWh	94,392	115,629	104,299 ✓	109,960 ✓
Energy consumption (unit of output)		kWh/m ²	163.4	194.9	171.1 ✓	174.5 ✓

Data marked with ✓ are guaranteed by a third party.

*Categories 4, 8, 9, 10, 14 and 15 are excluded from calculations as there are no such emission sources.

*The portfolio of real estate owned by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation.

Environmental Certification Acquisition

Heiwa Real Estate achieved its FY2021 target of 100% environmental certification acquisition at newly developed properties.

*Environmental certifications include DBJ Green Building Certification and CASBEE construction; applicable properties include offices and commercial buildings (excluding small properties).

Specific Initiatives

Initiatives by Affiliated Industry Associations

The Heiwa Real Estate Group complies with the Paris Agreement, an international framework for the reduction of greenhouse gas emissions, as well as the policies of industry associations to which we belong, and will reduce Group greenhouse gas emissions and energy consumption while promoting the use of renewable energy. In the event that the policies of these affiliated industry associations are strengthened and Group efforts become insufficient, we will further revise internal policies to proactively promote climate change countermeasures. The Heiwa Real Estate Group participates in and endorses the following climate change-related frameworks.

TCFD Recommendations and the TCFD Consortium

The Heiwa Real Estate Group announced its endorsement of recommendations set forth by the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB). We also participate in the TCFD Consortium, which was established to promote initiatives conducted jointly by Japanese corporations and financial institutions that endorse the TCFD recommendations.



Science Based Targets

With the aim of realizing a decarbonized society, in October 2021, Heiwa Real Estate set a new target calling for a 50% reduction in overall Group greenhouse gas (GHG) emissions (Scope 1 + 2) compared to FY2018 by FY2030. This target was recently certified by the SBT Initiative as consistent with the level (1.5°C) targeted by the Paris Agreement.

Going forward, the Group will further strengthen decarbonization initiatives in an effort to realize a sustainable society and continuously enhance corporate value as a company that contributes to revitalizing districts.



UN Global Compact and Global Compact Network Japan

The Heiwa Real Estate Group is a member of the United Nations Global Compact (UNGC), as well as the Global Compact Network Japan (GCNJ), a local network in Japan.

We support the UNGC, comprising human rights, labor, environment and anti-corruption, and will strive to realize a sustainable society. GCNJ activities also include the exchange of information on CSR concepts and initiatives through participation in the Environmental Management Subcommittee among other bodies. Heiwa Real Estate aims to further contribute to the realization of a sustainable society by participating in information sharing and dialogues with experts, NGOs and other organizations.



Regarding Switchover to Renewable Energy Sources

From May 2021, we began gradually switching electricity used at 25 Group-owned properties, including the Nisshokan Building (Chuo-ku, Tokyo), where our head office is located, to electricity derived from renewable energy sources. This switch is expected to result in the use of approximately 15 GWh of renewable energy annually, equivalent to a reduction of about 7,000 tons of CO² emissions per year.



Reducing environmental impact

To address environmental concerns (reduce energy use), Heiwa Real Estate's initiatives focus on resources (reducing costs).

Because office buildings require large amounts of energy to run, they are increasingly expected to offer high environmental performance. The Group gives top priority to the environment when constructing and renovating buildings, and also take steps to create a more attractive cityscape. Our approach helps to reduce the life-cycle cost of buildings through long-term use and to preserve historical value.

①Tokyo Stock Exchange Bldg.

- Saving energy by controlling power and air conditioning equipment (total 8,500 units) of the building management system
- Reducing heat load by controlling operation through total heat exchangers and controlling by outside air cooling
- Reducing motor energy consumption with variable air volume control using inverters
- Controlling waste heat recovery with heat-recovery turbo freezers
- Rooftop greening, solar heating, and utilization of rainwater
- Open spaces secured and greenery maintained in open spaces surrounding the building in consideration of the scenery
- Utility poles have been removed by burying power cables
- Installing of streetlights

②Osaka Securities Exchange Bldg.

- Saving energy by controlling power and air conditioning equipment (total 8,500 units) of the building management system
 - *The market wing of the old Osaka Securities Exchange Bldg., completed in 1935, was for decades a Kitahama landmark beloved by the people of Osaka. A part of the entrance hall on the first floor has been preserved in its original form as part of the city's cultural heritage.
 - Various events are now held in the hall, which caters not only to the building's users but also to visitors and the people of Osaka at large.
- Installation of smart meters

③CentRise Sakae

- Exterior Blind System
- Automatic Adjustment of Blind Slats
- Installation of Window Eaves
- Double-pane low-emissivity glass installed
- Effective Use of Rain and Well Water
- Lighting Control by Daylight Sensors
- Installation of smart meters

④Ichiban-cho Heiwa Bldg.

- LED lighting installed throughout the building (excluding some lighting in stores)
- Lights changed to longer lasting lights
- Use of high-efficiency air conditioning
- Double-pane thermal insulating low-emissivity windows installed
- Installation of smart meters

⑤ KABUTO ONE

- Solar panels to be installed as an initiative to use renewable energy
- Rainwater storage tanks to be installed as a means to reuse rainwater for everyday facility use (non-drinking water)
- LED lighting and control systems as well as high-efficiency devices to be installed to efficiently use energy
- Greenery to cover 40% of the entire redevelopment site as a measure to combat the heat island effect
- Installation of smart meters



Tokyo Stock Exchange Bldg.



Osaka Securities Exchange Bldg.



CentRise Sakae



Ichibancho Heiwa Building



KABUTO ONE

Global Warming Countermeasures Report Based on the Tokyo Metropolitan
Environmental Security Ordinance 



Environmental Ratings by Outside Bodies

When constructing new buildings and conducting major renovation projects, the Group gives top priority to the environment; hence we have received high ratings from the DBJ Green Building Certification program and CASBEE.

	DBJ Green Building Certification program	CASBEE		DBJ Green Building Certification program	CASBEE
KABUTO ONE 		-	Kitahama 1-Chome Heiwa Building 	-	CASBEE-Osaka Rank A
Tokyo Stock Exchange Bldg. 		-	KITOKI 		-
Osaka Securities Exchange Bldg. 		-	Kabutocho Heiwa Building No. 1 	-	CASBEE-Real estate Rank S
CentRise Sakae 	-	CASBEE-Nagoya Rank S [highest rank]	Tenjin Heiwa Building 	-	CASBEE-Real estate Rank S
Heiwa Real Estate Kitahama Building 	-	CASBEE-Osaka Rank S	Kabutocho Heiwa Building No. 6 	-	CASBEE-Real estate Rank A
Ichibancho Heiwa Building 	-	CASBEE Rank A *self-assessment	Kayabacho Broad Square 	-	CASBEE-Real estate Rank S
Nisshokan Building 		-			

*DBJ Green Building Certification

Certification system established by Development Bank of Japan (DBJ) to support the green building real estate with consideration for the environment and society. A program for identifying and certifying “green buildings” in response to the needs of today’s real estate market. The evaluation is comprehensive, taking into account not only the property’s environmental performance but also the degree to which the societal needs of various stakeholders surrounding the property are considered.

*CASBEE

A method for evaluating and rating the environmental performance of buildings. This program comprehensively assesses building quality, including eco-friendliness (such as energy efficiency and use of materials and fixtures with a small environmental footprint), interior comfort, and respect for the surrounding landscape.

Water Resource Initiatives

Basic Approach

Inefficient use of water leads to waste of resources and adverse effects on the ecosystem. This not only has a negative impact on the global environment, but also increases building operation costs and regulatory compliance costs, and can become a deteriorating factor for the economic value of real estate. With regard to water usage issues, Japan has set regulations on wastewater discharge, including the Water Pollution Prevention Act. Depending on its class and region, real estate may also be subject to separate regional environmental regulations.

In light of our understanding of these issues, the Group maintains an appropriate understanding and manages the status of water usage within real estate management operations. We also make various efforts to improve water usage efficiency beyond legal compliance levels

Initiative Targets and Results

Initiative Targets

The Group targets a 20% reduction in water consumption by FY2030 (per-square-meter target compared to FY2018).

Items	Targets
Reduction of water consumption	20% reduction by FY2030 (target water usage per square meter compared to FY2018)

*The portfolio of real estate owned by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation.

Results

	FY2018 (Base year)	FY2019	FY2020	FY2021
Water consumption (m³) (actual)	475,140	604,937	375,102 ✓	439,687 ✓
Water intake (m³)	467,961	597,088	369,481	409,393
Fresh surface water	0	0	0	0
Brackish surface water/sea water	0	0	0	0
Groundwater	79,551	196,111	39,485	121,949
Water collected at quarries	0	0	0	0
External wastewater	0	0	0	0
Third-party water source (waterworks)	388,410	400,977	329,996	287,444
Greywater (m ³)	4,408	4,869	3,330	17,769
Rainwater (m ³)	2,771	2,980	2,291	12,525
Water consumption (m³) (annualized)	618,185	605,746	378,903	443,317 ✓
Per-unit water consumption (annualized) (m³/m²)	1.07	1.02	0.62 ✓	0.70 ✓

Data marked with ✓ are guaranteed by a third party.

*The portfolio of real estate owned by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation.

Specific Initiatives

Business Activities in Water-stressed Regions

The Heiwa Real Estate Group does not earn revenue from business activities in regions where water stress is a concern, namely, regions with risk scores of three or above (High, Extremely High) based on the World Resource Institute (WRI) Aqueduct Survey.

Further, with regard to domestic business activities, Japan has been identified as having Low–Medium risks related to water and is certified as a region with relatively low water stress.

Use of Rainwater and Well Water

Group efforts to effectively utilize water resources include the installation of storage facilities facilitating the daily use of rainwater and the effective use of well water.

Introduction of Water-Saving Equipment

We are working to reduce the amount of water used at existing properties by gradually promoting renovation work facilitating the conversion to water-saving equipment.

Cooperation with Business Partner

We established the Tenant Guidelines for Environmental Concerns and call on everyone in the Group and all our business partners to help conserve water.

Additionally, lease agreements with tenants stipulate cooperation with environmental performance initiatives, specifying efforts that include remembering to shut off water faucets and prevent leaks.

Waste Initiatives

Pollution

Basic Approach

We recognize the need to reduce and control the emission of environmental pollutants across the Group's real estate portfolio and make an effort to reduce the use and emissions of harmful chemical and ozone-depleting substances in an effort to prevent pollution.

Pollutants emitted from business activities can adversely affect people involved in our business and the surrounding environment. In recognition of this impact, we will strive to prevent pollution.

Initiative Targets

The Heiwa Real Estate Group has established procurement policies for mainstay Group products, services, and major business partners (property management companies and building management companies), introducing operational procedures and procuring materials that meet ESG-related standards, including the reduction of environmental pollutants.

Process Targets

The Group carefully considers its impact on the global environment and complies with environmental laws and regulations by controlling waste emissions, including hazardous substances, and thoroughly implementing countermeasures to prevent soil, air and water pollution and the use of asbestos in Group business.

Based on our Sustainable Procurement Policy, we strive to reduce environmental pollutants, including the use and emission of hazardous chemicals and ozone-depleting substances, as one criterion for selecting products and services for procurement. We also select and evaluate business partners (suppliers).

The Group targets a 20% reduction in hazardous waste and other emissions by FY2030. To this end, targets are set each fiscal year and results are confirmed to promote the reduction of hazardous waste and control environmental pollution.

Specific Initiatives

Asbestos countermeasures

We conduct property surveys to determine whether building materials containing asbestos have been used, based upon which we make regular reports regarding removal efforts and response policies.

Appropriate Handling of PCBs

We conduct periodic surveys on the presence or absence of equipment containing PCBs and make regular reports on disposal costs and related issues.

Appropriate Handling of Chlorofluorocarbons

We also conduct periodic surveys on the amount of chlorofluorocarbon (CFC) emissions at each property in an effort to reduce pollutants within business activities.

Waste and Resource Usage Initiatives

Basic Approach

The Heiwa Real Estate Group recognizes that efforts to reduce adverse impacts on the environment, such as maintaining an appropriate awareness of how much waste is emitted and reduced, efforts to efficiently utilize and conserve resources without waste, and adverse impacts on ecosystems, are all issues we must address as a company.

Further, we strive to realize a recycling-oriented society by reducing building lifecycle costs through efforts to reduce (waste emissions), reuse and recycle at all our properties.

Based on this understanding and the above policies, the Heiwa Real Estate Group strives to reduce waste emissions and utilize resources efficiently.

Initiative Targets

Initiative Targets

In our aim to reduce waste emissions, the Sustainability Committee, chaired by the Representative Executive Officer, President and CEO, compares actual results each fiscal year with consumption volumes and output in one or several previous fiscal years.

Heiwa Real Estate targets a 20% reduction in waste emissions by FY2030 (compared to FY2018).

Items	Targets
Reduction of industrial waste generation	20% reduction by FY2030 (target waste per square meter compared to FY2018)
Recycling rate	70% by FY2030

*Recycled waste is excluded from the actual figures for waste and waste emissions per square meter.

Results

	Unit	FY2018 (Base year)	FY2019	FY2020	FY2021
Total waste emissions	t	3,089	2,956	2,428 ✓	2,183 ✓
Waste emissions (excluding recycled waste)	t	1,311	1,300	1,017	1,009
Recycled waste emissions	t	1,778	1,655	1,410 ✓	1,173 ✓
Waste emissions (excluding recycled waste) (per square meter)	kg/m ²	2.3	2.27	1.76 ✓	1.60 ✓
Recycling rate	%	58	56	58	53.7
Volatile organic compound emissions	ℓ	0	0	0	0

Data marked with ✓ are guaranteed by a third party.

*The portfolio of real estate owned by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation.

Specific Initiatives

Reuse of Waste Materials in Company Properties

The flexible office XPORT, a Group property aimed at providing a sustainable office environment, efforts to reduce waste including the use of terrazzo tile flooring, a natural stone material derived from waste materials.



Constructing the First Flexible Office
XPORT Nihonbashi Kabutocho



Wooden Hybrid Structure KITOKI Initiatives

This 10-floor retail and office building adopts a hybrid structure that includes three-floor mega-structures constructed using SRC frames, with each floor within the mega-structures made of wood. This is the first project on which the Company adopted a hybrid structure.

The combination of SRC mega-structures and fire-resistant wooden structures has been praised for opening up new possibilities in terms of construction methods and user benefits when utilizing wood in high-rise buildings, as well as extending the building lifecycle. This project was selected for the Leading Projects Program for Sustainable Buildings (wood-based structures) in FY2020 implemented by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), which aims to drive technological advancement and raise public awareness related to wooden structures.


Outside the building, we plan to install benches made of wood from the Tokyo Stock Exchange (TSE) Listing Forest* located, in the Yashima district of Yurihonjo, Akita Prefecture, based on a social contribution program being run by the Japan Exchange Group, Inc. (JPX). The wood, called kabulock, can be used in a multitude of applications, and will be processed into benches. The expectation is that this hybrid structure will convey the sense of warmth unique to wood to everyone who works in, visits, or lives near the building, while adding a touch of tranquility to the area. Plans are in place to acquire a certificate for carbon dioxide fixation promoting the use of wood produced in Akita Prefecture.

Heiwa Real Estate empathizes with and supports JPX TSE Listing Forest conservation activities, and will contribute to the effective recycling of forest resources in Japan through the Wood Project, promoting the reuse of wood in building materials, benches and other purposes.

We plan to use cedar on top of concrete frames for the exterior design to give a wood-like feel while retaining durability. Rather than dispose of wood when it is time for replacement, which is typical for cedar due to its grain and knots, it will instead be reused for benches and in other applications. Heiwa Real Estate aims to implement a circular economy in projects that contribute to a recycling-oriented society.

*In June 2004, the Japan Exchange Group (JPX), set aside an area of approximately 5 hectares (now expanded to approximately 7.3 hectares) in the Yashima district of Yurihonjo, Akita Prefecture, as the "TSE Listing Forest," where it engages in forest conservation activities in the hope that the exchange market will grow and prosper in line with the growth of the forest.



Deciding on New Wooden Hybrid
Structure Project KITOKI Building
Name and Overview of Interior Design 



Cooperation with Business Partners

Establishing Tenant Guidelines

We established the Tenant Guidelines for Environmental Concerns as part of our waste management efforts, calling on the Group and all its business partners to cooperate on this initiative.

Excerpt from Tenant Guidelines for Environmental Concerns

- Ensure that everyone working at a building understands the rules about recycling and trash separation there.
- Install recycling bins in various office spaces.
- Personal tumblers and mugs should be used where possible to reduce plastic bottle and paper cup garbage.
- Be active in purchasing recycled stationery and other supplies.
- While a number of municipalities treat paper waste from homes as burnable waste, these can be used as recyclable resources at offices.

Social

Health and Safety

- > Basic Approach
- > Structure
- > Ratings from Outside Bodies

Achieving Diverse Work Styles

- > Basic Approach
- > Promotion of Diversity
- > Initiatives Supporting Work-Life Balance

Human Resource Management

- > Employee Development Policy
- > Structure
- > Major Initiatives

Social Supply Chain

- > Basic Approach
- > Improving Service and Quality
- > Maintaining Building Safety and Security

Initiatives for Shareholders and Investors

- > Basic Approach
- > Corporate Governance
- > Promoting Constructive Dialogue
- > Dividend Policy

Community Initiatives

- > Basic Approach
- > Nihonbashi Kabutocho and Kayabacho Revitalization Project
- > Community-based Initiatives
- > Corporate Initiatives

Human Rights and Labor Standards

- > Human Rights Policy
- > Major Initiatives

Health and Safety

Basic Approach

Heiwa Real Estate believes that it is essential that its employees to be healthy, both mentally and physically, for the continuous growth of its businesses and corporate value. We seek to increase corporate value by improving the health of our employees, creating a safe working environment, and preventing overwork and occupational accidents.

We also call on our subcontractors and other important stakeholders in our businesses to implement health and safety initiatives for their employees.

<Declaration of Health Management>

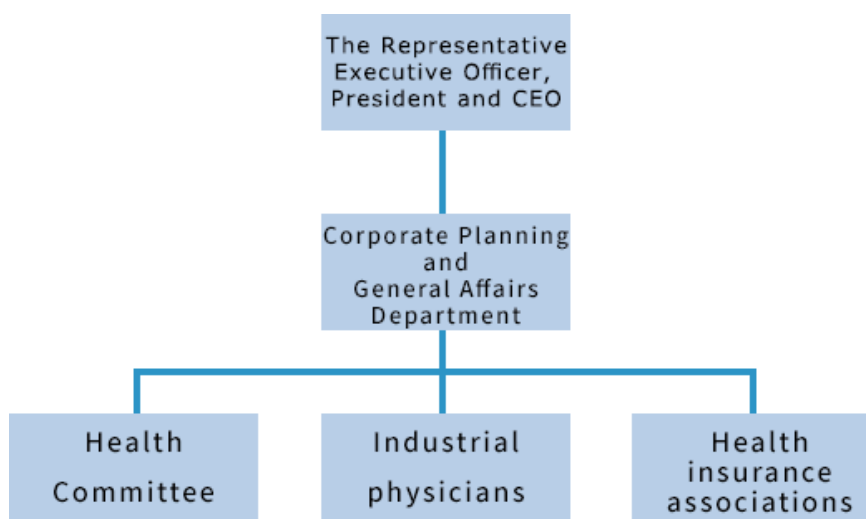
The Heiwa Real Estate Group believes that employee mental and physical health and the ability to fully demonstrate their capabilities and individuality will lead to sustainable corporate growth.

In line with this ideal, the Group will engage in efforts to maintain and improve employee health to promote health management.

Structure

The Representative Executive Officer, President and CEO serves as the chief officer responsible for promoting health management, who works with the Health Committee, industrial physicians, and health insurance associations primarily through the Corporate Planning and General Affairs Department.

The Health Committee is held once a month, in principle, where attendees discuss the importance of maintaining and improving health, as well as share information within the Company.





Ratings from Outside Bodies

Certified Health & Productivity Management Outstanding Organization

Heiwa Real Estate has been recognized as a Certified Health & Productivity Management Outstanding Organization for 2022 by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Conference). This program highlights outstanding enterprises engaging in efforts to advance health management.

We have also been certified as a Sports Yell Company for 2022 by the Japan Sports Agency and as a Tokyo Sports Promotion Company for 2022 by the Tokyo Metropolitan Government for our efforts to support and promote our employees' sports activities.



Percentage of Office Locations with OHSAS 18001 Certification

Currently, no office has obtained OHSAS18001 certification.

Health Management Initiatives

Critical Issues Related to Employee Health

Prevention and early detection of lifestyle-related diseases

In recognition of the importance of this issue and its significant impact on employee health and productivity, the Group takes steps to prevent and detect lifestyle diseases as early as possible.

Mental Health Countermeasures

In recognition of the importance of this issue in terms of employee productivity, the Group takes steps to prevent and detect mental health issues as early as possible.

Work environment improvements

The Group views the creation of comfortable working environments as essential for improving employee productivity.

Efforts Targeting Improved Employee Health

	Item	FY2021	FY2022	Numerical targets (FY2023)
Medium-term management plan KPIs	Annual health checks	100% ✓	-	100%※1
	Cancer screenings	100% ✓	-	100%※1
	Paid holiday usage	79.6% ✓	-	At least 70%※1
Health management KPIs	Stress checks	100%	100%	100%※1
	Cigarette smokers	14.2%	17.5%	10% or less
	Regular exercise	45.1%	44.3%	At least 50%
	Employees getting sufficient sleep and a balanced diet	76.1%	69.1%	At least 80%
	Appropriate body weight	65.0%	62.7%	At least 70%
	Employees leaving work due to injury or illness	0 people	0 people	0 people
	Employees missing work due to injury or illness	0 people	0 people	0 people
	Highly stressed employees	1.7%	1.8%	5% or less
	Work Engagement Status※2	79.3%	80.4%	90%
	Work-related deaths	0 people ✓	0 people	0 people※1

*1 Numerical targets for each fiscal year

*2 Percentage of employees who responded “yes” or “somewhat” to “my work is rewarding” in stress checks.

✓ indicates data that has been verified by a third party.

Other Indicators of Successful Health Management

Item	FY2021	FY2022
Absenteeism (*1)	0.79 Day	0.95 Day
Presenteeism (*2)	90.3%	88.8%
Complete physicals	52.3%	24.1%
Healthcare guidance	-	100%
Hypertension treatments	3.6%	4.0%

*1 Days absent due to physical or mental illness (including late arrivals or early departures).

*2 Self-assessment of performance over previous four weeks. Ability to work without illness or injury = 100%.
(Tokyo University Single-Item Presenteeism Question)

Initiatives to Improve Health

Participation in RIZAP health seminars

Employees attended online seminars about health, diet, and exercise.



Support for Off-work Activities

The Group facilitates the promotion of employee health and the vitalization of communication among employees by supporting activities for an internal baseball team and football team organized by enthusiasts.



Smoking countermeasures and cessation support

- Education on the health impact of tobacco
- Prohibition on smoking before work
- Designation of “World No Tobacco Day” as a “no smoking day” to encourage tobacco cessation
- Provision of financial assistance for outpatient smoking cessation treatments and materials

*Assistance with out-of-pocket expenses (limited to a single payment of up to 20,000 yen per person)

*Smoking cessation materials comprise nicotine patches and chewing gums sold in Japan.

Support for Women’s Specific Health Issues

Online seminars on health issues specific to women, work-life balance and other topics are held for managers and female employees.

Efforts to Improve Dietary Habits

The Group provides employees with opportunities to rethink their food choices using online seminars focused on improving dietary habits.

Initiatives for Prevention and Early Detection of Health Issues

Implementation of Stress Checks

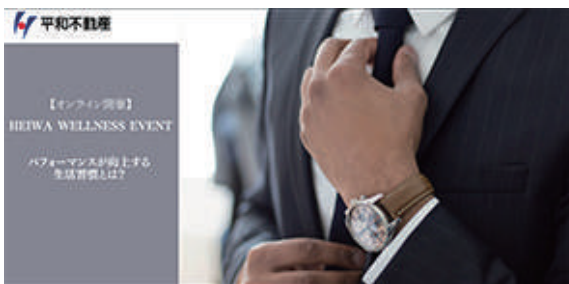
The Group conducts annual stress checks to manage employee health and improve workplace environments.

Employees are encouraged to undergo health exams, with the aim of achieving a 100% participation rate. (Participation in FY2022: 100%)

Implementation of e-Learning Courses

We regularly hold e-learning courses on topics such as diet, sleep, lifestyles, and mental health.

Sleep and Mindfulness Yoga Seminars



Seminars on sleep and mindfulness are provided to encourage employee to think about healthy habits. These seminars provide support for the improvement of insomnia, stiff necks and shoulders, back pain, headaches and other physical conditions that adversely affect employee productivity.

Implementation of Cancer Seminars

In addition to holding cancer seminars in conjunction with insurance companies, the Group maintains a cancer-related website providing information on cancer.

Company-Paid Cancer Screenings

Blood marker testing is included in physical exams for employees over 35 years of age.

Exam Item	Target
PSA (Prostate cancer)	Men
CA125 SCC (Ovarian, cervical and other cancers)	Women
CA19-9 (Pancreatic, gallbladder, bile duct and other cancers)	Men and women
α -FP (Liver and other cancers)	Men and women
CEA (Stomach, colon, lung, pancreas and other cancers)	Men and women

Training Participation and Degree of Satisfaction

Item	Targets	Participation rate	Degree of satisfaction
Exercise-related seminars	All employees	51%	63%
Diet-related seminars	All employees	27%	100%
Sleep-related seminars	All employees	29%	-
Women's health-related seminars	Female employees	61%	57%
Line care training	Managers	95%	-
First aid training	All employees	100%	-

Employee Health Literacy

Item	FY2021	FY2022
Health literacy*	70.5	71.6

*Employee health literacy calculations based on Communicative and Critical Health Literacy (CCHL)

Health Management Measure Investments

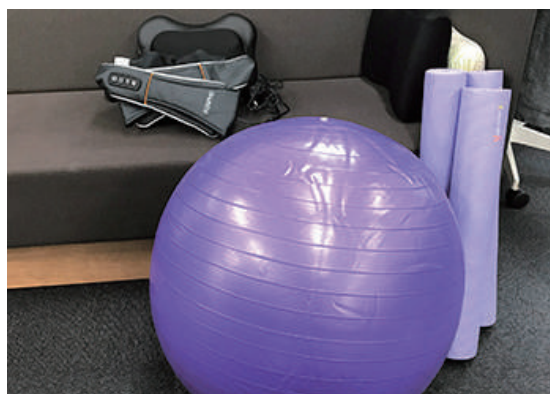
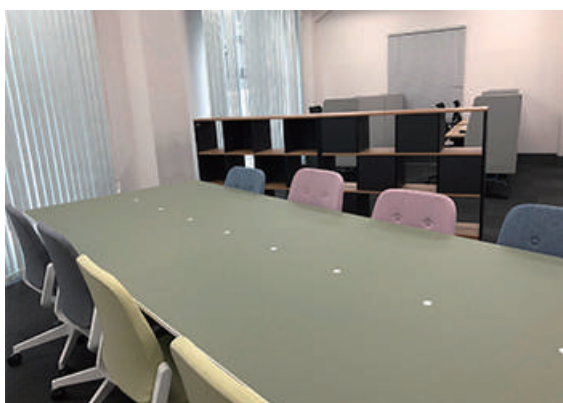
Item	FY2020	FY2021
Medical and healthcare-related expenses (per employee)	29,412 yen	87,989 yen

Creating Comfortable Work Environments

The Nisshokan Building where the Group's head office is located has a lounge that can be utilized for breaks, lunch, internal meetings, regular business and other purposes.

This lounge also includes exercise equipment to promote employee health.

In line with workstyle reforms, the Group also promotes the creation of comfortable work environments.



Achieving Diverse Work Styles

Basic Approach

We strive to realize comfort and affluence by respecting the personalities of each and every employee, rejecting all forms of discrimination and harassment, and securing a working environment that is safe and easy to work in.

We are also working to improve work-life balance by promoting work efficiency and reducing overtime hours.

Human Rights Initiatives

Heiwa Real Estate endeavors to build and maintain a safe and exemplary working environment that respects the personality and individuality of each individual.

Prohibition of Discrimination

Heiwa Real Estate does not discriminate on the basis of nationality, race, gender, age, sexual orientation, disability, beliefs, ideas, and religions. In addition, we do not conduct or permit any behavior that may cause a negative impact on the working environment, including unilateral coercion or solicitation regarding beliefs, ideas, or religions.

Prohibition of Harassment

For Heiwa Real Estate, employees and officers are regarded as important partners in the execution of work duties. Accordingly, the Group prohibits sexual harassment, power harassment, or any other forms of harassment in recognition of its obligation to maintain orderly and cooperative relations in the workplace.

It has also established official rules prohibiting sexual and power harassment in an effort to prevent workplace harassment.

Promotion of Diversity

Our basic policy is to be inclusive of diversity in characteristics such as gender, age, nationality, and values, to create an environment where each individual can maximize their abilities, and to promote the active participation of diverse human resources.

We are working to promote diversity, including the success of women, conduct rigorous evaluations regardless of gender, and have set quantitative targets for the ratio of new female hires.



Medium-term Management Plan KPI : Rate of new hires that are female: At least 30%

	FY2019	FY2020	FY2021
Percentage of female employees	28.3%	31.3%	31.3%
Percentage of female managers	4.7%	5.0%	5.0%
Percentage of non-regular employees (*1)	8.5%	8.8%	9.0%
Percentage employees with disabilities (*2)	0%	0%	0%

*1. Ratio of non-regular employees, comprising contract workers and temp staff, among overall employees (consolidated basis).

*2. Ratio of employees with disabilities among overall employees (consolidated basis).

	FY2018	FY2019	FY2019	FY2021
Number of female university graduates hired	1(total3)	1(total2)	2(total2)	1(total3)
Childrearing leave obtained by	-	1	-	-
Short working hours obtained by	3	1	-	1

- Job category conversion: 2 employees (Employees whose job categories have been switched from a clerical career track to a managerial career track)
- Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children  (PDF : 104KB)
- Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace  (PDF : 246KB)

Initiatives Supporting Work-Life Balance

Employee Childcare Support Programs

Childcare leave program	An employee is eligible to take childcare leave until his or her child reaches the age of 18 months.
Childcare shortened working hours program	An employee is eligible to work shortened working hours (9:00 a.m. to 4:00 p.m.) until his or her child reaches the age of three.
Childcare overtime exemption program	An employee may be exempt from working any overtime until his or her child reaches the age of three.
Childbirth gift money and paid time off	To congratulate an employee and his or her spouse upon the birth of their child, the Group offers a gift of ¥100,000. The employee is also given four days off at the time of childbirth.

Employee Nursing Care Support Programs

Nursing care leave program	Employees with primary nursing care responsibilities are eligible to take up to 180 days of nursing care leave for each family member they care for. The program can be used up to three times per family member within a period during which continuous care is required.
Nursing care shortened working hours program	Employees with family nursing care responsibilities are eligible to work shortened working hours (10:00 a.m. to 4:00 p.m.).
Nursing care overtime exemption program	Employees with family nursing care responsibilities may be exempt from working any overtime.

Welfare and Other Systems

Flextime system	Employees can freely decide when to start and end work.
Telecommuting system	Employees may work from their homes.
Cafeteria plan	We have introduced a welfare system that allows employees to pick and choose from a menu of benefits, such as health promotion activities and self-development.
Summer vacation	Employees can take five summer vacation days, either consecutively or separately, every year within the period from July 1 to September 30.
Extra day-off program	When scheduling at least two consecutive paid vacation days, employees can take an extra complimentary day off once each year.
Annual paid vacation accumulation system	The Group offers an annual paid vacation accumulation system, which allows employees to accumulate and take paid holidays that were previously unused due to job circumstances or other reasons. Ten paid holidays can be accumulated annually (up to 90 days).
Long-service leave program	The Group offers five additional days off and a special bonus of ¥50,000 to employees when they reach their 10th and 20th year of service in appreciation for their many years of hard work.
Hour-based leave system	Employees may take leave on an hourly basis.

Human Resource Management

Employee Development Policy

We recognize that diversity in perspectives and values is important to achieve new growth. We work to ensure diversity in our workforce, offer fair opportunities for skills development and career promotion to all employees, and aim to develop self-directed employees with growth mindsets and strong motivation.

Structure (Human Resource Development Structure)

At Heiwa Real Estate, we practice a job rotation system so employees can gain experience in a number of departments over the first 10 years after they join the Company. In addition, we use on-the-job training (OJT) and other methods to instill real estate knowledge, fostering their motivation to contribute to the organization and assessing each employee's own aptitude.

From new employee training to management training, we have established a series of training programs tailored to employee career plans. At the same time, we offer a system where employees may take courses at university city campuses, aimed at cultivating next-generation human resources with skills in areas like planning, proposal, negotiation, and leadership.

We also recommend that employees acquire multiple real estate-related qualifications before being promoted to a managerial position. The Company bears the costs associated with acquiring these qualifications. Furthermore, by encouraging the acquisition of other qualifications in self-development, we support our employees in their self-growth and development of specializations.

Human Resource Management

Rank	Rank-Specific Training			Qualification Acquisition Support	Support for Self-Development
Management Level	Management Training	University City Campus Course System		Real Estate Transaction Agent	Self-Development Incentive System for Qualification Acquisition Support for Self-Development (English conversation) e-Learning External Seminars
	Manager Training			First-Class Architect Urban Renewal Planner	
Mid-Career Employees	Pre-Manager Training		ARES Certified Master Certified Building Administrator		
	Leader Training		Real Estate Appraiser Real Estate Consulting Master		
New Employees and Early-Career Employees	Mid-Career Employee Training	Fundamental Real Estate Training PC Skills IT Literacy Financial Accounting	On-the-Job Training (OJT) Job Rotation Short-Term Overseas Training Program/English Training	etc.	
	Early-Career Employee Training			Employees are generally expected to acquire two or more qualifications before promotion to managerial positions.	
	New Employee Training				

Major Initiatives

OJT and Job Rotation

We practice job rotation so employees can gain experience in a number of departments over the first 10 years after they join the Company. Employees also gain specific departmental business and real estate knowledge through OJT, systematically and continuously developing the abilities necessary for the execution of their work. Through communication between employees, we foster motivation to contribute to the organization and assess each employee's own aptitude.

Training Programs

From new employee training to management training, we have established a series of training programs tailored to employee career plans. At the same time, we offer a system where employees may take courses at university city campuses, aimed at cultivating next-generation human resources with skills in areas like planning, proposal, negotiation, and leadership.

As part of new employee training, we also conduct fundamental real estate training, IT literacy training, and training to improve PC skills.

Support System for Qualification Acquisition

We recommend that employees acquire multiple real estate-related qualifications—e.g., Real Estate Transaction Agent, First-Class Architect, or Real Estate Appraiser—before being promoted to a managerial position. The Company bears the costs required when acquiring these qualifications. By encouraging and assisting employee acquisition of official qualifications, we seek to cultivate a pool of official qualification holders, including those who are necessary for business operation and those who have advanced specialized abilities.

Support for Self-Development

Employees are offered e-learning programs and business seminars on subjects like qualifications exams, language learning, and business skills. As a means of developing global human resources, we also have a system offering subsidies to employees who achieve a standard attendance rate at English conversation courses specified by the Company.

In addition, through our incentive system for qualification acquisition, we encourage our employees toward these qualifications as a means of self-development, supporting them in their self-growth and development of specializations.

Short-Term Overseas Training Program and English Training Program

We offer a short-term overseas training program where employees are dispatched for around three months, as well as an English training program where employees attend an English conversation school for three months. These programs are intended to develop global human resources, including the improvement of language skills, acquisition of communication skills, experience in overseas cross-cultural environments, and forming personal networks at the company where they are dispatched.

Standard First Aid Training

Since FY2020, we have run standard first aid training courses (including training in the use of AEDs) for all officers and employees.

	Target %	Target schedule	FY2018	FY2019	FY2020
% of employees with first aid qualifications	100%	Every year through FY2030	-%	-%	100.0%

Skills Development Training for Employees

Time spent and expenses incurred with regard to employee skills development training in FY2021 were as follows.

Item	FY2020	FY2021
Total hours of training (hours/year)	1,186	1,124
Hours of training per employee (hours/year)	11.6	12.4
Total training expenses (yen/year)	3,274,342	8,473,780
Training expenses per employee (yen/year)	32,101	93,118

Social Supply Chain

Basic Approach

To promote ESG-friendly initiatives throughout the value chain for the Group's real estate portfolio, we have established procurement policies for the Group's major products, services, and business partners (e.g., property management companies and building management companies). The Group strives to build cooperative relationships by sharing information on environmental concepts and goals to the greatest extent possible.

Excerpted from Sustainable Procurement Policy

① Corporate Ethics/Child Labor

Policies and systems shall be established related to corporate ethics, including prevention of corruption from bribery. Child labor shall be prohibited.

② Introduction of Environmentally Friendly Operational Procedures

We shall comply with the various laws, regulations, standards, and other requirements related to the environment and sustainability.

③ Procurement of Environmentally Friendly Goods

When selecting goods for procurement in construction projects, the following items related to reducing environmental burden must be satisfied in addition to the necessary quality, functions, economic efficiency, and rationality.

- a. We shall strive to conserve resources and energy.
- b. Reduction of environmental pollutants: We shall strive to reduce the use and emission of harmful chemical substances, ozone-depleting substances, and other such substances.
- c. Long useful lifespans: We shall explore improvements such as in durability and ease of repair and parts replacement.

④ Respect for Human Rights and Diversity

The human rights of officers and employees shall be respected, and discrimination and harassment shall be prohibited.

⑤ Procurement of Employee Health-Friendly Goods

Certain standards shall be established for the procurement of goods, including for drugs for which use is prohibited, in consideration of employee health.

⑥ Appropriate Working Environments and Health and Safety

Compliance shall be kept with laws and regulations related to labor standards, and unfair labor practices such as forced labor shall be prohibited. Initiatives shall be implemented related to appropriate work environments and health and safety for officers and employees, including appropriate work hour management and ensuring that holidays and vacations are provided.

⑦ Employee Health and Comfort

Initiatives shall be executed in consideration of employee health and comfort. Support shall be provided to improve employee work-life balance.

⑧ Establishing ESG Requirements in Selecting External Vendors

Requirements considering sustainability shall be established in the selection of subcontractors and other external parties.

⑨ Involvement in Local Communities

Initiatives shall be conducted to contribute to local communities.

⑩ Building a Disaster Risk Management System

Efforts shall be made to build a business continuity plan (BCP) in preparation for disasters.

⑪ Information Security

Confidential and personal information shall be handled and protected appropriately.

Improving Service and Quality

The Heiwa Real Estate Group strives to provide safe, high-quality, and valuable goods and services in accordance with a basic policy of providing comfortable and affluent offices and living spaces. The Group works to ensure sound business activities and improve its services from the standpoint of its building tenants and users, while responding to their concerns fairly and sincerely.

Maintaining and improving the quality of office building operations

Heiwa Real Estate works to ensure that the overall management and operations of its buildings are maintained at a uniform level of high quality, and makes improvements whenever necessary. For that purpose, it periodically compiles reports on the operational status of its office buildings together with the companies consigned to manage the buildings, and verifies that they are performing their duties appropriately and in compliance with relevant laws and regulations. The Group also requires these management companies to report on any problems that have occurred in the buildings along with the results of measures to rectify such problems.

Using questionnaires to ensure tenant customer's satisfaction (CS)

Heiwa Real Estate has all tenants of its office buildings complete a questionnaire on the level of their satisfaction. The questionnaire covers multiple aspects of building management and usage, including elevator operations, air conditioning, cleanliness, security, and building staff. The Group carries out improvements based on the feedback and requests that it collects from tenants in an effort to promptly raise the level of their satisfaction.

Consideration for the Elderly and Disabled

All properties developed by the Heiwa Real Estate Group are subject to the Act on Promotion of Facilitation of Mobility for Elderly and Disabled Persons.

Accordingly, we incorporate barrier-free measures such as ensuring sufficient hallway width, installing wheelchair ramps and providing toilets for the disabled.

Organizing gatherings for tenants

Heiwa Real Estate organizes tenant forums for all of its office building tenants to provide opportunities for them to meet and promote their businesses. The gatherings also provide valuable new opportunities for new tenants.



Maintaining Building Safety and Security

To facilitate the health and safety of tenants and employees involved in building operations, as well as facilitate fair business practices, the Group ensures security and safety by incorporating the following initiatives in the management of real estate facilities.

Holding disaster preparation and crime prevention drills

Heiwa Real Estate holds disaster preparation and crime prevention drills at its office buildings in order to ensure safety and security for tenants. It also initiates various measures for improving building safety and security on an ongoing basis.



Business continuity planning

Heiwa Real Estate has set up a notification system for providing damage reports to the tenants of its office buildings in the event of an earthquake or other natural disaster, and has made preparations for alleviating the damage caused by such a disaster. Emergency food and supplies are also stored at the buildings for tenants during times of disaster.

Ensuring the earthquake resistance of buildings

Heiwa Real Estate has assessed the earthquake resistance of all its buildings that were constructed before Japan's new earthquake resistance standards, and seismically reinforced almost all the buildings deemed to fall short of those standards. The Group has also rechecked the structural calculations of its office buildings that were built after the new standards but required reconfirmation, and verified the soundness of their structural designs.

Opposition to organized crime syndicates

In accordance with its Code of Conduct, Heiwa Real Estate takes a firm stance against organized crime syndicates, which have a history of extortion in Japan's real estate industry, and has established rules for strictly forbidding any relationships with their members. The Group has put procedures in place for responding to any contacts from such syndicates and refusing any attempts by them to extort money.

Responding to Social Issues

In line with current trends, the Group promotes flexible initiatives targeting tenants and local communities in response to a variety of social issues.

Workplace Vaccinations for Tenants

In July and August 2021, the Heiwa Real Estate Group implemented COVID-19 vaccinations in the workplace for directors and employees from approximately 150 companies in 19 Group-owned buildings located in the Nihonbashi Kabutocho and Kayabacho area. This action was taken to provide safe, high-quality and valuable products and services to Group employees and customers amid the ongoing spread of COVID-19.

Providing Facilities for People Unable to Return Home

At KABUTO-ONE, opened in 2021, the Group provides temporary waiting areas and emergency supply stockpiles to assist people unable to return home in the event a disaster occurs. This emergency provision contributes to enhancing local disaster prevention capabilities in the Tokyo metropolitan area, where there are concerns about earthquakes and other natural disasters.

Initiatives for Shareholders and Investors

Basic Approach

The Heiwa Real Estate Group strengthens corporate governance Group-wide to earn the trust of shareholders and other stakeholders and to manage its businesses fairly and efficiently. The Group also creates a wide range of opportunities to engage with shareholders and investors by proactively making such efforts as holding financial results briefings and attending events for individual investors.

Corporate Governance

Heiwa Real Estate considers the enhancement of corporate governance an important business issue. We strengthen Group corporate governance to earn the trust of shareholders and other stakeholders and to manage our businesses fairly and efficiently.

Corporate Governance 



Promoting Constructive Dialogue

Approach to information disclosure

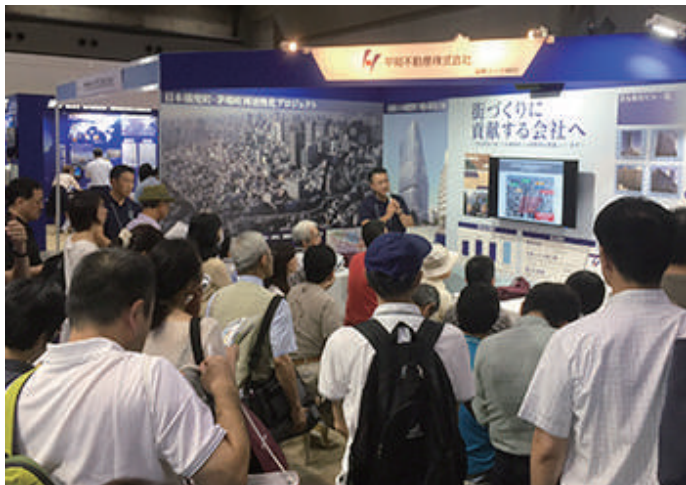
In accordance with its Disclosure Policy, Heiwa Real Estate aims to disclose accurate information in an impartial and timely manner in order to facilitate investment decisions among shareholders and investors. In compliance with relevant laws and regulations, the Group proactively provides details of its management strategies and financial results, which promotes better understanding of its business activities. The Group also promptly provides information that falls outside the scope of timely disclosure regulations and related laws on its website when such information is deemed useful for investment decisions by shareholders and investors.

Disclosure Policy 



Presentations for Individual Investors

Heiwa Real Estate proactively engages in IR events for individual investors to provide them with detailed information about the Group. Specifically, it participates in the Tokyo Stock Exchange's IR Festival, the Nagoya Stock Exchange's IR Expo, the Nikkei IR and Investment Fair, the Nomura IR Asset Management Fair, and other conferences and seminars targeting individual investors, thereby creating opportunities for many people to learn more about the Group. Heiwa Real Estate intends to further expand its IR activities for individual investors in the future.



Briefing Sessions for Institutional Investors and Analysts

Twice annually, Heiwa Real Estate holds briefing sessions on its interim and fiscal year-end financial results primarily for institutional investors.

Business Result Presentations  

Dividend Policy

Dividend Policy

The Group strives to suitably reward shareholders by paying dividends twice a year (an interim dividend and a year-end dividend).

[Paid and Planned Dividends !\[\]\(bd1a142de767a21e5362c595f844a4ff_img.jpg\) >](#)

Dividends and Shareholder Return

Heiwa Real Estate has set up a shareholder benefits program to show appreciation for the ongoing support of its shareholders.

QUO prepaid cards feature an original design, presenting information about the culture, historical landmarks, and famous places in the Nihonbashi Kabutocho and Kayabacho district, where Heiwa Real Estate is active in redevelopment.



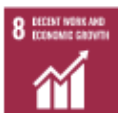





[Shareholder Benefits !\[\]\(830769b31eeeaca920791081939ff8ba_img.jpg\) >](#)

Community Initiatives

Basic Approach

Heiwa Real Estate will help to address social issues through activities consistent with sustainability matters (materiality) by every single member of our company working, as members of society, to build sustainable societies based on our corporate philosophy.

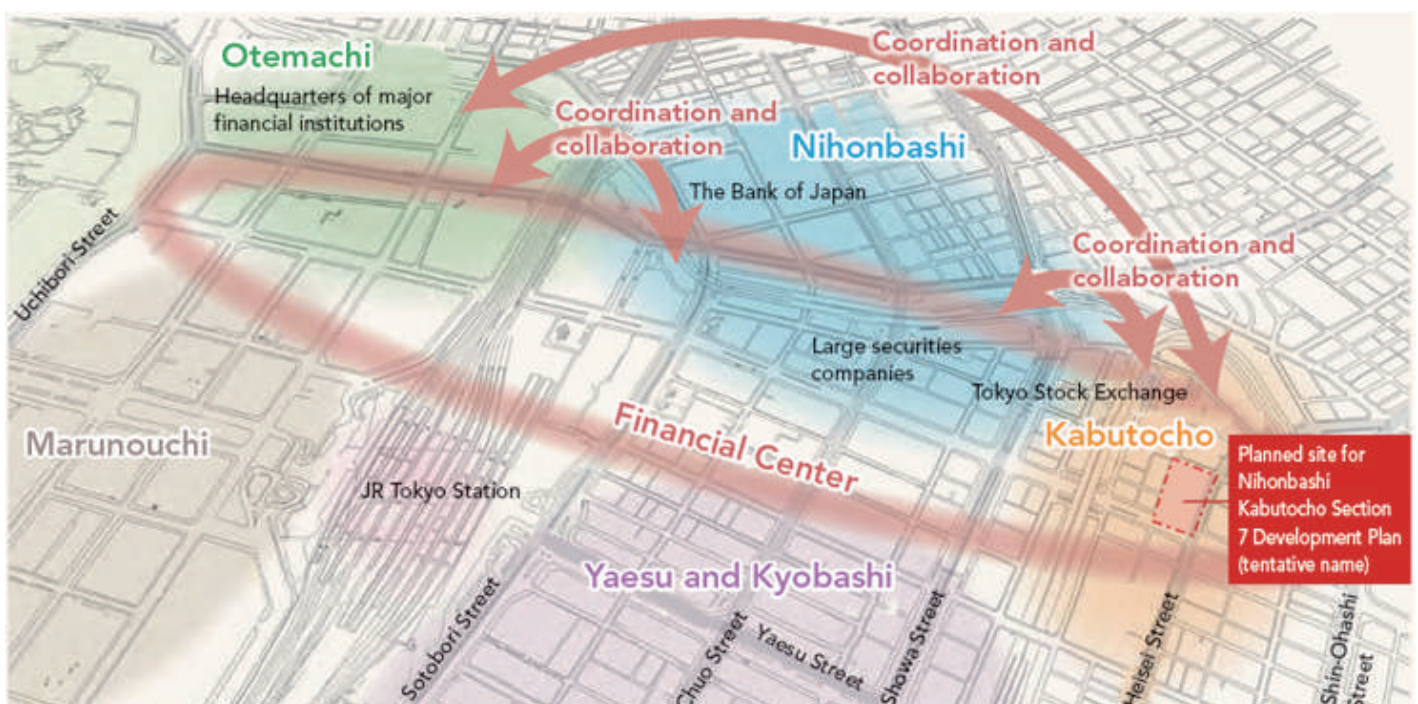
Materiality

	Materiality	SDGs	Social value
E:Environment	<ul style="list-style-type: none"> Climate change countermeasures 	   	Create environment-friendly, low-carbon areas
S:Society	<ul style="list-style-type: none"> Industrial development and regional development Responding to social needs 	   	Create lively areas through diversity and incubation
	<ul style="list-style-type: none"> Natural disaster risk mitigation methods 		Create disaster-resistant, resilient areas
G:Governance	<ul style="list-style-type: none"> Strengthening corporate governance 		Implement corporate governance that supports the development of new areas

Nihonbashi Kabutocho and Kayabacho Revitalization Project

Contributing to the Tokyo metropolitan government's “Global Financial City: Tokyo” Vision

Heiwa Real Estate has proposed three concepts to the Tokyo metropolitan government for improving the securities trading and financial performance of the Nihonbashi Kabutocho and Kayabacho district. At each stage of its redevelopment of the area, the Group has incorporated innovative finance-related initiatives aimed at raising Tokyo's status as an international financial center in step with the government's vision to make it a global financial city. In these ways, the Group is playing a role in realizing the “Global Financial City: Tokyo” Vision by paving the way for the entire district's future.



Initiatives to Add Appeal in the
“Global Financial City: Tokyo” Vision



KABUTO ONE

KABUTO ONE will introduce functionality to the district consistent with the “global financial city” vision, fostering information sharing and talent development in the financial industry and promoting dialogue and communication between investors and companies. KABUTO ONE will contribute to the vision as well as furthering the development and appeal of the entire region.

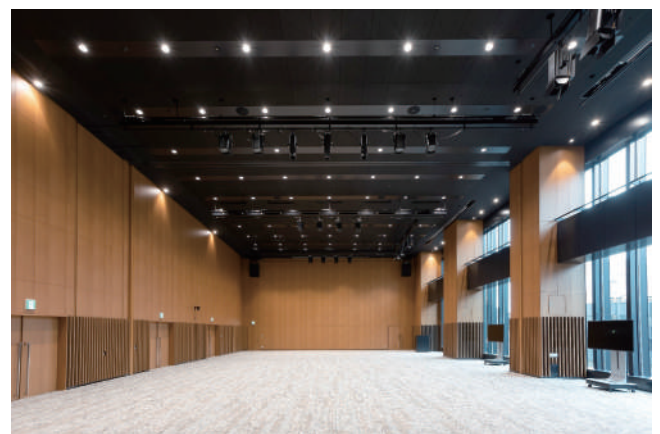
Facing the intersection of Eitai-dori and Heisei-dori, the KABUTO ONE’s atrium is about 14 m high and is designed with a three-story glass wall. The atrium symbolizes the financial base as a regional gateway and will be an “icon” of the Japanese financial capital market. Using the open space in the atrium, KABUTO ONE features the world’s largest LED video cube called “The Heart,” to display market energy and trends in a visual and spatial manner. The atrium also functions as a site for visitors to gather, rest and interact and for local activities and other events.



KABUTO ONE



Book Lounge Kable



KABUTO ONE HALL & CONFERENCE

Building Name Concept

Kabutocho has prospered as the heart of the Japanese economy since the Edo period and has grown into one of the world's leading economic areas.

The KABUTO ONE development has been named as such to reflect the idea that Kabutocho was, and will continue to be the starting point for the Japanese economy.

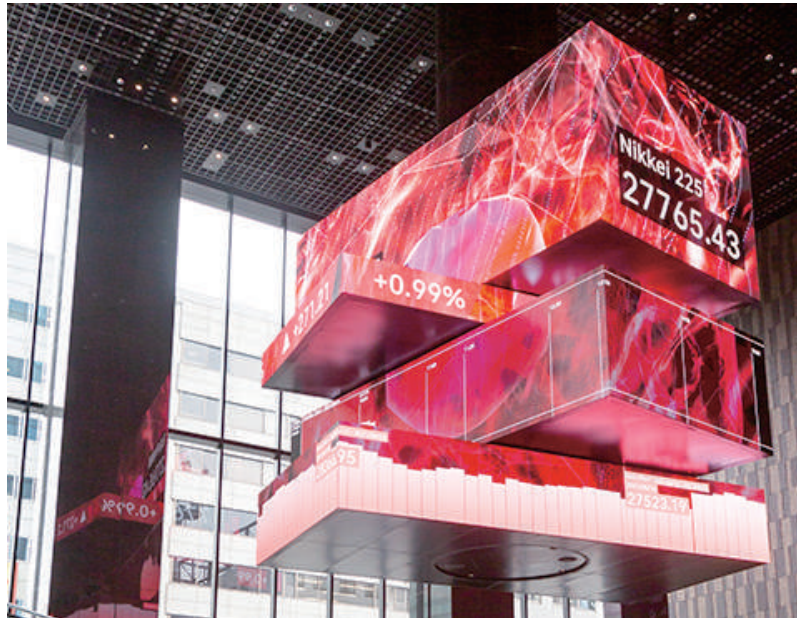
Project Overview

Address	7-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo
Access	Direct access to Kayabacho Station on Tokyo Metro's Tozai and Hibiya lines * Connecting passages scheduled to open in December 2022
Main uses	Offices, shops, meeting rooms, conference rooms, parking
Number of floors	15 above-ground floors, 2 basement floors, 2 penthouse floors
Structure	Above ground: Steel construction; Basement: Steel-reinforced concrete (SRC) construction (steel construction in parts); intermediate layer seismic isolation structure
Total floor area	Approx. 39,208m ²
Owner/Developer	Heiwa Real Estate Co., Ltd. Yamatane Corporation, Chibagin Securities Co., Ltd.
Design/Supervision	(Design/facilities) Mitsubishi Jisho Sekkei Inc. (Structure) OBAYASHI CORPORATION
Construction	OBAYASHI CORPORATION

The HEART

“The HEART” is one of the world’s biggest digital signage installed in the atrium inside “KABUTO ONE.”

“The HEART” was designed in the image of the “heart” of financial and economic district Nihonbashi Kabutocho and installed in the hope of turning it into a symbol of the region as a new face of the capital market.



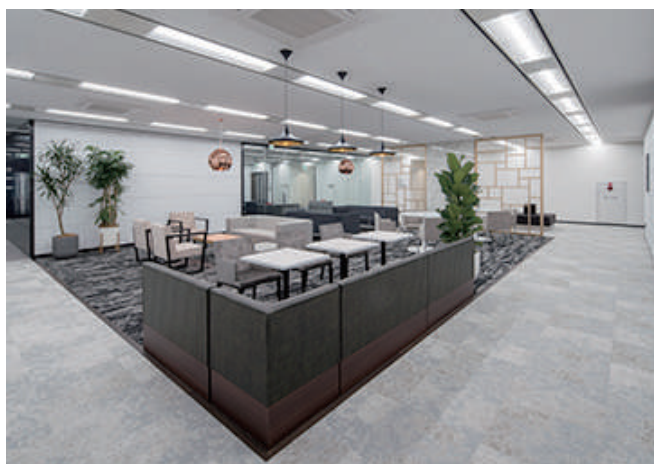
Membership in the Consortium for Japan International Asset Management Center Promotion (JIAM)

Heiwa Real Estate is a member of the Consortium for Japan International Asset Management Center Promotion (JIAM), which was established in October 2016 for the purpose of improving the international competitiveness of Japan’s asset management industry. Other members include the Japan Securities Dealers Association, Investment Trusts Association, Japan Investment Advisors Association, and Japan Exchange Group, Inc. The consortium works to attract foreign investment in the industry by participating in various conferences and events, including seminars organized by the Tokyo metropolitan government intended to establish Tokyo as a global financial city.



Developing FinGATE Brand

In support of the “Global Financial City: Tokyo” vision, we will revitalize Nihonbashi Kabutocho and Kayabacho to support the growth of start-ups such as fintech companies. We will also develop four office buildings as a new financial center for the district called FinGATE.



FinGATE KABUTO



FinGATE KAYABA



FinGATE BASE



FinGATE TERRACE



FinGATE BLOOM



Designed based on the concept of revitalization, K5 is a five-floor commercial building housing a small hotel along with restaurants, a bar and a café. The building was constructed in 1923 and later acquired by Heiwa Real Estate. The exterior had been covered with steel panels since the 1980s, but research confirmed that the structure was originally owned by The First National Bank, Japan's first bank established in 1873 by Eiichi Shibusawa, commonly known today as the "father of Japanese capitalism," and was the annex of the bank's third-generation building. The building was designed by Yoshitoki Nishimura, who was one of Japan's top architects specializing in banks at that time. Aiming to not only raise the building's property value but also enhance the value of the neighborhood, Heiwa Real Estate restored the building's exterior to its original appearance, recapturing its charm for modern-day use. Following the exterior restoration and repair work, the building was reborn as K5. This was part of the first project of the Company's Nihonbashi Kabutocho and Kayabacho Revitalization Project.



Kabutocho Heiwa Bldg. No. 5 Exterior



Tsunagu • Bridging

As part of the second phase of the Nihonbashi Kabutocho and Kayabacho Revitalization Project, Heiwa Real Estate has attracted tenants that can offer new dining experiences in the 8th and 9th districts of Nihonbashi Kabutocho based on its concept of interconnectedness (tsunagu in Japanese). Together, beginning in this newly developed area, each of these eating and drinking establishments can help realize the future potential of the neighborhood, drawing from their marketing power and originality. With that vision, Heiwa Real Estate initiated this interconnectedness project to connect people and cultures by bringing together unique businesses.

The new tenants are already opening for business. Grand openings were held on July 1 for Ease, a patisserie and bakery newly established by patissier Keisuke Oyama, and Neki, a new restaurant opened by Kyohei Nishi, former chef of the popular restaurant, Bistro Rojiura. Three more establishments will open from August 1, including the first Asian branch of popular craft brewery bar Omnipollo, as well as natural wine seller Human Nature and hand roasted coffee stand Stockholm Roast.



ease



Neki



Omnipollos Tokyo



Human Nature + Stockholm Roast

Bringing prosperity to Osaka's Kitahama district

Opening of the Kitahama Terrace

Heiwa Real Estate created a buzz in the Kitahama area of Osaka with its opening of the Kitahama Terrace, a riverside commercial complex connected to the Kitahama 1-Chome Heiwa Building and Heiwa Real Estate Kitahama Building.

Holding exciting events in the Osaka Securities Exchange Building atrium

As part of its efforts to revive the Kitahama area, the Group has been holding various events in the atrium of the Osaka Securities Exchange Building, including public telecasts of the Osaka Women's Marathon, classical music performances by the Osaka Philharmonic Orchestra, and summer holiday economics seminars for parents and their children, sponsored by Osaka Securities Exchange.



Our Achievements Osaka (Kitahama) >

Creation a thriving neighborhood at Sakae, Nagoya.

The Kitahama district of Osaka is, like Nihonbashi Kabutocho in Tokyo, home to many brokerage firms. When rebuilding the Osaka Exchange, we decided to endow it with symbolism so it would act as the catalyst for Kitahama's transformation into an even more vibrant neighborhood.

Our Achievements Nagoya (Sakae) >

Participation in urban development projects in Sapporo and Fukuoka

Activities in Sapporo

Heiwa Real Estate owns and operates several buildings in the city of Sapporo, including the Dogin Building, Shin-Odori Building, and Sapporo Ekimae Godo Building. The Group, along with other local businesses and land owners, has joined an urban planning committee that was set up to examine the full-scale redevelopment of the district in which the Sapporo Ekimae Godo Building is located.

Activities in Fukuoka

The Group owns and operates several buildings in the Tenjin district of the city of Fukuoka, including the Fukuoka Shoken Building, Fukuoka Heiwa Building, and Tenjin Heiwa Building. The Group has joined an urban planning consortium of local businesses and land owners that was established to completely redevelop a 17-hectare area surrounding Tenjin Meiji-dori Avenue, a project now underway and approaching an important new stage.

Involvement in community events

Participation in the Sanno Festival

The Group participates in the Sanno Festival, one of the three major festivals of Tokyo since the Edo era, by collaborating with the neighborhood association in carrying a mikoshi (portable shrine) through the streets of Nihonbashi Kabutocho. The participation of numerous local companies has vitalized the Nihonbashi Kabutocho and Kayabacho district. We will continue to deepen interaction with local residents by actively participating in community events.



Cleanup events in Nihonbashi Kabutocho

The Group participates in cleanup events in the Nihonbashi Kabutocho district in cooperation with local businesses and the local neighborhood association.



Trees donated to Chuo Ward for lining streets in Nihonbashi Kayabacho

The Group gifted boulevard trees (20 dogwood trees) to the district of Nihonbashi Kayabacho in Tokyo's Chuo Ward, which was targeted by the landscape improvement and boulevard tree planting project that the Chuo Ward government promoted for 2017.



Placement and Exhibition of the Red Stone from Sado in Connection with Old Eiichi Shibusawa

In 1888 when Eiichi Shibusawa, who is known as the father of capitalism in Japan, built his Kabutocho house in the place where the Nisshokan Building, in which our headquarters resides, is currently located, he placed the Red Stone from Sado there as a historic stone to wish for the development of Japan's economy. In 2017, as one of the activities to mark the 70th anniversary project, we will exhibit the Red Stone from Sado in the Nihonbashi Kabutocho district for the first time in 110 years.



CAFE SALVADOR BUSINESS SALON

The Group has been operating the Cafe Salvador Business Salon on the first floor of the Tokyo Shoken Kaikan Building in the Nihonbashi Kabutocho and Kayabacho district with the goals of bringing energy and prosperity to the area and creating a venue for sharing news about the district's redevelopment.



Kabuto Live! website

Heiwa Real Estate launched and operates a community website for the Nihonbashi Kabutocho and Kayabacho district. Through the website Kabuto Live! (<https://kabuto-live.com/>), the Group contributes to the area's revitalization by publishing information about local events and the culture of the Nihonbashi Kabutocho and Kayabacho district, which developed as Tokyo's financial center. The site helps bring energy to the area by providing people with information on various opportunities to learn about building an asset portfolio as well as news of business matching and other events.



Kabutocho and Kayabacho featured in Tokyojin magazine

The Group produced supplementary book on the excitement of the Kabutocho and Kayabacho district for Tokyojin, a Japanese-language monthly magazine. The feature was written to promote the history and attractions of the area, relay the desires of local residents to share stories and preserve the neighborhood, and explain how the district is playing a role in making Tokyo a global financial city.



Support for Social Contributions

Helping Healthcare Professionals and Clinical Settings Manage COVID-19

To stop the spread of COVID-19, we continue to work on initiatives to prevent infections, including working from home for officers and employees, use of teleconferencing and other online systems, and a switch to digital processes for internal administration, as well as building management procedures to ensure the health and safety of tenants and local communities.

To help healthcare professionals and clinical settings manage COVID-19 and the global threat it poses, we donated ¥10 million to the Japan Medical Association in February 2021.

Support for Employee Involvement in Social Programs

We have established systems to help employees get involved in social programs. For example, we have set up a new category of special leave called Volunteer Leave. Under this system, employees can accumulate their annual leave and take long periods of leave for the purpose of working on volunteer programs.

Human Rights and Labor Standards

Human Rights Policy

Heiwa Real Estate Group considers respect for human rights to be a basic requirement for business continuity, and we comply with laws and ordinances on human rights for workers in all countries where we operate. We also support and respect international treaties on human rights, including the International Bill of Human Rights, which includes the Universal Declaration of Human Rights and other covenants; the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work; and the UN Guiding Principles on Business and Human Rights.

We formulated the Heiwa Real Estate Group Human Rights Policy in November 2021 and will work to implement human rights initiatives in line with this Policy.

Heiwa Real Estate Group Human Rights Policy

The Heiwa Real Estate Group Human Rights Policy (the Policy) clarifies the Company's position on human rights as they pertain to our business activities. As a corporate citizen, we respect human rights in our activities in line with the Policy.

We expect all stakeholders in our business to understand and put into practice this respect for human rights described in the Policy and aim to work collaboratively with stakeholders to promote respect for human rights.

1.Prohibition of Discrimination

Heiwa Real Estate does not discriminate on the basis of nationality, race, religions, beliefs, ideas, gender, age, sexual orientation, and disability.

2.Prohibition of Harassment

The Group prohibits sexual harassment, power harassment, and any other forms of harassment in the workplace. We will not tolerate any harassing behavior including verbal and physical actions.

3.Prevention of Forced Labor

The Group prohibits all forms of forced labor and works to prevent this.

4.Prevention of Child Labor

We support and are implementing programs to effectively abolish child labor.

5.Prevention of Overwork and Reduced Overtime

We strive to prevent employees from overworking and reduce overtime, in order to promote work-life balance and help employees lead healthy lifestyles. In Japan, we also observe the “36 agreement” (named after Article 36 of the Labor Standards Act, this provision states that any work in excess of 8 hours a day or 40 hours a week, or on holidays, requires an advance written agreement between the employer and the relevant labor union).

6.Employee Health and Safety

We aim to create workplaces where employees can work safely and in good health, following laws on labor standards and other laws and ordinances in all countries and regions.

7.Respect for Freedom of Association and the Right to Collective Bargaining

Heiwa Real Estate respects the rights of employees regarding freedom of association and collective bargaining.

8.Wage Payments above the Minimum Wage

We pay wages that are above the minimum wage, in line with labor laws and ordinances and to ensure employees have stable living conditions.

Formulated December 2021

Heiwa Real Estate Co., Ltd.

Kiyoyuki Tsuchimoto, Representative Director and President

Major Initiatives

Disseminating the Company Policy on Labor Standards

We are working to disseminate the Heiwa Real Estate Human Rights Policy by translating the Policy into English, sharing the contents within the Company, and making the Policy available for external audiences on our company website.

In FY2021, there were no violations of applicable laws, regulations, or Company rules and policies in the Company’s business, services, or transaction methods.

Offering traineeships or internships and implementing initiatives to improve youth unemployment rates and to employ people who lack opportunities, including those without formal training or qualifications or of low social status

Heiwa Real Estate runs an internship program to give students opportunities that allow them to make better career choices. The program is open to university undergraduate and postgraduate students.

Risk Assessment for Labor Issues

Heiwa Real Estate recognizes that working conditions in the real estate industry are an important human rights issue, particularly measures put in place to prevent workplace accidents during contract work. We work to prevent all sorts of risks that we have identified as priority concerns, through dialog with our suppliers and other business partners.

Equal Opportunities for Work

(Action to reduce discrimination, improve equal opportunities, and ensure a diverse workforce that does not discriminate on the basis of race, religion, gender, age, sexual orientation, disability, or nationality)

Through our human rights initiatives that are based on our Corporate Code of Conduct, Standards for Behavior for the Heiwa Real Estate Group, and Heiwa Real Estate Group Human Rights Policy, we actively and voluntarily fulfill our social responsibilities and educate all our employees to have a correct understanding and awareness of human rights issues.

Specific initiatives include ongoing training and e-learning sessions covering the various types of harassment and discrimination, including sexual harassment and power harassment. We have also established a compliance hotline and external reporting desk to allow internal and external parties to report and discuss issues like harassment.

Human Rights Impacts and Risk Assessments

We work to ensure the human rights are respected for all stakeholders involved in our business activities, including those involved in actual projects as well as local communities. We achieve this through ongoing risk assessments of human rights compliance in both new project proposals and existing businesses, following the procedures set out in our company's risk management processes.

Human Rights Policy

Support for International Initiatives

The Heiwa Real Estate Group supports and respects the OECD Guidelines for Multinational Enterprises, International Labor Standards, and the UN Guiding Principles on Business and Human Rights.

In December 2021, the Group also announced its support for the United Nations Global Compact. Based on the 10 Principles derived from the UN Global Compact focus on human rights, labor, environment and anti-corruption, the Group will promote responsible management and contribute to the realization of a sustainable society.

The 10 Principles of the UN Global Compact

Human Rights	<ul style="list-style-type: none">• Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and• Principle 2: make sure that they are not complicit in human rights abuses.
Labor	<ul style="list-style-type: none">• Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;• Principle 4: the elimination of all forms of forced and compulsory labour;• Principle 5: the effective abolition of child labour; and• Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none">• Principle 7: Businesses should support a precautionary approach to environmental challenges;• Principle 8: undertake initiatives to promote greater environmental responsibility; and• Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<ul style="list-style-type: none">• Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

United Nations Global Compact  [>](#)

Human Rights Training

We use e-learning programs and other methods to educate all officers and employees on human rights, in order to further understanding of respect for human rights and elimination of discrimination.

In fiscal 2021, we ran e-learning training programs and seminars by legal experts on preventing power harassment.

We also uploaded compliance-related regulations, such as the Standards for Behavior for the Heiwa Real Estate Group, on the Company intranet to spread awareness of how to eliminate discrimination and harassment.

Due Diligence on Human Rights

We are considering the introduction of due diligence processes for human rights and are engaging with ongoing initiatives.

As set out in our Sustainable Procurement Policy that was formulated in March 2021, we require our business partners to comply with various sustainability matters, including human rights.

Discussing and Reporting Human Rights Issues

Based on our Internal Reporting Regulations, we have set up a compliance hotline within the Group to ensure that, as a company, we are quickly made aware of instances of organizational or individual misconduct or violations of laws and ordinances and implement corrective measures. This system also promotes compliance with Group ethics and laws and ordinances. An internal or an external reporting desk can be selected when reporting any issue, in order to protect those using the compliance hotline and ensure users understand they can contact the Hotline at any time without negative consequences. To ensure fair dealings with our corporate business partners, we have established an external reporting desk where people can report issues relating to non-compliance or suspect behavior by Group officers and employees. By setting up multiple points of contact in this way, we are working to create an environment that promotes discussion, where issues can be identified at an early stage and quickly resolved, and where measures can be put into place to prevent recurrence.

Initiatives to Reduce Overtime Work

- Established “No Overtime Day”
- Pre-approval system for overtime
- Understanding of work hours, and raising employee awareness regarding overtime

Prevention of Child Labor and Forced Labor

There have been no incidents of child labor or forced labor as of this writing.

To prevent any future incidents, we are thorough in maintaining compliance with laws and regulations and conduct monitoring of our operations.

Wage Management

We comply with minimum wage regulations in each country and pay wages that exceed these levels. An employee’s age or gender makes no difference to the wages that we pay. We continue to keep abreast of our compliance with laws and ordinances and manage our wages to accurately reflect the hours worked and overtime completed.

Our average annual salary for fiscal 2021 was ¥10.67 million.

Efforts to Ensure Diversity

In order to increase corporate value over the medium and long term, we strive to provide workplace environments where a diverse pool of talent, including both new graduates and mid-career recruits, can maximize their abilities and actively participate regardless of their race, religion, nationality, gender, or sexual orientation. We evaluate employees according to their individual abilities, not personal attributes, when deciding promotions to managerial roles and our basic policy is to be inclusive of diversity. Under this basic policy, we employ both new graduates and mid-career recruits

Building Positive Relationships between Labor and Management

Our Code of Conduct and Heiwa Real Estate Group Human Rights Policy specify our respect for human rights in terms of freedom of association and guaranteed collective bargaining rights, as well as equal employment opportunities for all employees.

We also work to build positive relationships between labor and management, for example through compliance questionnaires and interviews with those in managerial positions as appropriate.

Data

	FY2018	FY2019	FY2020	FY2021
% of staff turnover (leaving for personal reasons only)	0.9%	0.9%	1.0%	4.2%
Average overtime hours worked	17hours	14hours	19hours	27hours
Average length of service	14.8years	15.5years	14.8years	15.9years

Number of workplace accidents

To ensure the safety of our employees, each fiscal year we set a target of zero deaths from workplace accidents.

	FY2018	FY2019	FY2020	FY2021	Target
Number of workplace accidents	1	1	0	0	-
Number of deaths	0	0	0 ✓	0 ✓	0 each fiscal year
Number of working days lost	0	0	0	0	-

Data marked with ✓ are guaranteed by a third party.

Note: Accidents logged for all employees, including contract workers

Governance



- >Basic Approach
- >Corporate governance principles
- >Corporate Governance System
- >Compensation of Directors and Officers
- >Cross-Shareholdings
- >Proper Information Disclosure and Dialog with Shareholders
- >Corporate Governance Guidelines
- >Basic Policy on Controllers for Company Financial and Business Policymaking
- >External Directors
- >Internal control systems



- >Compliance
- >Compliance System
- >Compliance Hotline
- >Compliance Training
- >Combating Anti-Social Forces
- >Information Security



- >Basic Policy
- >Risk Management Systems
- >Prevention of Corruption and Bribery

Basic Approach and Corporate Governance System

- ✓ Basic approach to corporate governance
- ✓ Corporate governance principles
- ✓ Corporate Governance System
- ✓ Compensation of Directors and Officers
- ✓ Cross-Shareholdings
- ✓ Proper Information Disclosure and Dialog with Shareholders
- ✓ Corporate Governance Guidelines
- ✓ Basic Policy on Controllers for Company Financial and Business Policymaking
- ✓ External Directors
- ✓ Internal Control System

Basic approach to corporate governance

Corporate governance is a top priority for us.

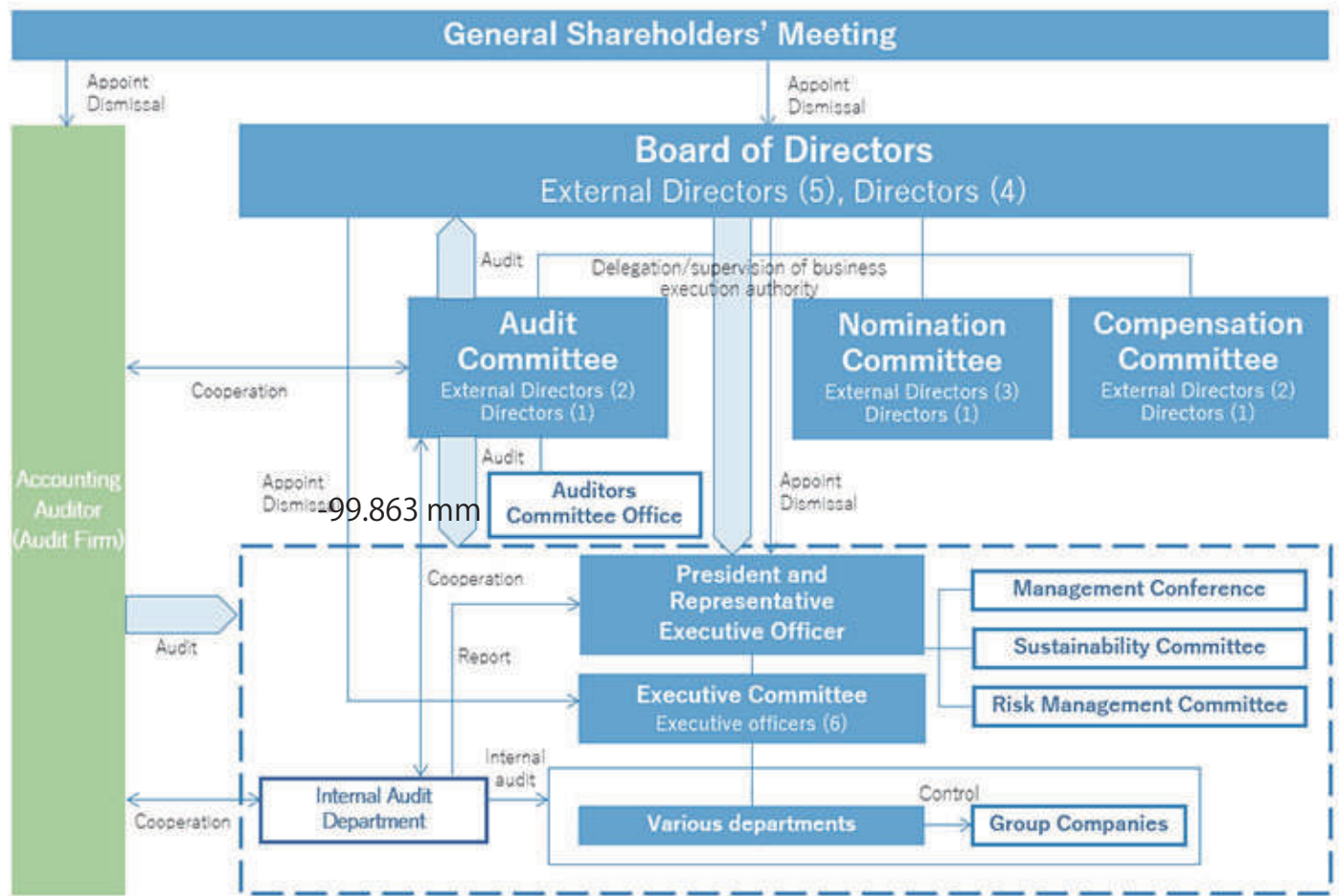
We strive for rigorous corporate governance across the group so that we can earn the trust of our shareholders and other stakeholders and conduct our business impartially and effectively.

Corporate governance principles

We have established the following corporate governance principles, which reflect the principles of Japan's Corporate Governance Code.

1. We protect the rights and ensure the equitable treatment of all shareholders. We strive to create a climate in which all shareholders can duly exercise their rights.
2. We recognize that our sustainable growth and mid-to-long-term value depend on us engaging and cooperating with stakeholders, including our shareholders, employees, customers, trading partners, creditors, and the local communities we serve. We foster a corporate culture that respects stakeholder rights and emphasizes sound business relationships with them.
3. We disclose financial and non-financial information when required to do so by law. Even when disclosure is not mandated, we voluntarily disclose any information that could affect the investment decisions of shareholders or other investors.
4. We understand that members of the Board of Directors are accountable to shareholders. To promote sustainable growth and enhance mid-to-long term corporate value, the board provides effective oversight of the management, ensuring that the management takes reasonable risks and that it contributes to the company's profitability.
5. To promote sustainable growth and enhance mid-to-long term corporate value, we actively engage in constructive dialogue with shareholders and other stakeholders. To earn stakeholders' support and confidence, members of the Board of Directors actively listen to stakeholders and relay their feedback to the management, while ensuring that our corporate strategy is clear and transparent to stakeholders.

Corporate Governance System



1. Board of Directors

The Board of Directors consists of nine (9) directors (including one (1) female director) and is chaired by the executive officer, president and CEO.

The Board of Directors decides on basic policies of management and supervises business execution by directors and executive officers.

The Board of Directors passes resolutions on the matters specified under laws and regulations and the Regulations of the Board of Directors' meetings and delegates the execution of other business to the executive officers.

The number of members of the Board of Directors is limited to eleven (11) as stipulated in the Articles of Incorporation, and a majority of these are independent external directors.

When appointing directors, in addition to considering diversity of gender and size, the Company will appoint directors in consideration of appropriate combination according to the business environment and business characteristics, after identifying required skills, etc. regarding the knowledge, experience, abilities, etc. that directors should have in light of the Company's management strategy. In addition, the Company has set a rule that external directors shall include those who have management experience at other companies.

Candidate for Director	Corporate manage ment	Financial affairs / accounting	Legal affairs	Inter national perspective	Finance / securities	Planning / sales	DX / IT	Committee to be appointed		
								Nominating	Audit	Compensation
Kiyoyuki Tsuchimoto	●				●	●		●		●
Kazuo Yamada	●	●				●				
Takahisa Aoyama	●	●				●				
Daisuke Kobayashi	●	●				●			●	
Kiichiro Masui					●	●		★		
Takahiro Moriguchi	●	●		●	●	●		●		★
Junko Utsunomiya			●					●	●	
Eiji Yamada	●					●	●			●
Mitsunobu Yamaguchi		●		●					★	

★Chairperson *This list does not indicate all of the skills possessed by each candidate for Director.

2. Nomination Committee

The Nomination Committee is composed of three (3) or more committee members chosen by the Board of Directors, and from the viewpoint of ensuring independence and objectivity, the chairperson of the Committee shall be an external director.

The Nomination Committee decides on the content of proposals related to election and dismissal of directors to be submitted to the general shareholders' meeting, and formulates the standards for election and dismissal of directors.

The Nomination Committee expresses opinions regarding the matters relating to the election and dismissal of executive officers and the succession plan for the executive officer, president and CEO upon consultation with the Board of Directors or with the executive officer, president and CEO.

The Company will disclose the reasons for the election and dismissal of the senior top management and the election, dismissal and appointment of the individual candidates for directors upon the election, dismissal and appointment thereof.

3.Audit Committee

The Audit Committee is composed of three or more committee members chosen by the Board of Directors, and from the viewpoint of ensuring independence and objectivity, the chairperson of the Committee shall be an external director. Furthermore, from the perspective of enhancing the audit function, a statutory Audit Committee member will be selected.

The Audit Committee audits business execution by directors and executive officers, prepares audit reports, and decides on the content of proposals related to appointment, dismissal and non-reappointment of independent auditors.

4.Compensation Committee

The Compensation Committee is composed of three (3) or more committee members chosen by the Board of Directors, and from the viewpoint of ensuring independence and objectivity, the chairperson of the Committee shall be an external director.

The Compensation Committee decides on policy related to decisions on the content of compensation, etc. for directors and executive officers individually, and decides on the content of compensation, etc. for directors and executive officers individually.

5.Meeting of Executive Officers

The Meeting of Executive Officers shall consist of six (6) executive officers. Its agenda is managed by the executive officer, president and CEO. In addition to executing important business operations, it conducts prior deliberation on matters to be submitted to the Board of Directors.

6.Management Conference

The Management Conference consists of the executive officer, president and CEO and executive officers, with its agenda managed by the executive officer, president and CEO. It discusses the direction of the Company's management strategy and other matters.

7.Sustainability Committee

The Company has established the Sustainability Committee, which consists of the executive officer, president and CEO as the chairperson, executive officers, managing officers and the heads of each department as the committee members, with the aim of smoothly promoting measures for the practice of sustainability management.

By monitoring the plan-do-check-act (PDCA) cycle for sustainability initiatives, the Sustainability Committee acts to increase the effectiveness of sustainable management.

8.Risk Management Committee

The Company assigns the executive officer, president and CEO as officers of primary responsibility for risk management, and has established the "Risk Management Committee" that consists of executive officers, managing officers and general managers and endeavors to appropriately grasp the overall risk of the Company Group and deal with any risks that are emerged.

Members of the Board of Directors and their Committee Memberships

Name	Position	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee
Kiyoyuki Tsuchimoto	Director	★	●		●
Kazuo Yamada	Director	●			
Takahisa Aoyama	Director	●			
Daisuke Kobayashi	Director	●		●	
Kiichiro Masui	External Director	●	★		
Takahiro Moriguchi	External Director	●	●		★
Junko Utsunomiya	External Director	●	●	●	
Eiji Yamada	External Director	●			●
Mitsunobu Yamaguchi	External Director	●		★	

(Note)★ Indicates the chair of each organization, and ● indicates its members

Members of the Meeting of Executive Officers and their Committee Memberships

Name	Position	Meeting of Corporate Executive Officers	Management Conference	Sustainability Committee	Risk Management Committee
Kiyoyuki Tsuchimoto	Executive Officer, President and CEO	★	★	★	★
Kazuo Yamada	Representative and Senior Managing Executive Officer	●	●	●	●
Tomoharu Nakao	Managing Executive Officer	●	●	●	●
Hiroki Mizuta	Executive Officer	●		●	●
Nobuhiro Seo	Executive Officer	●		●	●
Takahisa Aoyama	Executive Officer	●		●	●

(Notes) 1. ★ indicates the chair of each organization, and ● indicates its members.

2. The Sustainability Committee and the Risk Management Committee are composed of the members indicated in the table above, as well as managing officers and heads of department.

Compensation of Directors and Officers

1. Basic approach

- Compensation for directors, executive officers, and managing officers (hereinafter referred to as "executive compensation") shall be provided under the following basic approach in accordance with the principles of the Corporate Governance Code so as to carry out our management policy.
 - Motivate employees to enhance business performance over the medium to long term and corporate value
 - Share value with shareholders
 - Establish standards and systems contributing to retaining talented personnel
 - Establish decision-making processes ensuring ample objectivity and transparency
- Executive compensation consists of fixed compensation as basic remuneration, bonuses as short-term incentives, and performance-linked stock remuneration as medium- to long-term incentives.
- Directors who concurrently serve as executive officers shall only receive compensation for executive officers.
- Compensation for directors (excluding those concurrently serving as executive officers) and managing officers on special appointment managing the secretariat of the Audit Committee shall solely consist of basic remuneration in consideration of their roles and other factors.

2. Policy on determining individual basic remuneration amount (monetary remuneration) including policy on determining remuneration timing and conditions
- Basic remuneration shall be determined through comprehensive consideration of the significance of roles and scope of responsibilities for each position, as well as performance and other factors, founded in the executive compensation system.
 - Basic remuneration shall be paid in fixed monthly compensation.
3. Policy on determining performance-linked remuneration and non-monetary remuneration details and amount, as well as method for calculation (including policy on determining remuneration timing and conditions)
- (1) Bonuses
- Bonuses are paid in cash in June each year as a short-term incentive to raise awareness of the need to improve performance in each fiscal year.
 - Bonuses are calculated by multiplying a base amount determined in accordance with position by a coefficient determined in accordance with the achieved level of net income attributable to owners of parent. This amount is then added to the multiplicative product of the monthly fixed compensation for each position and a coefficient determined in accordance with an evaluation of each individual (including ESG evaluation). The coefficient for net income attributable to owners of parent shall be adjusted within the range of 0% to 150%, while the coefficient for individual evaluation (including ESG evaluation) shall be adjusted within the range of 0% to 100%. However, the executive officer, president and CEO shall not be paid compensation based on individual evaluation or the associated monthly fixed compensation for each position.
 - The Compensation Committee has the authority to forgo or reduce bonus payments in cases where an executive officer or managing officer has been dismissed or where they have caused damage to the Company intentionally or through gross negligence, etc.
 - Bonuses for managing officers shall be determined in the same manner as bonuses for executive officers.
- (2) Performance-linked stock remuneration
- Performance-linked stock remuneration shall be paid as medium- to long-term incentives, consisting of a fixed portion and a performance-linked portion.
 - The fixed portion is determined based on position, while the performance-linked portion is determined based on the achievement level of performance conditions, stock price level, and other factors.
 - The fixed portion is designed to strengthen sharing value with shareholders, while the performance-linked portion is designed to motivate employees to enhance corporate value over the medium- to long-term, as well as business performance, and to strengthen the linkage between business performance and compensation.
 - In principle, shares shall be paid at the time of retirement of eligible executive officers and managing officers using a stock compensation trust.

Standard for calculating performance-linked stock remuneration

- In the interest of improving performance over the medium- to long-term, evaluation indicators used in the performance-linked portion shall be consolidated operating income, a straightforward indicator of the earning power of our core businesses, and total shareholder return (TSR), an indicator of shareholder return provided as a result of increased corporate value.
 - Stock remuneration in the performance-linked portion shall be determined by adjustments within the range of 0% to 150% for each of the achievement level of consolidated operating income versus performance targets and relative evaluation of TSR versus stock indices, respectively.
 - The details shall be stipulated in the Share Benefit Regulations determined by a resolution of the Compensation Committee.
4. Policy for determination of the ratio of monetary remuneration, performance-linked remuneration, or non-monetary remuneration as a share of total individual director (excluding managing officers) remuneration.
- The ratio of each type of remuneration for executive officers (including those concurrently serving as directors) shall be determined by the Compensation Committee based on the remuneration levels at peer companies and other factors. The following presents general guidelines for ratios when performance targets are achieved.

Item	Fixed compensation	Bonuses	Performance-linked stock remuneration
Purpose	Basic remuneration	Short-term incentive	Medium- to long-term incentive
Ratio of total compensation (Guideline)	55%–65%	20%–30%	10%–20%

- Compensation for directors (excluding those concurrently serving as executive officers) shall solely consist of basic remuneration in consideration of their roles and other factors. There is no policy for determination of the ratio of monetary remuneration, performance-linked remuneration, or non-monetary remuneration as a share of total individual remuneration.

Cross-Shareholdings

The Company maintains cross-shareholdings to strengthening business relationships, as well as to facilitate financial activities and to strengthen business alliances considered to be beneficial for medium- to long-term business development.

Every year, the Board of Directors verifies the appropriateness of individual cross-shareholdings in overall consideration of yields and capital costs, as well as whether they are useful for medium- to long-term business development and are in line with Company objectives including strengthening business relationships, facilitating smooth financial activities and enhancing business alliances.

If, as a result of this verification, holdings are determined to be inappropriate, they are reduced through disposal by sale after considering for share prices and market trends.

The Company deliberates on each proposal regarding the exercising of voting rights from the perspective of the issuing company's prospects for sustained growth, corporate value enhancement over the medium- to long-term and increased shareholder value, while confirming that the issuing company has not engaged in any anti-social acts, been involved in major scandals and that there are no serious concerns regarding corporate governance.

In addition, the Company thoroughly investigates the appropriate reasons, objectives, and other factors regarding proposals that have the potential to affect corporate value and shareholder value, and then determines whether or not to grant approval.

Proper Information Disclosure and Dialog with Shareholders

- 1.The Company announces the "Policies for the Establishment/Improvement of and Initiatives for the System to Promote Constructive Dialog with Shareholders" approved by the Board of Directors.
- 2.The department in charge of IR ensures information control to prevent the leakage of unannounced important insider information outside the Company through dialog according to the regulations for the control of insider information and the prevention of insider trading.
- 3.To promote sustainable growth and enhance the corporate value in the medium and long term, the Company sets and publishes medium- and long-term goals for capital efficiency, etc. after accurately grasping the capital cost when the Company formulates management strategies and management plans and works to achieve the goals and explains its efforts to that end to shareholders and others.
- 4.From the perspective of sustainable growth and enhancement of corporate value in the medium and long term, the Company has set up its basic policy to carry out appropriate business portfolio

Corporate Governance Guidelines

A guideline describing the framework of corporate governance.

> Corporate Governance Guidelines  (PDF : 170KB)

Basic Policy on Controllers for Company Financial and Business Policymaking

If a purchase is proposed by a specific person or persons that may transfer Company control, we believe the final decision to approve or deny this proposal should be made based on the will of all of the Company's shareholders. However, we believe that those people who control the Company's financial and business policymaking must have sufficient understanding of the details of the Group's finances and business as well as the sources of the Company's corporate value, and that they must continuously improve both corporate value and shared profit with shareholders. Some large-scale purchase activities may damage this value and profit that we have built up over time.

Based on this recognition, we believe that the Company's shareholders must be given the opportunity to carefully judge large-scale purchases for the impact they may have on the Company's corporate value or shared profit with shareholders. We believe it is necessary that both the purchaser and the Company's Board of Directors provide essential and sufficient information and opinions to shareholders about the purpose, details, and aforementioned impact of the large-scale purchase in question. We also believe it is necessary for shareholders to be given the essential and sufficient time to consider these; in other words, creating a situation where there is as little coercive force affecting shareholder decision-making as possible.

With this basic concept in mind, the Board of Directors of the Company will require that large-scale purchasers provide the essential and sufficient information for shareholders to make an appropriate decision on the positives and negatives of the purchase in question. This provided information will also be disclosed in an appropriate manner and at an appropriate time, and measures will be taken deemed appropriate within the limits permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations, and the Articles of Incorporation. The Company designed this policy to ensure that its corporate value and shared profit with shareholders is maximized.



External Director

Kiichiro Masui

Attendance at Board of Directors' Meetings: 14 / 14 (100%)

[Reason for appointment]

Mr. Kiichiro Masui serves as Chairman of the Board of The Japan Securities Research Institute.

Although Mr. Kiichiro Masui has never been directly involved in corporate management, he has served in important positions in securities-related organizations and has abundant experience and deep insight in the world of finance and securities.

Mr. Kiichiro Masui plays an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management from this standpoint. In addition, as a chairman of the Nomination Committee, he has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers at the Company.

For the above reasons, the Company expects that Mr. Kiichiro Masui will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated him as a candidate for External Director.

The Group believes that Mr. Kiichiro Masui will not have potential conflicts of interest with general shareholders in the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured.



External Director

Takahiro Moriguchi

Attendance at Board of Directors' Meetings: 14 / 14 (100%)

[Reason for appointment]

Mr. Takahiro Moriguchi has served as Representative Director and Deputy President of the Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) and Representative Director and Chairman of JPMorgan Securities Japan Co., Ltd. He has served as a president at banks in the U.S., and has broad knowledge on finance and securities, international business experience, and abundant experience and deep insight as a corporate manager.

Mr. Takahiro Moriguchi plays an appropriate role in supervising the execution of business from an independent and objective position and providing advice to management from this standpoint. In addition, as a member of the Nomination Committee and a chairman of the Compensation Committee, he has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers and officer compensation at the Company.

For the above reasons, the Company expects that Mr. Takahiro Moriguchi will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated him as a candidate for External Director.

The Group believes that Mr. Takahiro Moriguchi will not have potential conflicts of interest with general shareholders in the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured.



External Director

Junko Utsunomiya

Attendance at Board of Directors' Meetings: 14 / 14 (100%)

[Reason for appointment]

Ms. Junko Utsunomiya has acquired high degrees of expertise as a lawyer, and although she has never been directly involved in corporate management, she has served as an outside director of other listed companies and has abundant experience and deep insight in the field of corporate legal affairs.

Ms. Junko Utsunomiya plays an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management from this standpoint. In addition, as a member of the Nomination Committee, she has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers at the Company. For the above reasons, the Company expects that Ms. Junko Utsunomiya will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated her as a candidate for External Director.

The Group believes that Ms. Junko Utsunomiya will not have potential conflicts of interest with general shareholders in the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that her independence is ensured.



External Director

Eiji Yamada

Attendance at Board of Directors' Meetings: - / - (-%)

[Reason for appointment]

Mr. Eiji Yamada has served as Representative Director and Senior Executive Vice President of NTT DATA Corporation, President and Representative Director of Japan Information Processing Service Co., Ltd., and an outside director of other listed companies, and has abundant experience in data communication and system development, etc. and deep insight as a corporate manager.

From this standpoint, the Company expects that Mr. Eiji Yamada will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director by playing an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management, and thus has nominated him as a candidate for External Director. The Group believes that Mr. Eiji Yamada will not have potential conflicts of interest with general shareholders in the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured.



External Director

Mitsunobu Yamaguchi

Attendance at Board of Directors' Meetings:- / - (-%)

[Reason for appointment]

Mr. Mitsunobu Yamaguchi has a high degree of specialization as a certified public accountant, has worked in the United States, and has served as an external auditor at other listed company. Though he has never been directly involved in corporate management, he has abundant experience in the fields of financial accounting and auditing, and experience in international service.

From this standpoint, the Company expects that Mr. Mitsunobu Yamaguchi will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director by playing an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management, and thus has nominated him as a candidate for External Director.

The Group believes that Mr. Mitsunobu Yamaguchi will not have potential conflicts of interest with general shareholders in the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured.

Establishment of a corporate structure to ensure the proper conduct of business (internal control systems)

In its efforts to establish a lawful and efficient corporate structure, the Company maintains and operates a structure to ensure that executive officers comply with laws and the Articles of Incorporation in the execution of their operations, and other structures to ensure the proper conduct of the business of the Company and the businesses of the Company group made up of the Company and its subsidiaries, as follows.

1. Corporate structure to ensure legal compliance and compliance with the Articles of Incorporation in the execution of operations by executive officers and employees of the Company

- The Company elects external directors as independent officers to reinforce the supervisory functions of the Board of Directors and Audit Committee.
- The Company has established a “Code of Conduct,” “Standards for Behavior of Heiwa Real Estate Group,” and “Compliance Regulations,” and steps are taken to ensure that all of its members are fully aware of their contents. Accordingly, executive officers, managing officers, and employees of the Company are requested to maintain fair and high ethical principles and strictly adhere to laws, regulations, and the Articles of Incorporation, in order to secure a management structure on which the community can rely.
- Based on its “Internal Reporting Regulations,” “External Whistleblowing Regulations,” and other relevant regulations, the Company has established a compliance hotline and other systems as contact points for notification and consultation from people in or outside of the Company, including business partners, when problems or other matters related to compliance occur, and detects and responds to any such problems as promptly as possible.
- The Company responds firmly against antisocial forces that jeopardize the order and safety of the civil society.

2. System for the storage and maintenance of information in relation to the performance of duties by the executive officers of the Company

- The Company properly records the decision-making documents at the general shareholders’ meetings, Board of Directors’ meetings, Meetings of Executive Officers, and other important meetings, approval documents, and information related to the performance of duties by executive officers, and properly stores and maintains these documents in accordance with the relevant laws and “Criteria for the Storage and Disposal of Documents.”
- Directors and executive officers may access these documents at any time.

3.Rules of the Company related to the management of the risk of loss and other systems

- In recognition of the importance of risk management as a management issue, the Company has established a set of “Risk Management Rules,” has established a “Risk Management Committee” under the rules, and endeavors to secure the effectiveness of risk management by defining the targeted risk and the responsibility for management of the risk.
- The “Risk Management Committee” reports on the matters under its management to the Board of Directors and the Board of Statutory Auditors, as necessary.

4.System to ensure the efficient performance of duties by the executive officers of the Company

- For its organizational structure, the Company has selected a structure with a nomination committee, etc., and delegates significant authority for making decisions on business execution to executive officers, endeavoring to use the system to segregate the functions and responsibilities of management and business execution and to accelerate the process of decision-making, hence achieving more efficient management.
- Through the system for allocating directors-in-charge, the system for job authorization, and the system for decision-making provided in various in-company regulations, including the “Regulations of the Board of Directors’ Meetings,” the “Regulations of the Meetings of Executive Officers,” and the “Rules on the Division of Authorities,” the Company works to achieve the efficient execution of duties by its executive officers.
- By formulating annual business plans and other plans, the Company establishes company-wide objectives to promote the efficient execution of business.

5.System to ensure the proper execution of business by the Company group made up of the Company and its subsidiaries

- The Company manages the planning of strategy related to the Company Group, guidance and monitoring related to subsidiaries and other matters pertaining to business administration, financial operations, and administration related to consolidated accounting, the improvement and operation of internal control related to financial reporting and administration related to the evaluation of effectiveness, and administration related to the operation of business.
- The “Code of Conduct,” the “Standards for Behavior for Heiwa Real Estate Group,” and the “Compliance Regulations” prescribed by the Company also apply to the Company Group, and the Company takes steps to ensure that all members of the Group are fully aware of their contents. Accordingly, the Company requests the officers and employees of the Company Group to maintain fair and high ethical principles and strictly adhere to laws, regulations, and the articles of incorporation so as to secure a management structure on which the community can rely.

- In recognition of the importance of risk management as a management issue, the Company endeavors to secure the effectiveness of risk management by defining the targeted risk and the responsibility for management of the risk in the Company Group in accordance with a set of “Risk Management Rules” prescribed by the Company.
- In accordance with a set of “Administrative Rules on Subsidiaries and Affiliates,” the Company made mandatory for subsidiaries to report important matters related to subsidiaries in advance, in principle.
- The Company dispatches its personnel to serve as Directors and Statutory Auditors of major subsidiaries. The Directors of the Company oversee the performance of the duties of the Directors of the subsidiaries, and the Statutory Auditors of the Company oversee the execution of business of the subsidiaries.
- In order to report and discuss matters related to consolidated group management, the Company has established a management conference among subsidiaries and affiliates and an administrative contact committee among subsidiaries and affiliates to share ownership of business policies, management information, etc., and reports important matters related to subsidiaries to the Board of Directors.
- The Company has formulated a set of “Basic Principles for the Maintenance and Operation of Internal Control Related to Financial Reporting,” in order to secure reliable financial reporting. The Company has also established an “Internal Control Liaison Committee Related to Financial Reporting” to maintain a cooperative structure that cuts across the whole Company Group for the purpose of realizing the aforesaid principles.

6. Matters concerning relevant personnel when the Audit Committee of the Company requests the deployment of directors or employees to assist the committee in its work, matters related to the independence of those personnel from executive officers of the Company, and matters to secure the effectiveness of instructions from the Audit Committee of the Company to those personnel

- The Company shall establish an Audit Committee Office and assign employees to it. Employees assigned to the Audit Committee Office shall assist the Audit Committee in its duties.
- Employees assigned to the Audit Committee Office shall follow the instructions and orders of the Audit Committee when assisting the Audit Committee in its duties, and shall not be subject to instructions or orders from executive officers.
- Appointment or transfer of employees assigned to the Audit Committee Office shall require the consent of the Audit Committee, and the evaluation of these employees shall sufficiently respect the opinions of the Audit Committee.

7. Policy for handling expenses, etc. incurred from the performance of duties by the members of the Company's Audit Committee

If an Audit Committee member, in the course of performing their duties, requests the Company to pay expenses in advance pursuant to Article 404, Paragraph 4 of the Companies Act, the Company shall promptly pay such expenses or debts unless such expenses or debts are determined not to be necessary for the performance of duties by the Audit Committee member.

8. System for reporting to the Audit Committee of the Company, system to ensure that a person so reporting is not treated unfavorably because of the reporting, and other systems to ensure effective auditing by the Audit Committee of the Company

- The statutory Audit Committee member presents at important conferences, including the Meeting of Executive Officers, expresses their views, and obtains copies of the minutes of meetings and approval documents. The statutory Audit Committee member also requests to be briefed on these matters. Further, the statutory Audit Committee member regularly holds meetings with the Representative Executive Officer, the Internal Audit Office, and the independent auditors.
- If a director or executive officer discovers any matters that may cause material damage to the Company, they shall immediately notify the Audit Committee and/or its members of those matters.
- The Company reports to the Audit Committee and/or its members on important matters, including matters pertaining to the subsidiaries reported at the management conference among subsidiaries and affiliates and the administrative contact committee among subsidiaries and affiliates, the results of internal audits of subsidiaries, the contents of notifications by the compliance hotline, and other matters.
- The Company prohibits unfavorable treatment of the officers and employees of the Company Group who report to the Audit Committee and/or its members due to such reporting, and keeps all of the officers and employees of the Company Group well informed of the prohibition.

Compliance

Basic Approach

In order for the Heiwa Real Estate Group to earn the trust of society and achieve sustainable development, we will consistently maintain an awareness of compliance and conduct business in keeping with our Code of Conduct and the Standards for Behavior for Heiwa Real Estate Group. To stamp out misconduct and further strengthen compliance, we also enacted the Announcement on Stamping Out Misconduct and Strengthening Compliance in December 2019, and are taking initiatives in keeping with this.

Announcement on Stamping Out Misconduct and Strengthening Compliance

1.No growth that compromises trust

The Company's officers and employees shall constantly be aware that stakeholder trust is the platform for, and driver of, growth. These agents of the Company shall work to improve mindsets in order to regain that trust.

2.Stamping out misconduct

The Company's officers and employees shall carry out their duties in accordance with the highest ethical principles and good sense, and stamp out misconduct by pledging to not engage or become involved in any wrongdoings, with a clear distinction between personal interests and company interests.

3.Strengthening compliance further

The Company's officers and employees shall rigorously adhere to the Code of Conduct and the Standards for Behavior for Heiwa Real Estate Group, and shall place the utmost priority on compliance.

Enacted December 2019

Compliance System

The Group has established a Risk Management Committee, a body for sharing, discussing, and controlling compliance and business risks in the Group. Serious violations of compliance or material emerging risks are reported to the Company's Board of Directors and handled accordingly.

The Corporate Planning and General Affairs Department, which serves as the secretariat for the committee, is responsible for coordinating with Group companies, and promotes improved compliance and risk management function across the entire Group.

Prevention of Corruption and Bribery

The Group has enacted the Code of Conduct and the Standards for Behavior for Heiwa Real Estate Group, and drafted a summary of matters to be complied with in order to act with fairness and honesty without violation of social norms. In keeping with these we maintain an awareness of the gravity of our social responsibility, strictly comply with all laws, regulations, and rules, and seek to be a company that has a strong sense of ethics and can keep the trust of society.

The Standards for Behavior for Heiwa Real Estate Group calls on us to strictly refrain from behavior that may seem like collusion from society's standpoint in our relationships with government and administrative bodies, prohibits entertainment, gifts, and other benefits deviating from social conventions, and concretely defines measures to prevent not only bribery, but corrupt behavior in general. These details are published to our intranet, and are available for employee viewing at any time.

We are also taking a number of actions to improve compliance awareness, such as holding at least five compliance training sessions each year for all officers and employees and thoroughly disseminating the contents of various compliance regulations, including those for the prevention of corruption and bribery.

Furthermore, based on our Internal Reporting Regulations, we have established a compliance hotline at the Company in order for us to rapidly be aware of organizational or individual misconduct or violations of laws and regulations and to take necessary measures in response. This system also promotes ethics and compliance with laws and regulations at Group companies.

To promote fair transactions with business partners such as corporations, we have also set up an external reporting desk to receive reports on compliance violations and suspected violations by officers and employees of the Group.

Compliance Hotline

Based on our Internal Reporting Regulations, the Group has established an internal compliance hotline in order for us to rapidly be aware of organizational or individual misconduct or violations of laws and regulations and to take necessary measures in response. This system also promotes ethics and compliance with laws and regulations at Group companies.

Reports may be made to internal or external desks. We protect those who provide us with reports, like ensuring that they are not penalized for their use of our compliance hotline.

To promote fair transactions with business partners such as corporations, we have also set up an external reporting desk to receive reports on compliance violations and suspected violations by officers and employees of the Group.

Compliance Training

The Group regularly conducts compliance training for the purpose of raising awareness of compliance among officers and employees. We are also working to spread awareness of compliance by conducting company-wide simultaneous inspections for compliance, information security, and other areas, and disseminating inspection results internally.

Combating Anti-Social Forces

1. Basic concept for excluding anti-social forces

We are strongly resolved to combat anti-social forces that threaten the order and security of civil society.

2. Status of measures to exclude anti-social forces

The Company has clearly established a number of policies showing its strong resolve to combat anti-social forces. These can be found in the Code of Conduct, the Standards for Behavior for Heiwa Real Estate Group, the Basic Policy for Building Internal Control Systems, and the Regulations for Exclusion of Anti-Social Forces. We thoroughly disseminate these policies to directors, executive officers, and employees.

The Corporate Planning and General Affairs Department serves as the controlling department for our internal systems in this area. In the event of unreasonable demands and other instances with anti-social forces, this department takes action in coordination with attorneys and related institutions, such as the police department with jurisdiction.

By joining the Tokubouren, a police-run association for the prevention of organized crime, we participate in activities to exclude anti-social forces and gather information, providing details to various departments as necessary.

Risk Management

Basic Approach

The Company has put a risk management system in place in order to properly manage and control risks, limit or prevent risks from materializing, and minimize any damage in the event such risks materialize, and smooth control work, minimize damages for corporate resource.

Risk Management System

To have an overall understanding of the Group's risks and appropriately take action in the event of their emergence, the Risk Management Committee meets quarterly, chaired by the Representative Director and President and comprised of executive officers and heads of department. At its meetings, the committee works to understand risks that have emerged within the Group and discusses matters such as how to prevent recurrence in keeping with the Risk Management Guidelines.

For the acquisition and sale of properties, the Investment Risk Working Group meets ahead of Board of Directors discussion, analyzing the risks associated with the acquisition or sale and reporting its findings to the Managing Officers' Meeting.

To mitigate the risk of a company crisis in the event of an emergency, we have drafted a business continuity plan and a manual based on this plan, and we conduct regular inspections in line with this.

Information Security

Basic Approach

The Group views the appropriate management of information risks as one of its most important information strategies. We formulated the following basic approach to implement information security throughout the Group.

1.Information Security Management System

The Group has established an information security management system and strives to protect and appropriately manage all information assets held by the Group.

2.Internal Rules Related to Information Security

The Group maintains internal rules based on this basic approach and ensures all officers and employees are thoroughly aware of these rules.

3.Information Security Training

The Group conducts ongoing training requisite to ensuring information security and attempts to improve information literacy among all officers and employees.

4.Information Security Countermeasures

The Group implements appropriate countermeasures for ensuring the safety of information assets and protecting against threats including unauthorized access, destruction, data leaks, spoofing, loss and theft.

Furthermore, in the event that information asset security is breached, we make every effort to minimize damage, quickly identify the cause and prevent future recurrence.

5.Compliance with Laws and Regulations

The Group complies with laws and regulations related to information security, guidance provided by the Japanese government and other social norms.

6.Continuous Improvements

The Group strives to continuously review and improve the abovementioned initiatives.

Risk Management

✓ Basic Approach

✓ Risk Management Systems

✓ Prevention of Corruption and Bribery

Basic Approach

The Company has put a risk management system in place in order to properly manage and control risks, limit or prevent risks from materializing, and minimize any damage in the event such risks materialize, and smooth control work, minimize damages for corporate resource.

Risk Management Systems

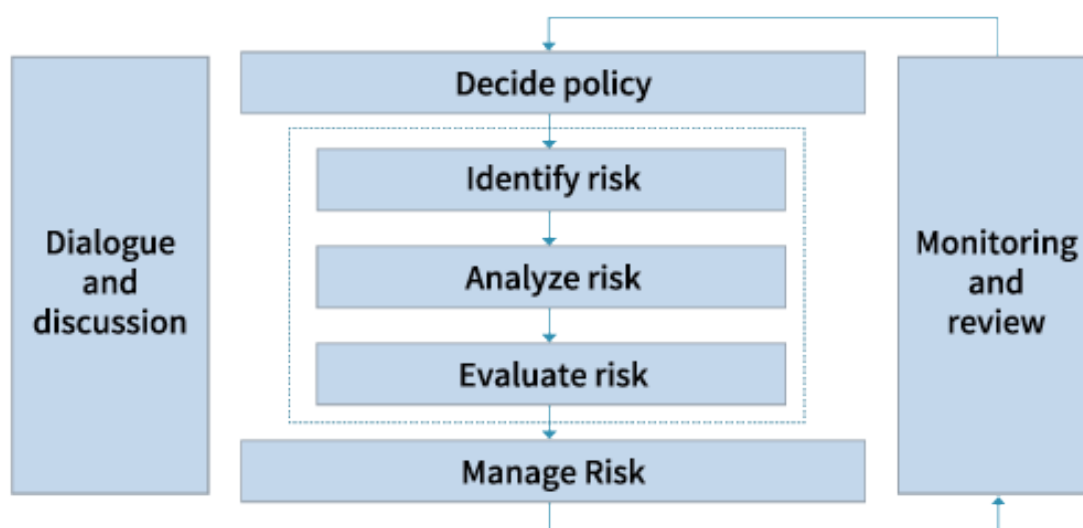
To have an overall understanding of the Group's risks and appropriately take action in the event of their materialization, the Risk Management Committee meets quarterly, chaired by the Executive Officer, President and CEO and comprised of Executive Officers and Managing Officers and heads of each departments, At these meetings, the committee works to understand risks that have materialized within the Group and discusses matters such as how to prevent recurrence. For key matters, the committee reports to the Board of Directors as appropriate, and the system provides for Board oversight of risk management and review of implementation status.

Note that the Risk Management System has been designed with reference to the ISO31000 standard risk management framework.

Schematic Diagram of the Risk Management System



Risk Management Process



We categorize risks as shown below to facilitate their management, in recognition of the importance of proper risk management in the management of the Group. We single out risks that can have a particularly significant impact on the business and require special management as Risks subject to monitoring.

- Real estate risk
- Legal risk
- Financial risk
- Information security risk
- Labor risk (health and safety)
- Overall business risk
- ESG risk (especially climate change and corruption)

The risks discussed below are managed carefully and important matters reported to the Board of Directors for discussion of how to respond.

- Real estate investment risk

For the acquisition and sale of properties, the Investment Risk Working Group meets ahead of discussion by the Board of Directors, analyzing the risks associated with the acquisition or sale and reporting its findings to the Meeting of Executive Officers.

- Business Continuity Planning (BCP)

To mitigate the risk of a company crisis in the event of an emergency, we have produced a business continuity plan and a manual based on this plan, and we conduct regular inspections in line with this.

Provisions for Litigation, including Violation of Laws and ESG Issues

As of March 31, 2021, the Company has not booked any important provisions for the possibility of fines or settlements in the future caused by incidents occurring prior to fiscal 2020.

Regular Rotation of Accounting Auditors and Repeat Engagement

Our basic policy on auditing firm rotation combines approaches from the Certified Public Accountants Act and the JICPA rules on ethics.

Prevention of Corruption and Bribery

The Group has enacted the Code of Conduct and the Standards for Behavior for Heiwa Real Estate Group, and drafted a summary of matters to be complied with in order to act with fairness and honesty without violation of social norms. In keeping with these we maintain an awareness of the gravity of our social responsibility, strictly comply with all laws, regulations, and rules, and seek to be a company that has a strong sense of ethics and can keep the trust of society.

The Standards for Behavior for Heiwa Real Estate Group calls on us to strictly refrain from behavior that may seem like collusion from society's standpoint in our relationships with government and administrative bodies; prohibits entertainment, gifts, and other benefits deviating from social conventions; and concretely defines measures to prevent not only bribery, but corrupt behavior in general. These details are published to our intranet and are available for employee viewing at any time.

Our systems to prevent corruption and bribery are monitored by the Risk Management Committee and periodic updates are reported to the Board of Directors. We are also taking a number of actions to improve compliance awareness, such as holding at least five compliance training sessions each year for all officers and employees and thoroughly disseminating the contents of various compliance regulations, including those for the prevention of corruption and bribery.

Furthermore, based on our Internal Reporting Regulations, we have established a compliance hotline at the Company in order for us to rapidly be aware of organizational or individual misconduct or violations of laws and regulations and to take necessary measures in response. This system also promotes ethics and compliance with laws and regulations at Group companies.

To promote fair transactions with business partners such as corporations, we have also set up an external reporting desk to receive reports on compliance violations and suspected violations by officers and employees of the Group. This system also allows anonymous reporting.

Fiscal 2020 Results

- Political donations: None
- Number of employees dealt with or dismissed due to cases, or suspected cases, of corruption: Zero

Ratings from Outside Bodies

GRESB Real Estate Assessment 2021

Heiwa Real Estate Co., Ltd., announced today that it has received ratings from the Global Real Estate Sustainability Benchmark (GRESB). Based on scores for GRESB's Standing Investments Benchmark (related to currently operating properties) and Development Benchmark (related to new development and major renovation projects), Heiwa Real Estate received a 4 Star and 3 Star rating, respectively, following 3 Star ratings for both benchmarks last year.

These benchmarks are generated by the GRESB Real Estate Assessment, which offers data on environmental, social, and governance (ESG) initiatives in the real estate sector. For the second consecutive year, Heiwa Real Estate received a Green Star designation, which is awarded to companies that have scored highly in both the Management and Performance components of the assessment. Established in 2009 by a group of large pension funds in Europe that initiated principles for responsible GRESB Real Estate Assessment investment, GRESB is an organization that measures the ESG performance of property companies and funds to generate its GRESB benchmarks each year. GRESB currently has 170 investor members, which use its data when selecting companies to invest in and when holding dialogues with invested companies. Many of these members, including Japan's Government Pension Investment Fund, make use of GRESB assessment results. In 2022, 1,820 property companies, REITs, funds and developers from around the world participated in the GRESB Real Estate Assessment.

Going forward, we will continue to engage in proactive activities to achieve a higher GRESB rating by enhancing sustainable management practices.



CDP

In 2022, Heiwa Real Estate participated for the first time in the climate change program established by the Carbon Disclosure Project (CDP), an international non-profit organization that assesses climate change-related disclosure. The Group received a score of “B” in the assessment.

CDP is a non-profit organization that supports institutional investors and major purchasers around the world that are highly concerned about the environment, calling on corporations and governments to promote initiatives and disclose information on climate change, water resource protection, forest conservation and other environmental issues. In 2022, more than 680 institutional investors with more than \$130 trillion in assets and 280 major purchasers with \$6.4 trillion in procurement spending requested data on environmental impacts, risks, and opportunities through the CDP platform, with a record number of approximately 18,700 companies responding. Going forward, Heiwa Real Estate will maintain efforts to provide transparent disclosure, including non-financial information, to improve our reputation by further enhancing Group sustainability management practices.



FTSE Blossom Japan Index

Heiwa Real Estate has been selected as a constituent for the FTSE Blossom Japan Index. Created by global index provider FTSE Russell, this index measures the performance of Japanese corporations demonstrating excellence in ESG practices. Designed to be industry-neutral, the index is used as an important investment decision criterion by investors around the world focused on corporate ESG initiatives.



**FTSE Blossom
Japan Index**

FTSE Blossom Japan Sector Relative Index

Heiwa Real Estate has been selected as a constituent for the FTSE Blossom Japan Sector Relative Index. As with the FTSE Blossom Japan Index, this index is designed to be sector-neutral, reflecting the performance of Japanese companies with excellent ESG responses. To promote the transition to a low-carbon economy, only companies with particularly high greenhouse gas emissions evaluated for improvement efforts by the TPI Management Quality Score* are included in the index.

*Assesses the quality of corporate management of greenhouse gas emissions, as well as risks and opportunities associated with the transition to a low-carbon society.



**FTSE Blossom
Japan Sector
Relative Index**

MSCI Japan ESG Leaders Index

Heiwa Real Estate has been selected as a constituent for the MSCI Japan ESG Leaders Index. This stock price index created by MSCI, a leading U.S. financial services company, comprehensively considers various ESG risk factors and selects companies with strong ESG performance relative to sector peers within each industry.

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

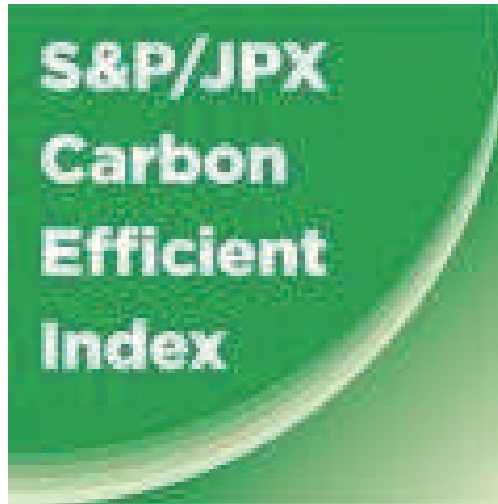
MSCI Japan Empowering Women (WIN)

Heiwa Real Estate has been selected as a constituent for the MSCI Japan Empowering Women Index (WIN). This stock price index, created by MSCI, a leading U.S. financial services company, is based on data related to the employment and promotion of women in corporations and gender diversity information disclosure.

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index

The Company has been selected as a constituent stock of the S&P/JPX Carbon Efficient Index. The S&P/JPX Carbon Efficient Index is designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX; as the “underlying index”), weighting companies with focus on their level of carbon efficiency (carbon emissions per sales) and disclosure status of environmental information.



THE INCLUSION OF HEIWA REAL ESTATE CO.,LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF HEIWA REAL ESTATE CO.,LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

