

# ESG Initiatives (Environment)

## Reduction of environmental load

### Enhancing energy efficiency Fukuoka REIT

- Promotion of conversion to LED lighting  
Example: Conversion to LED lighting at some exclusive areas (Higashi Hie Business Center) **NEW**
- Utilization of renewable energy (solar power generation panels installed, etc.)
- Reduction in Air Conditioning Load (applied coating film containing a shading agent)
- Greening of common spaces · Arrangement of water areas · Creation of shaded spaces
- Installation of charging station for electric vehicles
- Installation of electronic circuit breaker
- Water and energy conservation Measures  
Renewal of electric water heater with energy saving effects (avoid unnecessary reheating when no one is using) **NEW**

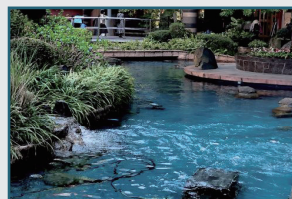


### Waste reduction / resource recycling / water resources, etc. Fukuoka REIT

- Separate collection of garbage
- Conversion of raw garbage into animal feed (Canal City Hakata, Park Place Oita)
- Collection of secondhand clothing (Canal City Hakata, Konoha Mall Hashimoto)

- Installation of canal water filtration system, greywater plant and water-saving toilets (Canal City Hakata)

- Canal City Hakata has worked to reduce water consumption through a canal water filtration system (rainwater reuse system), a greywater plant (kitchen drainage reuse system), water-saving toilets, etc.



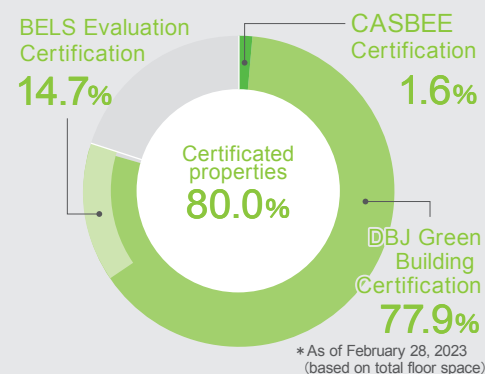
• Canal water filtration system (rainwater reuse system)

## Maintenance and enhancement of environmental and construction performance

### Green Building certification

Green Building certification obtained for 80.0% of entire portfolio

#### Ratio of environmental certification acquisition



#### ● CASBEE Certification for Real Estate **NEW**

CASBEE Certification for Real Estate is a system in which a third-party organization certifies the accuracy of the assessment of buildings evaluated by CASBEE-Real Estate through an assessment of contents. It scores buildings under each of the evaluation items in five categories, comprising "1. Energy & Greenhouse Gases", "2. Water", "3. Use of Resources & Safety", "4. Biodiversity & Sustainable Site", and "5. Indoor Environment". Based on the scores, the evaluation results are given one of four ranks: Rank S, Rank A, Rank B+, and Rank B. Two properties owned by FRC were certificated Rank A (February 2023).

#### ● DBJ Green Building Certification

12 properties owned by FRC were certified  
Reacquired certification for 2 properties (March 2023)

### GRESB2022

- GRESB Real Estate Assessment:  
Received the rating of "4 stars" and "Green Star" in the GRESB survey 2022
- Disclosure Assessment:  
Received the highest "A Level"



Sanix Hakata Building (Rank A)



Granfore Yakuin Minami (Rank A)



#### ● BELS Evaluation

5 properties owned by FRC were certified

# ESG Initiatives (Society①)

## Creation of pleasant workplaces Fukuoka Realty

### Initiatives for employees

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

(As of February 28, 2023)

- The average number of years of continuous service of permanent employees: 8 years and 9 months
- Full-time personnel: 46 [Male:20 Female:26] \* Gender ratio
  - Employees seconded from sponsors: 2 Male : 43.5%
  - Employees seconded to a sponsor: 8 Female : 56.5%
- Number of credentialed personnel \*The total number of permanent employees, contract employees and employees seconded from other companies.
  - Real estate brokers : 26
  - ARES Certified Masters : 24
  - Certified Building Administrators : 4
  - First-class registered architect : 2
  - Real estate appraisers : 3
  - Licensed Representative of Condominium Management Company : 1
  - Attorney : 1
  - MBA : 2
  - Administrative Scrivener : 1
  - SME management consultant : 1
  - CMA : 3



Certified as a "Fukuoka 'Work-Style Reform' Promotion Company" (August 28, 2018)



Registration with Fukuoka City Well-Being & SDGs Entry into registration system (July 2022)



**NEW**  
SDGs in Fukuoka Prefecture Entry into registration system (February 2023)

#### 《Support for flexible working styles》

- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- Employee welfare (401K, cumulative investment system, etc.)
- Encouraging use of paid holidays, etc.

#### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- Sustainability training
- Integrated Report training
- In-house recreation, 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

- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)
- Support for language learning, etc.

### Other Initiatives

#### 《health management・Improvement of office environment》

- Initiatives to prevent infectious diseases such as influenza (Implementation of influenza vaccination and full coverage of vaccination costs)
- Mandatory health checkups and comprehensive medical examinations
- Application system to restrict excessive overtime work
- Assistance for use of sports clubs
- Installation of personal booths, meeting booths, plants, etc.
- Installation of personal lockers



personal booths, meeting booths



plants, etc.



Installation of personal lockers

## Create an attractive workplace (tenants) Fukuoka REIT

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Support for tenants' employees and part-time job recruitment (posted on property websites)

- Improvement of employee lounge  
Improved the lounge environment at Konoha Mall Hashimoto with a focus on the health and comfort of tenants' employees. Similar arrangement is under study for other facilities.
- Implementation of tenant satisfaction surveys

# ESG Initiatives (Society②)

## Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

### Provision of regional information Fukuoka Realty

Information provision using website, social media, financial results briefing materials, etc.  
Announcement of financial results at the Fukuoka Stock Exchange  
Exchange of information and opinions with the governments, major companies and research institutes in the region

### Linking with and provision of venues for various regional events and festivals Fukuoka Realty Fukuoka REIT

Support for Yamakasa Festival, Hakata Dontaku, Nakasu Jazz, Funa Norikomi (boat boarding; Kabuki stars unveiling their arrival) and locally based professional sports, etc.

Local companies and regional supporters supported "O-Vision Ice Arena Fukuoka" and "the sponsors of Avispa Fukuoka" **NEW**

### Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Continue to implement the corporate version of the hometown tax payment system

### Provision of regional information

Information provision using website and social media



Press announcement

### Participation in local sporting events



Support for ice skating rink **NEW**

Support local professional sports

## Involvement in local community

### Initiatives for local communicaties, etc. Fukuoka Realty

- Regional cooperation (conducted collaborative sales and experiential learning with a local elementary school and Ueki Greengrocer at Konoha Mall Hashimoto) **NEW**
- Participates in Hakata Town Planning Promotion Council (Clean Day, etc.)
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking
- Participates in the Kyushu SDGs Forum



**NEW** "Seiryō Marche" (learning and sales experience)



Participation in Clean Day



Children's Plaza in Hashimoto, Nishi Ward  
Tenant moved in



Child-rearing support

Installed a wash-basin for hands and feet

Parking lot dedicated to pregnant women and stroller users

### Others Fukuoka Realty Fukuoka REIT

- Child-rearing support
- Preventing the spread of new coronavirus infections
- Individual facility initiatives
- Safety and security activities (crime prevention patrol, AED installation)
- Local contribution (bike share service, EV charging station), etc.



Hosted the Real Estate, Finance and Economic Networking



Park Place Oita  
Crime prevention patrol (Jointly conducted with communities and schools)



Canal City Hakata, others  
AED installation



Canal City Hakata, others  
bike share service



Canal City Hakata, others  
EV charging station



# ESG Initiatives (Governance)

## Compliance / Risk management

### Governance System

Fukuoka Realty

Fukuoka REIT

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 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).

#### ◎Decision-making process (\*1)



#### ◎Third-party assessment by external experts

##### [Real estate appraisals]

- Japan Real Estate Institute
- The Tanizawa Sogo Appraisal Co., Ltd.
- Daiwa Real Estate Appraisal Co., Ltd.

##### [Market reports]

- Analysis on trade areas and competition situation
- Adequate rent levels, etc.

##### [Engineering reports]

- Law abidance and earthquake resistance
- Check of soil contamination, toxic substance and use status
- Replacement market price, expenses for long-term maintenance and repairs, etc.

(\*1) 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.

### Conjunction with investors' and sponsors' profit

Fukuoka Realty

Fukuoka REIT

- Same-boat investment by sponsor  
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.18% of FRC's investment units
- Cumulative investment system for investment units  
(36.4% of the officers and employees participated in the system)  
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.

### Management Fee Structure

Fukuoka Realty

Unitholder interest-linked asset management fees

Management Fee 1 (*2)	Based on total assets
Management Fee 2	Based on operating revenues
Management Fee 3 (*2)	Based on distributable profit
Management Fee 4	Acquisition fee
Management Fee 5	Transfer fee

(\*2) We reduced the ratio of Management Fee 1 and increased the ratio of Management Fee 3 as of the fiscal period ended February 2021.

### Appointment of Outside Directors (other than interested persons)

Fukuoka Realty

Secure transparency and fairness of the Board of Directors

Title	Name	Attendance at board meetings at 37 <sup>th</sup>
President and CEO	Zenji Koike	100% attendance
Vice President Board of Directors(Non-Executive)	Hiroshi Shimuta	100% attendance
Vice President Board of Directors(Non-Executive)	Noboru Hashimoto	100% attendance
Vice President Board of Directors(Non-Executive)	Yukitaka Ohara	100% attendance
Vice President Board of Directors(Non-Executive)	Masanori Tasaka	100% attendance

### Information on attendance at board meetings at 37<sup>th</sup>, etc.

Fukuoka REIT

Title	Name	Total fees(thousand yen)	Attendance at board meetings
Executive director	Zenji Koike	-	100% attendance
Supervisory director	Takashi Tanabe	3,600	100% attendance
Supervisory director	Yasuo Kawasho		100% attendance

### Information Security

Fukuoka Realty

- Established information management regulations (for protection and handling of information assets and prevention of information loss, leakage, etc.)  
(June 10, 2014)

### Customer-oriented Business Operations

Fukuoka Realty

- Adopted the Principles for Customer-Oriented Business Conduct published by the Financial Services Agency on March 30, 2017, and established Policies for Customer-Oriented Business Operations (September 20, 2017)
- Disclosed the status of initiatives regarding customer-oriented business operations on our website

### Regular Compliance Training

Fukuoka Realty

We regularly carried out training for all officers and employees to enhance their awareness.

Oct. 2019 – Sept. 2020	Oct. 2020 – Sept. 2021	Oct. 2021 – Sept. 2022
6 times	6 times	6 times

(including e-learning)

## Information disclosure and dialogue with stakeholders



### Publication of Integrated Report

Fukuoka REIT

- Published fourth integrated report in December 2022  
(aim to expand non-financial information)

Integrated Report 2022 **NEW**  
(published in December 2022)

- ESG interview  
(from December 2022)  
Conducted more than ten times