

Guidelines for Reducing Energy and Greenhouse Gases

ORIX Asset Management Corporation

In conducting asset management for ORIX JREIT Inc. (hereafter, "OJR"), ORIX Asset Management Corporation has set out to mitigate climate change as set out in its ESG Policy. Pursuant to this goal, ORIX Asset Management works to calculate and reduce energy use and the emission of greenhouse gases in line with these guidelines in order to improve energy efficiency in OJR's properties, promote energy conservation and use of renewable energy.

1. Objectives

- We recognize the Paris Agreement and the reduction targets to which Japan committed in the Paris Agreement(aiming for carbon neutrality by 2050), and base our activities on this long-term objective.
- We aim to reduce CO₂ emission intensity by 35% in 2030 compared to 2018 for properties that are under OJR's operational control.
- For properties that are under OJR's operational control, we aim to reduce by an average of 1% or more a year the energy consumption intensity of the properties based on the intensity over the past five years (which period includes the current fiscal year).
- We aim to achieve green certification for over 70% of floor space of properties under OJR's operational control by 2030.

2. Reviewing results

For all properties owned by OJR, we review and disclose the following results:

(1) Energy usage:

- (i) Electricity Consumption
- (ii) Fuel consumption
- (iii) District heating and cooling usage
- (iv) Energy consumption intensity

(2) Greenhouse gas emissions:

- (i) Direct emissions (emissions from use of municipal gas, excluding usage by tenants)
- (ii) Indirect emissions (emissions from use of electricity from the grid and district heating and cooling, excluding usage by tenants)

- (iii) Emissions from tenants
- (iv) Greenhouse gas emission intensity

(3) Green building certification status

(4) Status of use of renewable energy, including carbon credits

3. Initiatives related to reduction of energy use and greenhouse gas emissions

(1) Basic approach

- We will comply with the Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, and other related laws and regulations and take appropriate measures towards a decarbonized society.
- In addition to planning measures to reduce greenhouse gas emissions, we will manage our energy use by raising the energy efficiency of properties that OJR owns, promoting energy conservation and introducing renewable energy. We will also implement measures stipulated in the Act on the Rational Use of Energy's assessment criteria in the case of properties for which OJR has operational control.

(2) Review of equipment

We will conduct periodic reviews of equipment on major properties owned by OJR to confirm their installation and operation status and confirm the green building certification of new properties at the time of acquisition.

(3) Approach to equipment upgrades and operational enhancements

When repairs are made and equipment is upgraded in line with OJR's plans for short-term and medium- and long-term repair and capital expenditures, equipment will be selected with consideration for its energy conservation performance and its effect in reducing greenhouse gas emissions, particularly in the case of upgrades to equipment that has a major impact on energy use, such as air-conditioning equipment. In addition, we will improve operations in properties wherever possible by appropriately adjusting room temperatures and lighting and fine-tuning equipment, instruments and systems.

(4) Approach when using electric power

We consider the emission factor as well as cost in the selection process of electricity contracts, and work to use electricity from renewable energy sources as appropriate.

(5) Use of Green Power Certificates and environmental value

The use of Green Power Certificates, Non-Fossil Fuel Certificates and other environmental values will be considered as necessary and used whenever possible to achieve reductions in greenhouse gas emissions.

(6) Approach to CFCs etc.

With regard to CFCs and HCFCs, which are used as refrigerants, we take appropriate measures in accordance with the Act on Rational Use and Proper Management of Fluorocarbons (CFC Emission Control Act), and select HCFCs taking into consideration their ozone layer depletion potential and global warming potential.

4. Collaboration with stakeholders

(1) Education and awareness of employees

We endeavor to educate and share laws, regulations and ordinances related to climate change, global warming countermeasures and energy management to our employees.

(2) Collaboration with tenants

We set up energy conservation and environment committees with tenants and provide individualized proposals for each property in order to share energy conservation and global warming countermeasure initiatives.

(3) Collaboration with property managers and building managers

Each year, when submitting reports based on local government ordinances and the Act on the Rational Use of Energy, we receive energy data reports from our property managers relating to initiatives to reduce energy usage and greenhouse gas emissions.

5. Operation of these guidelines (PDCA)

Annual targets for these guidelines will be established, and results will be ascertained; initiatives laid out under “3. Initiatives related to reduction of energy use and greenhouse gas emissions” and “4. Collaboration with stakeholders” above will be carried out on a regular basis. After analysis of the results, an annual report will be submitted to the ORIX Asset Management Corporation Sustainability Committee (“Sustainability Committee”).

In addition, we will regularly consider revisions to this policy and our medium- and long-term goals, and discuss them in the Sustainability Committee.