

# ESG Initiatives [Basic Policy]

## Identification of materially significant issues [as of September 2019]

Materially significant issues			Policies and targets	Related SDGs
Environment	Reduction of environmental load		<ul style="list-style-type: none"> <li>Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output</li> </ul>	   
	Maintenance and enhancement of environmental and construction performance		<ul style="list-style-type: none"> <li>Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc.</li> <li>Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance</li> </ul>	 
Social	Creation of pleasant workplaces	Asset manager	<ul style="list-style-type: none"> <li>Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications</li> <li>Continue to improve office environments and work on providing pleasant working environments</li> <li>Give consideration to work-life balance and boost employee satisfaction</li> </ul>	 
		Tenant	<ul style="list-style-type: none"> <li>Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees</li> </ul>	 
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu		<ul style="list-style-type: none"> <li>Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu</li> <li>Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles</li> </ul>	 
	Involvement in local community		<ul style="list-style-type: none"> <li>Deepen dialogue and collaboration with local community through participation in community activities and various initiatives using properties under our management to grow and develop together with the local community</li> </ul>	 
Governance	Information disclosure and dialogue with stakeholders		<ul style="list-style-type: none"> <li>Disclose financial and non-financial information to stakeholders in an appropriate and timely manner</li> <li>Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy</li> </ul>	
	Compliance / Risk management		<ul style="list-style-type: none"> <li>Ensure thorough compliance including compliance with laws and ordinances and elimination of conflict of interest with interested parties, and develop and operate an appropriate internal risk management system to maintain and improve corporate value</li> </ul>	

## Certification from external organizations



### ©DBJ Green Building Certification

Fukuoka REIT has obtained DBJ Green Building Certification, a system by Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness, for the following 11 properties it owns as "Properties with the best class (or exceptionally high) environmental & social awareness."



5-star	<ul style="list-style-type: none"> <li>● Canal City Hakata (2018) , ● Canal City Hakata・B (2018)</li> </ul>
4-star	<ul style="list-style-type: none"> <li>● Park Place Oita (2018) , ● Canal City Business Center Building (2018) , ● LOGICITY Hisayama (2017) , ● Konoha Mall Hashimoto (2017)</li> </ul>
3-star	<ul style="list-style-type: none"> <li>● Gofukumachi Business Center (2018) , ● Higashi Hie Business Center (2018) , ● Higashi Hie Business Center II (2017)</li> </ul>
1-star	<ul style="list-style-type: none"> <li>● SunLive City Kokura (2019) , ● Marinoa City Fukuoka (Marina Side Building) (2019)</li> </ul>

### ©BELS (Building-Housing Energy-efficiency Labeling System) Evaluation

This is a system in which a third party evaluates and announces the energy-conservation performance of non-residential buildings based on the "Guidelines for Evaluation of Energy Conservation Performance of Non-residential Buildings (2013)." Four properties owned by the Fukuoka REIT corporation were certified.



# ESG Initiatives [Environment・Society]



## Environment Initiatives of owned properties

### Retail



#### Filtration System

##### ◎At Canal City Hakata

Canal City Hakata's symbolic canal has both a recreational function and as a source of water to fight fires in the case of an emergency. At all times, this canal holds roughly 1,200 tons of water, and this water uses rainwater in order to conserve resources.



#### ●Greywater plant: kitchen drainage reuse system

◎At Canal City Hakata and Konoha Mall Hashimoto the kitchen drainage from restaurants are processed to greywater and re-used as washing water for toilets within the buildings.

### Office buildings

#### ◎Progress with switch to LED lighting

Switch to LED lighting

- Gofukumachi Business Center  
(Interior shared spaces, some external areas, etc.)
- Sanix Hakata Building  
(Interior recessed lighting)
- Taihaku Street Business Center  
(Entrance, interior shared spaces, etc.)



\*Example of Sanix Hakata Building

### Others[Logistics]

#### ◎Utilization of renewable energy

Solar panels have been installed on the roofs of LOGICITY Minato Kashii and LOGICITY Hisayama.



LOGICITY Hisayama

## Initiatives for employees and tenants

### ◎Initiatives for employees

#### 《Fukuoka Realty: Numbers of credentialed personnel》

[As of February 29, 2020]

■ The average number of years of continuous service of permanent employees: 8 years and 10 months

■ Full-time personnel: 42 [Male:22 Female:20] \*47.6% Female

- Employees seconded from sponsors: 2
- Employees seconded to a sponsor: 3

■ Number of credentialed personnel

- |   |                                 |
|---|---------------------------------|
| • Real estate brokers : 28              | • Attorneys : 1                 |
| • Certified Building Administrators : 5 | • MBA : 1                       |
| • First-class registered architect : 2  | • Administrative Scrivener : 1  |
| • Real estate appraisers : 2            | • SME management consultant : 1 |
| • ARES Certified Masters : 19           |                                 |

#### 《Support for flexible working styles》

- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- No overtime days
- Employee welfare (401K, cumulative investment system, etc.)
- Encouraging use of paid holidays etc.

#### 《Career development support》

- Employee satisfaction survey
- Self-assessment system
- Career interview
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status, etc.

#### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- Overseas inspection tour (Shenzhen)
- In-house recreation etc.

- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real Estate Securitization Master, Real Estate Transaction Agent, etc.)
- Support for language learning etc.

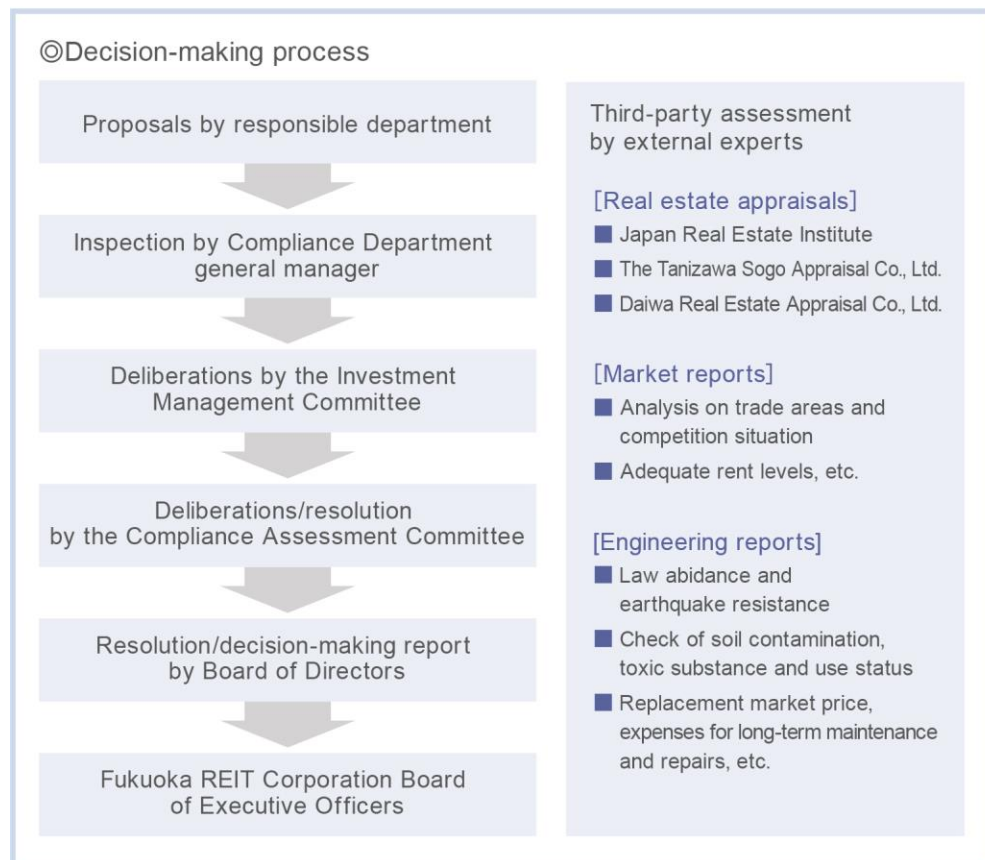
### ◎Initiatives for tenants

- Training for tenants' employees  
Held training sessions by foreign lecturers for customer service languages in role playing format: English, Chinese and Korean
- Emergency drills intended to improve tenant safety and security
- Conduct tenant satisfaction surveys
- Distribute sustainability guidebooks
- Hold events to improve sustainability awareness, etc.



## Governance System

Fukuoka Realty has established a Basic Policy on Compliance, as well as compliance regulations and other internal rules to prevent conflicts of interest. We conduct conflict of interest risk management pertaining to our dealings with stakeholders in an appropriate manner based on the abovementioned rules and regulations with preliminary assessment carried out by the Compliance Department general manager and deliberations conducted by the Compliance Assessment Committee (consisting of the Compliance Department general manager and three outside experts).



(\*) The prior consent of the investment corporation's Board of Directors is obtained in cases falling under the provisions of Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations.

## Matching unitholder interests and sponsor interests, etc.

- Same-boat investment by sponsor  
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.09% of FRC' s investment units as of the end of the 31<sup>st</sup> fiscal period.
- Cumulative investment system for investment units  
A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC' s investment unit price and better performance as well as promote their assets formation.

## Engagement with investors

- Achievements in IR activities  
Number of IR meetings in and outside Japan ..... 282: 221 in Japan and 61 overseas  
Number of IR activities for individual investors .... 16 including unitholder briefings on financial results  
\*Sum total for the period from March 1, 2019 to February 29, 2020
- Disclosures  
Won grand prize in the Fiscal 2019 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd.. Fukuoka REIT Corporation won award for ten consecutive years from 2010.



- The Ministry of the Environment provides the ESG Dialogue Platform  
Direct discussions with investors on ESG issues were conducted three times in fiscal 2019, associated with the publication of the Integrated Report 2019 as of January 6, 2020