Keihanshin Building Co.,Ltd.

Sustainability Report 2026

FYE March 2026



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Message from the President



We aim to become a company that co-creates value toward a sustainable urban future.

Since its founding, Keihanshin Building Co., Ltd. has grown alongside the development of local communities, mainly in the Keihanshin area, through its real estate leasing business centered on office buildings. Now, our business environment is entering a period of great change. In addition to steadily responding to climate change, society is placing ever greater demands on companies, including consideration for human rights and diversity. Our policy is to respond flexibly to these changes while increasing management transparency and maintaining a robust governance system. In particular, the structural labor shortage resulting from the declining birthrate and aging population is not only bringing about business changes such as a future decline in office demand, but is also an important human capital issue in terms of improving our labor productivity and competitiveness in recruitment. We believe we must address this issue sincerely in order to achieve sustainable growth.

We position the “promotion of sustainable management” as an important management issue and are seriously committed to enhancing sustainability and corporate value in an integrated manner. We strive to implement effective measures in a wide range of areas, such as reducing environmental impact, promoting energy conservation and renewable energy use, coexisting with local communities, and creating rewarding workplaces, and to continually improve these areas based on measurable targets.

Our corporate philosophy is “to provide valuable commercial space to customers so as to contribute to the community through the advancement of customers’ and our businesses.” As such, we believe that it is our mission to establish the hard infrastructure of real estate as a foundation and bring value to the people and activities assembled there. While continuing to value the customer-focused approach we have cultivated, we must evolve into a company that not only provides space, but also creates new value in response to changing times. We will contribute to the achievement of a sustainable society while encouraging each employee to take on the challenge of helping us become a company that continues to be chosen over the long term.

Through this report, we hope to gain your understanding of the status of our sustainability-related ideas and initiatives, and we look forward to hearing your opinions and expectations.

September 2026
President and Chief Executive Officer
Keihanshin Building Co., Ltd.

Tsuneo Wakabayashi

Sustainability Policy

Keihanshin Building aims to contribute to society through various corporate activities under the corporate philosophy "To provide valuable commercial space to customers so as to contribute to the community." We believe that our initiatives for solving social issues through corporate activities will contribute to the sustainable development of society and will have a significant impact on our medium- to long-term enhancement of corporate value. Based on this belief, we will implement sustainability initiatives through business activities, setting forth our "Sustainability Policy" as follows.

We will make a united effort to implement initiatives based on the Policy and address sustainability-related challenges on an ongoing basis.

We will actively address environmental issues and aim to balance a rich environment in the future and our business activities.

1. Responding to climate change

We will evaluate the impact of our business activities on climate change, a highly uncertain phenomenon that occurs over many years, while striving to build internal systems, improve efficiency of energy use, reduce greenhouse gas (GHG) emissions, and take other actions so that we can appropriately respond to medium- to long-term changes, including the transition to a decarbonized society as well as the physical impacts from climate change, sea level rise, and other causes.

2. Sustainable use of resources and contribution to a recycling-oriented society

We will strive to make effective use of limited resources through extending the service life of buildings, reducing waste, conserving water or other methods, thereby contributing to the realization of a recycling-oriented society.

3. Biodiversity considerations

We recognize that preserving biodiversity is essential to realizing a sustainable society, and based on this, we promote initiatives that take the preservation and regeneration of biodiversity into consideration.

We will aim for the continuous development of society as a whole through collaboration with our stakeholders.

4. Respecting human rights

Respecting the dignity and basic human rights of all people involved in our business is the foundation for all our business activities.

5. Contribution to customers

We aim to provide safe and comfortable commercial spaces that meet the needs of the times to support our customers' businesses and achieve mutual growth.

6. Dialogue with shareholders and investors

We aim to solve social issues and enhance corporate value by actively engaging in dialogue with shareholders and investors, and using the knowledge gained through such dialogue.

7. Collaboration with business partners

We will strive to establish fair and good relations with all business partners, including partner companies, and work together with them to promote sustainability.

8. Contribution to local communities

As a real estate company fully grounded in local communities, we will work to revitalize the local community through efforts such as participation in events and support for cultural and artistic activities, thereby growing together with the local community.

9. Initiatives for employees (Well-being initiatives)

We strive to create a healthy, safe, and comfortable workplace where diverse employees can play an active role. At the same time, we are committed to actively developing human resources.

> **We will continue to be highly transparent through maintaining compliance and disclosure of information.**

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10. Supervision of initiatives for sustainable management

The Board of Directors views issues surrounding sustainability from the perspective of improving corporate value over the medium- to long-term, and supervises the progress of initiatives to address such issues.

11. Maintaining compliance

We will thoroughly comply with laws and regulations, conduct fair transactions, manage information, and prevent corruption and conflicts of interest, with an aim to be a company that is even more trusted by society through fair business operations.

12. Disclosure and communication of ESG-related information

We will disclose information on ESG to our diverse stakeholders in a timely and appropriate manner, and respond sincerely to opinions and requests from them to promote initiatives to address sustainability issues.

Five years have passed since the Sustainability Policy was formulated in November 2021, and the scope of the Company's initiatives has expanded in response to changing societal demands regarding sustainability issues. Accordingly, items 3 and 4 were added in February 2026 to reflect the actual status of these initiatives.

Governance for Sustainability Issues (Sustainability Promotion and Risk Management)

Sustainability Promotion System

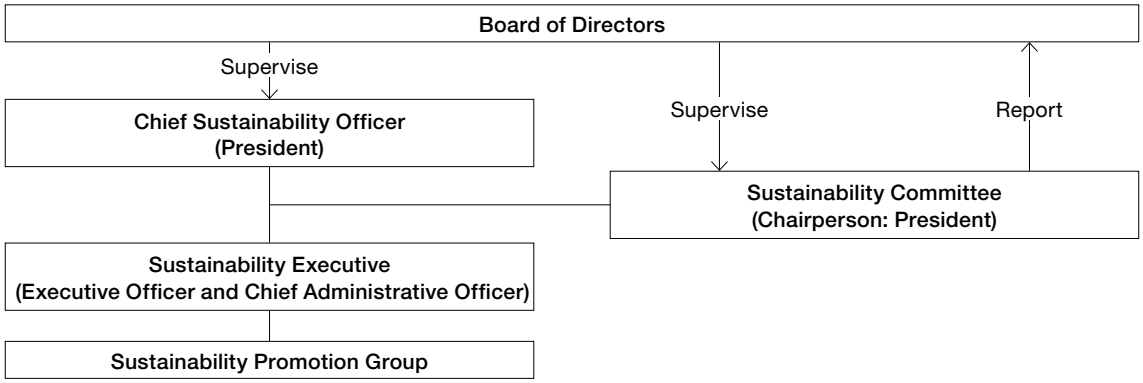
The Company has established Sustainability Promotion Regulations based on our Sustainability Policy set by the Board of Directors, and based on these regulations we have developed a system for promoting sustainability initiatives, including response to climate change.

The President serves as the Chief Sustainability Officer in charge of the execution of business activities based on the policy set forth by the Board of Directors, and the Executive Officer and Chief Administrative Officer serves as the Sustainability Executive in charge of the execution of individual measures.

As organs for promoting sustainability initiatives, the Company has established the Sustainability Committee to study and formulate various policies, targets, and measures, and the Sustainability Promotion Group to develop the system and execute various measures.

The President serves as the chairperson of the Sustainability Committee, which consists of the general managers of various departments, members of the Sustainability Promotion Group, and members appointed by various departments.

Sustainability Promotion System Structure



As a general rule, the Committee holds a meeting at least once every three months to mainly respond to the following matters on a company-wide basis in cooperation with each department.

① Considering policies for addressing sustainability
② Identifying, assessing, and managing risks and opportunities related to sustainability
③ Managing the status of initiatives to reduce risks and expand opportunities related to sustainability
④ Setting indicators and targets to manage progress on sustainability initiatives

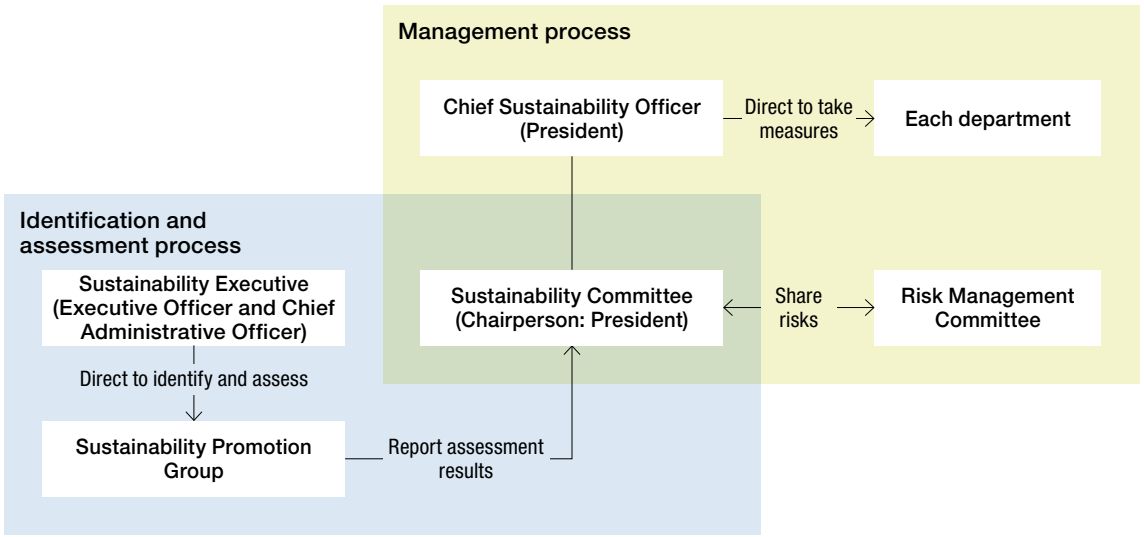
The Chief Sustainability Officer makes decisions regarding sustainability initiatives, including response to climate change, based on discussion and consideration by those present at the committee meeting.

At least once a year, the Sustainability Executive presents a report to the Management Meeting and Board of Directors on the content of activities conducted at these committee meetings, allowing the Board of Directors to supervise sustainability initiatives, including response to climate change. In addition, as part of efforts to ensure that the Board of Directors continues to properly exercise its supervisory function, sustainability issues including climate change are incorporated into the themes of the annual training provided to directors in order to ensure that they maintain and improve appropriate expertise.

Main agenda items of the Board of Directors related to sustainability initiatives for FYE March 2026

Month in which the meeting was held	Description
July 2025	● Report on disclosure of the TCFD Report 2025
October 2025	● Report on the progress of Sustainability Committee activities
November 2025	● Report on the results of the governance survey
December 2025	● Resolution regarding the revision of the Sustainability Policy
February 2026	● Report on the evaluation of the effectiveness of the Board of Directors
March 2026	● Annual report on Sustainability Committee activities (including initiatives for human rights) ● Report regarding the review of materiality

Risk Management System



1.Process for identifying and assessing risks and opportunities

The Executive Officer responsible for Corporate Management, who is the Sustainability Executive, directs the Sustainability Promotion Group to identify and assess risks and opportunities related to sustainability issues at least once a year.

The Sustainability Promotion Group verifies the degree of financial impact, likelihood of occurrence, and return on investment of each risk and opportunity, and reports its progress and the results of the assessment to the Sustainability Committee.

Regarding the risks and opportunities identified by the Sustainability Promotion Group, the Sustainability Committee prioritizes those to be addressed based on the assessment results of the degree of their financial impact and likelihood of occurrence.

2.Process of managing risks and opportunities

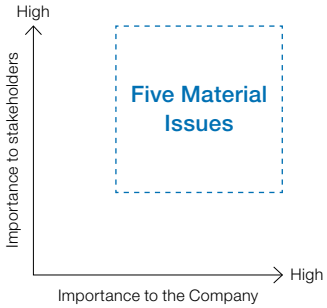
The President, who is the Chief Sustainability Officer, designates a department or person in charge of addressing each of the risks and opportunities with high priority, based on the results of the Sustainability Committee's deliberations on them, and directs to formulate measures to address them.

The measures formulated by the designated departments or person in charge have been incorporated into the company-wide business and financial plans and implemented after having been deliberated by the Sustainability Committee, Risk Management Committee, the Management Meeting, the Board of Directors, or other relevant internal committee, etc. according to their contents.

The risks related to sustainability issues are shared with the Risk Management Committee, and integrated into the company-wide risk identification, assessment, and management process.

Materiality and KPIs

In FY2021, the Company identified materiality with the aim of continuously enhancing corporate value and realizing a sustainable society. In FY2025, the Company reviewed its materiality in order to promote internal understanding and accelerate initiatives toward achieving sustainable management, while taking into account changes in social conditions and the resulting societal demands. In conducting the review, we mapped the importance to the Company and the importance to stakeholders on two axes and determined the relative priority of each issue. Through this analysis, the previous themes were redefined as materiality. From FY2026, we will further promote sustainable management by using the five material issues shown in the table below as pillars, establishing specific KPIs for each, and managing progress.



Materiality	KPI	Targets
Balancing a rich environment in the future and our business activities	GHG emissions	● Reduce GHG emissions (Scope 1 and 2) by 41% by FYE March 2029 (compared to FYE March 2020) ● Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to FYE March 2020) ● Achieve net-zero emissions (Scope 1, 2, and 3) by FYE March 2051
	Ratio of electricity derived from renewable energy sources	(Scope 2) 100% by FYE March 2051
	Ratio of properties with green building certifications	● 50% or more (total floor area) ● Acquire certification for all newly constructed properties
Provision of optimal space keeping abreast of changing external environment and times	—	Disclosure of the results of initiatives*1
Co-existence and co-prosperity with stakeholders	Frequency of due diligence (DD) conducted on suppliers	At least once a year
	Customer satisfaction	80% or more
	Number of serious incidents*2	Zero incidents
Establishment of the organization where diverse human resources achieve their potential	Investment amounts associated with human resources development	100 thousand yen or more per person
	10-year retention rate of next-generation core personnel*3	80% or more (overall and women)
	Paid leave utilization rate	70% or more
	Health checkup uptake rate	100%
Reinforcement of the management base that supports sustainable management	Ratio of female officers*4	30% or more by FYE March 2031
	Ratio of Outside Directors (Board)	Maintain above 50%
	Number of serious compliance violations	Zero incidents
	Number of serious information security incidents	Zero incidents
	Equity ratio	Maintain 30% or more
	Net interest-bearing debt / EBITDA ratio	Maintain a level of 10 times or so

*1 Promoted in accordance with the Long-Term Business Plan
*2 A situation in which a tenant's business activities are suspended for 24 hours or more due to a malfunction of the building or facilities
*3 The ratio calculated by dividing the number of employees who joined the Company in specified fiscal years (10 fiscal years earlier and the fiscal years immediately before and after), were under 40 years of age when hired, and remain employed without having resigned 10 years later, by the number of eligible employees at the time of hiring
*4 Ratio of women among Directors

Processes for Identifying Materiality

STEP 1

Identification of social issues

With the aim of identification of materiality, taking into consideration of the management policy based on corporate philosophy and Code of Conduct, the Company examined a wide range of issues, including SDGs and other various international frameworks, various issues focused on by ESG rating agencies such as MSCI*1 and FTSE*2, and other companies' initiatives, and identified potential social issues that the Company should address.

*1 MSCI is a financial services company based in New York, USA. It provides a wide range of services including stock index calculation and portfolio analysis.
*2 FTSE is a joint venture between the London Stock Exchange and the Financial Times, a British newspaper that focuses on business and financial affairs. It specializes in the compilation and calculation of indices.

STEP 2

Collection of comments on the identified social issues and examination of their relevance

The Company gathered input on the identified social issues from all levels of the organization—the management team, the Sustainability Committee, each department, and individual employees—and examined their relevance.

* When materiality was identified in FY2021, the Company conducted interviews with stakeholders and questionnaire surveys of external experts regarding the identified social issues, and reorganized the issues from an ESG perspective. The current review also referred to the identification process and social issues used at that time.

STEP 3

Examination of importance and comprehensiveness as those to be addressed by the Company

The social issues whose relevance had been examined were once again mapped at all levels of the Company along two axes: their importance to the Company's long-term management and their importance to stakeholders (customers, shareholders and investors, business partners, local communities, and employees). After examining each item, they were consolidated into five material issues.

STEP 4

Identification of the Company's materiality

The Company identified its materiality through deliberation at the Management Meeting and the Board of Directors Meeting.

Materiality through FY2025 and Indicators, Targets, and Results in FY2025

* Indicators marked with a star are key performance indicators (KPIs).

Balancing a rich environment in the future and our business activities

Materiality: Strengthening of resilience to climate change

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Reduce GHG emissions	★	GHG emissions	Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to FYE March 2020) Achieve net-zero emissions (Scope 1, 2, and 3) by FYE March 2051	**Reduced by 9.9% (Scope 1 and 2)** (compared to FYE March 2020)
Use renewable energy	★	Ratio of electricity derived from renewable energy sources	Achieve 100% by FYE March 2051	**42.3%**
Promote energy conservation	★	Energy use intensity	Reduce by 10% by FYE March 2031 (compared to FYE March 2020)	**Reduced by 19.2%** (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	**49.8%**

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

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Develop and operate environmentally friendly buildings	—	Water use intensity	Year-on-year reduction	**Reduced by 7.7%** (FY2025 result: 0.48 m^3/m^2)
	—	Waste generation intensity	Year-on-year reduction	**0%** (no change) (FY2025 result: 1.6 kg/m^2)

Provision of optimal space keeping abreast of changing external environment and times

Materiality: Provision of safe, secure, and comfortable spaces

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Carry out preventive maintenance works to prevent problems in buildings and facilities	★	Number of incidents related to buildings and facilities	Zero serious incidents*1	**Zero 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 a tenant's business activities are suspended for 24 hours or more due to a malfunction of the building or facilities.

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

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
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	**15.8%** (Tokyo metropolitan area 14.2%, Others 1.6%)
Launch new businesses				

Co-existence and co-prosperity with stakeholders

Materiality: Co-existence and co-prosperity with local communities

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Improve relations with local communities; Implement activities that contribute to local communities	—	Number of social contribution activities	At least 10 times a year	**Conducted at least 10 times**

Materiality: Collaboration with partner companies while being aware of ESG issues

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
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**

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

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Promote fair, timely, and appropriate information disclosure and constructive dialogue	—	Number of briefing sessions for shareholders / investors	At least four times a year	**Held six briefings** (Two briefings for analysts and four briefings for individual investors)

Establishment of the organization where diverse human resources achieve their potential

Materiality: Respect for human rights, diversity and inclusion

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Diversify human resources	★	Ratio of women 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**

Materiality: Improvement of human capital

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Develop a work environment with a good work-life balance	★	Paid leave utilization rate	70% or more	**82.8%**
Improve business efficiency and productivity (Promote digital transformation)	—	Average monthly working hours per person	Year-on-year reduction	**167 hours per month** (+11 hours compared to the previous year)
Promote human resources development	★	Investment amounts associated with human resources development (per person)	100 thousand yen per person	**147.6 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)**

Reinforcement of the management base that supports sustainable management

Materiality: Improvement of the effectiveness of the Board of Directors

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Ensure the diversity of the Board of Directors	★	Number of female Directors	At least one female Director	**Two female Directors**
	—	Ratio of female officers*2	Achieve 30% or more by FYE March 2031	**20%** (two 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%	**60%** (six out of 10)
	★	Ratio of Outside Directors (Nomination and Remuneration Committee)	Maintain above 50%	**80%** (four out of five)
Provide training, etc. to Directors	—	Number of training sessions for Directors	At least once a year	**Conducted once**

*2 Ratio of women among Directors (including Directors who are Audit and Supervisory Committee Members)

Materiality: Financial strategy to adapt to a changing business environment

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
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	**43.8%**
Achieve low-cost financing based on creditworthiness	★	Net interest-bearing debt / EBITDA ratio	Maintain a level of 10 times or so	**7.3 times**

Materiality: Strengthening of organizational resilience

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
Conduct BCP drills	—	Number of BCP drills	At least once a year	**Conducted once**
Formulation of measures for each risk and management of progress by the Risk Management Committee	★	Number of information security incidents	Zero incidents	**Zero incidents**

Materiality: Implementation of compliance that supports sustainable management

Initiatives	KPI	Indicators	Targets	Results (FYE March 2026)
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 four times**
Assess and investigate the implementation status of compliance measures by the Compliance Committee	★	Number of serious compliance violations	No violations	**No violations**

Sustainability Initiatives

UN Global Compact (UNGC)

The UN Global Compact (UNGC) is a global framework under which corporate leaders personally commit to and continue working toward the realization of 10 principles concerning the protection of human rights, the elimination of unfair labor practices, environmental protection, and the prevention of corruption. The Company signed the UNGC in March 2020. We have joined the Global Compact Network Japan (GCNJ) and have been promoting initiatives to further clarify our efforts to advance business that is conscious of the SDGs and sustainability.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) approves science-based GHG emissions reduction targets as SBTs. In order to receive SBT approval, GHG emissions reduction targets must be in line with the standards set by the Paris Agreement, an international framework. Keihanshin Building's GHG emissions reduction target of cutting Scope 1 and Scope 2 GHG emissions by 46% by FYE March 2031 (compared to FYE March 2020) was validated as aligned with the standards of the Paris Agreement and has received SBT approval (1.5°C aligned).

Task Force on Climate-related Financial Disclosures (TCFD)

In November 2021, the Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD). Taking this opportunity, the Company is assessing the impact of climate change on its business, and from June 2022, has been disclosing climate change-related information in line with the framework recommended by the TCFD. With regard to the disclosure of climate-related information, the Company will consider how to ensure appropriate disclosure going forward, taking into account international disclosure trends, including the transfer of the TCFD recommendations to the International Sustainability Standards Board (ISSB).

Japan Climate Initiative (JCI)

The Japan Climate Initiative (JCI) is a network of diverse non-state actors, including companies, local governments, organizations, and NGOs, that are actively working to address climate change. The Company participates in this network and strives to gather climate-related information.

Sustainable Financing

To diversify fund procurement methods and promote the realization of a decarbonized society, the Company actively engages in sustainable financing with an aim of continuously enhancing corporate value.

Sustainability-Linked Financing Framework

As a framework for procuring funds for pursuing sustainable management, the Company formulated the Sustainability-Linked Financing Framework (the “Framework”) in October 2023. It was revised in February 2025 along with the second issuance of Sustainability-Linked Bonds. Going forward, through procurement of funds under the Framework, we will continue to strengthen relationships with financial institutions and investors, while working to continuously enhance the Company’s corporate value and resolve social issues.

PDF Sustainability-Linked Financing Framework (February 2025 Revision_Version 2) [PDF: 984 KB]

Sustainability-Linked Bond Issuance Results

First Series of Sustainability-Linked Bonds (Issued November 2023)

Name of the bonds	Keihanshin Building Co., Ltd. 14th series of unsecured bonds (with limited inter-bond pari passu clause) (Sustainability-Linked Bonds)				
Maturity	7 years	Issuance amount	5.0 billion yen	Amount of each bond	0.1 billion yen
Interest rate	1.359% annually	Paid-in amount	100 yen for 100 yen of the amount of each bond	Maturity amount	100 yen for 100 yen of the amount of each bond
Determination date of issuance terms	November 22, 2023 (Wednesday)	Paid-in date	November 29, 2023 (Wednesday)	Maturity date	November 29, 2030 (Friday)

Second Series of Sustainability-Linked Bonds (Issued February 2025)

Name of the bonds	Keihanshin Building Co., Ltd. 15th series of unsecured bonds (with limited inter-bond pari passu clause) (Sustainability-Linked Bonds)				
Maturity	5 years	Issuance amount	5.0 billion yen	Amount of each bond	0.1 billion yen
Interest rate	1.665% annually	Paid-in amount	100 yen for 100 yen of the amount of each bond	Maturity amount	100 yen for 100 yen of the amount of each bond
Determination date of issuance terms	February 20, 2025 (Thursday)	Paid-in date	February 28, 2025 (Friday)	Maturity date	February 28, 2030 (Thursday)

The Company has set a GHG emissions reduction target of reducing Scope 1 and Scope 2 GHG emissions by 46% by FYE March 2031 (compared to FYE March 2020). However, in conjunction with issuing the above sustainability-linked bonds, it has also established a mid-term target to reduce Scope 1 and Scope 2 GHG emissions by 41% by FYE March 2029 (compared to FYE March 2020) as a Sustainability Performance Target (SPT).

Stakeholder Engagement

The Company defines its major stakeholders and communicates with them in various ways in order to provide environmental, social, and economic value through its business and pursue sustainable growth together with its stakeholders.

Review of Stakeholder Definitions

In FY2025, the Company reviewed its stakeholder definitions in light of changes in social conditions and the characteristics of its business. Under the new definitions, the parties with whom the Company engages in direct dialogue have been consolidated and organized into five groups: customers, shareholders and investors, business partners, local communities, and employees.

The environment, which had previously been listed alongside the other stakeholders, was redefined as a “common fundamental premise” that enables all stakeholders to enjoy a prosperous future, transcending the framework of a specific dialogue partner. Accordingly, although the Company has revised its description of the environment as an individual stakeholder, the concept has been integrated into and elevated within its environmental impact reduction initiatives, which it promotes as one of its material issues.

Stakeholders	Relationship we aim to build	Main communication methods
Customers	We will provide valuable commercial space to advance together with our customers.	● Dialogue through day-to-day property management ● Listening to customer requests and concerns ● Conduct customer satisfaction surveys (questionnaires), etc.
Shareholders and investors	We aim to enhance corporate value through appropriate information disclosure and active dialogue.	● IR information on the website and the Integrated Report ● Annual General Meeting of Shareholders ● Briefing sessions for individual investors and analysts ● IR meetings, etc.
Business partners	We will strive to build strong, cooperative relationships with companies as partners who embark on the same journey together.	● Sharing safety, quality, and environmental information through regular meetings and councils ● Partner Company Award Program ● Day-to-day business collaboration ● Conduct supplier questionnaires (using the GCNJ SAQ), etc.
Local communities	We will develop businesses that are rooted in local communities while cooperating with them.	● Participation in local community groups and networks ● Participation in cleanup activities in surrounding areas ● Donations to and sponsorship of local events, etc.
Employees	We work to create a comfortable work environment where all employees can play an active role.	● Conduct organizational diagnosis surveys (employee satisfaction surveys) ● Career interview program ● Health Committee ● Contact point for workplace environment improvement and health consultations ● Dialogue between employee representatives and the Company, etc.

Environment



Initiatives for Climate Change

16 · Basic Concept
· Governance
· Strategies
18 · Risk Management
· Metrics and Targets
· Carbon Neutrality
19 · Green Building Certifications

Initiatives for Biodiversity

20 · Basic Concept
· Specific Initiatives

Initiatives for Water Resources

21 · Basic Concept
· Specific Initiatives
· Water Risks and Water Stress

Initiatives for a Recycling-Oriented Society

22 · Basic Concept
· Specific Initiatives

Initiatives to Prevent Pollution

23 · Basic Concept
· Specific Initiatives

Initiatives for Climate Change

Basic Concept

In response to increasingly serious climate change and societal demands for “carbon neutrality by 2050,” the Company places importance on addressing climate change as one of the items in its Sustainability Policy. Through initiatives to mitigate and adapt to climate change, we will reduce future risks such as stricter environmental regulations, including carbon taxes, and an increase in wind and flooding damage, while maintaining sound financial health. At the same time, by enhancing the environmental performance and resilience of our properties, we will also seek to improve market competitiveness and expand future earnings.

In addition, in November 2021, the Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD), and from June 2022, has been disclosing climate change-related information in line with that framework.

PDF TCFD Report 2026 [PDF: 1.5 MB]

Governance

Please refer to P.5 “Sustainability Promotion System.”

Strategies

In order to assess the financial impacts of climate change and incorporate them into its medium- to long-term business strategy, the Company conducts scenario analysis at least once a year covering all of its business activities, including the leasing of office buildings, datacenter buildings, WINS buildings (off-track betting parlors), commercial buildings, logistics warehouses, and other properties, as well as the associated building management and other businesses. For scenario analysis, we use a 1.5°C Scenario (a scenario in which progress is made in addressing climate change due to stricter government regulations, etc.)*1 and a 4°C Scenario (a scenario in which insufficient progress is made in addressing climate change, global warming worsens, and natural disasters intensify and increase)*2, which were developed with reference to multiple scenarios and consideration of relationships with stakeholders.

*1 For transition risks, we mainly referred to the IEA (International Energy Agency)’s “IEA World Energy Outlook 2024 - Net Zero Emissions by 2050 scenarios,” and for physical risks, mainly to the IPCC (Intergovernmental Panel on Climate Change)’s “IPCC RCP1.9.”
*2 For transition risks, we mainly referred to the IEA’s “IEA World Energy Outlook 2024 - Stated Policies Scenario,” and for physical risks, mainly to the IPCC’s “IPCC RCP8.5.”

For each risk and opportunity identified through scenario analysis, we define the period through 2030 as the “medium term” and the period through 2050 as the “long term,” and assess the degree of financial impact at each time horizon on three levels (high, medium, and low) based on the evaluation criteria shown on the right. We also examine cumulative financial impacts. Furthermore, we assess the likelihood of occurrence on three levels (high, medium, and low), and identify risks and opportunities that should be addressed as priorities using these two axes.

Evaluation criteria for degree of financial impact

Impact	Amount range (annual impact)
High	50% or more of operating profit
Medium	30% or more but less than 50% of operating profit
Low	Less than 30% of operating profit

Major risks and opportunities identified under the 1.5°C Scenario

Items			Main financial impacts	Medium term (through 2030)		Long term (through 2050)	
				Degree of financial impact	Likelihood of occurrence	Degree of financial impact	Likelihood of occurrence
Transition risk	Policy and legal	Introduction of a carbon tax	● Increase in tax burden due to the introduction of a carbon tax on GHG emissions	Low	High	Low	High
		Stricter energy conservation regulations	● Increase in costs of facility upgrades and building demolition as a measure to respond to cases if it becomes illegal to lease or sell properties with poor environmental performance	Low	High	Low	High
	Technology	Progress and spread of renewable energy and energy conservation	● Increase in capital investment and management costs of existing buildings due to the introduction of renewable energy and energy-conserving technologies	Low	High	Low	High
	Market	Rise in procurement price	● Rise in material purchase prices due to environmentally friendly procurement ● Increase in construction, upgrade, and repair costs due to decline in productivity as a result of extreme heat ● Increase in construction and maintenance costs due to ZEB /ZEH measures and more stringent energy-conserving regulations	High	Medium	High	High
		Deterioration of financing conditions	● Deterioration of financing conditions due to divestment and other factors resulting from delays in addressing climate change	Low	Medium	Low	High
		Changes in tenant demand	● Decrease in rental income due to lower rent settings and higher vacancy rates resulting from declining demand caused by delays in addressing climate change	Low	Medium	Low	High
	Reputation	Criticism from stakeholders	● Tenant departures and greater difficulty in attracting new tenants due to delays in addressing climate change ● Increase in the cost of capital due to insufficient information disclosure	Low	Medium	Low	High
Opportunities	Resource efficiency	Use of renewable energy	● Reduction in tax burden due to reduced GHG emissions	Low	High	Low	High
		Energy-saving, labor-saving, and remote control of building management	● Reduction in building management costs	Low	Medium	Low	High
	Products and services	Increase in needs for moving into buildings with high environmental performance	● Differentiation from other properties through high environmental performance and acquisition of certifications ● Increase in opportunities to attract tenants and rental income, curbing rental income declines ● Increase and maintenance of property values through high environmental performance and acquisition of certifications	Low	Medium	Low	High
		Increase in demand for datacenters thanks to the progress of digital transformation and green transformation	● Capturing of demand for datacenters with the acceleration of digital transformation and green transformation aimed at improving energy efficiency throughout society, and increase in rental income	Low	Medium	Low	High
	Market	Development of a new investor base	● Reduction in financing costs through diversification of funding sources by appealing to investors who place importance on environmental initiatives	Low	Medium	Low	High
	Reputation	Improving brand power by strengthening business resilience	● Increase in opportunities for gaining tenants and rental income due to improved brand image through strengthening environmental response, and suppression of falling rental values ● Decrease in capital costs due to timely and appropriate information disclosure	Low	Medium	Low	High

Major risks and opportunities identified under the 4°C Scenario

Items			Main financial impacts	Medium term (through 2030)		Long term (through 2050)	
				Degree of financial impact	Likelihood of occurrence	Degree of financial impact	Likelihood of occurrence
Physical risk	Acute	Typhoons, floods, etc.	● Increase in costs of countermeasures against wind and flooding damage due to larger typhoons and increased heavier rainfall, as well as increase in insurance and repair costs ● Payment of damages to tenants and moving out due to inadequate disaster preparedness	Low	Medium	Low	High
	Chronic	Rising sea level	● Increase in costs of countermeasures against submersion due to storm surge, etc., occurrence of damages and moving out	Low	Medium	Low	High
Opportunities	Products and services	Increase in needs for moving into disaster-resistant buildings	● Increase in opportunities to attract tenants and rental income, curbing rental income declines ● Increase and maintenance of property values through differentiation from other properties due to high BCP performance	Low	High	Low	High
		Increase in demand for datacenters thanks to the progress of digital transformation and green transformation	● Capturing of demand for disaster-resistant datacenters, and increase in rental income	Low	Medium	Low	High
	Reputation	Improving brand power by strengthening business resilience	● Increase in opportunities for gaining tenants and rental income due to improved brand image through strengthening BCP response, and suppression of falling rental values ● Decrease in capital costs due to timely and appropriate information disclosure	Low	High	Low	High

Risk Management

Please refer to P.6 “Risk Management System.”

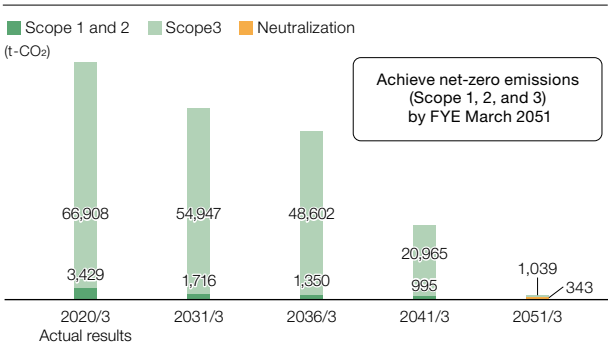
Metrics and Targets

In order to reduce costs in response to stricter energy conservation regulations assumed in the 1.5°C Scenario and enhance resilience, we established the GHG emissions reduction target of “reducing Scope 1 and 2 GHG emissions by 46% by FYE March 2031 (compared to FYE March 2020),” and received science-based target (SBT) approval in December 2022. At the same time, we also declared that we will “achieve net-zero GHG emissions (Scope 1, 2, and 3) by FYE March 2051.” Toward this target, we have formulated a GHG emissions reduction plan and are promoting measures including shifting to energy-saving equipment and introducing electricity derived from renewable energy sources. Specifically, we are progressively shifting to LED lighting and high-efficiency air-conditioning equipment at the timing of renewals based on preventive maintenance plans and tenant replacement. At datacenter buildings, we are also progressively upgrading power substations to energy-saving equipment. For progress toward the target, please see “Carbon Neutrality” below.

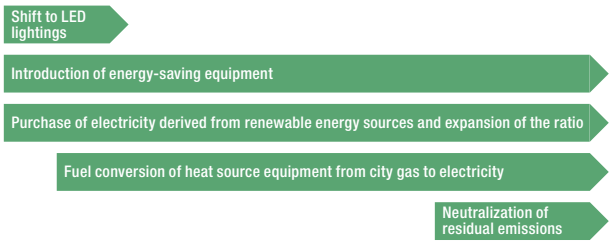
In addition, under the 1.5°C Scenario, we view growing demand for occupancy in buildings with high environmental performance as an opportunity, and have set targets of achieving a ratio of 50% or more by area for properties with green building certifications among our properties by FYE March 2031, and obtaining green building certifications for all (100%) newly constructed properties going forward. For each building held, we consider which external evaluation should be obtained and used to objectively assess the condition of the building and for further improvement and enhancement. We then promote the acquisition of green building certifications such as CASBEE Real Estate Certification and BELS Certification, and appropriately maintain and update them. For progress toward the target, please see P.19 “Green Building Certifications.”

To address the increase in damage and response costs associated with the intensification of wind and flooding damage assumed under the 4°C Scenario, we are installing flood-control panels at our properties and relocating power substations to upper floors in order to reduce risk of inundation. We are also systematically conducting preventive maintenance of rooftop waterproofing facilities to prepare for disasters caused by torrential rainfall. Furthermore, together with partner companies responsible for the management and operation of buildings, we conduct joint disaster drills in which flood-control panels are actually installed in preparation for flooding and emergency-use generators are used to supply power in preparation for the interruption of external power supplies, thereby enhancing the effectiveness of our disaster preparedness. In this way, we view strengthening the resilience of our buildings in terms of both hardware and software and striving to provide reliable commercial space for tenants as an opportunity to meet the expected increase in demand under the 4°C Scenario for occupancy in disaster-resistant buildings and to enhance the Company’s brand value.

GHG emissions (Scope 1, 2, and 3) reduction plan



Measures for GHG emissions reduction



Carbon Neutrality

The Company is a member of the Kansai Economic Federation (Kankeiren). The Kankeiren is an organization that aims to achieve sustainable economic growth while also protecting the environment, by engaging in activities such as expressing opinions on energy policy and collecting information on and promoting understanding of policies and technologies that will contribute to achieving carbon neutrality as well as other global environmental issues (global warming, marine pollution, etc.). As a member, we implement various initiatives to mitigate climate change, such as reducing GHG emissions, improving energy efficiency, and promoting the introduction of renewable energy.

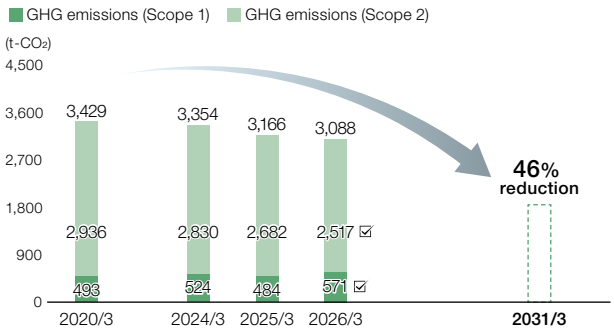
In addition, we support the Japanese government’s carbon neutrality pledge and all of its other global warming prevention policies, as well as Japan’s energy conservation and climate change laws. We comply with and respond appropriately to the Act on Promotion of Global Warming Countermeasures, the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, and the Climate Change Adaptation Act.

Although the Company has not obtained ISO 14001 certification, it has established a governance system under which the Sustainability Committee centrally manages and executes the planning, implementation, and progress evaluation of environmental initiatives, including carbon neutrality.

GHG emissions trend (SBT progress)

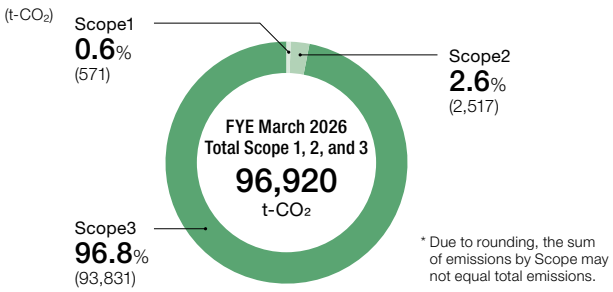
Total GHG emissions (Scope 1, 2, and 3) for FYE March 2026 were 96,920 t-CO_2, a slight decrease from the previous fiscal year. Scope 1 and 2 emissions decreased by approximately 2.5% year on year and approximately 9.9% from the base year. Scope 3, which accounts for approximately 97% of total emissions, consists almost entirely of GHG emissions (Category 13) from the business activities of customers (tenants) at leased properties. We believe that collaboration with tenants on energy conservation is essential to achieving net zero by FYE March 2051, and we will continue to engage in constructive dialogue with them.

GHG emissions (Scope 1 and 2) trend



☑ Figures with check marks have been assured by Gyosei & Co.,a third-party organization.
Scope of aggregation: Keihanshin Building Co., Ltd., and its consolidated subsidiaries
Calculation method: Calculated based on the GHG Protocol.
* Scope 1 and 2 emissions were calculated using an emission factor, etc. in accordance with the Act on Promotion of Global Warming Countermeasures, based on the amount of energy used during the fiscal year, etc. (actual or estimated).

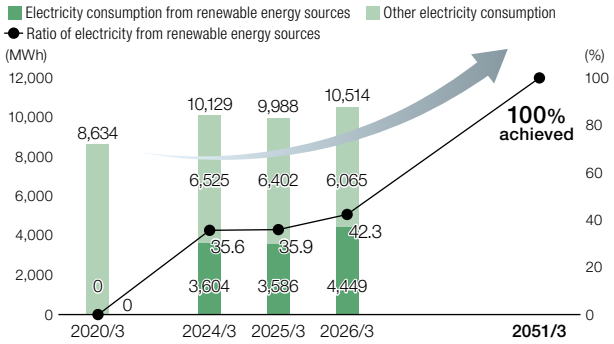
Total GHG emissions and breakdown by Scope for FYE March 2026



* Due to rounding, the sum of emissions by Scope may not equal total emissions.

SBT	Reduce GHG emissions (Scope 1 and 2) by 46% by FYE March 2031 (compared to FYE March 2020)
Progress	Approximately 9.9% reduction from FYE 2020/3

Total electricity consumption and ratio of electricity derived from renewable energy sources (Scope 2)



Target	Achieve a ratio of electricity derived from renewable energy sources of 100% in Scope 2 by FYE March 2051
Progress	Ratio of electricity derived from renewable energy sources of approximately 42.3% in FYE March 2026

Scope of aggregation: Keihanshin Building Co., Ltd., and its consolidated subsidiaries
Calculation method: Calculated based on the GHG Protocol. Includes electricity plans designated as renewable energy and non-fossil certificates.

Green Building Certifications

We promote the acquisition of green building certifications, in order to objectively assess the environmental performance of our properties through external evaluations and work toward further improvement and enhancement, and appropriately maintain and update them. Although no buildings newly obtained green building certifications in FYE March 2026, the ratio of properties with green building certifications by total floor space was 49.8% due to changes in floor space resulting from the sale of buildings.

CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

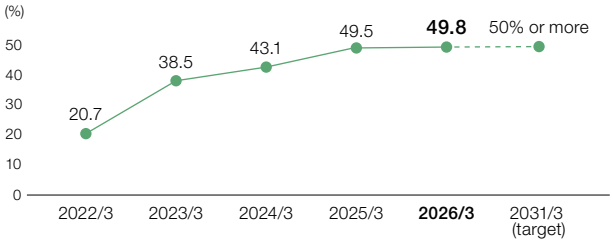
● Midosuji Building: Rank S	● Fuchu Building: Rank S
● Yodoyabashi Building: Rank S	● Toranomon Building: Rank S
● Onarimon Building: Rank S	● Yoyogi-koen Building: Rank S
● Fujisawa Shopping Facility: Rank S	● WINS Umeda B Building: Rank S
● Kawaramachi Building: Rank A	● Komaki Logistics Center: Rank B+

BELS

● OBP Building: Two stars

Of net sales of 20.2 billion yen for FYE March 2026, sales from 11 properties with green building certifications are 8.9 billion yen, accounting for approximately 44% of total net sales.

Ratio of properties with green building certifications by total floor space



Target	Acquire certifications for 50% or more of the total floor space of all properties by FYE 2031
Progress	Acquisition rate: 49.8%

Initiatives for Biodiversity

Basic Concept

People's lives and the Company's business activities depend on the various benefits provided by the natural environment (ecosystem services), which are supported by the balance of biodiversity. The Company values not only material wealth, but also peace of mind and enrichment of life. In order to pass on a sustainable society to the future, we strive to be aware of and minimize the impact of our business activities on ecosystems, and promote initiatives that consider the preservation and restoration of biodiversity.

Specific Initiatives

Rooftop and wall greening of buildings

Building greening plays an important role in conserving urban biodiversity. The Company's Onarimon Building received the Minato City Green Community Development Award (FY2010) in recognition of its environmentally conscious building initiatives, including the adoption of various energy-saving technologies such as automatic lighting control systems and double-glazed eco-glass, as well as rooftop and wall greening. In FY2026, we plan to begin trial wall greening at the Nishishinsaibashi Building. In addition to greening our own properties, we also indirectly contribute to urban greening in local communities by supporting the activities of the Flowers and Greenery Urban Renewal Fund. (Please see P.32 "Social Contribution Activities" for details.)



Landscaping at the entrance of the Keihanshin Onarimon Building



Greening on the roof of the Keihanshin Onarimon Building

Ratio of buildings among our properties at which greening was conducted

Items	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Number of properties (buildings)	25	26	27	28	29	29
Number of greening projects	20	21	22	22	24*	24
Ratio of properties with greening	80%	81%	82%	79%	83%	83%

* The number of greening projects for FYE March 2025 has been revised.

Initiatives for Water Resources

Basic Concept

The conservation and efficient use of water resources are important issues that are essential to reducing environmental impact and adapting to water stress (drought risk), while also helping reduce the operating costs of properties. Based on this recognition, the Company will appropriately assess and manage water consumption at the properties it owns and operates, implement various measures such as introducing water-saving equipment, and work toward the sustainable use of water resources, including helping rainwater circulate into groundwater through the use of permeable pavement.

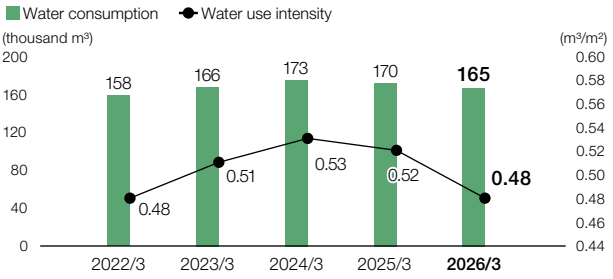
Specific Initiatives

Reduction of water consumption through the introduction of water-saving equipment

We have been working to reduce water consumption as well as improve comfort by updating equipment in water-related areas, such as toilets, in our properties one after another. In FYE March 2026, renovation work to improve rooftop ventilation resulted in a significant reduction in the amount of water sprayed on outdoor air-conditioning units, among other factors. As a result, water consumption decreased by 5,000 m³ from the previous fiscal year, enabling us to achieve our target for reducing water use intensity.

FY2025 target	Reduce water use intensity (m³/m²) for FYE March 2026 from the previous fiscal year (FYE March 2025).
FY2026 target	Reduce water use intensity (m³/m²) for FYE March 2027 from the previous fiscal year (FYE March 2026).

Trends in water consumption and water use intensity



Rainwater infiltration and groundwater preservation

Based on the policies, ordinances, and other requirements of the municipalities where our properties are located, we use permeable pavement in building exteriors, sidewalks, and parking lots. Permeable pavement infiltrates rainwater into the ground, thereby preventing large amounts of rainwater from flowing into rivers and the ocean at the same time and contributing to the preservation of groundwater.

Water Risks and Water Stress

We use Aqueduct, a water risk evaluation tool provided by WRI*, to evaluate the water risk and water stress of our properties.

* WRI (World Resources Institute): An independent, non-profit global research institute that engages in environmental and social issues in order to create a sustainable future

Water risks

Currently, we do not conduct businesses in areas where the water risk is classified as “high” or above. However, we will regularly monitor water risk for the areas where our buildings are located and the water consumption in individual buildings.

Water stress

The Company does not own properties in areas where water stress is classified as “high” or above, but will contribute to resolving issues related to the depletion and shortage of water resources by reducing water use intensity.

Initiatives for a Recycling-Oriented Society

Basic Concept

The Company strives to accurately assess and appropriately manage waste generated from the properties it owns and manages in order to reduce waste. In working toward reductions, we place importance on addressing the 3Rs (Reduce, Reuse, Recycle) through collaboration, not only through initiatives at our own offices but also by asking customers (tenants) to cooperate in installing waste sorting boxes. We also strive to conserve resources, including by reducing the amount of copy paper used in our offices, thereby contributing to the realization of a recycling-oriented society.

Specific Initiatives

Prolonging the service life of buildings and improving durability

The Company strives to prolong the service life of buildings by making efforts to adopt long-life, high-durability materials and appropriately managing and systematically repairing buildings based on the idea of “preventive maintenance.” By making improvements in the interior, facilities, and other parts, we enable buildings that have been in service for many years, such as the Kawaramachi Building (completed in 1962) that houses the Company’s Head Office, to offer greater convenience and comfort. This has led tenants to use them for many years, while we strive to reduce waste associated with building demolition.

Use of recycled materials and products

The Company strives to use recycled materials and Eco Mark products for new developments and renewals of existing properties. Similarly, we use recycled products and Eco Mark products for office supplies, and use copy paper made from 100% recycled pulp at our offices.

Reduction of paper consumption

We are working to reduce the amount of copy paper used in our offices (resource conservation) by promoting digitalization and paperless operations [Figure 1].

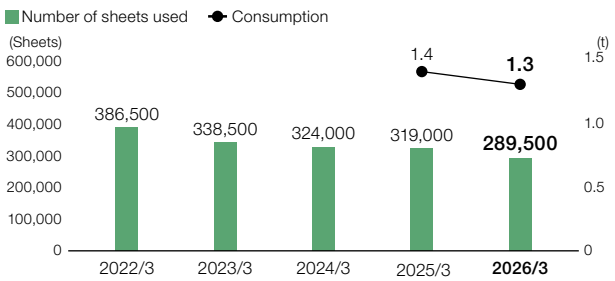
Thorough separation of waste

At our offices, we install waste sorting boxes and thoroughly separate waste to facilitate recycling.

Collaboration with customers

In cooperation with our cleaning partner companies, we have been asking tenants to work with us for the separation and recycling of waste. We have placed waste sorting boxes on tenant floors with the cooperation of tenants, and work together to reduce and recycle waste. Although we were unable to reduce waste generation intensity in FYE March 2026, we maintained the FYE March 2025 level [Figure 2].

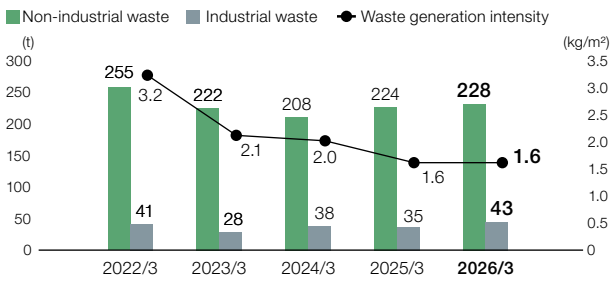
Figure 1 Trends in paper consumption at our offices



We established a target starting in FY2026 to conserve resources.

FY2026 target	Reduce paper consumption for FYE March 2027 from the actual level in the previous fiscal year (FYE March 2026).

Figure 2 Waste generated and waste generation intensity



FY2025 target	Reduce waste generation intensity (kg/m²) for FYE March 2026 from the previous fiscal year (FYE March 2025).
FY2026 target	Reduce waste generation intensity (kg/m²) for FYE March 2027 from the previous fiscal year (FYE March 2026).

Initiatives to Prevent Pollution

Basic Concept

Controlling and appropriately managing emissions of hazardous waste and chemical substances that could pollute the air, water, and soil is an important issue for protecting the health and safety not only of people working at the properties owned and operated by the Company, but also of local residents. The Company will sincerely address these issues in order to fulfill its social responsibilities as a corporation and maintain good relationships with stakeholders.

Specific Initiatives

Appropriate management of hazardous waste

For asbestos, PCB, fluorocarbons and other hazardous wastes, we regularly conduct surveys and dispose of them appropriately in accordance with relevant laws and regulations. Where asbestos may be present, all such waste is deemed to contain asbestos and is handled under strict procedures. The amount of asbestos-containing waste (deemed amount) in FYE March 2026 was 1 m^3. In addition, for fluorocarbons, we strive to prevent leakage through regular inspections of equipment.

Prevention of air pollution

In accordance with the Air Pollution Control Act and local ordinances, we properly manage the operation of boilers and other such equipment located on company premises, and control emissions of air pollutants (NOx and SOx) contained in exhaust gas. We also strive to fundamentally reduce emissions by systematically upgrading to high-efficiency equipment.

Prevention of soil contamination

Based on the Soil Contamination Countermeasures Act, we conduct a land history survey when acquiring a new site. We also conduct soil contamination surveys in accordance with the law and conduct soil purification as necessary.

Prevention of water pollution

The properties currently owned by the Company do not include any restaurants or hotels above a certain size considered to be specified facilities under the Water Pollution Prevention Act. However, we strive to reduce our impact on water quality as much as possible, by means such as using hand soap with a reduced environmental impact as common area amenities.

Social



Initiatives for Human Rights

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・Promotion Structure
・Initiatives for Human Rights Due Diligence
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・Social Contribution Activities for Local Communities

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34 ・Strategies
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・Outstanding Organization of KENKO Investment for Health
40 ・Specific Initiatives
▶ Labor Management
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・Specific Initiatives

Initiatives for Human Rights

Basic Concept

We recognize “respect for human rights” as one of our important issues, and we promote the establishment of an organization where diverse human resources achieve their potential by engaging in multifaceted initiatives in coordination with measures for diversity and inclusion as well as improvement of human capital. Our Code of Conduct advocates for a “corporate atmosphere that respects the individual.” Based on the corporate culture we have cultivated over the years that respects the individuality and personality of employees, we will respect the dignity and basic human rights of employees as well as all the people who are related to our business. In other words, in addition to complying with laws and regulations related to respect for human rights, we will conduct business activities with support and respect for international standards including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, and the Children’s Rights and Business Principles. Our Keihanshin Building Human Rights Policy sets forth our stance on respect for human rights.

PDF Keihanshin Building Human Rights Policy [PDF: 89 KB]

Promotion Structure

The Sustainability Committee has discussed “respect for human rights” as one of the sustainability issues and establishes a policy to address it. In addition, the risk of human rights violations is monitored and comprehensively managed by the Risk Management Committee, which conducts company-wide risk management. Furthermore, in the event that a human rights violation such as harassment occurs, the Compliance Committee takes measures to prevent recurrence. The status of activities by these committees is regularly reported to the Board of Directors, which supervises such activities.

WEB Sustainability Committee WEB Risk Management Committee WEB Compliance Committee

Initiatives for Human Rights Due Diligence

Our Human Rights Policy states that “we will strive to understand, prevent, and make improvements to adverse impacts on human rights through dialogues with our stakeholders, etc.” We conduct human rights due diligence for employees (including non-regular employees) and suppliers in accordance with the UN Guiding Principles on Business and Human Rights. We assessed adverse impacts of our business activities on human rights on the two axes of severity and likelihood of occurrence, and we identified the particularly high-risk priority matters as “discrimination and harassment,” “work environment,” “access to remedy,” “rights of local residents in development and operational management,” and “protection of human rights in the supply chain.” Although items such as forced labor were also considered in the process of identifying priority matters, we have determined that, at present, they do not constitute issues that should be addressed as priorities by the Company or within its supply chain. We conduct due diligence on an ongoing basis considering that new risks may constantly arise due to changes in the conditions surrounding our business activities.

Initiatives for Priority Matters

For each priority matter, we promote measures to prevent and mitigate adverse impacts on human rights, and regularly review the status of initiatives through the Sustainability Committee and other bodies. For example, with respect to the “work environment” in existing businesses, we strive to understand actual conditions in order to prevent labor risks such as excessive work and long working hours. (Please see P.41 “Initiatives for Employees: Labor Management” for details.)

In addition, with regard to the "protection of human rights in the supply chain", we began human rights due diligence for our key suppliers in FY2023. Based on our Sustainable Procurement Policy, we ask our suppliers to respond to the CSR/Sustainable Procurement Self-assessment Questionnaire (SAQ) developed by GCNJ, which includes human rights as one of the subject areas, and we conduct engagement (feedback) based on the results. The SAQ asks about the prevention of discrimination based on race, nationality, gender, age, religion, etc., the prevention of forced labor, the prevention of child labor, and respect for freedom of association and the right to collective bargaining, etc. in employment and human resources development opportunities. This is to call for the suppliers that comprise the majority of our business operations to prevent violations of human rights. Going forward, we will continue to conduct annual human rights due diligence for our key suppliers. (Please see P.28 “Supply Chain Management: Promotion of Sustainable Procurement” for details.)

Reporting, Consultation, and Whistleblowing Contact Points for Human Rights Issues (In-House Reporting System)

To receive internal reports and provide consultations on human rights violations, the Company utilizes the In-House Reporting System established for the purpose of receiving reports and providing consultations on compliance violations. In FY2025, in addition to the system available to the Company's officers and employees, we newly established an "External Reporting Contact Point" that can be used directly by officers and employees of business partners. At each contact point, the system is operated in a manner that prevents any disadvantageous treatment of the reporting person, such as designating external attorneys as a contact point in addition to the in-house contact point, and allowing the reporting person to request remaining anonymous to the Company when making a report or requesting a consultation through an external attorney. By facilitating the early detection and prompt correction of human rights violation risks, we strive to ensure an effective remedy system (access to remedy). (Please see P.54 "Compliance: In-House Reporting System" for details.)

Initiatives for Improving Internal Awareness

We conduct education and training to prevent and reduce any negative impact on human rights that might arise due to a lack of knowledge or understanding of human rights by our employees, as well as to foster a "corporate atmosphere that respects the individual." In addition to always holding human rights training once a year, we also address human rights and harassment in multiple compliance training sessions throughout the year and conduct repeated awareness activities to deepen each and every employee's knowledge and understanding of human rights.

Supply Chain Management

Basic Concept

To promote ESG-friendly initiatives across the Group's value chain, the Company has established items in its "Sustainable Procurement Policy" as selection standards for the products and services procured by the Company, selection and evaluation standards for suppliers, and guidelines for the operation of these standards. As a basic policy, we give consideration to human rights, health, safety, and the environment throughout the supply chain and strive to build fair and good relationships with all suppliers. Rather than simply excluding suppliers that do not meet our standards, we promote sustainable procurement based on collaborative improvement through ongoing dialogue. In addition, we share information on our Sustainability Policy, Human Rights Policy, and various other policies with suppliers to request cooperation in their implementation and achievement.

In particular, among these suppliers, our corporate philosophy of "providing valuable commercial space" cannot be realized without the cooperation of partner companies responsible for building management and operation and their on-site staff. Accordingly, we sincerely address the need to ensure appropriate working environments, respect for human rights, and thorough health and safety at partner companies, and promote business activities that take these matters into consideration and comply with relevant requirements. Furthermore, in real estate management, we will promote decarbonization initiatives (energy conservation and greenhouse gas (GHG) emissions reduction) and environmental considerations (waste reduction and effective use of water resources), working together with tenants and partner companies to reduce negative environmental impacts.

Sustainable Procurement Policy

In our Sustainable Procurement Policy, we position the initiatives related to the following sustainability issues as selection and evaluation standards, in addition to other standards such as quality, price, credibility, and service.

Selection standards for goods and services	Selection standards for partner companies (business partners)
1 Resource and energy saving	1 Response to climate change
2 Reduction of environmental pollutants, etc.	2 Adoption of environmental management systems or similar initiatives
3 Conservation of biodiversity and ecosystems	3 Formulation and implementation of sustainability policies by business partners
4 Long-term usability	4 Promotion of sustainable procurement by business partners
5 Reusability and recyclability	5 Appropriate working environment, and health and safety
6 Use of recycled materials, etc., and acquisition of environmental labels	6 Respect for human rights and diversity
7 Ease of processing and disposal	7 Corporate ethics
8 Reduction of total procurement volume	8 Community engagement
9 Promotion of decarbonization	9 Building a disaster risk management system

Initiatives for Respect for Human Rights and Remedy Systems

In FY2025, we newly established an "External Reporting Contact Point" that can also be used directly by on-site staff working at our business partners. In preparation for the possibility of human rights violations or inappropriate working environments, we strive to ensure an effective remedy system (access to remedy). (Please see P.54 "Compliance" for details.)

Promotion of Sustainable Procurement

The Company will identify sustainability risks through publicly available information, questionnaire surveys and other sources, and strive to prevent and mitigate business risks through dialogue and support for improvement across the whole of the value chain, while promoting sustainable procurement. The questionnaire survey used is the SAQ developed by the GCNJ, which covers the areas of human rights, labor, environment, fair business practices, quality and safety, information security, supply chain, and coexistence with local communities. We ask selected key business partners to respond annually. Through this survey, we regularly check the status of responses to environmental risks (such as energy conservation, decarbonization, and the adoption of environmental management systems), while striving to understand “discrimination and harassment,” “work environment,” and “health and safety” as priority matters relating to human rights and labor. To date, we have received responses from all targeted companies. Responses are aggregated for each business partner, feedback is provided on the results, and engagement is conducted as necessary. The FY2025 questionnaire was conducted for suppliers accounting for 85% of transactions by value, and responses were received from all targeted companies. As a result, we confirmed that all companies were rated Class B or above under our evaluation standards (business partners that generally meet our selection standards).

[Reference] Our evaluation of and response to questionnaire results

Class A	Business partners that meet the selection standards. Companies capable of independently making improvements to items requiring improvement. Provide feedback on the results and ask for continued cooperation in maintaining the current status.
Class B	Business partners that generally meet the selection standards. Conduct more detailed interviews regarding areas of weakness and request improvement activities aimed at achieving Class A.
Class C	Considered high-risk business partners. Provide feedback on the results and request initiatives for improvement through written communications, meetings, and other means. When necessary, provide support for improvement. If a company is unable to move to a higher class within a few years, internally discuss its suitability as a business partner.

Dialogue and Building Good Relations with Partner Companies

The Company bases its relationships with all business partners on fair transactions and dialogue. In particular, with partner companies directly responsible for building management, operation, and construction, we have established close collaborative relationships that go beyond a simple “ordering and order-taking” relationship, and continuously engage in two-way dialogue. Through this deep collaboration, awareness of decarbonization and the creation of appropriate working environments is also increasing among partner companies, contributing to raising the sustainability of the industry as a whole.

Collaboration system for safe and smooth operations

We hold regular meetings with partner companies at least four times a year to share information and ensure thorough risk management.
Building Management Council: We work closely with facility management companies responsible for building management and operation to ensure smooth business operations and information sharing.
Construction Safety Council: We hold regular meetings with construction companies and facility work companies to ensure thorough health and safety at construction sites and build a disaster risk management system.

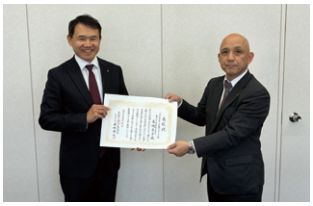
Through these regular council meetings, we work to prevent accidents at construction sites and facilitate the early detection and prevention of potential labor, human rights, and disaster risks in the supply chain.

Main agendas of Building Management Council meetings and Construction Safety Council meetings in FY2025

Building Management Council	Construction Safety Council
● Informing the National Safety Week and Safe Electricity Use Month	● Explanation of renovation and repair work plans and processes
● Examples of quality improvement initiatives for facility management and cleaning operations	● Reports on complaints, accidents and troubles in the buildings
● Building inspections during the rainy season and response to forecasts of approaching typhoons and heavy rain	● Response to the rainy season and typhoons (BCP measures)
● Strengthening heatstroke prevention measures in the workplace	● Strengthening heatstroke prevention measures in the workplace
● Improving the standard of management of buildings	● Response to the strengthening of overtime restrictions for constructors

Partner Company Award Program and improvement of building management quality

In addition to operating the “Partner Company Award Program,” which recognizes outstanding partner companies or individuals once a year, we show our respect for on-site staff working on the front lines by introducing them in our internal newsletter. Building strong relationships of trust (engagement) through these multifaceted initiatives ultimately leads to improvements in the quality of maintenance and management of the buildings we own.



FY2025 Partner Company Awards

Relations with Customers

Basic Concept

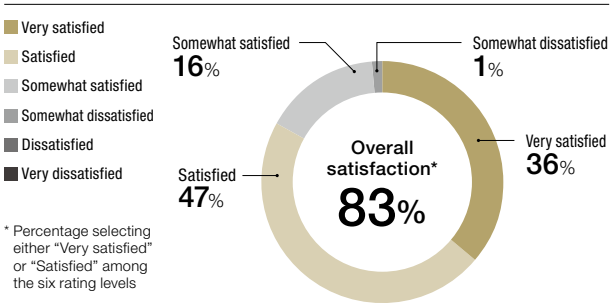
Through its real estate leasing business, the Company aims to support its customers' businesses and create a sustainable future together with them.

In day-to-day management and operations under our unique twin system comprising "business representatives (Business Department)" and "technical representatives (Property Management Department)," we seek to rapidly and accurately understand customers' diverse needs and provide safe, secure, and comfortable spaces. Particularly with regard to disaster risks, we strive to build a highly effective system that firmly supports the continuity of customers' businesses even in emergencies by raising disaster preparedness awareness among relevant parties through regular joint disaster drills. In addition, in addressing environmental issues including climate change, we will work together with customers to reduce environmental impact as a partner supporting their decarbonization initiatives.

Conducting Customer Satisfaction Surveys

We have traditionally conducted customer satisfaction surveys to collect the opinions of individual tenant employees and work to provide safer and more comfortable commercial spaces. From FY2025, however, we began surveying tenants regarding their overall satisfaction on a six-point scale. In addition to measuring customer engagement, we will seek to enhance value through follow-up activities.

FY2025 customer satisfaction survey results



● Target	All tenants (100% coverage)
● Response rate	73%
● Target	Maintain overall satisfaction of 80% or more

Pursuit of Safety and Security and Disaster Preparedness

Conducting regular disaster drills

To protect customers' safety and enable them to continue their businesses without interruption in the event of a disaster, we regularly conduct practical joint disaster drills in cooperation with partner companies responsible for building management and operation. During the drills, with the cooperation of tenant employees, we emphasize not only the verification of physical measures such as operating emergency-use generators and installing flood-control panels, but also operational preparedness such as confirming communication systems for promptly informing customers of conditions when a disaster occurs, and procedures for in-building announcements. Through such day-to-day efforts to improve preparedness, we strive to raise disaster preparedness awareness at each site and create an environment in which customers can continue their businesses with peace of mind at all times.

Planned repair and renovation investments

In order to provide safety, security and comfort to our customers, we implement planned repairs and renovations aimed to prevent major accidents based on the concept of preventive maintenance, which defines the useful life period (in years or hours) for each facility based on our own standards and replaces the facility before it breaks down or malfunctions. For each building, we prepare renovation and repair plans covering the next 40 years based on forecasts and consideration of the deterioration in buildings and facilities, and carry out maintenance work at appropriate times from a long-term perspective while recording the work history.

As a company KPI, we target zero serious incidents that have a significant impact on customers' business activities, and there were zero such incidents in 2025.

Investments in renovations and repairs (examples)

The value to offer	Our initiatives	Description	
Safety and security	Earthquake countermeasures	Earthquake countermeasures for building frames	● Our main datacenter buildings and office buildings adopt advanced seismic isolation devices. ● It has been confirmed that all properties comply with the new quake-resistance standards or have equivalent or higher seismic performance based on seismic diagnosis.
		Earthquake countermeasures for elevators	● Promoting the installation of emergency supplies within elevators in case passengers are trapped.
		Developing BCP and holding drills	● Periodic reviews of BCP and regular drills are conducted.
	Flooding countermeasures	Installation of flood-control panels	● Flood-control panels have been installed at the entrances to buildings to prevent flooding.
		The risk of submersion has been reduced	● Electrical rooms and equipment rooms set on the second floor or higher.
	Securing power sources	Receiving power from multiple lines	● Datacenter buildings and some office buildings receive power from multiple lines.
		Installation of emergency-use generators	● In the event of a blackout, emergency-use generators are operated to ensure power.
Comfort	Enhancing tenant services	Twin system by Business Department and Property Management Department	● A twin system in which the Business Department and Property Management Department work together has been set up, allowing for accurate understanding of and quick response to customer needs.
		Preventive maintenance	● Repairs and renovations of facilities are carried out in a planned way, based on the concept of preventive maintenance.
		Upgrading amenities	● Customer satisfaction surveys are conducted to implement improvements based on their requests.
		Improving accessibility	● Signs in braille are installed along with remodeling of buildings to be handicapped accessible.

Ready-to-use offices tailored to needs

In order to respond to changing work styles and office needs, the Company opened a ready-to-use office in the Keihanshin Azuchimachi Building. Relocating offices is a burden in terms of the cost and effort involved in interior construction and restoration when moving in and out, and the generation of a large amount of waste has also been identified as an issue. On the other hand, ready-to-use offices are furnished with fixtures and equipment, which minimizes waste when tenants move in and out, due to the need to only clean the fixtures. This in turn can reduce interior construction costs and management costs.

Although the building is an older building completed in 1964, it is close to a train station. By leveraging our experience in office leasing to provide comfortable spaces, we capture diverse needs and maintain high occupancy rates.



Keihanshin Azuchimachi Building ready-to-use office plot

Initiatives for barrier-free and universal design

All of our newly developed properties are developed in accordance with barrier-free laws through the implementation of evaluations of disability support. In addition, by introducing universal design, including barrier-free design, in older buildings as needed, we strive to enhance customer satisfaction by ensuring our buildings are accessible for all customers, including the elderly and those with disabilities.

Real estate acquisition considering access from public transportation

Aiming to provide properties that will continue to be chosen by tenants, we consider the convenience of access from public transportation when acquiring all land and properties.

Relations with Local Communities

Basic Concept

As a real estate company fully grounded in local communities, we work to revitalize local communities through efforts such as participation in events and support for cultural and artistic activities, aiming to grow together with the communities. The foundation of the Company's real estate business is the local community itself, and we recognize that supporting the sustainable development of local communities is an important initiative directly linked to increasing the value of our properties and maintaining the attractiveness of the communities in which they are located. Based on this recognition, the Company has designated two focus areas for its contribution activities to local communities that are particularly closely aligned with its business characteristics and materiality: "area value enhancement" and "support for development of the next generation." By continuously and proactively engaging in these specific areas, we will contribute to the sustainability of both today's communities and the communities of the future.

Improve Relations with Local Communities

As an initiative to improve relations with local communities, the Company participates in the association, Central Midosuji Network (Midosuji Urban Development Network) as a board member. This association aims to enhance the value of the Midosuji area, where the Company's Head Office is located, as a "business area with vitality and dignity." The association promotes revitalization initiatives in cooperation with the local communities, by examining issues and improvement measures for Midosuji from a local perspective and working in partnership with the local government, economic organizations, and other institutions.

Support for Employees' Social Contribution Activities

In FY2025, the Company introduced a "Volunteer Leave System" to support employees in contributing to local communities through voluntary participation in social contribution activities, aiming to encourage their personal growth. Through this system, we will encourage each employee to proactively engage in social contribution activities and promote the creation of mechanisms that support the sustainable development of local communities.

Social Contribution Activities for Local Communities

Under our Code of Conduct of "We will establish a good relationship with the community, and actively engage in social contribution activities as a good citizen," and as a company fully grounded in local communities, we are engaged in donations and participate in litter clean-up activities. We believe such contribution activities help to revitalize local communities and increase their attractiveness, which will also lead to the Company's sustainable growth.

To make these initiatives more effective, the Company has established two focus areas ("area value enhancement" and "support for development of the next generation") and aims to carry out strategic local contribution activities linked to its business characteristics and materiality.

Area Value Enhancement

We undertake various initiatives, primarily in the Midosuji area, where four of our office buildings are located.

Litter clean-up activity

We conduct litter clean-up activities for the roadside of our buildings and parks near our buildings, and strive to maintain the beauty of the surrounding area. Local residents also participate in the community clean-up activities held twice annually by the Midosuji Urban Development Network, making them good opportunities for local environmental beautification as well as exchange and dialogue.

Supporting “Open House Osaka”

By supporting one of Japan’s largest architectural events, in which attractive buildings throughout Osaka are opened to the public at the same time, we help enhance Osaka’s appeal as a city, provide visitors with opportunities to deepen their understanding of “architecture,” a major component of the city, and their interest in urban development, and contribute to promoting local culture. (Supported organization: Living Architecture Museum Osaka)

Sponsorship of “Osaka Classic 2025” and provision of a venue

We sponsored the cultural event “Osaka Classic 2025,” which aims to create vibrancy and enhance the urban appeal of the Midosuji and Nakanoshima areas, and provided the entrance lobby on the first floor of the Keihanshin Midosuji Building as a performance venue.

More than 300 people attended the event in total, contributing to the revitalization of cultural and artistic activities in the local community. (Supported organization: Osaka Classic Executive Committee)



“Osaka Classic 2025” (Entrance lobby of Keihanshin Midosuji Building)

Support for Midosuji Illumination

“Midosuji Illumination” is a large-scale event that every year attracts millions of visitors over its duration, and the Company contributes to creating a lively atmosphere in the Midosuji area through its sponsorship of this event. (Supported organization: Osaka Prefecture)



“Midosuji Illumination 2025”

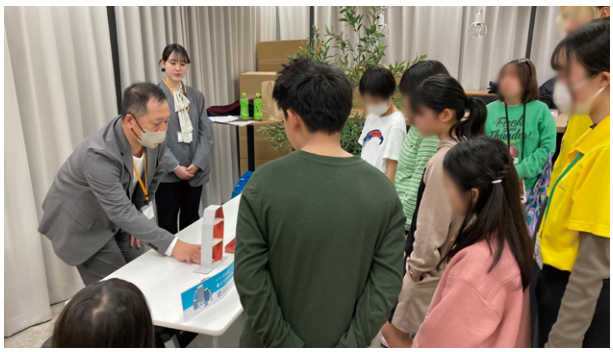
Donation to the Flowers and Greenery Urban Renewal Fund

We make donations to the fund to support conservation activities for the avenue of ginkgo trees and decorative flowers along Midosuji Boulevard. Through these donations, we support the promotion of local greening and the preservation of a beautiful, green urban environment. (Supported organization: Osaka City)

Support for Nurturing the Next Generation

Sponsoring “Mirai Sozo Tamago Juku”

We sponsor “Mirai Sozo Tamago Juku,” a program aimed at showcasing the appeal of local companies and creating opportunities to develop the people who will lead the next generation, thereby supporting the development of human resources who will contribute to the sustainable development of local communities. At the event, we exhibited a booth where our employees used models to explain earthquake preparedness measures such as the seismic isolation and vibration control structures of buildings, helping children deepen their understanding. (Supported organization: DONGLES. Co., Ltd.)



Scenes from “Mirai Sozo Tamago Juku”

Initiatives for Employees

Initiatives for Human Capital

Message from the General Manager responsible for Corporate Services Division



Senior Executive Officer and General Manager responsible for Corporate Services Division

Yoshikatsu Okada

While the Group views the intensification of competition resulting from the decline in the working population and contraction of the real estate market as an important risk, it positions responding to diversifying social needs as an opportunity for growth and focuses on securing a competitive advantage in its core real estate leasing business and promoting new businesses. We believe that continuous investment in human capital, our most important management resource, is essential in order to continue providing valuable commercial space that meets the needs of the times and to maintain and further develop our strength of "efficient management by a small number of elite personnel."

In the previous fiscal year, we strengthened our governance system by transitioning to a Company with an Audit & Supervisory Committee, and discussions on human capital strategy by the Board of Directors have also deepened further. Creating an organization in which employees have a strong sense of fulfillment and can maximize their abilities, together with mechanisms for improving productivity, is essential to sustainably increasing the Company's corporate value and ROE. The Board of Directors has repeatedly discussed the active participation of diverse human resources and improvement of engagement based on strong relationships of trust, and shares a common understanding of these issues. Based on these considerations, the Company is strongly promoting strategic recruitment and reskilling, and investment in human resources development per person in the previous fiscal year was 148 thousand yen (target: 100 thousand yen or more). In addition, through the use of the flextime system and other measures, the paid leave utilization rate has remained at 80% or more for three consecutive fiscal years (target: 70% or more), demonstrating progress in creating an environment that enables flexible work styles. Going forward, toward realizing the "corporate vision in 10 years' time" set forth in the Long-Term Business Plan, we will focus on developing specialist human resources appropriate to each phase and acquiring and retaining outstanding human resources based on a fair and transparent remuneration system.

We will continue striving to build an organization that is rewarding to work for, in which all employees respect each other's individuality and values and can perform to their full potential with peace of mind, thereby enhancing the Company's corporate value and achieving sustainable growth.

Policies

Policy on human resources development

1. Keihanshin Building has established in its corporate philosophy: "to act efficiently, evolve, and create a vital corporate atmosphere." To achieve sustainable future growth, we will focus our efforts on developing the human resources that are at the heart of this corporate atmosphere.
2. Based on the belief that "the growth of a company is nothing other than the sum of the growth of its individual employees," we will actively work to acquire diverse human resources and develop each employee according to their individuality, personality, and values.
3. We will encourage our diverse human resources to autonomously grow in the right places, whether they are new graduates or experienced hires, regardless of their gender or age.

Policy on workplace environment development

1. In order to achieve efficient management with a small number of employees, we will create a workplace environment where employees with diverse individualities, personalities, and values respect each other, and where every employee can achieve their full potential according to their abilities.
2. We promote health and productivity management and strive to maintain and improve the health of our employees so that they can thrive both physically and mentally.
3. We strive to improve productivity and operational efficiency, as well as to create a safe and pleasant work environment that maximizes the potential of each and every one of our employees by developing structures and systems that enable diverse work styles that take into consideration the work-life balance of our employees.

Governance

Please refer to P.5 "Sustainability Promotion System."

Strategies

The Company is committed to improving its human capital based on the belief that “the growth of a company is nothing other than the sum of the growth of its individual employees.” We establish the ideal types of human resources and requirements for ideal human resources based on our corporate philosophy and business strategy, and promote a human resources strategy linked to the Long-Term Business Plan, including the recruitment and development of personnel in line with our business strategy.

Human capital management model

Define the ideal types of human resources the Company seeks based on the corporate philosophy

Identify dependencies and impacts related to human capital and establish requirements for ideal human resources based on business strategy

Measures to achieve an optimal employee composition in line with the corporate philosophy and business strategy

- **1. Promote human resources development**
- **2. Address initiatives for diversification of human resources**
- **3. Create systems to improve business efficiency and productivity**
- **4. Create a pleasant work environment**

Materiality: Establishment of the organization where diverse human resources achieve their potential

5. Enhance employee engagement and retention

Fostering a corporate atmosphere that encourages employees to take on challenges; building a relationship of trust between the Company and employees

A remuneration system that rewards contribution and growth, etc.

Achievement of the “corporate vision in 10 years’ time” in the Long-Term Business Plan

A company that will continue to contribute to a sustainable society by providing valuable commercial space that meets the needs of the times, as it expands its business while maintaining efficient management by a small number of people and each and every employee grows through inventiveness and challenges

Achievement of the corporate philosophy (continuing to be a company needed by society)

The ideal types of human resources the Company seeks based on the corporate philosophy

Corporate Philosophy

1. To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers’ and our businesses.
2. To earn and value our customers’, shareholders’ and employees’ trust by operating our company according to quality-first values.
3. To act efficiently, evolve, and create a vital corporate atmosphere.

Ideal types of human resources Keihanshin Building seeks

A person trusted by others	● A person with a sense of responsibility able to build a relationship of trust with stakeholders from a long-term perspective, and with strong business execution capabilities Implementation Methods ・Develop employees’ business execution capabilities, expertise, and communication skills through daily work and projects ・Cultivate employees’ sense of ownership and mindset of participation in management through participation in various projects and an employee stock ownership plan
A person capable of driving innovation and efficiency	● A person capable of bringing about changes in business models and operations in response to the changing environment ● A person who can act with motivation to grow and take on challenges Implementation Methods ・Secure human resources who will lead new businesses and efficiency improvement by supporting employees’ independent career development and hiring experienced personnel ・Foster an atmosphere that encourages employees to take on challenges by holding training programs and inviting applications for various projects
A person with a high level of expertise	● A person with specialized skills related to their duties and real estate who can increase the Company’s corporate value Implementation Methods ・Hire experts ・Develop expertise through training system by duty and grade and the qualification support system

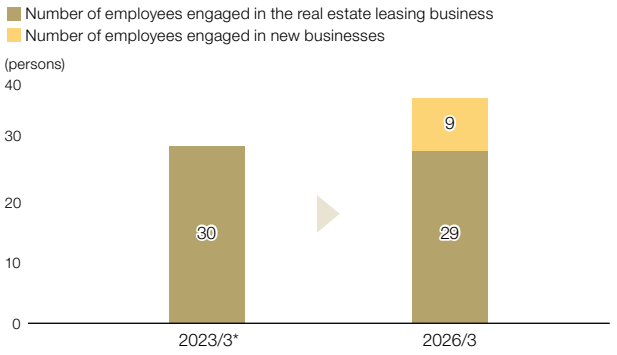
Requirements for ideal human resources based on business strategy

Requirements for ideal human resources (industry experience and skills)

		Existing businesses	New businesses		
		Real estate leasing business	Revolving-type investment business	Overseas investments	Equity investments
Human resources strategy	Allocate personnel based on skills and aptitudes				
	Recruitment	A person with a wealth of experience and knowledge in the real estate business			
		A person with a wealth of experience and knowledge in building and facility management		A person with business experience overseas, mainly in the United States	A person with a wealth of experience and knowledge in the investment management business
	Development	● Development through training system by duty and grade, and OJT ● Support for obtaining qualifications (The Official Business Skill Test in Bookkeeping, Real Estate Transaction Specialist, Certified Building Administrator, ARES Certified Master, TOEIC, Building Sanitation Engineer, etc.) ● Secondment to other companies with expertise in the revolving-type investment business, equity investment, and overseas investment			

Changes in the human resource portfolio (number of consolidated employees)

* Before publication of the Long-Term Business Plan



Main risks and opportunities

Risks	● Decline in competitiveness due to lower productivity and a shortage of personnel with industry experience and skills aligned with the business strategy ● Decline in engagement, recruitment difficulties, and talent outflow due to inadequate development of the working environment and appropriate remuneration systems
Opportunities	● Improvement in competitiveness due to securing personnel with industry experience and skills aligned with the business strategy and improving productivity ● Enhancement of employee engagement and retention, and creation of innovation through the establishment of an organization where diverse human resources can achieve their potential

Risk Management

Please refer to P.6 “Risk Management System.”

Metrics and Targets

The Company has established KPIs (key performance indicators) and targets and monitors progress in order to reduce risks and capture opportunities associated with human capital initiatives and promote a human resources strategy in line with its business strategy. In addition, in order to monitor employee engagement and retention, from FY2026 we have newly established the 10-year retention rate of next-generation core personnel*1 as a KPI.

★: KPI (key performance indicator)

Measures linked to the human resources strategy	Metrics	KPI	Targets	Results				
				2022/3	2023/3	2024/3	2025/3	2026/3
1. Promote human resources development	Investment amounts associated with human resources development	★	100 thousand yen or more per person	56 thousand yen	56 thousand yen	118 thousand yen	113 thousand yen	148 thousand yen
2. Address initiatives for diversification of human resources	Ratio of female managers*2	—	Achieve 10% or more by FYE March 2031 Achieve 30% or more by FYE March 2041	7.4%	6.7%	8.3%	11.8%	11.8%
3. Create systems to improve business efficiency and productivity	Average monthly working hours per person	—	—	158 hours	155 hours	155 hours	156 hours	167 hours
4. Create a pleasant work environment	Paid leave utilization rate	★	70% or more	69.2%	76.6%	82.1%	85.7%	82.8%
	Health checkup uptake rate	★	100%	100%	100%	100%	100%	100%
5. Enhance employee engagement and retention	10-year retention rate of next-generation core personnel	★	80% or more (overall)	—	—	—	—	100%
			80% or more (women)					100%

*1: The ratio calculated by dividing "the number of employees who joined the Company in specified fiscal years (10 fiscal years earlier and the fiscal years immediately before and after), were under 40 years of age when hired, and remain employed without having resigned 10 years later," by "the number of eligible employees at the time of hiring."
*2: The Long-Term Business Plan previously set the "average male-to-female ratio among new recruits of 50% (five-year average)" as a KPI for measuring progress in initiatives to secure diverse human resources. However, as recruitment of new graduates has progressed and we recognize that securing female managers is the next issue to address, from FY2026 we have set only a target for the ratio of female managers.

Initiatives

1. Promote recruitment and human resources development

In addition to the existing real estate leasing business, the Company has announced in its Long-Term Business Plan to engage in new businesses including the revolving-type investment business. We have established requirements for ideal human resources based on the business strategy in the Long-Term Business Plan (P.35), and strive to recruit, train and allocate specialist human resources. By continuing to develop multi-skilled personnel and ensuring organizational flexibility, we will respond to changes in the business environment while maintaining our strength of efficient management by a small number of people, and aim to enhance corporate value.

Training system by duty and grade, and training for managers and candidates for managerial positions

We have created training programs according to duties and positions to develop future candidates for executive positions. In addition, we offer open training programs with the aim of developing managers. Training participants who are managers or candidates for managerial positions deepen their understanding of the actions required of managers, human resource management, business strategy, and other matters through assignments issued by outside experts. Through these training programs, they strive to improve their management skills and heighten their expertise.

Training system by duty and grade (outline)

Eligible personnel	Details of training		Dispatched outside the Company	Qualification support system
Officers	Officers training	● Legal affairs ● Business strategy ● Business analysis and financial strategy ● Corporate ethics	● Cross-industry exchange training ● Secondment ● Overseas training ● Outside seminars	The Company pays a bonus for qualifications individually accredited by the Company according to difficulty, or bears the cost of acquiring the qualification.
General Manager to Group Manager	Senior management training; personnel evaluator training	● Management ● Skills to formulate business strategy and plans ● Personnel evaluation and target management skills		
Manager	Manager training	● Management		
Assistant Manager	Workplace leader training	● Management		
Chief	Training to improve capability of young employees	● Problem-solving skills ● Situational judgment skills		
New employees	New employee training	● Business manners ● Accounting basics		

Training for managers and candidates for managerial positions

Training assignment examples	● Logical thinking and facilitation ● Leadership and human resource management ● Business strategy ● Marketing ● Accounting and finance

Qualification support system

The qualifications recommended by each section are clearly disclosed within the Company with the aim of developing human resources with high expertise to lead the Company's businesses. A reward is paid according to the difficulty of each qualification.

Recommended qualifications (excerpt)

	Common to all employees	Business Department, International Business Department, and Asset Management Department	Property Management Department	Administration
Name of qualification	● Real Estate Transaction Specialist ● The Official Business Skill Test in Bookkeeping 2nd Grade ● The Official Business Skill Test in Bookkeeping 3rd Grade ● TOEIC (Score of 800 or more)	● Building Sanitation Engineer (Building Manager) ● Licensed Representative of Condominium Management Company ● Real Estate Consulting Master ● Certified Building Administrator ● Certified Real Estate Appraiser ● ARES Certified Master	● Building Sanitation Engineer (Building Manager)	● Labor and Social Security Attorney ● Class-2 Health Officer ● Securities analyst ● The Japan Accounting and Financial Analysis Examination 2nd Grade ● Information Technology Passport Others

2. Address initiatives for diversification of human resources

In order to monetize new businesses and respond to diversifying needs resulting from changes in the business environment, we hire diverse human resources, whether they are new graduates or experienced hires, regardless of their gender, age or nationality, and place the right people in the right positions with a view to establishing an organization where diverse human resources achieve their potential, one of the Material Issues.

Diversification of industry experiences and skills, and active participation of senior personnel

The Company has established requirements for ideal human resources in line with its business strategy (P.35) and strives to recruit and develop personnel with diverse industry experience and skills. We share and pass on through on-the-job training the extensive skills that highly specialized personnel, including senior personnel, have cultivated in the real estate and construction industries, and conduct human resources development through internal programs and secondments to other companies.

Increase in the ratio of female managers

We aim to create an environment in which employees can develop their careers while balancing work and childcare. We have introduced a consultation system that allows employees to discuss their work style before and after taking long-term leave, and provide training for female managerial candidates and various human resource development support measures.

3. Create systems to improve business efficiency and productivity

Improving business efficiency and productivity is necessary in order to maintain management by a small number of people while simultaneously expanding existing businesses, monetizing new businesses, and enabling diverse employees to maintain a good work-life balance. In the Long-Term Business Plan, we are working toward the targets of improving business efficiency through the use of digital technologies and promoting digital transformation.

Securement of flexibility in work location and hours

We are striving to improve productivity by creating a workplace environment in which each employee can maximize their abilities, through the introduction of a flextime system and the establishment of an environment that enables remote work, thereby realizing diverse work styles tailored to the duties and life stages of our employees.

Improvement of business efficiency by leveraging digital technology and provision of new services

We are promoting the digitalization of our operations, reviewing our business processes, and working to improve operational efficiency through outsourcing, while also considering the use of data to provide new services.

4. Create a pleasant work environment

The Company strives to create a safe and pleasant work environment that helps every employee to achieve their full potential. By helping employees to balance their work and personal lives, we will increase our competitiveness in the recruitment market, while maintaining efficient management by a small number of people.

Support for employees to balance work and personal lives

In order to support employees in balancing work with childcare and nursing care, we have introduced a consultation system for discussing work styles as well as a flextime system that enables flexible work styles. In addition, we have introduced a volunteer leave system as part of employee self-development.

Improvement of workplace environments

In preparation for future business expansion, we expanded the Head Office and changed the office layout of the Tokyo Branch Office with the aim of accommodating an increase in personnel and improving productivity.

5. Enhance employee engagement and retention

In this way, through 1. Promote human resources development, 2. Address initiatives for diversification of human resources, 3. Create systems to improve business efficiency and productivity, and 4. Create a pleasant work environment, the Company is working to build an organization where diverse human resources can find fulfillment and demonstrate their abilities, and 5. Enhance employee engagement and retention (empathy, attachment, and willingness to contribute to the Company). Based on a relationship of trust between the company and its employees, we will foster a corporate culture in which employees have a mindset of participation in management and are motivated to take on new challenges, thereby contributing to business growth and increasing corporate value.

Independent career development

To encourage employees to take the initiative in shaping their own careers, we conduct career interviews once a year, have established an environment that allows employees to engage in secondary jobs and concurrent employment, and have introduced consultation and interview systems aimed at supporting employees in balancing work with childcare, nursing care, and other responsibilities.

Cross-departmental efforts

We are working to build our business foundation and create growth opportunities for our employees by engaging in cross-departmental projects such as work style reform projects and new business launches. We are also working to promote the accumulation of knowledge and experience and improve job satisfaction by having employees serve concurrently in other departments or committees.

Improvement of employees' mindset of participation in management

We aim to improve employees' mindset of participation in management by sharing management policies with employees from the top down, sharing knowledge about our business through internal communications, and supporting employee asset-building through an employee stock ownership plan and a defined contribution pension plan. Furthermore, by granting Company shares to managerial employees who meet certain requirements, we aim to create corporate value over the medium to long term, enhance employee engagement, and secure outstanding human resources.

Policy on Determining Employee Salaries and Remuneration

As a foundation supporting the execution of its human resources strategy, the Company has established a remuneration system that appropriately evaluates and rewards employees' contributions and growth. Our policy regarding such determinations is as follows:

1. Basic philosophy for determining salaries and remuneration	Our basic policy is to determine employee salaries and remuneration based on job duties, level of responsibility, and demonstrated abilities and achievements. Through this approach, we ensure fair and highly transparent treatment and encourage employees to increase their motivation to work and achieve sustainable growth.
2. Process for determining salary levels	Base salaries are determined once a year based on personnel evaluations, taking into consideration each individual's job performance capabilities, work experience, changes in responsibilities, and other factors. Bonuses are determined by evaluating at the end of the fiscal year the degree to which individual targets established at the beginning of the fiscal year have been achieved.
3. Securement of the appropriateness of salary levels	In determining salary levels, we comprehensively consider wage survey data from external organizations, trends at peer companies, labor market supply and demand conditions, and other factors, and strive to maintain objectively appropriate levels that contribute to the acquisition and retention of outstanding human resources.

Organizational diagnosis surveys and dialogue with employees

The Company will work to strengthen its human capital management by measuring employee engagement through organizational diagnosis surveys* and dialogue with employees. Going forward, we will continue working to promote new businesses and sustainable management through a process of trial, error, and trial again, and strive to foster a corporate atmosphere that enables each and every employee to grow through inventiveness and challenges, in keeping with our corporate vision in 10 years' time in the Long-Term Business Plan.

* Surveys on all the experiences gained by employees through their involvement with the company, conducted once every six months.



Health and Safety

Basic Concept

We strive to enhance our human capital based on the idea that the growth of a company is the sum of the abilities of its individual employees. The health and safety of our employees, who form the foundation of our business, are an essential element in increasing our corporate value over the medium to long term. We promote health and productivity management by creating healthy, safe, and comfortable workplace environments where everyone can thrive both physically and mentally.

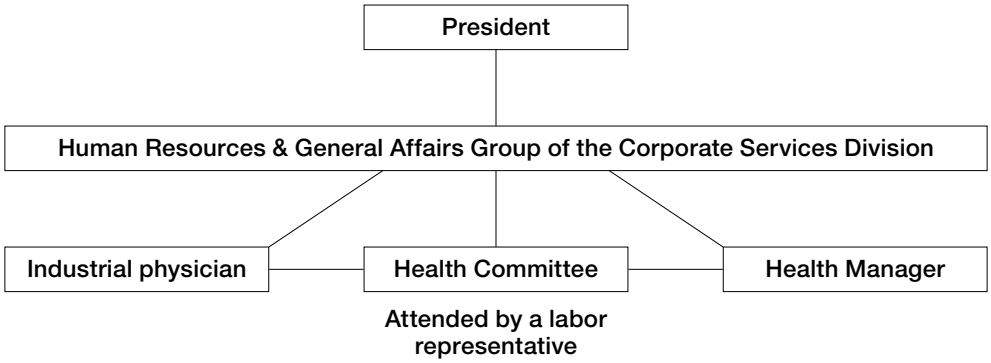
Health and Productivity Management Declaration

The Company upholds “To provide valuable commercial space to customers so as to contribute to the community through the advancement of customers’ and our businesses.” as one of its corporate philosophies. We believe that in order to realize this philosophy it is important for each of our employees to improve productivity and performance through maximizing their own abilities while aiming to maintain and improve their health, and we declare our commitment to health and productivity management.

President Tsuneo Wakabayashi

Promotion Structure

With Human Resources & General Affairs Group of the Corporate Services Division at the center of our structure, our industrial physician, Health Committee, and labor representative cooperate to manage the progress of various measures related to health and safety, identify issues in creating internal environments, and implement improvements. The Health Committee is chaired by the General Manager responsible for Corporate Services Division and composed of the industrial physician, the labor representative (representing the majority of workers), and employees from multiple departments with different work styles (including managerial employees). Meetings are held monthly to discuss a variety of issues such as mental health, lifestyle habits, illnesses, and the workplace environment. ISO 45001 (OHSAS 18001) certification has not been acquired at present considering the business content and number of employees.



Outstanding Organization of KENKO Investment for Health

The Company was recognized as a 2026 Outstanding Organization of KENKO Investment for Health (SME Category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, an organization that operates the recognition program. This is our sixth consecutive year receiving this honor since FY2021.

2026
健康経営優良法人
KENKO Investment for Health
中小規模法人部門

Specific Initiatives

Initiatives for health management and preventive measures

Health checkup

The Company makes Comprehensive medical checkups available to all employees, with all expenses borne by the Company, regardless of age, medical history, or other factors. Furthermore, the Company bears the expenses of re-examinations to help prompt identification and treatment of health issues.

Implementation of stress checks

To prevent mental health issues in advance, we conduct stress checks once a year and have maintained a 100% participation rate since the system was introduced in FY2022.

Initiatives on prevention of infectious disease

To limit the health impact of influenza and to maintain the continuity of our business activities by taking preventive measures for infections, we offer subsidies for the costs of influenza vaccinations for all employees and their dependent family members who wish to receive them.

Initiatives for maintaining and improving health (disease prevention and promotion of exercise opportunities)

We place importance on preventing employee illnesses and reducing the risk of lifestyle-related diseases, and have established the following target as an indicator for measuring progress in the promotion of health and productivity management. We also implement various measures to achieve this target.

Indicator	Percentage of employees who engage in "walking or equivalent physical activity" for less than 30 minutes a day	Current: **40**% / Target: Less than **20**% (FY2027)

Measures

Creation of opportunities for daily exercise

Since February 2025, we have held Radio Taiso exercises every morning in the multipurpose space at the Head Office (participation is voluntary), providing an environment in which employees can exercise without hesitation.

Introduction and use of a health improvement app

To increase motivation, in April 2025, we introduced a health improvement app that provides benefits based on the amount of exercise performed. Making step counts and activity levels visible and earning benefits encourage employees to take voluntary action on a daily basis. We promote active use of the app through the distribution of user manuals and explanatory sessions.

Holding of health check events

Once a year, we hold an in-house body composition measurement event. Based on the measurement results, individual advice is provided by an external certified health fitness programmer to raise health awareness and motivate employees to increase their activity levels.

Support for activities at sports events

We promote greater communication between employees and better health by continuing to subsidize fees for sports clubs, yoga, etc., and provide support for activities such as voluntary golf competitions and bowling contests.

Initiatives related to creating safe and pleasant workplace environments

Establishment of a contact point for workplace environment improvement and health consultation

We have added a form to our internal portal that employees can use anytime to anonymously share opinions, ask questions, and consult regarding their workplace environment. The opinions and other feedback sent via this form are shared with and discussed by the Health Committee and are used to improve workplace environments.

Creation of workplace environments that match work duties and situations

Besides individual work desks, we have also created multipurpose space and soundproof private booths. Through these efforts, we are committed to providing employees with pleasant working environments that match their work duties and situations. The multipurpose space not only encourages casual and active communication, but also helps promote health through standing work (including prevention of lower back pain). Furthermore, large displays are lent to employees who wish to use them to perform their work more efficiently, in addition to laptops.



Multipurpose space

Disaster preparations

To prepare for the possibility of a disaster during working hours, disaster protection supplies (safety shoes, helmets, and emergency supply sets) have been distributed to all employees.

Labor Management

Basic Concept

The Company recognizes that, in order to maintain efficient management with a small number of employees and improve productivity and operational efficiency, it is essential to create a safe and pleasant work environment where all employees can perform to the best of their abilities with peace of mind. To establish a foundation on which all employees can work with peace of mind and demonstrate their abilities, the Company not only complies with domestic labor-related laws and regulations, but also supports international standards such as the core labor standards established by the International Labour Organization (ILO), strives to ensure appropriate working conditions, and respects the matters listed on the right.

- Prohibition of child labor
- Prohibition of forced labor
- Prohibition of discrimination based on race, religion, gender, sexual orientation, disability, etc.
- Respect for freedom of association and the right to collective bargaining
- Appropriate management of working hours and reduction of excessive work
- Compliance with minimum wage requirements and provision of a living wage (payment of fair compensation for labor)

* For specific policies and systems relating to the maintenance of a safe and healthy working environment, please see P.39 “Health and Safety.”

Specific Initiatives

Appropriate management of working hours and ensuring holidays and leave

Reduction of excessive work through a seven-hour prescribed workday

The Company has established a prescribed workday of “seven hours per day,” which is shorter than the standard statutory working hours of eight hours per day. By basing our working system on conditions that make excessive work fundamentally less likely to occur, we reduce the excessive burden on employees and help ensure a comfortable work-life balance with sufficient personal time.

Appropriate monitoring of working hours through an attendance management system

We have introduced an attendance management system in order to objectively and accurately monitor employees’ working hours. By visualizing daily attendance data in real time and automatically issuing system alerts to employees whose overtime hours are approaching a specified threshold and to their supervisors, we strive to prevent long working hours and respond at an early stage.

Improving operational efficiency through use of the flextime system

We have introduced a flextime system to enable employees to flexibly control their working hours according to fluctuations in workload. By enabling autonomous and efficient work styles that eliminate wasted time, we improve productivity and reduce total working hours.

Ensuring and thoroughly taking appropriate holidays and leave

To enable employees to thrive both physically and mentally, we not only ensure statutory holidays through a full five-day workweek, but also require employees to take compensatory days off whenever they are required to work on a holiday due to business needs. In addition, to create an environment in which employees can begin working with peace of mind, paid leave is granted from the month they join the Company.

Appropriate employment management

Disclosure of working conditions and age verification upon recruitment

We thoroughly implement verification procedures during the recruitment process in order to prevent unfair labor practices and child labor. Upon joining the Company, working conditions such as wages and working hours are disclosed in writing in advance, employment contracts are concluded based on appropriate mutual agreement, and age is always verified using official identification or other documentation.

Maintaining appropriate salary levels and complying with minimum wage requirements

In addition to thoroughly complying with domestic minimum wage laws and regulations, we maintain appropriate salary levels that reward the high level of expertise and contributions of each employee who supports our efficient management by a small number of people. To enable all employees to work with peace of mind and demonstrate their abilities to the fullest, we strive to pay fair remuneration that ensures the wages necessary to maintain an appropriate standard of living (a living wage).

Governance



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Corporate Governance

Basic Concept

We believe in the importance of improving management efficiency and integrity through establishing a transparent and fair management organization, speeding up the decision-making for important matters on the management, and strengthening the supervisory function of business execution, all of which contribute to improving corporate value.

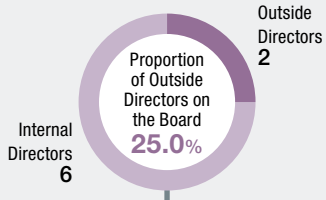
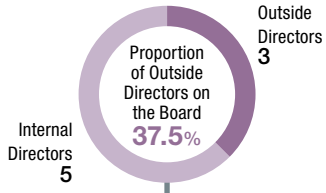
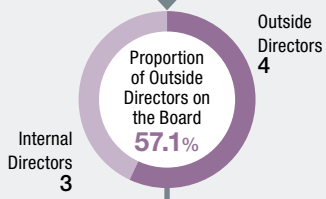
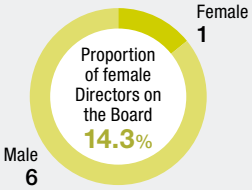
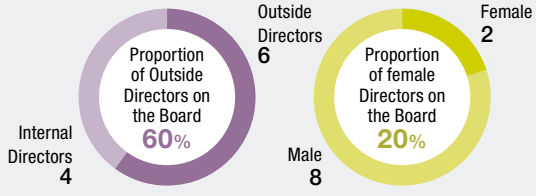
We are well aware that it is the duty of the Company's officers and employees to put these ideas into practice, as well as complying with all laws and regulations and maintaining discipline, with consideration towards environmental and social issues to conduct a fair, transparent, and appropriate business in an atmosphere of free competition. In this way, we show all stakeholders, including our shareholders, customers, business partners, employees, and local communities, that we value the trust that they place in us.

We operate our business with a small number of employees, allowing for uncomplicated information gathering and operations management when compared to a large-scale corporation with many staff members. Our corporate organization reflects this feature. We also appropriately arrange our human resources and strive to maintain a sense of balance between each department and committee to fully exert the functions of our organization.

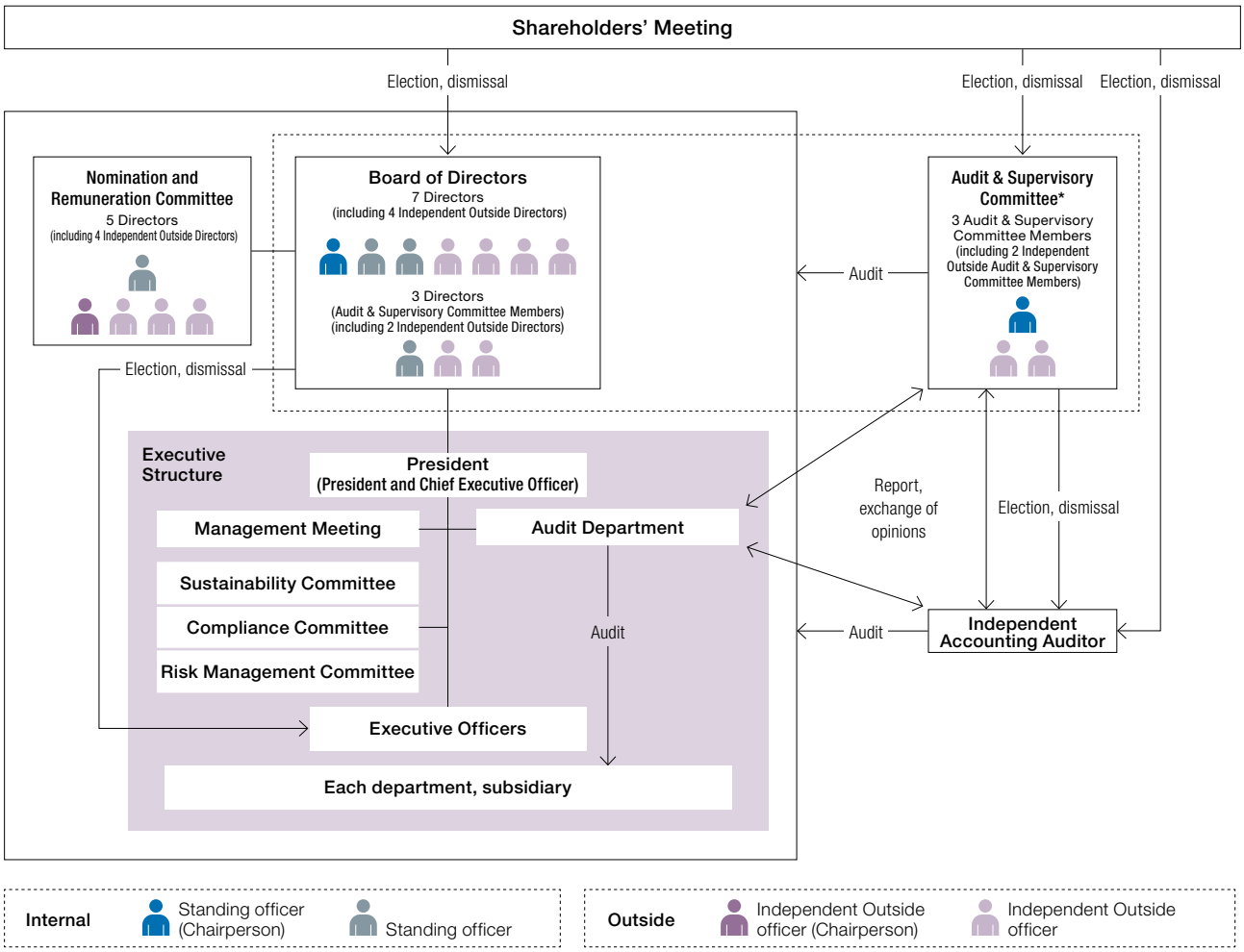
Changes in Corporate Governance

Since the corporate governance code went into effect in 2015, the Company has striven to steadily strengthen corporate governance. In the time from 2024 to June 2025, we have promoted initiatives such as disclosing cost of capital, setting targets for the ratio of female directors, and increasing the number of female directors based on these targets. In addition, with the approval of the 102nd Annual General Meeting of Shareholders held on June 20, 2025, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee with a view to further strengthening corporate governance. In the past, Audit & Supervisory Board Members attended Board of Directors meetings and engaged in frank discussions with Directors. However, as a result of the transition, Audit & Supervisory Committee Members who are responsible for auditing the execution of duties by Directors have become members of the Board of Directors, bringing the system more in line with actual conditions.

Since corporate governance has no final form, we will continue to improve it going forward with a view to improving corporate value, taking into account expert opinions, case studies from other companies, and feedback from all stakeholders.

Year	Composition of the Board of Directors	Effectiveness Evaluation of the Board of Directors	Nomination and Remuneration	Other
2016			Adopted stock compensation-type stock options and abolished retirement benefits for officers	
2017		Began evaluation of the effectiveness of the Board of Directors		
2018	Introduced Executive Officer system		Established the Nomination and Remuneration Committee Appointed an Outside Director as chairperson of the Nomination and Remuneration Committee	
2019				Appointed one female Outside Audit & Supervisory Board Member (serving as Outside Director since 2022)
2020			Introduced restricted stock compensation plan	Established the Sustainability Committee
2021		Began evaluation of the effectiveness of the Board of Directors with involvement of a third party		Disclosed skill matrix Established the Corporate Governance Guidelines
2022	Maintained proportion of Outside Directors on the Board 		Introduced performance-linked remuneration Took achievement level of sustainability initiatives into consideration in officer remuneration	
2023				
2024				Set targets for the ratio of female officers Disclosed cost of capital
2025	Transitioned to a company with an Audit & Supervisory Committee		Took business profit, ROE, and the achievement level of sustainability initiatives into consideration in officer remuneration	Appointed two female Outside Directors Updated skill matrix
2026	Maintained a majority ratio of Outside Directors 			

Corporate Governance Structure (Since June 20, 2025)



*Composed of Directors who are Audit and Supervisory Committee Members

Summary of Boards, Meetings, and Committees

Name	Chairperson	Summary	Number of meetings held FYE March 2026
Board of Directors	President and Chief Executive Officer	As a general rule, the Board holds a meeting once a month to determine important matters on the management and supervise the status of execution of duties.	11 times
Audit & Supervisory Committee	Audit & Supervisory Committee Member (Standing)	The committee audits the Directors' execution of duties and the Company's internal control system, and receives reports from the Independent Accounting Auditor on matters including the quarterly financial results and the year-end audit report.	12 times
Management Meeting	President and Chief Executive Officer	The standing officers and general managers in charge of each department attend this meeting to report and review the status and plans of such operation under the basic policy determined by the Board of Directors.	11 times
Nomination and Remuneration Committee	Outside Directors	The committee deliberates on personnel matters, including the election and dismissal of the management team. Matters such as compensation for the management team are also deliberated. The chairperson and the majority of the committee members are Independent Outside Directors.	4 times
Sustainability Committee	President and Chief Executive Officer	The committee, which is chaired by the President, consists of members of the Sustainability Promotion Group of the Corporate Services Division and members appointed by each department. It convenes regularly and reports on its activities to the Management Meeting and the Board of Directors if necessary.	5 times
Compliance Committee	Executive Officer in Charge	The committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	4 times
Risk Management Committee	Executive Officer in Charge	The Committee, which is an organization under the direct control of the President, consists of a chairperson and several members selected from various departments. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary.	5 times

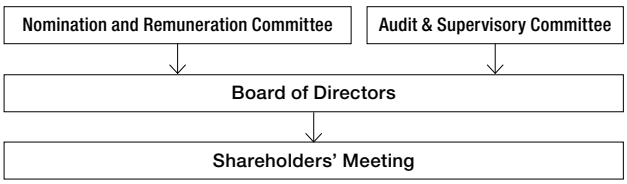
*The number of meetings of the Audit & Supervisory Committee is listed together with the number of meetings of the Audit & Supervisory Board before the transition.
*In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there were two written resolutions.

Appointment Process for Directors

The President prepares a list of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members), and the Board of Directors deliberates and makes decisions in light of reports on the results of deliberations in the Nomination and Remuneration Committee.

The President prepares a list of candidates for Directors who are Audit & Supervisory Committee Members and gains the consent of the Audit & Supervisory Committee in accordance with the provisions of the Companies Act, after which the Board of Directors deliberates and makes decisions.

Appointment or dismissal of the Chairperson of the Board and the President will be deliberated and decided at the Board of Directors based on the deliberations in the Nomination and Remuneration Committee. With regard to the dismissal of the Chairperson of the Board or the President, if deemed necessary by the Nomination and Remuneration Committee, the Nomination and Remuneration Committee may exclude Internal Directors from its composition and report to the Board of Directors after seeking opinions of Outside Directors.



Succession Planning

The Nomination and Remuneration Committee believes that members of the top management of the Company need to possess the six qualities presented below in order to execute the Long-Term Business Plan and enhance corporate value, in addition to the basic qualities of "A person trusted by others," "A person capable of seeking innovation and efficiency," and "A person with a high level of expertise," which are derived from the Company's corporate philosophy.

Succession planning of top management is an important management issue. At a time of great change in the environment surrounding the Company when it is transforming its structure away from that of a company specializing in the real estate leasing industry, the importance of the Company's top management and its succession plan is increasing. With regard to candidates for Directors, a long list is prepared based on introductions from Directors and staffing agencies, and the Nomination and Remuneration Committee deliberates based on said list.

Qualities required of top management	Comprehensive experience and capabilities related to overall management	Leadership
	Knowledge of the real estate industry	Empathy with employees
	Ability to respond to changes in the market environment, determination, and courage	Human networks in the business community

Members of the Boards (skill matrix and meeting attendance)

Candidates for Directors of the Company are selected through comprehensive evaluations of their character, knowledge, capabilities, experience, and potential to contribute to the Company. In particular, the Company focuses on the perspective of enhancement of the supervisory function by utilizing licensed lawyers and accountants with highly specialized expertise as well as persons with experience in corporate management, as outside officers. Furthermore, from the perspective of ensuring diversity, the Company has set a KPI and goal related to materiality of achieving a proportion of female officers of 30% or more by FYE March 2031, and will continue to secure human resources toward achieving this goal.

Name		Audit & Supervisory Committee	Nomination and Remuneration Committee	Gender	Attendance at the Board of Directors' Meetings in FYE March 2026	Term of Office	Expertise (◎ A field particularly expected for Outside officers)						
							Corporate Management	Finance & Accounting	Legal Affairs/ Risk Management	Industrial Expertise	Overseas Expertise	Sustainability	Area of Expertise
Tsuneo Wakabayashi	Standing		●	Male	11/11	5 years	●	●	●	●	●	●	General
Junichi Tada	Standing			Male	9/9	1 year	●	●	●	●		●	General
Yoshikazu Asakusa	Standing			Male	11/11	2 years			●	●		●	Energy, life cycle management
Masao Nomura	Outside Independent		●	Male	11/11	7 years	◎	●	●		●	●	Energy, human capital
Chiho Takeda	Outside Independent		●	Female	11/11	4 years			◎			●	D&I, human rights
Atsushi Miyanoya	Outside Independent		●	Male	11/11	2 years		●	●	◎		●	Social contribution, local economies
Hideyuki Kamijo	Outside Independent		●	Male	11/11	1 year	●	◎	●	◎	●	●	Governance
Shigeru Nishida	Standing	●		Male	11/11	1 year		●	●		●	●	Governance
Hideharu Nagasawa	Outside Independent	●		Male	11/11	1 year	◎	●	●		●	●	Governance, human capital
Chiharu Odagiri	Outside Independent	●		Female	9/9	1 year		◎	●			●	D&I, compliance

*The above table does not present a complete list of the expertise and experience possessed by each officer.
*Mr. Tsuneo Wakabayashi served as Outside Director of the Company for one year, followed by four years as President of the Company.
*Mr. Junichi Tada previously served as Director of the Company for two years.
*Ms. Chiho Takeda served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
*Mr. Hideyuki Kamijo served as Outside Audit & Supervisory Board Member of the Company for three years before taking office as Director.
*Mr. Shigeru Nishida served as Audit & Supervisory Board Member of the Company for six years and as Director of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.
*Mr. Hideharu Nagasawa served as Outside Audit & Supervisory Board Member of the Company for four years before taking office as Director who is an Audit & Supervisory Committee Member.

Independence Criteria for Independent Outside Officers

The Company has formulated the following criteria regarding the independence of outside officers, in order to ensure objectivity and transparency in the corporate governance of the Company. If outside officers do not fall under any of the following items, it is judged that they are sufficiently independent from the Company.

1	A person who is a principal business partner*1 of the Company or its business executor*2
2	A person for whom the Company is a principal business partner or its business executor
3	A principal shareholder*3 of the Company (If this is a corporation, association, or any other organization, this refers to a person belonging to such organization.)
4	A business executor of a corporation of which the Company is a principal shareholder
5	A person who belongs to an auditing firm that serves as the Company's Independent Accounting Auditor
6	A consultant, accounting expert, or legal expert who receives money or other assets exceeding 10 million yen annually from the Company in addition to officer remuneration (*If the person receiving such assets is a law firm, auditing firm, consulting firm, or any other corporations, or association or any other organization, this refers to a person belonging to such organization.)
7	A person who receives donations exceeding 10 million yen annually from the Company (If the person receiving such large amount of donations is a corporation, association, or any other organization, this refers to a person belonging to such organization.)
8	A person who belongs to a company with whom the Company has a relationship for the mutual appointment of officers
9	A person whose spouse or relative within the second degree of kinship falls under any of the above items 1 through 8
10	A person who fell under any of the above items 1 through 8 within the past three years
11	A person who has been in office for a total of more than eight years as an outside officer
12	In addition to the preceding items, a person who may have a conflict of interest with general shareholders, and who is reasonably judged to be unable to perform his or her duties as an independent outside officer

*1 A "principal business partner" refers to any of the followings:
(1) A person who has transactions with the Company, and the annual transaction amount is 2% or more of the consolidated net sales of either the Company or said person; or
(2) A financial institution from which the Company makes loans, and the outstanding loans from such institution are 2% or more of the Company's total consolidated assets.
*2 A "business executor" refers to an executive director, corporate officer or executive officer.
*3 A "principal shareholder" refers to a shareholder who holds 10% or more of the Company's voting rights in his or her own or another name as of the end of the most recent fiscal year.

Overview and Activity Status of Nomination and Remuneration Committee

With an aim to ensure objectivity and transparency in matters related to the personnel and remuneration of the management team, we have established a Nomination and Remuneration Committee. The majority of the committee members, including the chairperson, are Independent Outside Directors. The Nomination and Remuneration Committee deliberates on the following matters in advance of the Board of Directors, and reports the results of these deliberations to the Board of Directors.

The Board of Directors makes final decisions on matters deliberated by the Nomination and Remuneration Committee, but we believe that independence and authority of the committee are fully secured because the majority members of the Board of Directors are Independent Outside Directors concurrently serving as the Nomination and Remuneration Committee members.

Personnel matters for management executives	Proposals for the Shareholders' Meeting regarding the appointment of candidate Directors (excluding Directors who are Audit & Supervisory Committee Members) and dismissal of Directors
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the appointment of Directors (excluding Directors who are Audit & Supervisory Committee Members)
	Appointment and dismissal of the President and the Chairperson of the Board
	Succession of the President and Chief Executive Officer
	Appointment and dismissal of Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee
Matters concerning remuneration of management executives	Details of remuneration of individual Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers
	Establishment, revision, or abolishment of basic policies, rules, procedures, etc., regarding the remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers
	Other matters recognized as necessary by the Nomination and Remuneration Committee

Name of the committee	Total committee members			Chairperson	Number of meetings held (FYE March 2026)
		Internal Directors	Outside Directors		
Nomination and Remuneration Committee	5 persons	1 person	4 persons	Outside Director	4 times

*In addition to the number of meetings of the Nomination and Remuneration Committee listed above, there were two written resolutions.

Officer Remuneration

Remuneration paid to officers in FYE March 2026

Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Excluding Audit & Supervisory Committee Members)	9 persons	111 million yen	23 million yen	29 million yen	163 million yen
(Outside Directors)	(5 persons)	(35 million yen)			(35 million yen)
Directors (Audit & Supervisory Committee Members)	3 persons	33 million yen			33 million yen
(Outside Directors)	(2 persons)	(13 million yen)			(13 million yen)
Audit & Supervisory Board Members	3 persons	10 million yen			10 million yen
(Outside Audit & Supervisory Board Members)	(2 persons)	(3 million yen)			(3 million yen)

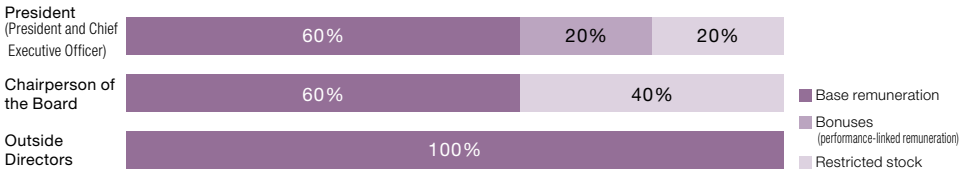
*The total amount of remuneration includes remuneration paid to two Directors and three Audit & Supervisory Board Members who retired at the conclusion of the 102nd Annual General Meeting of Shareholders held on June 20, 2025. Of those, one of the three retired Audit & Supervisory Board Members and the other two were newly appointed as Director (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members, respectively, after retiring at the conclusion of the Annual General Meeting of Shareholders. Accordingly, as for the remuneration total and the number of members paid, the portion attributable to the period served as Audit & Supervisory Board Member is included in "Audit & Supervisory Board Members," the portion attributable to the period served as Director(excluding Directors who are Audit & Supervisory Committee Members) is included in "Directors (excluding Audit & Supervisory Committee Members)," and the portion attributable to the period served as Directors who are Audit & Supervisory Committee Members is included in "Directors (Audit & Supervisory Committee Members). "

*In addition to the above, employee salaries of 16 million yen are paid to Directors who concurrently serve as employees.

Policy for determining Directors' remuneration (FYE March 2026)

We determine remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) in line with the shareholders' interests so that it will serve as an appropriate incentive program leading to a sustainable increase in the shareholder value. As a basic policy, we aim to secure appropriate levels of remuneration for Director, corresponding to the degree of their responsibilities.

The policy for determining the remuneration and the amount of individual remuneration will be resolved by the Board of Directors through the deliberations in the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors.

<table>
<tr><td rowspan="4">Remuneration system</td><td>Executive Directors</td><td>The remuneration consists of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration in line with the shareholders' interest.
The Nomination and Remuneration Committee will decide on the ratio of individual remuneration, where the performance-linked remuneration is set higher for upper-ranking positions reflecting the expected roles for achieving the goals of the Long-Term Business Plan.</td></tr>
<tr><td>Chairperson of the Board</td><td>The remuneration consists of base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairperson will perform the expected role as a chairperson of the Board of Directors for increasing the shareholder value in the medium to long term, despite being not directly involved in business operations.
*The Chairperson of the Board retired at the 102nd Annual General Meeting of Shareholders held on June 20, 2025, and a new Chairperson has not been appointed.</td></tr>
<tr><td>Outside Directors</td><td>The Company will pay only the base remuneration to Outside Directors in consideration of their duties.</td></tr>
<tr><td>Remuneration composition
*In the case of the performance indicators achieved at 100%</td><td>
</td></tr>
<tr><td rowspan="3">Remuneration amount</td><td>Base remuneration</td><td>It is provided as fixed remuneration monthly. The amount is determined based on the Company's performance, individual's duties, abilities, and the degree of contribution to the Company's sustainable growth in a comprehensive manner.</td></tr>
<tr><td>Bonuses (performance-linked remuneration)
Short-term incentive</td><td>It is provided as cash remuneration reflecting the performance indicators, and is provided at a certain time each year. As part of our efforts to realize management that is conscious of capital cost and stock price, beginning in FYE March 2026, we use the degree of achievement of each of "business profit," "initiatives on sustainability," and "ROE" as indicators for calculating performance-linked remuneration. These indicators are comprehensively taken into consideration in the calculation to measure progress toward the sustainable enhancement of the Company's corporate value, expansion of the Company's scale through portfolio expansion, and creation of a new profit model.
(Reference)
Actual business profit and the target for the final fiscal year of the Long-Term Business Plan (million yen)
<table>
<tr><th>2024/3</th><th>2025/3</th><th>2026/3</th><th>2033/3 (target)</th></tr>
<tr><td>5,152</td><td>5,208</td><td>6,421</td><td>14,000</td></tr>
</table></td></tr>
<tr><td>Restricted stock
Medium- to long-term incentive</td><td>It is granted in the form of stock compensation linked to the shareholder value. The number of shares given at a certain time each year will be calculated based on the duties and abilities of Chairperson of the Board and Executive Directors, along with their contributions to the Company's sustainable growth in a comprehensive manner.</td></tr>
<tr><td>Details of resolutions at the Shareholders' Meeting</td><td colspan="2">At the 102nd Annual General Meeting of Shareholders held on June 20, 2025, it was resolved that the amount of monetary remuneration for Executive Directors shall be no more than 220 million yen per year (of which no more than 50 million yen per year shall be for Outside Directors) (excluding employee salaries for Directors who concurrently serve as employees), the amount of monetary remuneration for Directors who are Audit & Supervisory Committee Members shall be no more than 50 million yen per year, and the amount of restricted stock compensation shall be no more than 50 million yen per year (Outside Directors and Directors who are Audit & Supervisory Committee Members are not eligible).</td></tr>
<tr><td>Method for determining individual remuneration amounts</td><td colspan="2">The President prepares the remuneration plan, and the Board of Directors reviews and resolves the amount, respecting the results of deliberations in the Nomination and Remuneration Committee. In addition, the Board of Directors will also determine the number of restricted shares allotted to individual Directors, based on the results of deliberations in the Nomination and Remuneration Committee.</td></tr>
</table>

Cross-Shareholdings

Policy on cross-shareholdings

We will not have any cross-shareholdings that are not expected to support the Company's sustainable growth and medium to long term enhancement of corporate value. Every year, the Board of Directors will examine the validity of cross-shareholdings in terms of the quantitative perspectives, such as whether dividends and rental income are commensurate with cost of capital, and the qualitative perspectives found in business relations.

If a counterparty holding shares of the Company as cross-shareholdings indicates an intention to sell or otherwise dispose of those shares, the Company will not impede such sale or disposal.

On the other hand, we announced a target to reduce the ratio of cross-shareholdings to net assets from 16.6% at the end of March 2024 to 10% or less by Phase Ⅰ of the Long-Term Business Plan (through FYE March 2028). Going forward, we will proceed with the sale of them to a certain extent in order to achieve the target based on the results of the examination of the validity of cross-shareholdings at the Board of Directors meeting. As of March 31, 2026, we own 23 listed stocks and eight unlisted stocks. We have divested all shares of 10 stocks we had owned as part of our cross-shareholdings policy, also sold part of the shares of three stocks, since 2015 when Japan's corporate governance code was enacted. The total amount of sales during this period was 14.0 billion yen.

		2022/3	2023/3	2024/3	2025/3	2026/3
Amount recorded on year-end balance sheet (million yen)		9,775	9,607	12,449	11,467	17,229
Amount sold during the fiscal year (million yen)		2,468	1,087	297	1,602	742
Ratio of cross-held shares to net assets (%)		13.9	13.6	16.6*	15.0*	21.2*
Number of stocks cross-held	Listed	26	26	25	24	23
	Unlisted	8	7	7	7	8

*Ratio of cross-held shares (investment securities excluding equity investments, etc.) to net assets

Criteria for the exercise of voting rights attached to cross-shareholdings

We make comprehensive judgements before voting for or against, from the perspective of whether or not the investee company is conducting management that leads to the maintenance and improvement of corporate value over the medium to long term in order to meet the expectations of shareholders and other stakeholders. In the event of any situation at an investee company, such as a protracted slump in the performance, unstable management, or a scandal involving violation of laws and regulations, we carefully examine the purpose of each proposal and vote against any proposal that would harm our interests as a shareholder, whether it is proposed by the investee company or by its shareholder.

Policy and Status of Review Regarding Business Portfolio

Based on our distinct leasing business, encompassing diverse facilities including office buildings, datacenter buildings, WINS buildings (off-track betting parlors), commercial buildings, logistics warehouses, and other properties, we aim for sustainable growth from a medium- to long-term perspective. New investments are made with a focus on regional diversification and location in an effort to minimize the risk of loss in the event of economic fluctuations and disasters. Furthermore, we work to prevent profitability decline such as by reshuffling assets and investing to increase their value.

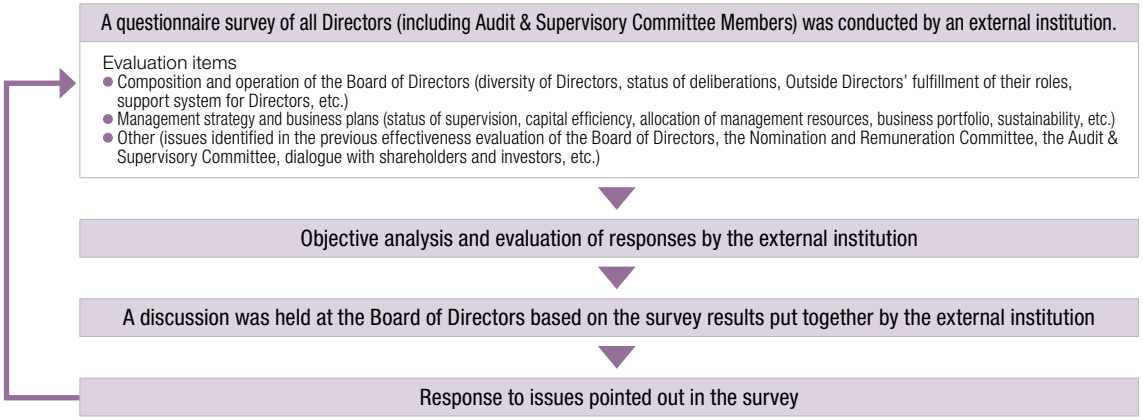
Under our current business strategies, we place a high priority on maximizing cash flows generated by our business in our efforts to enhance corporate value. We also recognize the importance of achieving returns that exceed cost of capital on a profit basis, and the Board of Directors annually examines our business portfolio. Specifically, policies for continuous property ownership, rebuilding, and sales are individually examined at the Board of Directors' Meeting from both a quantitative point of view, such as comparison of capital cost and profitability and investment recovery period, and a qualitative point of view, such as compatibility with investment policy in the business plan and growth potential of the area where the property is located.

Based also on the result of examining the portfolio, we recognize that maximizing profit through revolving assets and improving capital efficiency are necessary to continue to achieve returns that exceed cost of capital over the medium to long term. In the newly formulated Long-Term Business Plan, we aim to improve capital efficiency through the engagement in revolving-type investment business in addition to the real estate leasing business.

Improvement of the Effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors and enhance corporate value, the Board has conducted a self-assessment annually since 2017. We will continue to engage in enhancing the function of the Board of Directors by implementing periodic analysis and evaluation of the Board's effectiveness.

Evaluation and Improvement Process



Results of response to issues pointed out in the FY2024 (previous) survey

Issues	Response policy
Sufficient discussions on the progress of the Long-Term Business Plan, management with consciousness of cost of capital, and the validity of cross-shareholdings	● Made regular reports on the progress of the Long-Term Business Plan and held multiple discussions on reviewing the Long-Term Business Plan at meetings of the Board of Directors ● Held training on the theme of cost of capital, and held multiple discussions on disclosure of cost of capital at meetings of the Board of Directors ● Examined the validity of cross-shareholdings and held multiple discussions on formulating a plan to reduce cross-shareholdings in conjunction with reviewing the Long-Term Business Plan at meetings of the Board of Directors
Exchange of opinions between outside officers and employees	● Conducted interviews with Executive Officers outside of the Board of Directors' Meetings
Strengthening the supervisory function of the Board concerning initiatives for sustainability	● Held sustainability training sessions for directors and officers

Summary of FY2025 evaluation

Overall, feedback on the effectiveness of the Company's Board of Directors was positive, indicating that active discussions are being held and that the Board is operating appropriately overall. Progress has also been made in addressing the issues identified in the previous effectiveness evaluation.

Response policy for issues pointed out in the FY2025 (recent) survey

Issues	Response policy
Deepening discussions by the Board of Directors	● Deepen discussions on important topics directly linked to management strategy by, for example, sharing the executive decision-making process.
Strengthening the supervisory function of the Board concerning initiatives for cybersecurity risk	● Share information transparently on IT systems and approaches to addressing potential risks.

Main agenda items of the Board of Directors (FYE March 2026)

Matters resolved	Matters reported
● New investments	● Effectiveness Evaluation of the Board of Directors
● Important personnel matters (directors, executive officers, and members of the Nomination and Remuneration Committee) and officer remuneration	● Progress with the Long-Term Business Plan
● Examination of validity of cross-shareholdings	● Reports on business execution by various departments
● Examination of business portfolio	● Reports on activities of various committees (Sustainability, Risk Management, Compliance)
● Settlement of accounts	● Reports on the implementation of internal audits
● Partial revision of the employee salary system	
● Revision of the Sustainability Policy	

Policy on Constructive Dialogue with Shareholders and Investors

Executive Officers responsible for administration oversee dialogue between the Company and shareholders/investors. Related departments within the Company coordinate with the officers accordingly in providing necessary information to promote constructive engagement between them.

In terms of providing opportunities for dialogue, we hold briefing sessions in which the President or Executive Officers responsible for administration makes presentations, as well as individual meetings. Furthermore, we issue an integrated report and other IR materials and disclose information on the corporate website as well to help our shareholders and investors understand our management strategy and business environment better.

The opinions and requests received from shareholders and investors through dialogue are reported to the Board of Directors on a quarterly basis, and dialogue records are always shared among Directors. These opinions and requests are valued to further strengthen our dialogue, and relayed to the management and related departments to use for active review of our business strategies.

During the silent period before announcing our financial results, we restrict dialogue with our shareholders and keep the insider information strictly confidential. Information deemed to be a material fact is managed centrally by the Executive Officers responsible for administration to prevent any leaks. We disclose immediately if the information is determined to correspond to information requiring disclosure as well.

Number of dialogues with investors held in FYE March 2026

Target	Number of dialogues held (cumulative total)
Coverage analysts	9
Domestic institutional investors	23
Foreign institutional investors	18
Individual investors	4
Total	54

Main topics and concerns of the dialogue, and status of response to such

Topics and concerns (FYE March 2026)	Measures implemented
Improvement of stock price and capital efficiency	Sale of the Asakusa Ekimae Building, new investments utilizing interest-bearing debt, and enhancement of shareholder returns
Timeline of the Long-Term Business Plan	Continuation of initiatives to achieve ROE of 8% in the early stages of Phase Ⅱ
Promotion of new businesses	Implementation of five new investments in Japan and overseas, recruitment of human resources related to new businesses
Improvement of profitability of existing businesses	Securement of new tenants through proactive leasing and rent increases for office buildings
Reduction of cross-shareholdings	Sale of one cross-held stock
Realization of unrealized gains on real estate	Sale of the Asakusa Ekimae Building and acceleration of preparations to establish the AM business
Skills and supervisory function of Outside Directors	Update of the skill matrix, provide training for officers
Diversity	Appointment of one additional female Outside Director, increasing the ratio of female officers to 20%

Timely and Appropriate Information Disclosure

In order to eliminate the information gap between domestic investors and overseas investors, we have made it a policy to basically disclose information in English as well. Certain information, such as consolidated financial results and briefing session materials for analysts, is disclosed in Japanese and English simultaneously. Disclosure of annual securities report in English is an issue to be considered in the future.

Name of documents	Status of response
Consolidated financial results	The English version is disclosed simultaneously.
Briefing session materials for analysts	
Corporate Governance Report	
Timely disclosure materials to TSE	
Other disclosure materials	Disclosure of the English version is determined individually based on the policy of disclosing them in English.
Notice of General Meeting of Shareholders	Part of the information is disclosed in English.
Audited financial statements in English (Annual Report)	The English version is prepared and disclosed.
Annual Securities Report	Consideration will be given going forward based on government guidance and other companies' trends.
Sustainability Report	The English version is disclosed after the Japanese version.

Training for Directors

In order to optimize our business strategies through timely and appropriate decision-making by the Board of Directors, the Company provides Directors with opportunities for training related to themes according to the business environment and inspections of the Company's properties. Especially for newly appointed Directors, the Company provides training on issues such as their legal authority and obligations, also utilizing outside institutions. Whether these opportunities are being appropriately provided is also verified during the annual evaluation of the effectiveness of the Board of Directors.

In FYE March 2026, we held two training sessions on the themes of sustainability initiatives in the real estate industry and information security.

Executive Officer System

In April 2018, the Company introduced an executive officer system. Executive Officers attend monthly Management Meetings and, when necessary, Board of Directors meetings to report on the execution of business operations based on resolutions of the Board of Directors, as well as to report on business execution policies and plans formulated. The executive officer system was introduced to separate the execution and supervision of management, strengthen the supervisory function of the Board of Directors, increase the efficiency of business execution, and invigorate discussions by the Board of Directors. The system also aims to lay the groundwork for the promotion of internal personnel to the Board of Directors to ensure the diversity of Board members.

Audit & Supervisory Committee

As a general rule, meetings of the Audit & Supervisory Committee are held once a month. In FYE March 2026, a total of 12 meetings were held, with two meetings of the Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee and 10 meetings of the Audit & Supervisory Committee after the transition, with an attendance rate of 100%.

In the Audit & Supervisory Committee, Standing Audit & Supervisory Committee Members play a central role by providing detailed reports to Outside Audit & Supervisory Committee Members on such matters as the status of deliberations at the Management Meeting, the content of meeting proposals of the Board of Directors, the content of audits conducted by the Independent Accounting Auditor and the Audit Department, and the status of improvements, in an effort to form opinions as the Audit & Supervisory Committee. In addition, Standing Audit & Supervisory Committee Members express the opinions of Outside Audit & Supervisory Committee Members at various meetings as appropriate to ensure that they are reflected within the Company.

Status of Coordination among the Audit & Supervisory Committee, Independent Accounting Auditor, and Internal Auditing Division

The Audit & Supervisory Committee regularly receives audit reports from the Independent Accounting Auditor. In addition, the Audit & Supervisory Committee shares information with the Independent Accounting Auditor on changes in accounting standards and policies and other matters that may have a significant impact on the Company's business results by holding meetings as necessary.

The Standing Audit & Supervisory Committee Member shares information with the Audit Department by holding liaison meetings monthly. In addition, the Audit & Supervisory Committee receives quarterly internal audit reports directly from the Head of the Audit Department.

In this manner, we strive to improve the effectiveness of audits through close coordination between the Audit & Supervisory Committee Members, the Independent Accounting Auditor, and the internal auditing division.

Status of Activities of Internal Auditing Division

Based on the internal control system approved by the resolutions of the Board of Directors, the Audit Department, which is the internal auditing division, interviews officers and employees of each department, examines documents, and audits, as appropriate, the state of compliance activities and risk management, focusing on each committee. The Audit Department reports the results directly to the Board of Directors and the Audit & Supervisory Committee. When an issue is identified as a result of an internal audit, the Audit Department suggests improvements, as necessary, and follows up to check that the issue has been corrected as suggested.

Compliance

Basic Concept

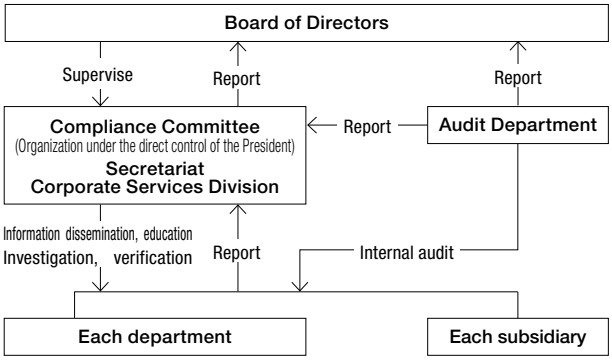
The Company positions the establishment of compliance as one of its important management issues and fulfills its social responsibility as a company by complying with laws, regulations, and other social norms, as well as in-house standards, such as its internal rules.

Compliance Promotion Structure

We have listed “Implementation of compliance” as one of the items in the Code of Conduct, which serves as the code of conduct for all officers and employees. To comply with laws, regulations, and other social norms, as well as in-house standards such as our internal rules, and to maintain and enhance a sound corporate culture, we have established Compliance Regulations to build a compliance structure and promote various measures. We have also established a company-wide Compliance Committee under the direct control of the President, and the Committee takes charge of formulating the Behavioral Standards linked to the Code of Conduct and the Anti-Corruption Policy, assessing the implementation status of compliance measures, and devising recurrence prevention measures against compliance violations. It also provides compliance education and training to all officers and employees. The Committee convenes regularly and reports on these activities to the President and the Board of Directors, which supervises such activities. The Board of Directors also approves the establishment and revision of the Code of Conduct, the Behavioral Standards, and the Compliance Regulations, and supervises compliance with them.

Going forward, under the supervision of the Board of Directors, the Committee will continue to regularly evaluate and verify the status of operation of these guidelines and policies and the effectiveness of various compliance measures, and improve them as needed.

Compliance Structure



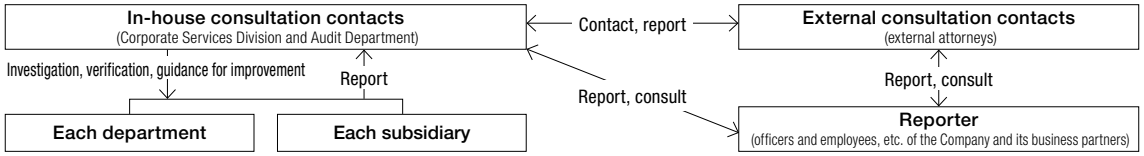
Audit Department

Separately from the Compliance Committee, the Audit Department conducts compliance audits as necessary, and reports the results to the President, the Compliance Committee and, when necessary, to the Management Meeting and the Board of Directors.

In-House Reporting System

The Company has established an In-House Reporting System to receive reports and consultations from officers and employees, etc. of the Company and its business partners on human rights violation cases such as workplace bullying and harassment, as well as all forms of misconduct and violations of laws and regulations (compliance violations), including all forms of corruption such as bribery and corruption. The Company has established in-house consultation contacts operated by the Corporate Services Division and Audit Department, as well as external consultation contacts operated by external attorneys independent of the Company. To improve accessibility for business partners, we operate a dedicated external reporting contact and provide information on our website on how to access it. (https://www.keihanshin.co.jp/inquiry/compliance/)

In operating the system, appropriate measures are taken to prohibit any disadvantageous treatment of individuals who report or consult on violations, to ensure that their work environment does not deteriorate as a result, to take careful steps to protect their privacy, and to treat information received as confidential. For example, those who report or consult on violations may request to remain anonymous when making a report or consultation through an external consultation contact, and the Company prohibits dismissing or otherwise subjecting them to disadvantageous treatment because they made such a report or consultation. Moreover, the Compliance Committee takes measures to prevent recurrence, and the Board of Directors supervises the status of operation of the system through regular reports by the executive officer in charge.



Mechanism for responding when conduct covered by the In-House Reporting System occurs

If officers or employees discover conduct covered by the In-House Reporting System, the matter is handled as follows.

1. Reports and consultations are received either by the General Manager of the Corporate Services Division, who serves as the secretariat for the in-house consultation contact (or by the Head of the Audit Department if it would be inappropriate for the General Manager of the Corporate Services Division to serve as secretariat; the same applies below), or by an external attorney serving as the external consultation contact. If an external attorney serving as the external consultation contact receives a report or consultation, the attorney promptly notifies the General Manager of the Corporate Services Division that it was received and provides an outline.
2. Unless there is a legitimate reason not to do so, the General Manager of the Corporate Services Division immediately investigates the facts concerning the report or consultation. If deemed necessary, the General Manager of the Corporate Services Division may also designate personnel responsible for handling the matter.
3. The General Manager of the Corporate Services Division determines the response and corrective measures for matters raised in reports or consultations, working with relevant departments as appropriate and, for important matters, obtaining the approval of the Chief Administrative Officer and the President.
4. If the investigation reveals misconduct, the Company promptly requires the relevant departments and individuals to take corrective measures and measures to prevent recurrence and, as necessary, reports the matter to or files a complaint with the relevant administrative authorities.

Compliance with Laws, Regulations, etc., Thorough Practice of Fair Trade and Competition, Prevention of Corruption, and Elimination of Dealings with Antisocial Forces

The Company has established the Code of Conduct and Behavioral Standards and the Anti-Corruption Policy in order to prevent corruption that abuses one's own or a third party's authority or position, including misconduct in business operation, bribery, embezzlement, coercion to provide benefits, and bid rigging. In addition, to ensure that these policies are properly implemented in all business activities, we regularly provide officers and employees with corruption prevention education and training on topics such as prohibition of bribery and promotion of the whistleblower system.

Excerpts from the Code of Conduct and Behavioral Standards

1. We will always adhere strictly to all laws, ordinances and regulations including those relevant to our business as well as our internal regulations, and act with good common sense as a member of society in our daily lives.
2. In all transactions, we will conduct business in a fair and impartial manner based on economic rationality and free competition, and without taking advantage of our superior positions. We will also maintain moderation in the relationships with our business partners.
3. We will maintain healthy and normal relationships with political and administrative persons and organizations, and will not bribe, make illegal political contributions, or offer illegal benefit.
4. We will take a firm stand against anti-social forces and organizations and never offer them any benefit.

Other initiatives: Protection of personal information, environmental protection, prohibition of insider trading, respect for human rights, and appropriate handling of information

Anti-Corruption Policy

PDF Anti-Corruption Policy [PDF: 78 KB]

Compliance Training

Aiming to increase the compliance awareness of all officers and employees, the Company holds compliance training sessions on a regular basis on such topics as human rights, harassment, insider trading, and information security.

Risk Management

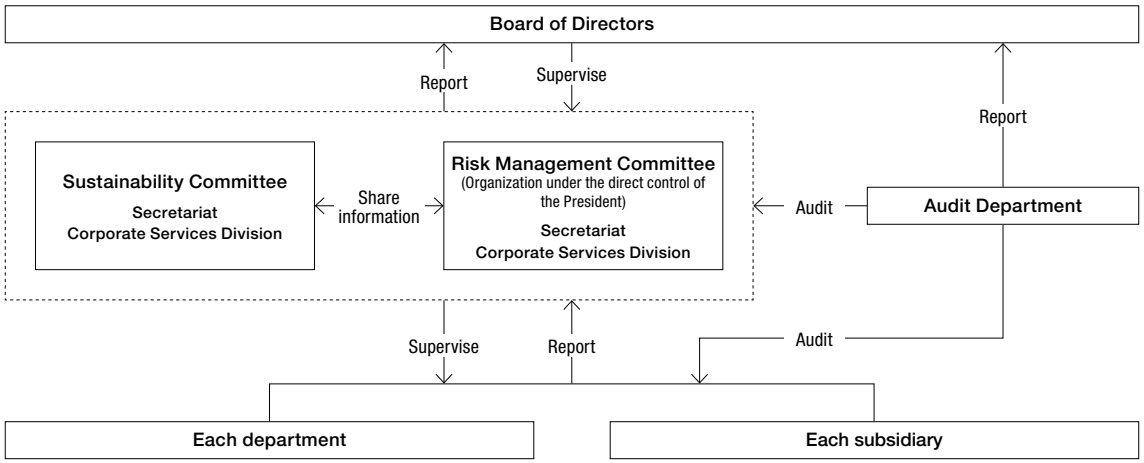
Basic Concept

For risk management, the Company is committed to realizing business policies and taking measures to eliminate as much as possible every risk that may occur in the course of its corporate activities. It aims to ensure the safety and benefit of all stakeholders and aims for a swift response and recovery at times of emergency.

Risk Management Promotion Structure

The Company established its fundamental policies on risk management measures and responses towards risks surrounding its business in the Risk Management Regulations. Also, the Risk Management Committee was established as a company-wide organization under the direct control of the President to conduct risk management on a company-wide basis, based on these regulations. The Committee takes charge of matters including integrated risk management, compilation of response policies, and maintenance and updating of the BCP. It convenes regularly and reports on its activities to the President, as well as the Management Meeting and the Board of Directors if necessary. The Board of Directors continuously supervises the effectiveness of the risk management process.

In addition, the process for identifying, evaluating, and managing risks related to sustainability issues is shared with the Sustainability Committee to integrate the risk management system on a company-wide basis.



Measures for Major Risks

The principal risks that management recognizes as potentially having a material impact on the financial condition, business results, and cash flows of the consolidated companies are as follows.

Classification		Description of the risk	Status of risk response
Disaster risk 	Natural disasters, human-induced disasters, etc.	● Possibility that our customers, buildings and facilities may be damaged and the business results and financial condition may also be affected (in the event of a large-scale natural disaster, such as an earthquake, windstorm or flooding, or a human-induced disaster, such as fire or a terrorist attack)	● Renewing our buildings to become compatible with business continuity measures ● Strengthening resilience through developing BCP and holding drills
	Spread of infectious disease	● Possibility that the spread of life-threatening infectious diseases may affect the Company's business results and business activities	● Maintaining the health and safety of employees by revising work regulations including on remote work and a flextime system, and implementation of infection control measures
Operating risk 	Land and building rental business	● Possibility that lower rents and higher vacancy rates may affect the Company's business results due to the impact of economic trends, performance of tenant companies, and fluctuations in building supply and demand ● Possibility that the business results may fluctuate significantly due to a large amount of real estate acquisition tax or registration license tax at the time of real estate acquisition being recorded as an expense	● Minimizing the impact of market fluctuations by developing business with diversified asset types
	Business development in the Osaka area	● Possibility that the business results may be significantly affected by a large-scale disaster and fluctuations in the supply and demand trends for real estate leasing in the Osaka area due to the concentration of properties in the Kansai area (particularly in Osaka-City)	● Promoting more investments outside the Kansai area, mainly in the Tokyo metropolitan area, to reduce the regional concentration risk
	Degree of dependence on specific clients	● Possibility that the Company's business results may be impacted by the performance of three clients that provide over 10% of all net sales	● Diversifying our tenants through development and acquisition of properties ● Offering appropriate services and building stronger relationships with tenants in order to reduce risks of tenants moving out and to maintain and improve our fee levels
Climate change risk 	Transition risk	● Possibility that rapid changes in the business environment beyond expectations, stricter energy conservation regulations, and rising construction costs and material prices may affect the Company's business results *For details of climate change risks, please see P.17.	● Addressing climate change risks by having the Sustainability Committee consider and formulate various policies, targets, and measures, while the Sustainability Promotion Group of the Corporate Services Division develops systems and implements various measures *For details on the status of measures to address climate change risks, please see P.18.
	Physical risk		
Financial risk 	Fluctuation in asset values	● Possibility that impairment losses may be recognized in the event of a fall in market prices of our assets (such as land, buildings, and investment securities) or a decline in profitability	● Preventing profitability decline by diversifying property locations, investing in and reshuffling properties with prime locations, enhancing property value, etc. ● Examining investment securities individually on an annual basis at the Board of Directors' Meeting as well as selling securities that are deemed to have little significance
	Degree of dependency on interest-bearing debt	● Possibility that rising interest rates on interest-bearing debt incurred for refinancing, new investments, and business expansion may affect the Company's business results	● Implementing financial controls by aiming to maintain and improve external ratings ● Maintaining fiscal discipline as outlined in the Long-Term Business Plan and maintaining a sound financial position ● Leveraging previous years' low interest environment to fix interest rates and prolonging the average repayment period
	Amendments to laws, regulations, and tax systems	● Possibility that any changes to the laws and regulations related to real estate and construction may restrict the execution of operations in the land and building rental business and building management business and affect the Company's business results	● Gathering appropriate information on related laws, regulations, and tax systems, and disclosing the impact
Compliance risk 	Compliance violations	● Possibility that penalties, compensation, etc. may arise from violation of laws, regulations, etc. ● Possibility that a loss of social credibility may result in significant restriction on business activities and significant impact on the Company's business performance and financial condition	● Selecting Compliance Committee members from various departments and regularly verifying the status of initiatives in the departments ● Using the Compliance Committee to disseminate information on compliance with laws, regulations, etc. through training sessions and other means
Information risk 	Information security	● Possibility of impact on business activities, loss of social credibility, tenants moving out, and claims for damages, due to leakage of important information caused by virus infections, cyberattacks, etc. or damages caused by unauthorized access	● Establishing regulations and management systems, educating employees, and implementing security measures to prevent virus infections and unauthorized access

Initiatives for BCP

Of the above risks, the Company recognizes natural disasters, human-induced disasters, etc. as a material risk of particular importance, but it is difficult to predict the likelihood or timing of this risk materializing. If this risk materializes, it will affect the "Land and building rental business," "Business development in the Osaka area," etc. We are taking various measures aimed at protecting the lives and property of our stakeholders through business continuity or early recovery in the event of a disaster.

Countermeasures

Buildings	● Construction of disaster-resistant buildings
Initiatives for employees	● Developing BCP ● BCP training, communication training ● BCP education
Initiatives for customers	● Joint disaster readiness training with partner companies ● Establishment of communication system with tenants
Collaboration with partner companies	● Developing BCP ● Securing of multiple means of communication ● Joint preparation of emergency response manuals for each building

Periodic Rotation and Re-engagement of the Independent Accounting Auditor

The Company applies the rules shown on the right in accordance with the audit firm's regulations established under the Certified Public Accountants Act and other applicable laws and regulations.

- Engagement partners may not be involved in the Company's audit for more than seven fiscal periods, and the lead engagement partner may not be involved for more than five fiscal periods.
- Following rotation, engagement partners may not be involved in the Company's audit for two consecutive fiscal periods, and the lead engagement partner may not be involved for five consecutive fiscal periods.

Information Security

Basic Concept

The Company fully recognizes the importance of the information assets it holds and considers their proper management and operation to be one of the key issues for ensuring business continuity and living up to the trust placed in us by our stakeholders. Based on this recognition, we have established the Information Security Policy and Standards for Information Security Measures to appropriately protect and utilize our information assets and are implementing various measures to improve the reliability, safety, and efficiency of our information systems. In addition, to protect the rights and interests of individuals, we have established the Privacy Policy and Rules on Handling of Personal Information, and will strive to balance smooth business operations with strict information management.

Information Management Structure

We have appointed a “Chief Information Security Officer” (the Chief Administrative Officer or a person designated by the CAO), who is responsible for formulating and implementing policies for measures relating to all information systems, as well as overseeing their operation and management. We have also appointed the Manager of the Digital Transformation Group as the “Information Security Operations Manager” and designated the Digital Transformation Group as the organization responsible for the operation and management of information systems. Members of the group, serving as “Information Security Operations Staff,” formulate and implement specific measures, thereby managing risks related to various types of information.

Specific Initiatives

Information security education

Based on the Standards for Information Security Measures, the Company conducts training at least once a year for all officers and employees on the latest information security environment, examples of incidents, and various countermeasures. As the use of generative AI expands, we have established a “Generative AI Usage Manual,” work to ensure compliance, and raise awareness of security risks. In addition, we have set the “number of information security incidents” as a KPI for strengthening organizational resilience, and have maintained zero incidents.

Response to cyber risks

The Company is introducing security systems, strengthening alert monitoring, and preparing for contingencies through measures such as blocking unauthorized access, implementing anti-virus measures for information devices, immediately detecting virus infections and other incidents by monitoring device behavior, and backing up important data. In addition, based on the “Information Security Incident Response Manual,” which sets out procedures for responding to incidents, we are implementing risk mitigation measures in the event of a serious incident.

Initiatives for protection of personal information

The Company acquires personal information through legal and fair means, and utilizes it only to the extent necessary for its operations, such as business activities, exercise of shareholder rights, and performance of obligations. Personal information obtained is managed strictly and safely, in accordance with laws, regulations, and internal regulations. We take the necessary and rational security measures against unauthorized access from outside and other frauds including leakage, loss, or fabrication of information. In case of entrusting personal information to external parties, we strictly supervise and manage such trustees.

For details of our Privacy Policy, please see our website.

External Evaluations, Third-Party Assurance, and ESG Data

Inclusion in ESG Indices

The Company has been selected for inclusion in the following indices in recognition of its sustainable management across environmental (E), social (S), and governance (G) factors.

FTSE JPX Blossom Japan Sector Relative Index

The Company has been selected as a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The index was established by FTSE Russell, a global index provider, and is designed to be sector-neutral, reflecting the performance of Japanese companies that excel in ESG initiatives. It serves as a key investment decision-making criterion for investors worldwide who focus on corporate ESG initiatives.

FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

The Company has been selected as a constituent of the S&P/JPX Carbon Efficient Index. This index uses TOPIX, a leading stock price index representing trends in the Japanese market, as its universe and determines constituent weights based on the status of environmental disclosure and the level of carbon efficiency (carbon emissions per unit of sales).

S&P/JPX Carbon Efficient Index

Status of Acquisition of Certifications and Recognitions

We have received the following certifications and recognitions for the environmental performance of our buildings and for the workplace environment that underpins our management.





*For details of the specific certification ranks for each property and acquisition rate, please see P.19 “Green Building Certifications.”

2026
健康経営優良法人
KENKO Investment for Health
中小規模法人部門

*For specific initiatives relating to health management and workplace environment improvements, please see P.39–40 “Health and Safety.”

Third-Party Assurance

The GHG emissions in fiscal 2025 (Scope 1 and Scope 2) have received third-party assurance from GYOSEI & CO.

PDF Independent Practitioner’s Assurance Report [PDF: 61 KB]

ESG Data

Various sustainability-related data has been compiled and published on our website.