Initiatives and KPIs Linked to Materiality

The Company has identified materiality as a comprehensive approach to capturing risks and opportunities in our business activities, with an aim of increasing the Company's corporate value over the medium to long term and achieving a sustainable society. An annual review is conducted to ascertain whether it is necessary to change any of the aspects of materiality, targets, and KPIs in response to various environmental changes surrounding our businesses. Approval is obtained from the Board of Directors for any necessary changes.

E Environmental

Strengthening of resilience to climate change

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Reduce GHG emissions	★	GHG emissions	Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to the FYE March 2020) Achieve net-zero emissions (Scope 1, 2 and 3) by FYE March 2051	**Reduced by 8% (Scope 1 and 2)** (compared to the FYE March 2020)
Use renewable energy	★	Ratio of electricity derived from renewable energy sources	Achieve 100% by FYE March 2051	**35.9%**
Promote energy conservation	★	Energy use intensity	Reduce by 10% by FYE March 2031 (compared to the FYE March 2020)	**Reduced by 12.6%** (compared to the FYE March 2020)
Promote the acquisition of green building certifications	★	Ratio of properties with green building certifications	Acquire certifications for 50% or more of the total floor space of all properties by FYE March 2031	**49.5%**

Sustainable use of resources by measures to reduce the burden on the environment

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Develop and operate environmentally friendly buildings	—	Water use intensity	Year-on-year reduction	**0.52 m^3/m^2** (-0.01point)
	—	Waste generation intensity	Year-on-year reduction	**1.6 kg/m^2** (-0.4point)

S Social

Provision of safe, secure, and comfortable spaces

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Carry out preventive maintenance works to prevent problems in buildings and facilities	★	Number of incidents related to buildings and facilities	Zero serious incidents*1	**No incidents**
Provide properties and services with high customer satisfaction	—	Number of customer satisfaction surveys	At least once a year	**Conducted once**

*1 A serious incident refers to a situation in which the operation of a tenant is suspended due to a malfunction of the building or facility.

Promotion of the business keeping abreast of the changing environment and times

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Diversify regional portfolio	—	Composition ratio of sales by area	Increase the ratio of sales outside the Kansai area to 30% or more by FYE March 2033	**15.9%** (Tokyo metropolitan area 14.9%, Others 1.0%)
Launch new businesses				

Co-existence and co-prosperity with local communities

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Improve relations with local communities; Engage in contribution activities to local communities	—	Number of social contribution activities	At least 10 times a year	**Conducted at least 10 times**

Collaboration with partner companies while being aware of ESG issues

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Collaborate with partner companies on environmental and social issues	—	Number of regular meetings with partner companies	At least four times a year	**Held eight times**
Promote respect for human rights and safety and health at partner companies	—	Number of surveys on human rights	At least once a year	**Conducted once**

Conducting constructive dialogue with investors and shareholders in line with sustainable management

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Promote fair, timely, and appropriate information disclosure and constructive dialogue	—	Number of briefing sessions for shareholders / investors	At least four times a year	**Held eight briefings** (two briefings for analysts and six briefings for individual investors)

Respect of human rights, diversity and inclusion

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Diversify human resources	★	Male-to-female ratio among new recruits (five-year average)	50% (five-year average)	**60.0%**
	—	Ratio of female managers	Achieve 10% or more by FYE March 2031	**11.8%**
			Achieve 30% or more by FYE March 2041	
	—	Number of workshops on human rights	At least once a year	**Conducted once**

Improvement of human capital

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Develop a work environment with a good work-life balance	★	Paid leave utilization rate	70% or more	**85.7%**
Improve business efficiency and productivity (Promote digital transformation)	—	Average monthly working hours per person	Year-on-year reduction	**156 hours per month** (+1 hour compared to the previous year)
Promote human resources development	★	Investment amounts associated with human resources development (per person)	100 thousand yen per person	**113.7 thousand yen**
Promote health and productivity management	★	Health checkup uptake rate	Maintain 100%	**Recognized as an Outstanding Organization of KENKO Investment for Health (with a 100% health checkup uptake rate)**

G Governance

Improvement of the effectiveness of the Board of Directors

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Ensure the diversity of the Board of Directors	★	Number of female Directors	At least one female Director	**One female Director**
	—	Ratio of female officers	Achieve 30% or more by FYE March 2031*2	**10%** (one out of 10)
Maintaining the ratio of Outside Directors constituting a majority of the Nomination and Remuneration Committee	★	Ratio of Outside Directors (Board)	Maintain above 50%	**57%** (four out of seven)
	★	Ratio of Outside Directors (Nomination and Remuneration Committee)	Maintain above 50%	**67%** (four out of six)
Provide training, etc. to Directors	—	Number of training sessions for Directors	At least once a year	**Conducted once**

*2 Ratio of women among the Board of Directors and Auditors.

Financial strategy to adapt to a changing business environment

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Maintain a solid financial base	—	Credit rating (R&I credit rating)	Maintain "A -" or higher	**Credit rating of A-** (R&I credit rating)
	★	Equity ratio	Maintain 30% or more	**43.1%**
Achieve low-cost financing based on creditworthiness	★	Net interest-bearing debt / EBITDA ratio	Maintain a level of 10 times or so	**7.9 times**

Strengthening of organizational resilience

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Conduct BCP drills	—	Number of BCP drills	At least once a year	**Conducted once**
Formulate measures for each risk and implement progress management by the Risk Management Committee	★	Number of information security incidents	Zero incidents	**Zero incidents**

Implementation of compliance that supports sustainable management

Initiatives	KPIs	Indicators	Targets	Results (FYE March 2025)
Provide compliance education and training to all employees	—	Number of compliance education and training sessions provided to all employees	At least once a year	**Conducted three times**
Assess and investigate the implementation status of compliance measures by the Compliance Committee	★	Number of serious compliance violations	No violations	**No violations**