

# Identifying materiality (key issues)

We are committed to solutions for the property-related problems of asset owners and corporate owners and furthermore for social challenges, under two management objectives: (1) "We seek to contribute to the happiness of our customers through the succession, operation and management of property," and (2) "We seek to ensure both the physical and mental well-being of the members whom we work with." With these needs growing year after year, we calculate our business opportunities should be expanded further down the road. On the other hand, environmental and social risks are increasingly escalating; we should conduct our business while incorporating non-financial issues in light of ESG in management strategies and valuing a harmony with stakeholders, so that we can continue sustainable growth.

In FY2020, as our priority issues, we identified materiality associated with business such as the "reduction of environmental load of buildings" and materiality associated with business foundation such as "human resource development" and "corporate governance."

## A process of identifying materiality

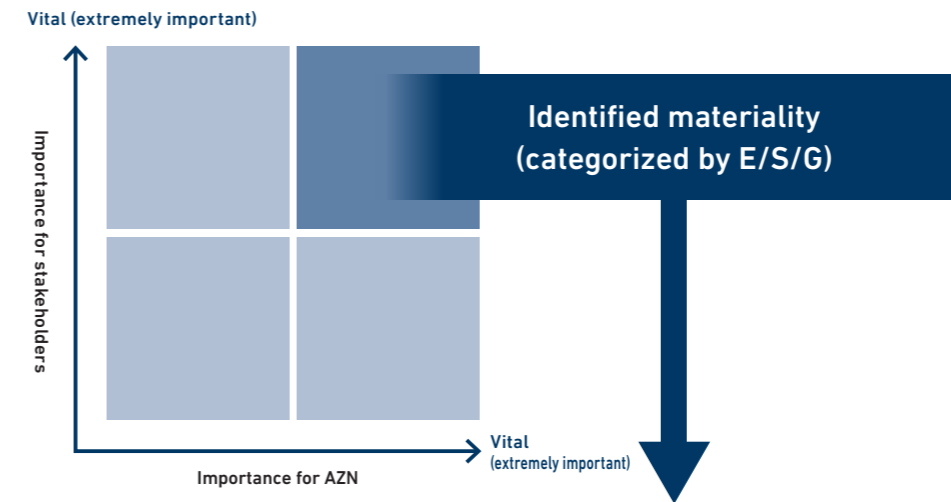
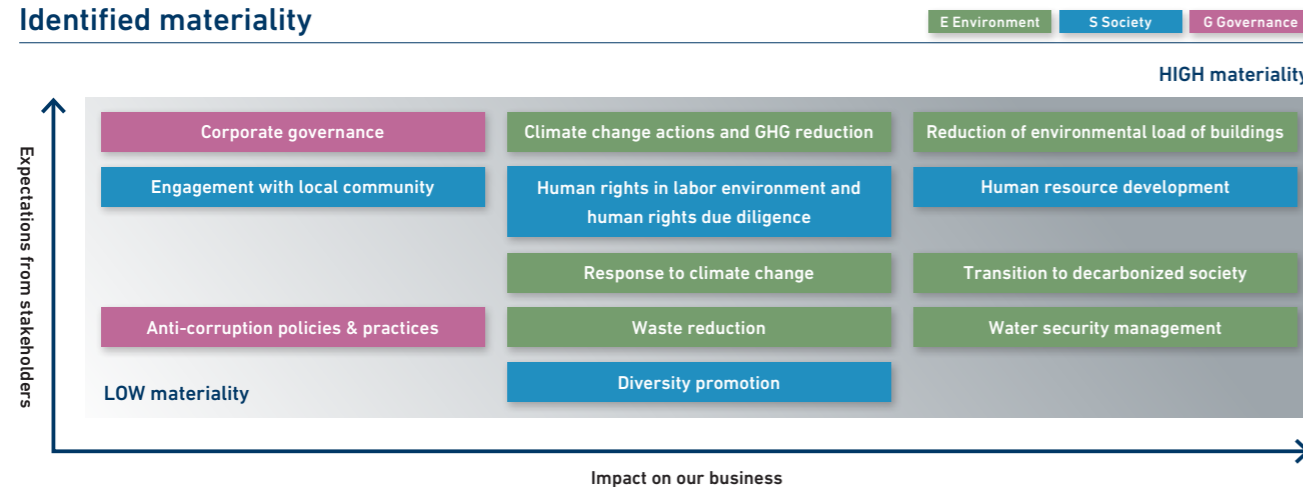
As for materiality, we identify social challenges with a significant impact on society as well as on us, by working through the steps shown below.

In Step 2, Ms. Emi Matsukawa (Chair/Director of Collective Action Institute, outside Advisor for PRONEXUS Inc., and Worldwide Senior Manager of CDP, an international

environmental NGO, since Feb 2020), as someone with an external voice and expert, gave us in-house lectures and helped us screen priority items. In Step 3 and 4, we selected 12 items as our materiality identified at the meetings of division managers and Medium-Term Management Plan, where we had discussions for approval.



## Identified materiality



- Reduction of environmental load of buildings
- Transition to decarbonized society
- Climate change actions and GHG reduction
- Response to climate change
- Water security management
- Waste reduction

- Human resource development
- Human rights in labor environment and human rights due diligence
- Diversity promotion
- Engagement with local community

- Corporate governance
- Anti-corruption policies & practices

### <Relevance of SDGs to our business>



## SUSTAINABLE DEVELOPMENT GOALS

### Making contributions to the Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) were set for the international community to work together for global sustainable development, as part of the (2030) Agenda for Sustainable Development, which was adopted in September 2015 at the United Nations Summit. To these goals, we will make contributions through our business activities as a member of society.

We have selected items relevant to our business from the 17 SDGs in the process of identifying materiality. We recognize these items to be addressed or considered particularly by us through our business activities. In a bid to resolve social challenges through our business activities, we will be further committed to SDGs-conscious initiatives and management.

# Materiality policies & initiatives

## Realization of decarbonized society

- Reduction of environmental load of buildings
- Transition to decarbonized society
- Climate change actions and GHG reduction
- Response to climate change

### Making contributions to the following SDGs:



### Policies & major initiatives

The Group, a comprehensive property consulting firm, is engaged in business activities utilizing energies from land and other natural resources, as part of consulting operations; we recognize response to climate change as an important management challenge with a considerable impact on our business continuity. We also consider our green (eco-friendly) initiatives to accommodate needs from both customers and tenants as well as drive improvements in future asset value and solutions to social challenges. At the moment, we are committed to initiatives to switch to electricity using clean energy and to facilities with lower environmental load (AC with less CFC consumption, etc.).

### Future initiatives

We will formulate the "Group Environmental Policy" and make further eco-friendly efforts in a series of the purchase/operation/management/sale of office buildings including ADVANTAGE CLUB.

## Realization of recycling-based society

- Water security management
- Waste reduction

### Making contributions to the following SDGs:



### Policies & major initiatives

As a water security management initiative, we are engaged in the development/construction of buildings/towns by considering the conservation of water environment such as effective water use and groundwater recharge while saving water and effectively using water resources together with our customers and tenants, in an effort to protect water environment.

In our group's view, CO<sub>2</sub> emissions associated with our business activities including real estate operations have a significant impact on climate change and thus are considered as a major risk. As a waste reduction initiative, we will step up our activities to improve energy efficiency in business operations, shift to renewable energy, reduce emissions, and so on.

## Business activities with respect for human rights

- Human rights in labor environment and human rights due diligence

### Making contributions to the following SDGs:



### Policies & future initiatives

The Group seeks to contribute to the physical and mental well-being of people through our management objectives, core values, and action guidelines. Going forward, we will formulate our policy on human rights and finalize our basic concept about respect for human rights, roll them out to all the officers and employees, and ask understanding and support from all of our business partners including suppliers.

## Realization of society that supports (the success of) diverse talents

- Human resource development
- Diversity promotion

### Human resource development Policies & major initiatives

As for human resource development, our policy is to make contributions to our customers and society by making the most of our management capital, "human resources," with a goal of "enhancing personality" and "building a strong organization adaptable to changes." We develop human resources through the following measures: redefining functions in the revised personnel system, visualizing management status by 360-degree assessment, developing an industry-ready employee training framework by introducing an education program (for consultants), instilling corporate philosophy in Hasumi-Juku (academy), and visualizing educational training programs via online tools.

### Diversity promotion Policies & future initiatives

The Group regards our co-workers as one of the most important aspects of management capital. We respect each individual's physical and mental well-being, understanding of functions, personality and autonomy/self-reliance, while constantly providing opportunities for self-improvement and enlightenment, in a bid to become a company with advanced personality. We are also makes efforts for employees to continue working with ease in their life events, such as setting up a satellite office, implementing a staggered work shift system, promoting childcare leave (acquisition rate by women in FY2020: 100%), and enhancement a temporary employees program that allows employees over 65 (retirement age).

### Making contributions to the following SDGs:



## Business activities with emphasis on partnerships

- Engagement with local community

### Policies & major initiatives

As a comprehensive property consulting firm, the Group recognizes our engagement in local communities is one of the important agenda in terms of resolving social challenges and protecting property. We are committed to activities to support the establishment of incorporated foundations with the primary purpose of scholarship support, nursing homes for the elderly and licensed nursery schools to clear children on waiting lists, and the redevelopment of land in front of train stations as a regional revitalization project, in an effort to coexist and collaborate with local communities.

### Future initiatives

Under the mission, "to remain your best partner in 100 years," the Group makes efforts to contribute to your happiness through the succession, operation and management of property, as a comprehensive property consulting firm. We regard local communities as a foundation for the life of all people including our customers, their families, and companies and employees they treasure, as a foundation for social and economic activities, and as an important foundation for you to lead a happy life. So that our customers can happily live and the value of their assets can improve in local communities, we will promote our engagement in local communities.

### Making contributions to the following SDGs:



## Continuing improvement in governance

- Corporate governance
- Anti-corruption policies & practices

### Corporate governance Policies & major initiatives

Recognizing corporate governance as an important management mechanism to make transparent/fair and speedy/decisive decisions, the Group is actively committed to it. Compensation for officers/executives is determined through fair and highly transparent reviews by the Compensation Council; we are engaged in proper activities including the evaluation of the effectiveness of the Board of Directors in line with the policy.

### Anti-corruption Policies & future initiatives

For the purpose of practicing fair and bona fide management in compliance with laws, we establish the Compliance Committee consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys) as a structure to advance compliance with laws and corporate ethics. Going forward, we will formulate and implement anti-corruption rules and prevention guidelines from an anti-corruption point of view.

### Making contributions to the following SDGs:

