



2023

Environmental, Social and Governance

ESG Report

ORIX JREIT Inc.

Published in October 2023

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Purpose and Scope of Report

ORIX JREIT Inc. (hereinafter "OJR"), together with ORIX Asset Management Corporation (hereinafter "OAM") which manages the assets in OJR's portfolio, has been carrying out various initiatives addressing ESG throughout its business activities. OJR has issued this report with the objective of reporting to unitholders and all other stakeholders regarding OJR's approach to ESG as well as the ESG initiatives taken by OJR and OAM.

Scope of Report	The status of activities, primary for the following 2 companies.
	•ORIX JREIT Inc.
	•ORIX Asset Management Corporation (OJR's asset management company)
Period covered by Report	In principle, this report covers the achievements from April 1, 2022 to March 31, 2023, but also describes some activities that fall outside of this period.
	Report Frequency
GRI Standard	This report is prepared in accordance with the GRI Standards: Core option.
Definition of fiscal year	Each fiscal year is the period from April to March of the following year.
	FY 2018 refers to the period from April 2018 to March 2019
	FY 2019 refers to the period from April 2019 to March 2020,
	FY 2020 refers to the period from April 2020 to March 2021.
	FY 2021 refers to the period from April 2021 to March 2022. FY 2022 refers to the period from April 2022 to March 2023.

20-year History and Sustainability of ORIX JREIT Inc.

OJR has been making the most of ORIX Group's support to carry out various measures to achieve the stable increase of unitholder value and to establish a sustainable society through flexible growth strategies designed specifically for a diversified REIT.

June, 2002

- OJR was listed on the Tokyo Stock Exchange as the fourth REIT and the first diversified REIT in Japan.

2013

- OJR participated in GRESB.

2015

- OJR earned Green Star, the highest rank of absolute evaluation and 3 star of relative evaluation in "GRESB Survey".

2018

- OJR joined "Green Building Japan(GBJ)"
- OJR earned 4 star in GRESB Real Estate Assessment and awarded rank "A" in GRESB Public Disclosure evaluation.
- OAM established ESG Policy and Sustainability Committee.



2019

- OJR defined Material issues (Materiality)
- OAM became a signatory of "Principles for Financial Action for the 21st Century".
- OJR issued its first Green Bonds (5 year, 7 billion yen)
- OJR first issued ESG Report (in accordance with GRI Core option).
- OAM has released its support of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).



2020

- OJR issued the second Green Bonds (15 year, 2 billion yen)
- OAM signed up to United Nations Environment Programme Finance Initiative (UNEP FI)
- OAM was selected as a participating company in the Ministry of Environment's "Project to Analyze Scenarios of Climate Risks and Opportunities in Accordance with the TCFD".



2021

- OJR announced the results of the TCFD scenario analysis in their financial results briefing materials for the fiscal year ending February 2021.
- OJR issued the third Green Bonds (10 year, 3 billion yen)
- OJR changes to medium-term and long-term targets for climate change (carbon neutral by 2050, 35% reduction by 2030).
- OJR earned 5 star, the top rank, in GRESB Rating.



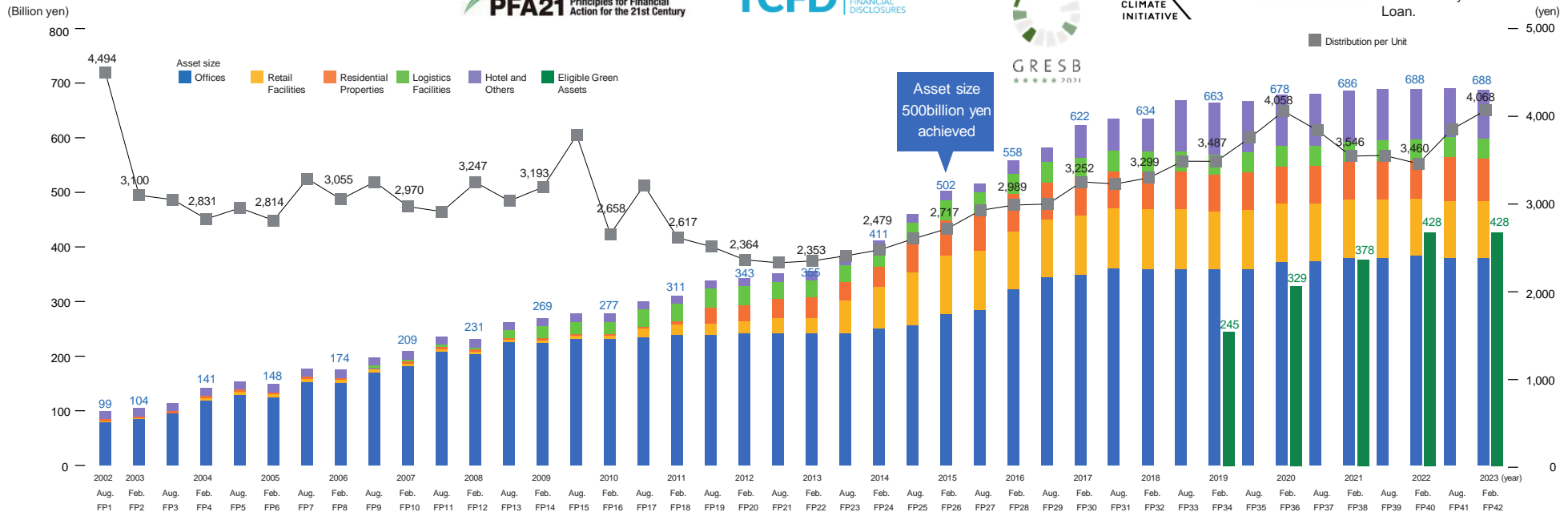
2022

- OJR undertook the "Positive Impact Finance" scheme as the first in J-REIT sector.
- OAM signed up to Principles for Responsible Investment(PRI).
- OAM joined Japan Climate Initiative(JCI)".
- OJR implemented its first Green Loan.



2023

- OJR won the Silver award in the Fundraiser Category at the Ministry of Environment's ESG Finance Awards.
- OAM revised its ESG Policy and Guidelines for Energy & Greenhouse Gas Reduction.
- OJR's near-term target was validated by SBTi.
- OJR set new reduction targets for greenhouse gas emissions and formulated a transition roadmap toward net zero.
- OJR implemented its first Sustainability Linked Loan.



(Note) As a five-for-one split of investment unit was implemented on March 1, 2013, and in consideration of the impact of the split, DPU for each period prior to FP22 is calculated by dividing the actual figures by 5.

Message from Management

It has been more than 20 years since OJR was listed on the Tokyo Stock Exchange in June 2002 as the fourth REIT in Japan. For the next 20 to 30 years, with ESG as the foundation of our business, we will aim to achieve stable growth in unitholder value by overcoming challenges through flexible strategies of external growth, internal growth and finance that leverage the strengths of a diversified REIT based on solid performance to date.

We have long promoted ESG initiatives to achieve stable and continuous growth, rather than focusing on short-term profits. Since real estate is an asset that is intended to be held for a long period of time, it is necessary to grasp changes in society in the future. A long-term perspective on ESG is essential in responding to emerging global risks and emerging issues such as climate change. On the other hand, recently the social impact of the asset management by OJR has become a focus of attention. Flexibly responding to such changes in the environment surrounding OJR while contributing to the realization of a sustainable society is the foundation for medium to long-term growth, which is our reaffirmed belief.

As one of our most recent initiatives, we have set new GHG emission reduction targets and are promoting to formulate a transition plan based on the SBTi* toward achieving net zero by 2050 ([Please refer to P.13 for details](#)).

Our near-term target of reducing GHG emissions by 42% compared to 2021 level by 2030 was validated by SBTi. We also submitted our long-term target (net zero) to SBTi for its validation.

*SBTi is an initiative that requires companies to set science-based GHG emission reduction targets consistent with the standards required by the Paris Agreement.

In the area of fundraising, we are the first J-REIT to raise funds using Positive Impact Finance based on the UNEP FI framework. In recognition of the novelty and impact of this initiative, OJR won the Silver award in the Fundraiser Category of the ESG Finance Awards hosted by the Ministry of the Environment in February 2023. In order to actively promote Sustainable Finance going forward, we have also set a target of Sustainable Finance ratio, which is at least 50% by 2030.

At the same time, we will make positive efforts to contribute to the local communities surrounding our properties and improve governance in OJR.

We believe there are no definitive answers in ESG as to how do we determine and act in the areas where norms have not been established as social change progresses. We will derive the best solutions by fully disclosing our ESG activities, engaging in dialogue, and deepening relationships of trust with our stakeholders.

Your continued support will be greatly appreciated.

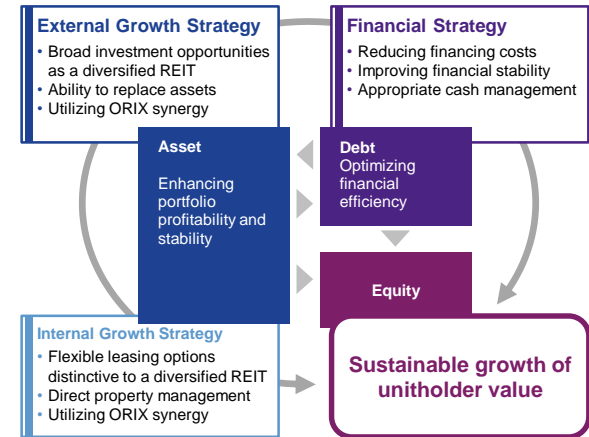
ORIX JREIT Inc. Executive Director
Hiroshi Miura (pictured left)

ORIX Asset Management Corporation President and CEO
Mitsuru Tanaka (pictured right)



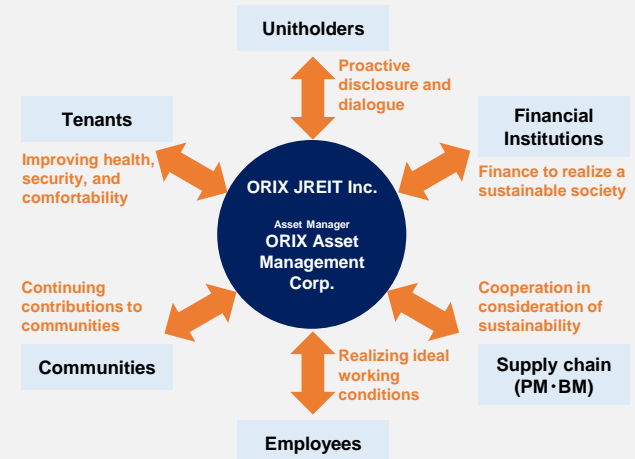
Management Philosophy of ORIX JREIT Inc.

We aim to enhance unitholder value by improving profitability and stability of our portfolio, reducing funding costs and improving financial stability.



Stakeholder Engagement

OJR is committed to contributing to forming a sustainable society through dialogues during business activities with various stakeholders, such as unitholders, tenants, financial institutions, local communities, supply chains, and employees.



OJR Corporate Data

Corporate Name	ORIX JREIT Inc.
Address	Nippon Life Hamamatsucho Crea Tower 2-3-1, Hamamatsucho, Minato-ku, Tokyo
Representative	Hiroshi Miura, Executive Director
Date of listing	June 12, 2002
Stock Exchange Listings	Tokyo Stock Exchange, Real Estate Investment Trust Securities Market (Security code : 8954)
Fiscal period end	End of February and August, every year

OJR was established as Japan's first diversified REIT, which invests in a wide range of properties, such as retail facilities, residential properties, logistics facilities, hotels and others with a focus centered on office properties. OJR pursues stable growth of unitholder value by utilizing its extensive business expertise and nationwide networks, strengthening its synergies with ORIX Group, which operates a variety of real estate development and operation and deploying a flexible growth strategy unique to OJR.

OAM Corporate Data

Corporate name	ORIX Asset Management Corporation
Address	Nippon Life Hamamatsucho Crea Tower 2-3-1, Hamamatsucho, Minato-ku, Tokyo
Representative	Mitsuru Tanaka, President and CEO
Establishment/ Paid-in capital	September 8, 2000/ 100,000,000 yen
Shareholder	ORIX Corporation (100%)
Business/ Fiscal year end	Asset management of real estate investment trust/ End of March every year

Sponsor of OJR

In this Report, ORIX Corporation, the parent company of ORIX Asset Management Corporation, is referred to as "ORIX" or the "Sponsor," while ORIX's corporate group is referred to as the "ORIX Group" or "Sponsor Group."

ORIX Corporation was founded in 1964 and is listed on the Tokyo Stock Exchange Prime Market (Securities Code: 8591).

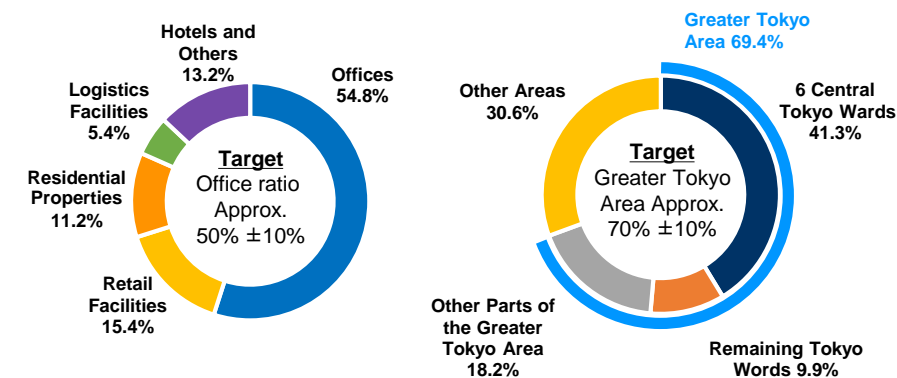
ORIX Group is a diversified financial services group which encompasses 999 domestic consolidated companies and 138 affiliated companies (as of March 31, 2023), including ORIX Real Estate Corporation.

This Report presents the rules, systems, and initiatives of ORIX or ORIX Group that apply to OAM, a member of ORIX Group, as those of ORIX Group.

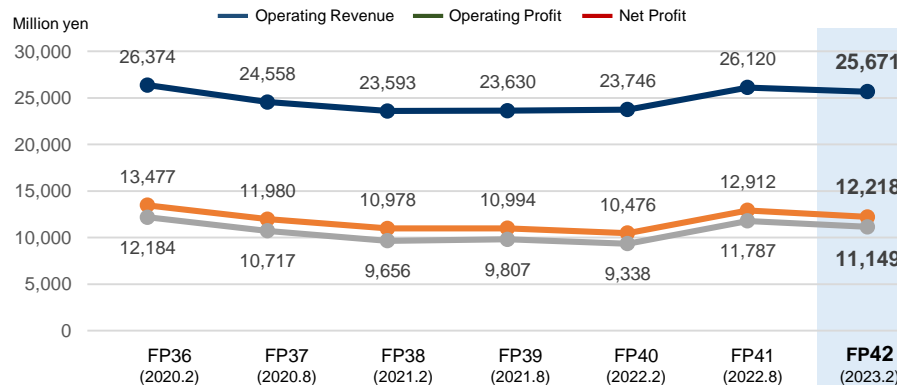
Operation Highlights (as of April 19, 2023)

Number of properties 109	Asset size (Acquisition price) 684.9 billion yen 8th largest among J-REITs
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Asset Type (as of April 19, 2023)



Operation Results



ESG Policy, Related Guidelines, and Approach to ESG

OJR and OAM believe in the importance of sustainable asset management that takes into account ESG issues in achieving stable growth of unitholder value. To achieve this, we have established an ESG Policy and other related guidelines and manage real estate investment based on these guidelines. The President of OAM acts as the chief executive of ESG promotion, and the Sustainability Committee plays a central role in driving ESG efforts forward.

ESG Policy

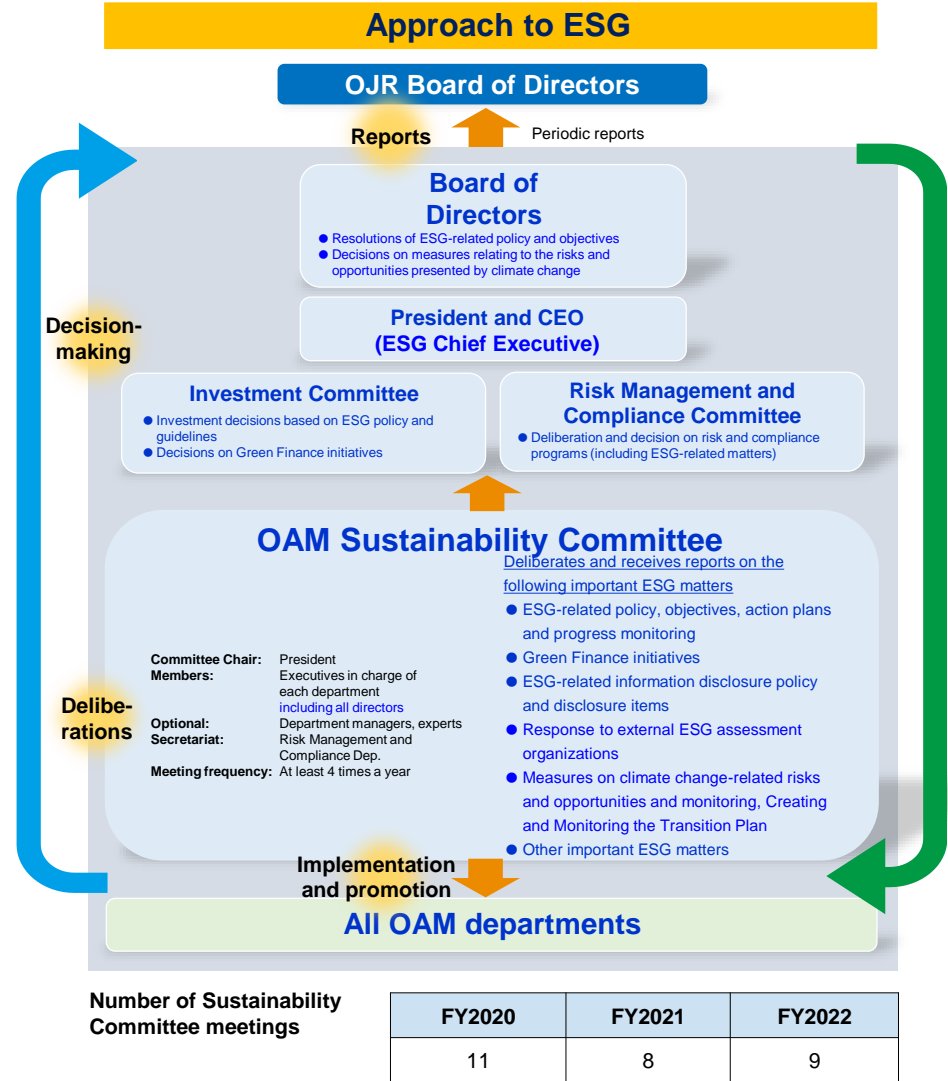
- Policies to facilitate sustainable asset management ●
- <Basic stance>
- Respond to social issues such as those listed as the United Nation's SDGs to achieve the stable growth of unitholder value
- Implement the Sustainability Policy of ORIX Group while supporting and respecting international norms

- ① Respect for human rights and compliance with labor practices
- ② Response to climate change
- ③ Consideration for the environment
- ④ Collaboration with stakeholders

- ⑤ Promotion of health and comfort for customers (tenants and users)
- ⑥ Response to executives and employees
- ⑦ Risk management, compliance, and fair business practices
- ⑧ Promotion of information disclosure and visualization of ESG

Guidelines for Reducing Energy and Greenhouse Gases	Guidelines for Management of Resources and Waste	ESG Guidelines for Procurement and Other Transactions	Guidelines for ESG Investment and Management	Guidelines for Sustainable Finance
<ul style="list-style-type: none"> • Guidelines to mitigate climate change and reduce greenhouse gases emission by improving energy efficiency and promoting energy conservation and use of renewable energy <ol style="list-style-type: none"> 1.Objectives (net zero by 2050, 42% Reduction in Emissions by 2030, and More) 2.Reviewing results 3.Energy use/greenhouse gas emissions reduction initiatives; compliance with Act on the Rational Use of Energy and Act on Promotion of Global Warming Countermeasures; equipment reviews; consideration of energy conservation and GHG reduction at times of upgrades and enhancements; consideration of emission factors when selecting electricity contracts; use of renewable energy; use of environmental value; approach to CFCs 4.Collaboration with stakeholders 5.PDCA 	<ul style="list-style-type: none"> • Guidelines to promote the effective use of resources through pollution prevention and recycling, along with the proper management of waste, hazardous substances, wastewater, etc. <ol style="list-style-type: none"> 1.Objectives (landfill disposal rate of 1%) 2.Reviewing results 3.Property management initiatives 4.Collaboration with stakeholders 5.PDCA 6.Implementation of laws 	<ul style="list-style-type: none"> • Guidelines to request our procurement and other business partners to understand and cooperate with our ESG Policy from our procurement and other business partners to work together on initiatives <p>Matters to be confirmed</p> <ol style="list-style-type: none"> (1) Compliance with laws and regulations/business ethics (2) Respect for human rights (3) Fair and equitable transactions (4) Assurance of safety and peace of mind (5) Environmental considerations (6) Information management 	<ul style="list-style-type: none"> • Guidelines to incorporate ESG factors into investment and management decision-making processes to achieve steady growth and secure stable earnings of assets under management <ol style="list-style-type: none"> (1) Incorporate ESG into decision-making and management processes (2) Comply with policies and respect for UNEP FI's "Principles for Responsible Investment" (3) Assess risks relating to social issues (4) Make decisions considering the impact and responsibility to environment and society (5) Collaborate with property management and building management companies (6) Periodic evaluation and improvements/reviews of policy implementation 	<ul style="list-style-type: none"> • Guidelines for working with financial institutions through green finance and other fundraising <ol style="list-style-type: none"> 1.Formulate a framework 2.Target (fundraising ratio 50% or more by 2030) 3.Management of implementation status 4.Disclosure

Please refer to the Appendix 2. for more details on ESG policy and guidelines.



Materiality and KPI

In February 2019, OJR defined material issues for sustainability that incorporate the perspective on the environment, society and governance (collectively, “ESG”), based on our management philosophy: Aim for sustainable growth of unitholder value.

By setting targets for each issue and going through the plan-do-check-act (“PDCA”) cycle to achieve them, we will work to help resolve the globally shared SDGs (social issues of the sustainable development goals) adopted by the United Nations in 2015, and to realize the medium-to-long-term growth of OJR.

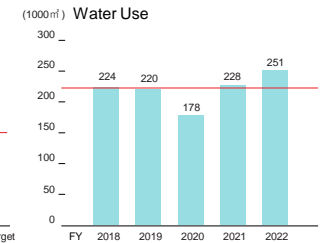
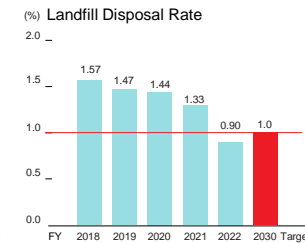
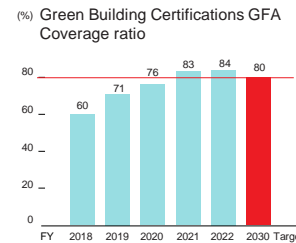
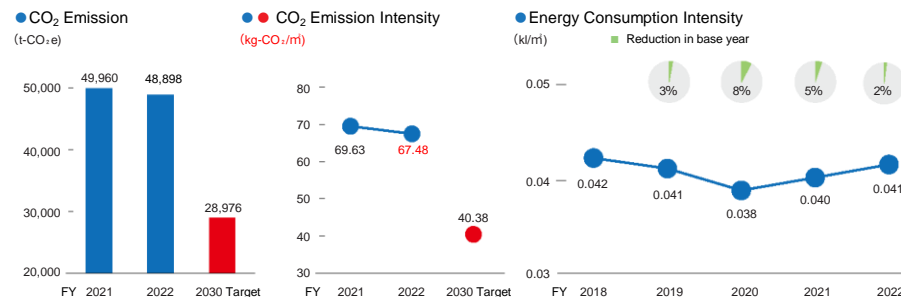
OJR's Material Issues		Relevant SDGs
E	Promotion of climate change countermeasures (reduction of greenhouse gas emissions)	
	Waste management	
S	Improve the health, safety and well-being for customers (tenants and users)	
	Information disclosure and dialogue with stakeholders	
	Cooperation with property managers (“PM”) and building managers (“BM”)	
	Good workplace environment including diversity	
	Development of the competencies of Officers and employees	
G	Thorough compliance	

Please refer to Appendix 3. for Material Issues identification process.

KPI (Numerical Targets)

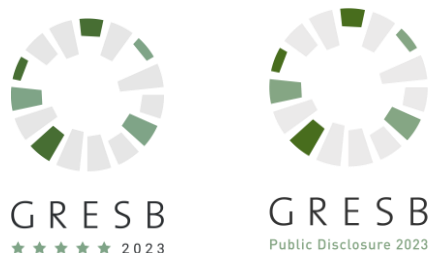
	Period	Targeted period	Targets
Promotion of Climate Change Countermeasures (reduction of greenhouse gas emissions)	Long Period	2050	<ul style="list-style-type: none"> Aim for net zero by 2050 in accordance with the Paris Agreement. Reduce GHG emissions 90% or more over 2021 (including all Scopes 1, 2 and 3) in 2050.
	Middle Period	2030	<ul style="list-style-type: none"> Reduce GHG emissions 42% over 2021 (including Scopes 1, 2, and areas of Scope 3 over which OJR has operational control). Reduce GHG emission intensity 42% over 2021 (including energy-derived emissions over which OJR has operational control in Scopes 1, 2 and 3). Derive 50% of electricity from renewable energy. Achieve Green Building Certification ratio of 80% or higher based on floor area.
	Short Period		<ul style="list-style-type: none"> Aiming 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.
Waste Management	Middle Period	2030	<ul style="list-style-type: none"> We measure the amount of waste (both waste managed by OJR and other detectable waste) and maintain the landfill disposal rate at 1% or less in 2030.
Management of Water Resources	Short Period		<ul style="list-style-type: none"> We ascertain the water use in properties held by OJR, promote its efficient use, and set a target of no increase in water use compared to the previous year.
Sustainable Finance	Middle Period	2030	<ul style="list-style-type: none"> Sustainable finance ratio in 2030: 50% Sustainable finance ratio in 2027: 30%

Achievement status of KPI *Figures in red are corrected figures. Please refer to P.23 for more details.



Awards and Accreditations for OJR

- 2023 GRESB Real Estate Assessment
GRESB Rating: “5 stars”
GRESB Public Disclosure: “A Level”



- MSCI ESG Rating: “A” (May 2023)



- 2022 CDP Rating: “A-”*



※The initial rating was “B”, but an appeal resulted in the score being changed to “A-” in August 2023.

Membership and Signatories

OJR, OAM and ORIX Group joined and support the following initiatives. OAM recently has signed up to Principales for Responsible investment (PRI) in April 2022. Furthermore, OAM joined Japan Climate initiative (JCI) in August 2022. We are working on global ESG issues by activities in these initiatives.

The United Nations Global Compact		In July 2014, ORIX Group joined the United Nations Global Compact. We support the ten principles in four fields: human rights, labor, environment and anti-corruption. We promote initiatives in each of these fields.
JAPAN CLIMATE LEADERS' PARTNERSHIP (JCLP)		ORIX Group, including OAM, participates in the initiative as it supports the organization's recognition that the industries must develop a sound sense of urgency and initiate more proactive actions in order to realize a sustainable zero-carbon society.
Green Building Japan (GBJ)		OJR became a member of Green Building Japan (“GBJ”) in support of GBJ's aims as a forum connecting people interested in promoting a sustainable built environment.
Principles for Financial Action towards a Sustainable Society (also known as Principles for Financial Action for the 21st Century)		OAM, ORIX Corporation and ORIX Bank Corporation are signatories of “Principles for Financial Action towards a Sustainable Society (also known as Principles for Financial Action for the 21st Century)”. The principles were established as the action guidelines for financial institutions seeking to fulfill their roles and responsibilities necessary for a sustainable society.
Task Force on Climate-related Financial Disclosures (TCFD)		TCFD released a final recommendation report to encourage voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, and other stakeholders. OAM and ORIX Group support TCFD.
TCFD Consortium		The TCFD Consortium was established to bring together Japanese companies and financial institutions that endorse TCFD recommendations to promote initiatives. It is a forum for discussions on effective information disclosure and connecting disclosed information to financial institutions and other parties to promote appropriate investment decisions. OAM and ORIX Corporation are members.
Principles for Responsible Investment (PRI)		PRI is a set of investment principles publicized by the United Nations in 2005. Participating institutional investors sign up to address basic issues in their investment portfolios. OAM, ORIX Life Insurance Corporation and ORIX Real Estate Advisors Corporation are signatories.
Japan Climate Initiative (JCI)		JCI is a network of non-governmental actors in Japan that are making proactive efforts to achieve the goal of limiting global warming to 1.5°C. OAM is a member of JCI.

Sustainable Finance

Creating a Sustainable Finance Policy

OAM established the Guidelines for Sustainable Finance in September 2023 as part of a response to "Working with Stakeholders" stipulated in its ESG policy as part of an effort to work with financial institutions to promote sustainable fundraising. Targets for the ratio of fundraising to come from sustainable finance* (30% or more by the end of March 2027 and 50% or more by the end of March 2030) have been set forth in these guidelines. The guidelines also stipulate establishing a framework for fundraising through sustainable finance to conduct fundraising based on the framework, as well as conducting monitoring to ensure fundraising follows the framework and disclosing fundraising status.

As of September 20, 2023, the ratio of fundraising through sustainable finance is 18.1%.

*Sustainable finance refers to green finance, sustainability linked finance, positive impact finance, and social finance, and also includes new funding methods proposed by financial institutions.

Sustainability Linked Finance Framework and Sustainability Linked Loans

OJR has formulated the Sustainability Linked Finance Framework based on the Guidelines for Sustainable Finance and decided to launch a Sustainability Linked Loan (SLL) for the first time based on this framework. SLL refers to financing which aim to support sustainable business activities and growth from environmental and social perspectives while linking interest rates and other financing terms according to achievement levels to encourage and motivate for borrowers to achieve their targets by setting Key Performance Indicators (KPIs) that are closely related to the borrower's core business activities as Sustainability Performance Targets (SPTs).

Summary of Sustainability Linked Finance Framework

We selected "our CO₂ emissions for Scope 1, Scope 2 and Category 13 of Scope 3 that are under OJR's operational control" as the KPI and established the following SPT based on the KPI in the Sustainability Linked Finance Framework that we established for finance of SLL. This KPI and SPT have been evaluated by a third party as meaningful and ambitious in relation to our ESG initiatives.¹

SPT of this Framework

	SPTs	Reference Period
1	Achieve 14% reduction in CO ₂ emissions from 2021 levels by 2024 in line with SBTi "Near-term target"	Period ending March 31, 2025
2	For each year from 2025 to 2029, an equal reduction between the 2024 target (14% reduction from 2021) and the 2030 target (42% reduction from 2021)	For a year ending March 31 of each year
3	Achieve 42% reduction in CO ₂ emissions from 2021 levels in 2030 in line with SBTi "Near-term target"	For a year ending March 31, 2031

¹ Third-party evaluation...With respect to this framework, we have obtained a third-party opinion from Japan Credit Rating Agency, Ltd. on the conformity to various principals and rationality of the established SPT. For more details, please refer to Japan Credit Rating Agency website. <https://www.jcr.co.jp/en/>

Description of debt financing through Sustainability Linked Loans

Lender	Loan amount	Drawdown date	Maturity date
MUFG Bank, Ltd.	2 billion JPY	September 20, 2023	September 20, 2030
Sumitomo Mitsui Trust Bank, Ltd.	2 billion JPY	December 20, 2023	December 20, 2030
Total	4 billion JPY		

Based on the SPTs above, each borrowings that achieve separately set target levels are eligible for preferential rates.

■ Green Finance Framework

In order to implement green financing in line with the requirements of the Green Bond Principles 2018 of the International Capital Market Association (ICMA), Green Loan Principles 2021 of the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) and Green Bond Guidelines 2020 as well as Green Loan and Sustainability Linked Loan Guidelines 2020 of Ministry of the Environment of Japan, OJR has formulated a green finance framework and shall conduct implementation, assessment and administration of green financing based on this framework.

Funds acquired through green financing shall be allotted to funds for the acquisition of assets which meet the eligible criteria ^(Note 1) (hereinafter referred to as "Eligible Green Assets"), funds for renovation work which meets the eligible criteria ^(Note 2) or funds for repayment of loans or redemption of investment corporation bonds required for such purposes. The total amount of funds procured through green bonds or green loans shall be managed so as not to exceed the eligible green debt.

Issuance of Green Bond

OJR issued following Green Bonds based on the green finance framework.

	1 st Green Bonds	2 nd Green Bonds	3 rd Green Bonds
Total Issue Amount	7 billion yen	2 billion yen	3 billion yen
Date of Payment	July 18, 2019	July 7, 2020	July 1, 2021
Term	5 years	15 years	10 years
Interest Rate	0.220% per annum	0.890% per annum	0.450% per annum
Ratings	AA (Japan Credit Rating Agency, Ltd.)	AA (Japan Credit Rating Agency, Ltd.)	AA (Japan Credit Rating Agency, Ltd.)

■ Positive Impact Finance

In March 2022, OJR has undertaken the "Positive Impact Finance" scheme with Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank") in accordance with the Principles for Positive Impact Finance, its model framework (Financial products for corporate with unspecified use of funds) and Positive Impact Real Estate Investment Framework released by the United Nations Environment Programme Finance Initiative ("UNEP FI") - Positive Impact Finance (hereinafter "PIF"), as a kind of the sustainable finance, is intended to support corporate activities of which SuMi TRUST Bank comprehensively analyzes and evaluates the impact (both positive and negative) related to the environment, society and economy. The most notable feature of PIF is that the level of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) will be used as evaluation indicator and monitored based on publicly disclosed information to support its activities through engagement.

SuMi TRUST Bank assessed the initiatives of OJR both qualitatively and quantitatively as initiatives that particularly have impact on achieving SDGs. The PIF has also obtained a third-party opinion from Japan Credit Rating Agency, Ltd. regarding compliance of the procedures related to this evaluation to the Principles as well as the rationality of the evaluation indicators.

As the first in the J-REIT industry to raise funds through PIF, our novel and influential initiatives have been highly regarded, earning us the Minister of the Environment's Award (Silver Award) in the Fundraiser Category at the 4th ESG Finance Awards Japan in February 2023.

[Please refer to the appendix 4. for details on the themes of Positive Impact Finance.](#)

Note1: Eligible Green Assets are assets that have acquired or are scheduled to acquire/recertify the following certifications.

- 3-star, 4-star or 5-star ratings in DBJ Green Building Certification
- 3-star, 4-star or 5-star ratings in BELS Certification
- B+, A or S rankings in CASBEE Certification
- Silver, gold or platinum ratings in LEED Certification

Note2: Renovation work which meets the eligible criteria is renovation work, etc. which correspond to either of the following.

- Renovation work which aim to increase the rating or ranking by more than one in one of the certifications for Eligible Green Assets
- Renovation work which is able to reduce energy consumption, CO₂ emissions or water use by 30% or more
- Installation or acquisition of equipment related to renewable energy

Borrowing through green loans

OJR has taken out green loans based on green finance framework.

Number of loans	Total amount of borrowing
15	23.788 billion yen

Note: As of September 20, 2023

[Please refer to the appendix 4. for details of each Green Bond and Green Loan.](#)

Loan Conditions of PIF

	1 st Loan	2 nd Loan	3 rd Loan	4 th Loan
Loan amount	2.56 billion yen	5 billion yen	0.7 billion yen	6.8 billion yen
Applicable interest rate	0.768%	0.955%	0.697%	Floating
Drawdown date	March 31, 2022	December 20, 2022	March 20, 2023	May 22, 2023
Period	10 years	9 years	6 years	6 years



Special
Feature

Efforts toward Transition Plan for Net Zero by 2050

OAM has been conducting TCFD scenario analyses for OJR over the past several years to assess climate change risks. As the next step in this scenario analysis, OAM and OJR have set GHG reduction targets based on the Science Based Targets (SBTs) and are working to formulate a transition plan for the 2050 net zero target.

A stakeholder meeting was also held featuring guest experts in the field of ESG field to provide an outline of the transition plan and obtain feedback.

Disclosure Based on TCFD Recommendations

OAM announced its endorsement of the TCFD recommendations in 2019. We began participating in the TCFD Consortium, promoting initiatives alongside climate change risk analysis and management at OJR and began disclosing of information based on TCFD recommendations.

Category	Main points	
Governance	<ul style="list-style-type: none"> It is OAM's role to address climate change-related issues at OJR, and responsibility for this lies with OAM's CEO. OAM established a Sustainability Committee that is attended by CEO and executive officers (including all directors), where ESG issues, including climate change, are reported and discussed. Specific decisions are made by OAM's Board of Directors or President based on the outcome of deliberations and in accordance with approval standards. The members of OAM's Board of Directors also serve on the Sustainability Committee, where they set targets and monitor progress on climate change issues and formulate a transition plan. 	<ul style="list-style-type: none"> The Board of Directors makes decisions on alterations to ESG policies and related guidelines, annual activity schedules and budgets following deliberation by the Sustainability Committee. In addition, efforts to address climate change are subject to the Risk Management and Compliance Program, which is monitored by and reported to the Board of Directors on a quarterly basis. OAM periodically reports on efforts to address ESG matters, including climate change, to OJR's Board of Directors. OAM's directors are responsible for activities based on ESG policies, while executive directors promote initiatives and set out ways to address ESG-related matters as the organizational mission of the departments they manage. <p style="text-align: right;">Please refer to P.6 for OJR's Approach to ESG.</p>
Strategy	<ul style="list-style-type: none"> OAM is engaged in analyzing the identification of risks and opportunities that climate change presents to OJR and how these factors will affect future strategy and planning. Specifically, OAM is analyzing how resistant OJR's climate change measures are to the transition to a low-carbon economy in accordance with the Paris Agreement and physical risks, which are expected to increase, through a number of scenarios based on TCFD recommendations (1.5-2°C scenario and 4°C scenario). In addition, we are working on verification by tools such as CREEM*1 and CVaR*2. We are working to create a transition plan aimed at "net zero by 2050". 	<p>*1 CREEM means Carbon Risk Real Estate Monitor. *2 CVaR means Climate Value-at-Risk of MSCI.</p> <p style="text-align: right;">Please refer to P.68-71 for more details on scenario analysis. Please refer to P.13-21 for more details on transition plan.</p>
Risk management	<ul style="list-style-type: none"> OAM has established risk identification and assessment processes for all risks, including those posed by climate change, and conducts an annual review. Risk management is conducted based on risk management rules. Specifically, we have created a "Risk Library" based on the "Risk Management Implementation Guidelines," which specifies risk categories, risk information, frequency of occurrence, and importance. Based on this, the risk management manager (overseen by the director in charge of the Risk Management and Compliance Department) identifies major risks that need to be addressed, formulates a response plan as "risk and compliance programs," and implements the relevant actions after obtaining approval from the Board of Directors. 	<ul style="list-style-type: none"> Climate change risk is the subject of the "risk and compliance programs" as the major medium- to long-term risk that will impact the entirety of the company's management. We conduct the "identification of long-term climate change risks and analysis of their impact" as one of the programs. OAM works to understand the financial impact of climate change risks by following TCFD recommendations to identify risks and opportunities and conduct scenario analysis. <p style="text-align: right;">Please refer to P.55 for more details on risk management.</p>
Indicators and Targets	<ul style="list-style-type: none"> OAM is working to achieve its long-term goal of realizing net zero by 2050 in OJR's asset management. In addition, our medium term goal is to reduce GHG emissions 42% over 2021 and reduce GHG emissions intensity 42% over 2021 for properties that are under OJR's operational control in 2030. We also aim to acquire green building certification for no less than 80% of the floor space of the properties by 2030. One of our medium-term targets for 2030, "to reduce GHG emissions 42% over 2021," was set based on scientific evidence in line with the 1.5°C target. 	<ul style="list-style-type: none"> We periodically monitor and disclose climate change-related indicators, such as energy consumption, greenhouse gas emissions (Scope 1, 2, and 3), acquisition status of green building certification, waste weight, landfill disposal rate, and water usage. We have established a future carbon tax prediction of 13,650 yen (130 USD: converted at 105 yen to the dollar on November 20, 2020, the time of the analysis) for internal carbon pricing through risk analyses such as the TCFD scenario analysis, which we use as a reference to predict future cost increases and when making investment decisions. <p style="text-align: right;">Please refer to P.7, and 60-63 for more details on indicators and targets.</p>

Redefined Reduction Targets and Transition Roadmap Based on SBTi

- The TCFD requires consideration and disclosure of the actual or potential impact of climate-related risks and opportunities (collectively, climate-related issues) on business, strategy, and financial planning. Businesses must also consider such scenarios as the shift toward a carbon-neutral society as well as increased physical risks and describe the level of resilience of their own climate strategy.
- That is why OJR has identified the risks and opportunities of climate change, analyzed the impact of these on 2030 profits both qualitatively and quantitatively, and disclosed this information along with our anticipated response. [\(Please refer to P.68-71\)](#)
- Meanwhile, in the wake of the IPCC's Special Report on Global Warming of 1.5°C, efforts to keep global temperature rise below 1.5°C have skyrocketed, and it has been found that carbon emissions must be reduced to around 45% of 2010 levels by 2030 and to net zero by 2050.
- OJR has also been verifying risk status over the years and the degree of impact on our assets using risk assessment and analysis tools such as CRREM and CVaR to develop a mid-term response aimed at achieving net zero by 2050, our long-term target.
- As our next step, we have redefined our greenhouse gas (GHG) emission reduction targets based on the Science Based Targets initiative (SBTi) and have formulated a transition roadmap.

OJR's New Targets

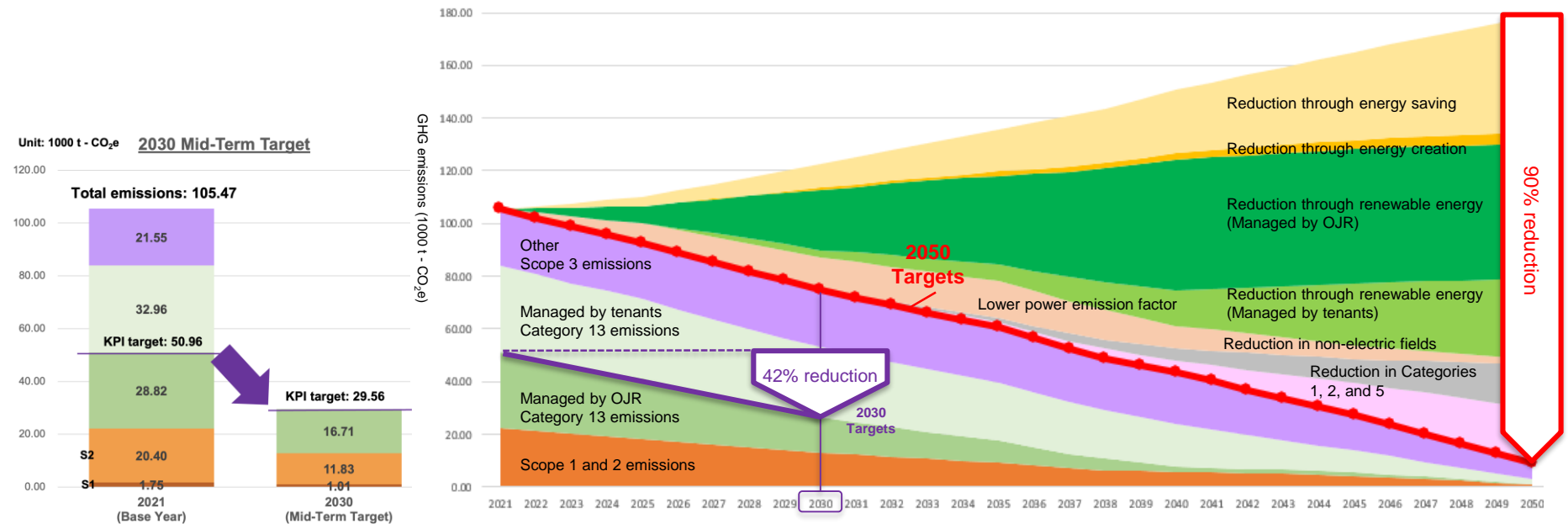
- OJR Sets Targets and Formulates Transition Roadmap to Achieve these Based on Scientific Rationale Aligned with the Levels Required under the Paris Agreement.
 - ① Our activities will center on our long term target of achieving net zero by 2050 to make the goals of the Paris Agreement a reality.
 - ② By 2050, we will reduce total GHG emissions (Scope 1, 2, 3), including in our supply chain, by more than 90% over 2021.
⇒ Newly defined as the SBTi SME* Net Zero Target
 - ③ By 2030, we will reduce total GHG emissions in our portfolio for Scopes 1 and 2 as well as the items over which OJR has managerial rights in Category 13 of Scope 3 by 42% over 2021. ⇒ Total volume target added
 - ④ By 2030, we will reduce total GHG emissions in our portfolio for Scopes 1 and 2 by 42% over 2021.
⇒ Newly defined as the SBTi SME Near-Term Target
 - ⑤ By 2030, we will derive 50% of electric consumption in our portfolio for Scope 2 and the items over which OJR has managerial rights in Category 13 of Scope 3 to renewable energy sources. ⇒ Newly defined to achieve ③ and ④
- * SME means "as a small or medium-sized enterprise"

④ was validated by SBTi in July 2023 and OJR submitted ② to SBTi.

• SBTi is an international initiative run by the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wildlife Fund (WWF). The Science Based Targets (SBT) are GHG emission reduction targets set by companies based on the levels required under the Paris Agreement (which aims to keep global average temperature rise well below 2°C above pre-industrial levels and keep it under 1.5°C), and SBTi certifies companies that set SBTs.

Transition Roadmap

A transition roadmap has been formulated to achieve our 2030 and 2050 targets. By 2030, OJR will take the initiative in addressing GHG emissions, focusing primarily on Scopes 1 and 2 as well as the portions of Scope 3 Category 13 where OJR has authority over facility management and electricity contracts (tenant areas), aiming for a 42% reduction on a volume basis over 2021 levels. Specifically, we will not only expand our existing energy-saving efforts but also the use of renewable energy, with the goal of sourcing 50% of electricity under contract by OJR from renewable energy sources (including the use of non-fossil fuel certificates) by 2030. In the run-up to 2050, we aim to achieve 100% renewable electricity by 2040 and will collaborate with tenants to promote emission reductions in tenant areas. We also plan to monitor progress in non-electric emissions and emissions from the supply chain, such as services used, repairs, and waste disposal outsourcing, and take action through engagement, such as verifying response status and requesting reductions. Feedback from stakeholder meetings has also been taken into account in formulating our transition plan.



Category No.	Details	Emissions (t-CO ₂ e)	Calculation method
1	Purchased goods and services	4,338	Calculated by multiplying the amount procured by the emission factor by industry
2	Capital goods	8,988	Calculated by multiplying the amount procured by the emission factor
3	Energy-related activities	6,829	Calculated by multiplying the amount of energy purchased by emission factors from mining to transportation
5	Waste disposal outsourcing	1,394	Calculated by multiplying the amount disposed of by the emission factor of the disposal method
13	Tenant areas of owned properties	61,777	Calculated based on the usage amount of each type of energy
Total for all 3 Scopes		83,326	* C13 is separated by the areas managed by OJR and areas managed by tenants

Target Year	2030 (Mid-Term Target)	2050 (Long-Term Target)
Scope	Scopes 1 and 2, as well as items managed by OJR under Scope 3 Category 13	Scopes 1, 2, and 3 (all)
Reduction Targets	42% reduction (considering a 3% annual increase in emissions due to expansion of asset size, etc.)	90% reduction (considering a 3% annual increase in emissions due to expansion of asset size, etc.)
Countermeasures Anticipated Measures	Reduction through energy saving and energy creation (1% annually)	22%
	Reduction through renewable energy and non-fossil fuel certificates (50% renewable energy in areas managed by OJR)	51%
	Reduction through lower power emission factor (3% annually)	27%
	About 10% reduction in tenant areas anticipated through adopting renewable energy (area not covered in the targets)	

■ Stakeholder Meeting

About the OJR Transition Plan

On August 9, 2023, a stakeholder meeting was hosted in which we received feedback from stakeholders about the draft of a transition plan being formulated by OJR.



Mr. Takumi Akiyama

Analyst(J-REIT)
Equity Research Dept.
Daiwa Securities Co.Ltd.

Graduated from the Faculty of Environment and Information Studies at Keio University in 2014, then joined Daiwa Securities. Worked at the Gotanda branch, then transferred to the Equity Research Department in 2017. Has been in charge of the J-REIT sector since 2018. Ranked 4th in the Nikkei Veritas analysts ranking (REIT) in 2023 and 5th in the 2023 Institutional Investor (R/U) (REITs).



Mr. Yukihisa Nambu

Deputy Head of Business Administration
Headquarters
ORIX Real Estate Corporation

Joined ORIX Corporation in 1994. Worked in real estate development, financing, and business planning for many years. Worked in the ORIX Corporation's Group HR Department from 2016 to 2019. Since 2019, he has been in charge of business planning and systems at ORIX Real Estate Corporation.



Mr. Ryuichi Horie

Co-founder & CEO
CSR Design Green Investment Advisory,
Co.,Ltd.

After working in financial institutions, he founded CSR Design Green Investment Advisory, Co., Ltd. in 2010, where he provides advisory services on promoting ESG in real estate investment and operation, and conducts research on domestic and international sustainable finance systems and investor trends. Served as chairperson and member of MLIT's committee on ESG in real estate as well as UNEP FI and other international institutions.



Ms. Kaori Miyake

Executive Manager, SUMITOMO MITSUI
TRUST BANK, LIMITED

Joined JUSCO Co., Ltd. (now AEON Co., Ltd.) in 1991. After being in charge of environmental and social contributions at the company, she started working at the ESG Strategy and Solution Department of SUMITOMO MITSUI TRUST BANK, Ltd. in 2022. Currently an Executive Manager at the company. Has served as a co-chair of JCLP since 2019. Became a core member of the Tokyo Metropolitan Renewable Energy Implementation Expert Board in June 2023.



Dr. Michiyo Morisawa

Japan's senior lead in the signatory
relation of PRI

After had worked to mitigate settlement risk at companies such as Citibank, started studying environmentalogy. When establishing the Japan Network of the Principles for Responsible Investment (PRI) in 2010, became the representative of PRI. Have been the Japan's senior lead in the signatory relation of the Principles for PRI since 2022.

Also, since 2006 she has been leading initiatives in Japan since CDP's global expansion. Until February 2023, she was CDP's representative director in Japan. Completed her Ph.D at Graduate school of Frontier science at the University of Tokyo and holds a PhD in Environment.

Mitsuru Tanaka

ORIX Asset Management Corporation
President and CEO

Miki Mitsuoka (Moderator)

ORIX Asset Management Corporation
Director in charge of Risk management and Compliance
Department

Tanaka: This is Mitsuru Tanaka, appointed the President and CEO of OAM in January 2023. This year marks the tenth year since OAM began promoting ESG in 2013. Having established an ESG policy at OAM in 2018, the promotion became fully in progress. We recently published the results of a TCFD scenario analysis in 2021 and set our medium- to long-term climate change target to achieve carbon neutrality by 2050 and to reduce CO₂ emission intensity by 35% from 2018 levels by 2030. In 2022, we addressed the long-standing issue of signing the PRI and

conducted a quantitative TCFD scenario analysis. And in 2023, after establishing KPIs for our sustainable finance procurement ratio, we plan to set total reduction targets based on the SBTs and formulate a transition plan to achieve these targets as our next step after scenario analysis and risk assessment, with the understanding of the importance of verifying and reviewing whether OJR's targets are valid in achieving net zero.

■ OJR Transition Plan

Tanaka: When we conducted analysis aimed at net zero by 2050 using the 2023 version of CRREM, we found that the energy-saving scenario deviates from the pathway before 2030, and that even the renewable energy scenario requires that we carefully assess the time at which we introduce renewable energy. Take a look at Figure 1.

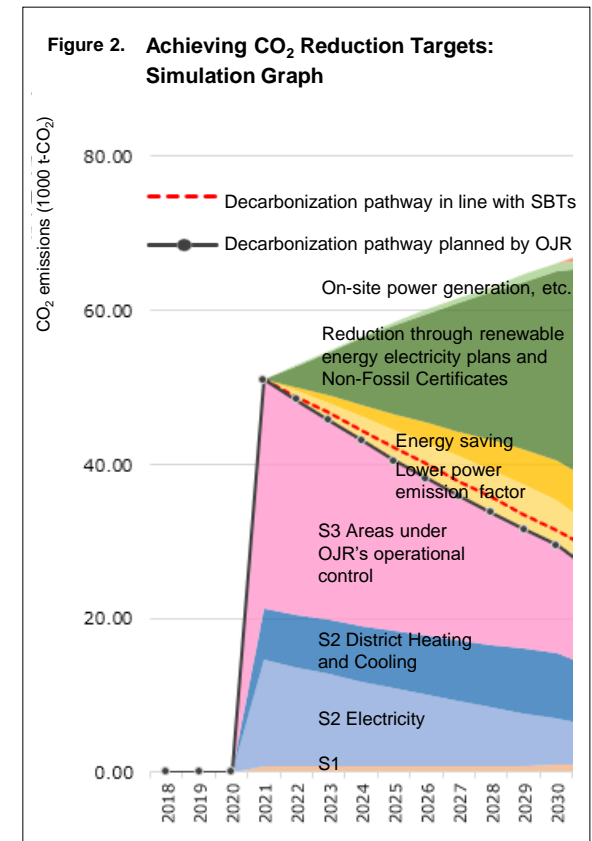
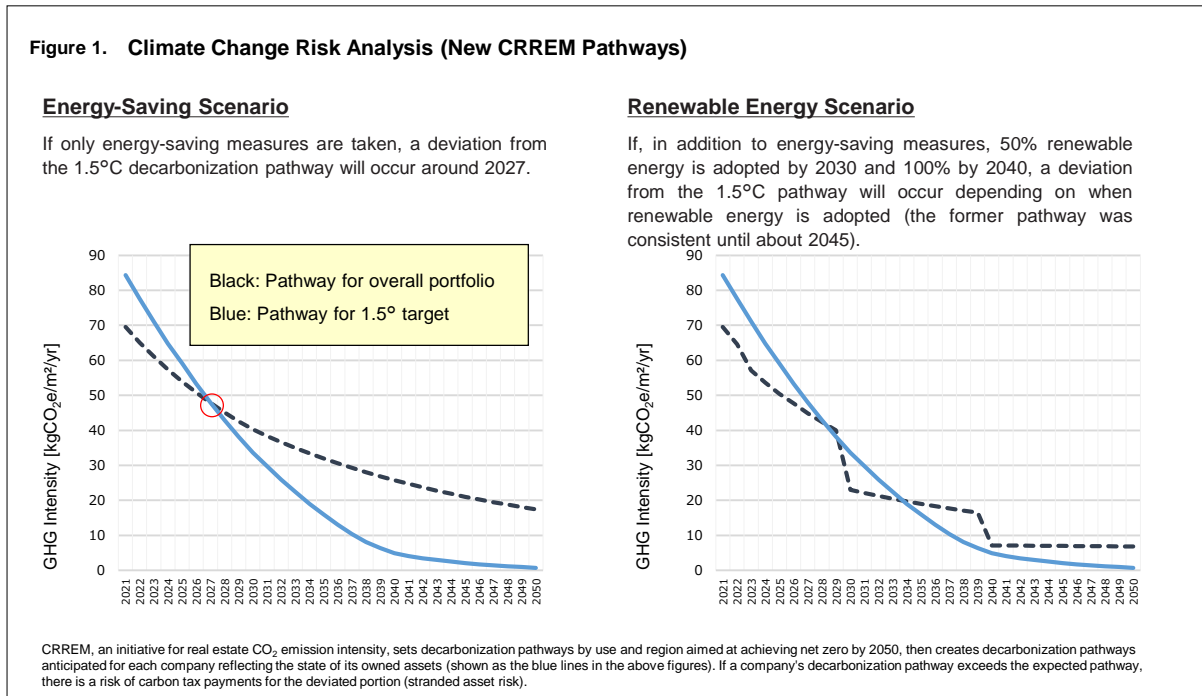
We therefore considered implementing the SBTs as a way to set targets aimed at achieving net zero based on the 1.5-degree scenario, then applied for SBT validation. Lately, REIT companies have been considering and setting targets based on the SBTs, but since these

require a reduction in total emissions, we at OJR have been carefully considering their impact on external growth. However, with the expansion of renewable energy power and the use of Non-Fossil Fuel Certificates in mind, we have set a target to reduce total emissions aimed at achieving the net-zero targets and are considering a net zero transition plan. The SBTs include the targets for 2030 (near-term) as well as the net-zero targets for 2050, and so we will first set targets for the upcoming 2030 and proceed by taking specific measures.

For REITs, we fall under SME (small-to-medium enterprise), which means the near-term targets require a 42% reduction of Scope 1 and Scope 2 by 2030.

However, at OJR, the scope of our targets originally included not only Scope 1 and Scope 2 but the area of Scope 3 under OJR's operational control as well, so we will set the total reduction target for 2030 for the same scopes as before.

Figure 2 shows a simulation graph for achieving our targets created by CSR Design Green Investment Advisory, Co., Ltd. and used during the analysis.



While the scope of emissions that fall under the target according to this is double that of Scopes 1 and 2 of the SBTs alone, electricity accounts for a large proportion of our emissions, so we expect to attain this goal by converting 50% of electricity to renewable energy sources. By also promoting renewable energy and emissions reductions in Scope 3, we hope to take the first steps in working with the supply chain, including tenants, to reduce total Scope 3 emissions toward the next target of net zero by 2050.

We also obtained an SBT validation for the near-term targets in July, so we will continue to reduce Scopes 1 and 2 by 42% according to the SBTs.

Next are our efforts for the 2050 net-zero target. The net-zero targets require reducing all greenhouse gas emissions from corporate activities by more than 90%. In short, the challenge here is to figure out all Scope 3 emissions throughout the supply chain and reduce them. Greenhouse gas emissions from OJR's business activities, including Scope 3, are shown in Figure 3.

Figure 3. OJR's GHG Total Emissions
(Model calculated based on 2021 activities)

Scope	Details	Emissions	Ratio	Calculation method	Initiative	Response possibility
Scope 1	Chlorofluorocarbon	1,200	1%	Leaks	Areas under OJR's operational control can be dealt by OJR proactively	
	Gas, etc.	750	1%			
Scope 2	District heating and cooling	6,500	6%	Usage	49%	Electric use (renewable energy applicable) 40%
	Supplied power use	14,000	13%			
Scope 3	Of Category 13, areas under OJR's operational control	29,000	27%	Calculated based on activities For details, see p. 72	Areas where working with tenants and the supply chain is needed	Electric use 31%
	Of Category 13, areas managed by tenants	33,000	31%		51%	Areas difficult to reduce for the time being 20%
	Category 1: Purchased goods and services Category 2: Capital goods Category 3: Energy-related activities Category 5: Waste generated in operations	21,500	20%			
Total		105,950	100%			

When calculating areas where OJR could proactively reduce emissions (Scope 1, Scope 2, and the portion of Scope 3, Category 13 under OJR's operational control) and areas that depend on reduction efforts on the part of other companies, including tenant activities, purchased services, renovation work, and outsourcing of waste disposal, they were roughly half and half. Currently, the area where proactive reduction measures are feasible is electricity, and the portion of that OJR can actively address is 40%, so our reduction measures will focus on that portion. We of course also plan to collaborate with tenants to reduce power consumption in the areas they have control over.

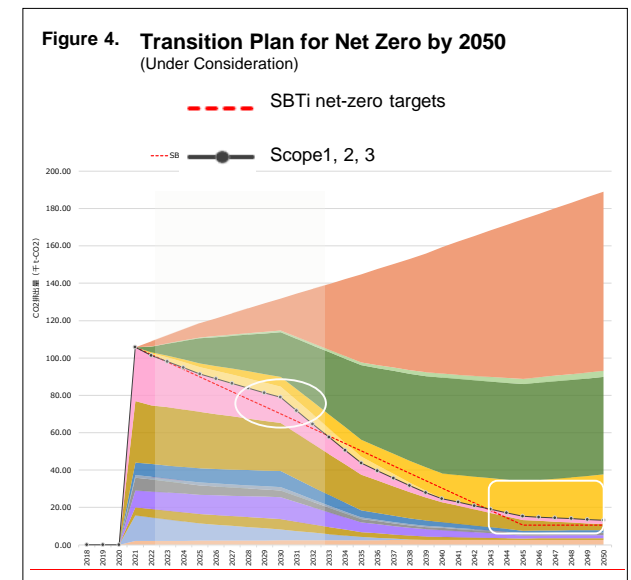
Based on this, we have considered a transition plan to achieve net zero by 2050. Take a look at Figure 4. If the electric emission factor reduction remains at its current level, even if we promote energy-saving efforts and adopt 50% renewable energy in 2030 as planned, then adopt 100% renewable energy by 2040, as well as promote similar energy-saving efforts and use of renewable energy in tenant-controlled areas, adoption of renewable energy sources would still be insufficient by 2035. Plus, even if we convert electricity to 100% renewable energy by 2040, a significant amount of emissions would remain. The portion left over after 2040 would come from supply chain emissions, and even if those industries reduce emissions 90% by 2045, the basis for achieving the net-zero targets, it would still be insufficient.

To achieve reductions consistent with the net-zero targets, we must adopt renewable energy at an earlier stage, including in tenant areas, as well as new technologies for gas and district cooling and heating. Together with a decarbonized society as a whole, we further need to make dramatic progress in decarbonizing the supply chain for 2040 onward. This is not something we can do by ourselves, so we will require to engage with the supply chain, be selective

about the services we use, and encourage action across the entire industry. While keeping an eye on new developments such as the spread of ZEB, hydrogen energy, and perovskite solar cell technology, we want to ensure that we actually do the things we can do in the run-up to 2030.

To summarize, OJR aims to reduce CO₂ emissions from Scopes 1 and 2, and the portion of Scope 3 under OJR's operational control 42% over 2021 by 2030. We also plan to use 50% renewable energy in the scopes above by 2030.

Furthermore, we will consider a target of 90% reduction of emissions in Scopes 1, 2, and 3 to achieve net zero by 2050.



Moderator: I would now like to hear your opinions on the transition plan.

Morisawa: I was relieved to hear that OJR has already applied for SBT near-term validation. Creating a transition plan is vital in the international trend toward carbon neutrality, and targets must be based on scientific evidence. As President Tanaka said, working with stakeholders is vital in reducing Scope 1 to Scope 3 since there are items in Scope 3 that OJR cannot reduce on its own.

OJR has engaged with investors on reductions and setting targets, but it must also engage with its stakeholders in a similar fashion.



OJR must encourage its business partners, especially those related to Scope 3 emissions, to gain a deeper understanding of the issues and their context. Despite the fact that adopting renewable energy has become

easier around the world, it is not easy in Japan, which raises concerns when formulating plans for the future. Promoting the adoption of renewable energy in Japan also requires greater pressure to change policy from the demand side.

And looking at Scope 3, the process of clarifying categories you were unaware of before may lead to increased emissions. Clarification is crucial, and understanding the whole picture lets you know where you should consider and work to reduce emissions within your own business model. For OJR, working with tenants in the property it owns is of the utmost

importance. I hope OJR will continue looking at how to make electricity in areas controlled by tenants renewable.

Horie: When I participated in the stakeholder meeting two years ago, I said that striving for net zero would become the norm in the future, and that the thing that would set each REIT apart is how each REIT went about achieving it, which is precisely what the transition plan is. Working with stakeholders, especially tenants, is vital, just as Dr. Morisawa pointed out, but I also believe that proactive initiatives toward green leases are a potential measure. The International Sustainability Standards Board (ISSB) Standards were also announced at the end of June, stating that financial institutions must disclose emissions from Category 15 in Scope 3, investee companies and loan customers. In Japan, the SSBJ (Sustainability Standard Board of Japan) has been established and we will address this in the future. I assume many tenants in OJR's properties are small and medium-sized enterprises, and even these enterprises are now under pressure from financial institutions to disclose emissions. This is why collaboration is crucial for both OJR and its tenants. In terms of equipment, adopting demand response and storage batteries has become crucial in addition to energy-saving devices and use of renewable energy. Moreover, as shown earlier, within Scope 3, the figures for Category 2 (Capital Goods) are second only to Category 13 (Tenant Energy Consumption), meaning REITs must consider the materials used in renovation work. Currently, the national government is creating a



tool to calculate embodied carbon for next March, and using low-carbon materials can help reduce embodied carbon. Even if OJR promotes the switch to electricity, there are still areas that cannot be decarbonized, that is, areas that use district heating and cooling or gas as the energy source, which OJR cannot solve entirely on its own, meaning it will be necessary to involve gas companies and others in policy engagement. An ideal transition plan would include not only an implementation plan for energy saving and the adoption of renewable energy aimed at net zero, but engagement with the supply chain, such as green leases, policy engagement, and financial planning for the total cost of transition, which I would like OJR to keep in mind going forward.

Miyake: Based on Mr. Horie's comments, I feel there are high expectations for the financial sector, but entering the financial world has made me feel that this is not something that progresses in leaps and bounds. My candid impression is that we need to take another step to get financial institutions, including regional banks, on the same page. Meanwhile, the fact of the matter is that asset owners, or those in institutional investor positions, have started moving a step or half a step ahead, and in that sense, there has been significant progress compared to a few years ago, which I believe will continue to progress. Mr. Horie mentioned the increasing emphasis on positive lobbying and advocacy at the international level in the past year or two. While it goes without saying that we should



refrain from negative lobbying, positive lobbying and advocacy are now required for progress. Last year, I participated in the United Nations' High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities, and one of the ten recommendations was to actively lobby and disclose lobbying activities. Disclosure of policy engagement activities is something that must be considered if you are a leading company. The current global atmosphere looks more strictly at whether proper planning for the near-term period of 2030 to 2035 has been done and whether it is feasible rather than the target of net zero by 2050, meaning you must focus on this and disclose efforts properly. A premise of this is that the NDC* of each nation will increase gradually, so this must be taken into account.

Note: NDC stands for Nationally Determined Contributions, which is a target that each country should set, report and maintain to reduce Greenhouse gases in accordance with Paris agreement.

Nambu: ORIX Real Estate Corporation (hereinafter "ORIX Real Estate") is involved with OJR both as Sponsor Group and, as a tenant by the Hotel Management Department, as a property and building management company. ORIX Real Estate oversees the real estate segment within ORIX Group which is involved in a variety of businesses, from managing aquariums and operating hotels and inns to constructing condominiums under Daikyo Incorporated. In June 2020, we created guidelines for environmentally conscious real estate development and management, improved employees' environmental awareness and



knowledge from our position as a real estate developer, and promoted the acquisition of CASBEE certification. This initiative was not started from the short-term perspective of getting higher rent, but to create properties that would benefit society, and currently this awareness has permeated the company, and I believe no employee feels these initiatives are out of place. The certification of Daikyo Incorporated condominiums has received acclaim from customers. ORIX Real Estate has also been promoting the adoption of renewable energy, for instance, by installing solar panels on the rooftops of logistics facilities and supplying them to tenants as well as providing the environmental values of surplus electricity not being used by those facilities to other offices and facilities. Three years ago, tenants were skeptical about renewable energy, but now they are very appreciative. As such, I believe everyone in the real estate segment, which includes ORIX Real Estate and ORIX Hotel Management Corporation, will work with OJR on climate change measures with a positive approach, without feeling that the measures are out of place. Newly constructed properties, as a general rule, incorporate renewable energy, and this is included in our income and expenditure plan.

Akiyama: From a market perspective, efforts toward net zero have become the norm, to the point where not making such efforts will result in negative screening, so I do not think that just setting net-zero targets will result in a positive assessment. However, I believe obtaining SBT validation in addition to setting net-zero targets will be a standard for assessment. While it is true that OJR must commit to the targets OJR sets, in the event that OJR is unable to achieve them, properly disclosing the reasons behind why OJR did not achieve them or why OJR had to change course will help to gain the understanding of investors, I believe. There is a problem not only at OJR but at different J-REIT companies disclosing different data concerning the net-zero targets, making it difficult for investors to compare data. I believe it is

necessary for the industry to standardize the format for disclosure somewhat and make it possible to retrieve historical data. Some investors have pointed out that while companies put forth annual performance figures for the net-zero target and Scope 1, Scope 2, and Scope 3, they should also show how these came to be. In fact, for REITs, there are acquisitions, dispositions of properties and tenant turnover, so I think investors seek initiatives that incorporate the impact of these changes and address how targets will be achieved.



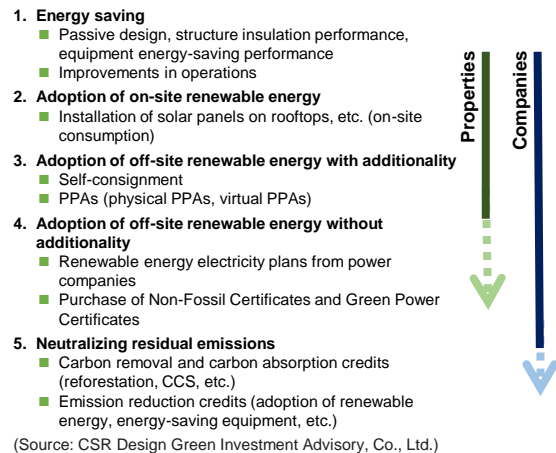
Horie: For SBT, the pathways are currently the same as CRREM, but saving energy in the real estate property itself is the top priority for both CRREM and GRESB. After that, the second priority is on-site adoption of renewable energy, which also fits into Japan's definition of ZEB. Our earlier discussion included the adoption of renewable energy, but it is essential to distinguish whether renewable energy has additionality. Renewable energy with additionality refers to efforts that increase the new supply of renewable energy in Japan. The logistics facility initiatives mentioned by Mr. Nambu earlier would have additionality. Renewable energy with additionality is done through self-consignment as well as long-term procurement from outside renewable energy plants through corporate PPAs which have both physical and virtual aspects, but these are what are considered to have additionality and what CRREM was originally intended to cover (see

Figure 5). Next is off-site renewable energy without additionality, where enter a contract for renewable energy with a power company or utilize Non-Fossil Fuel Certificates, where the remaining emissions are neutralized through credits. There are two types of credits, those that genuinely remove carbon and those that reduce emissions. Current discussions lean toward incorporating off-site renewable energy with additionality up to No. 3 on a per-property, per-building basis, but whether to include No. 4 is questionable, and some strongly believe it should not be included. The thinking behind this is that Non-Fossil Fuel Certificates or other relevant verifications do not pertain to real estate buildings. Meanwhile, on a company level, or for its portfolio as a whole, some argue that it would be a good idea to include No. 4 and even No. 5 for highly trustworthy carbon credits that actually remove carbon. However, emission-reducing credits do not actually reduce CO₂, leading to controversy as to whether they should be included. ORIX Group is highly invested in the renewable energy business, so I hope OJR will consider adopting such off-site renewable energy with additionality.

Moderator: Thank you. I would now like to hear your opinions and hopes regarding future ESG initiatives at OJR and OAM.

Morisawa: Profits will not be sacrificed from the perspective of long-term investment promoted by PRI. To produce the best long-term returns from such perspective, we must delve deep into the future investment environment and the real economy. Investment has impact, and what we seek is good impact with returns. Another issue that has emerged in addition to climate change is biodiversity. The ISSB has begun considering standards related to biodiversity. Biodiversity includes issues of water and land use, which are directly tied to the real estate business. Climate change is not just about emissions; for example, if heavy rains and floods increase due to climate change, property location will become a critical issue. Then, from the perspective of a circular economy, all stages must be considered, from design and

Figure 5. Priority for Achieving Net Zero in Real Estate



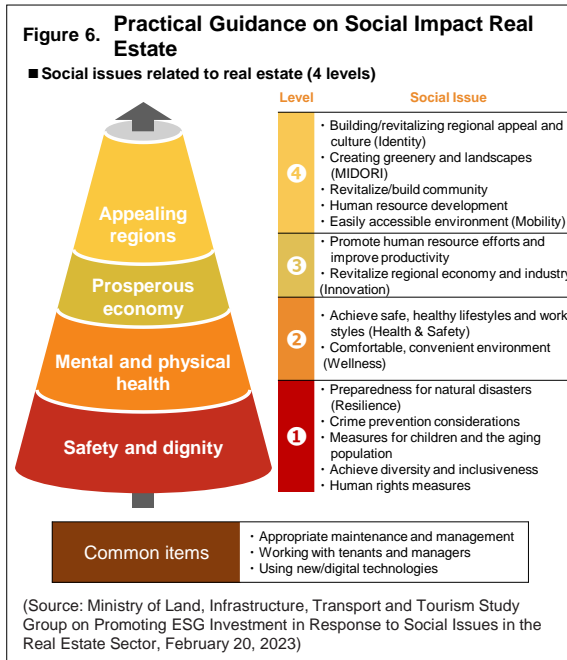
manufacture to disposal and use.

There is also a need to review procurement from the standpoints of carbon neutrality, nature positive, and the circular economy. Real estate is a business that requires consideration of both positive and negative impact from a long-term perspective, and so it must incorporate what may happen in the long term into its strategies. I want OJR to focus on the evolving materiality of ESG to increase its corporate value. The PRI in Person will be held in Japan for the first time this October. I would like for OJR to grasp global trends and tie these to future initiatives.

Nambu: At ORIX Real Estate, buildings are used for a period of about 50 to 100 years, so there is a movement to create better quality properties. We have established the Real Estate Quality Control Department and focus on strict construction management so that we leave good assets behind for future generations. Many general contractors are considering a variety of measures, such as reducing CO₂ emissions from concrete, so we incorporate this information relatively quickly and conduct interviews as well.

Miyake: I would like to emphasize that the goal should not be to obtain SBT validation, but to conform with the requirements of the 1.5-degree scenario. There is a tendency for Japanese companies to make obtaining SBT validation the goal. I would like OJR to recognize that SBT validation serves as evidence that the transition plan formulated conforms to the 1.5-degree scenario and to explain it that way. As mentioned in the first half, I want the entire Japanese market to understand that SBT initiative equals conformity to the 1.5-degree scenario and work on this together, including creating rules for Japan, rather than take the stance that this is something the government must do. It was mentioned earlier that OJR would look at the progress of emission factor for Japan as a whole in considering the ratio of renewable energy, but beyond just that, as a stakeholder, I would like to see policy engagement if the Japanese government does not lower the emission factor as planned, to speak up and say, "That's odd, why did we not lower it?" This will consequently lead to a competitive edge in the Japanese market. One more thing is that there was a discussion earlier about working with tenants within Scope 3, and I think having a stance of working together with tenants on areas is vital, including areas where they are not under OJR's operational control. For instance, Apple (Apple Inc.) has demanded that its supply chain decarbonize by 2030. Those that do not decarbonize by 2030 will be excluded from the supply chain. While this might sound strict at first, Apple lends them a helping hand and works with them in areas where they cannot achieve decarbonization on their own, then lets them work on the areas they can decarbonize by themselves. I would be delighted if a leading company could pose such a challenge and help uplift the Japanese market as a whole.

Morisawa: I believe that working toward CDP, a globally standardized disclosure requirement, will help Japanese companies comply with global standards. The question items correspond to the items for ISSB. Stakeholders, including the CDP, are starting to focus on whether targets conform to the 1.5-degree scenario.



Horie: The Ministry of Land, Infrastructure, Transport and Tourism's "Practical Guidance on Social Impact Real Estate" which was mentioned at last year's stakeholder meeting, was released in March of this year (Figure 6). Social issues are organized into four levels: (1) is safety and dignity, including resilience pertaining to life; (2) is wellness in the strict sense of physical and mental health; and (3) is economic prosperity, such as improving productivity and revitalizing communities. Sustainability, unlike ESG, is ecological, social, and economic, and (4) is about creating regions with appeal that, in a sense, goes beyond the economic aspect. This guidance shows what kind of KPIs should be established and the outcomes to achieve for each social issue.

I hope that OJR, a pioneer in corporate-level positive impact finance, will consider impact investments tied to properties next. Climate change is of the utmost importance among environmental and social issues. Discussions are at a stage where it is not whether rent will rise if efforts are made to achieve net zero, but rather that valuations will be worse if such efforts are not made. In CRREM as well, assets that exceed the pathways are seen as stranded. Meanwhile, something that clearly creates positive valuation in an economic sense when done is wellness. For instance, multiple analysis results have shown that properties with wellness certifications have higher rents. Another important aspect is resilience, especially in anticipation of flood damage. In real estate, the focus in terms of natural disasters has primarily been on earthquakes, but recently, flooding has become an equally significant issue, and according to a survey conducted by an insurance company, Tokyo and Yokohama in Japan rank among the cities with the highest risk of natural disaster in the world. A large part of this risk is due to flooding. I have heard that recently, when analyzing climate change risks based on location information during due diligence, foreign investors often conclude that Japanese real estate is not suitable for investment. In response to this, there has been a movement to focus not only on location but on tangible things like the building itself, such as installing flood barriers and not installing important equipment on lower floors, as well as intangible aspects, such as timelines, establishing a BCP, and other such efforts, to visualize the increased resilience of properties originally at risk of flood damage, which is extremely important. The Japan Real Estate Institute has introduced a new certification system called ResReal, and pioneering companies have begun acquiring this certification. I believe that, after green and wellness, visualization of resilience will come to be reflected in real estate value, and that comprehensive impact assessments that include this aspect will become increasingly important in the future.

Akiyama: If you ask if doing ESG initiatives has added value to stock price variations, I would unfortunately have to say that this has not been incorporated fully. Indeed, while I think some investors may assign scores based on ESG initiatives, the industry as a whole has not fully incorporated this into stock variation. One expectation I believe investors have of OJR is that OJR will commit to the industry through disclosure methods and efforts that will add such value. There may also actually be some concerns in terms of profit, for example, that ESG efforts would incur costs or would have an impact on dividends in the short run. But this is nothing more than a short-term perspective, and given that ESG initiatives have become the global norm, especially recently, passive funds have become crucial. I think that large pension funds, especially those in the West, would negatively screen companies that did not pursue such initiatives, and, for example, avoid investing in such companies, which would have a bigger impact. Since this is real estate, I believe it is important not to take a short-term perspective, but to continue these efforts from a medium- to long-term perspective.

Tanaka: Today, in addition to your valuable feedback on the transition plan, I received many insights across our ESG initiatives and reaffirmed the importance of sustainable management from a long-term perspective that incorporates a variety of materialities. We will take into account the points you have raised today and incorporate them into our daily operations. Thank you.





Environmental Initiatives

Our business activities impact the environment in various ways through the use of energy and resources and the discharge of waste. OJR and OAM identify and evaluate these factors from the perspective of risk and sustainability and strive to reduce our environmental impact by taking a precautionary approach and complying with environmental laws.

We view climate change in particular as a globally shared priority issue and as a medium-to-long-term risk. Therefore, we are working on mitigation by reducing greenhouse gas emissions, etc. and adaptation in order to create opportunities while decreasing impacts as we move toward a decarbonized society.

We also recognize the Paris Agreement and the reduction targets to which Japan committed in the Paris Agreement, and we will promote activities that contribute to the long-term goal of net zero by 2050.

Most recently we see an increasing physical risk due to climate change, encompassing the risk of acute damage to our portfolio from major typhoons, concentrated heavy rains, floods, and other events, as well as the risk that a long-term increase in temperature, rising sea levels, and an increase in abnormal weather events will affect our portfolio, causing a decline in labor productivity, damage to health, and an increase in costs. In addition, because of transition risks such as the potential for increased costs and business restrictions, we will continue to identify and analyze their impact and consider countermeasures.

We also assess and estimate the potential impact of these aforementioned risks on our business and consider countermeasures. After discussing progress in the Sustainability Committee, we report to the Board of Directors Meeting.

As a result of verification by a third party assurance organization (Japan Quality Assurance Organization JQA) of the environmental information data, the following corrections were made on January, 2024.

- Graph on page 7
- Part of the figures in the “Energy Consumption” and “Greenhouse Gas Emissions” tables on page 23

Promotion of Climate Change Countermeasures (Reduction of Greenhouse Gas Emissions)

OJR invests in a wide range of properties, primarily in office buildings, but also in retail facilities, residential properties, logistics facilities, and hotels and others, which it leases and manages. In terms of climate change mitigation measures, since most of our emissions come from energy-related CO₂ sources, we are focusing on improving the energy efficiency of our properties and promoting energy conservation and the use of renewable energy.

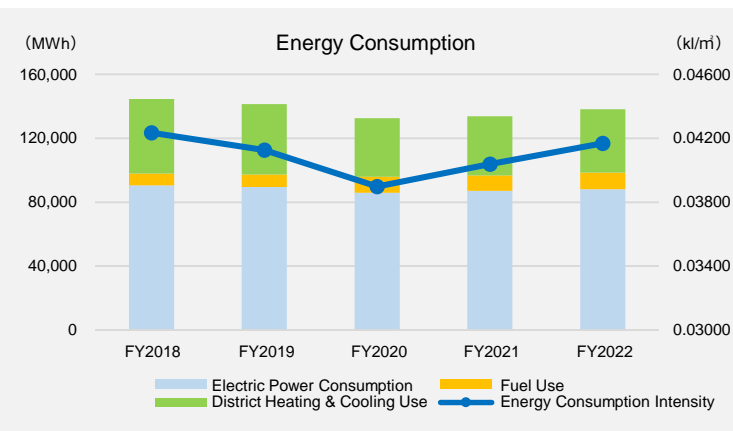
Status of Energy Data and CO₂ Emissions

In 2022, as in the previous year, energy consumption increased due to the recovery from the COVID-19 pandemic, but CO₂ emissions per unit of production were restrained due to the introduction of renewable energy.

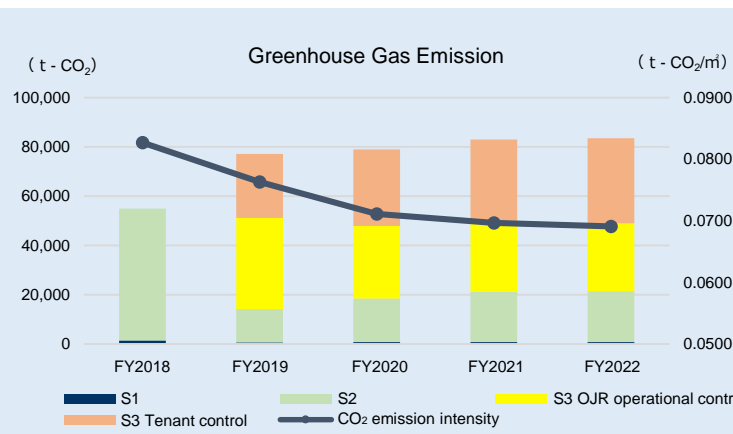
Notes:

- Energy consumption is calculated in accordance with the Energy Conservation Act, covering the portion of the properties for which are under OJR's operational control of energy management. The energy consumption calculated based on the GHG Protocol is described in the Environmental Data in [Appendix 7](#).
- The electricity emission factors for greenhouse gas emissions are based on the base emission factors for each electric utility in each financial year, which are to be used in the calculation of greenhouse gas emissions under the Greenhouse Gas Emissions Calculation, Reporting and Publication System, based on the Global Warming Countermeasure Promotion Law.
- Tenant emissions are used as SCOPE3 (S3) in calculating greenhouse gas emissions since FY2019. Calculated figures corresponding to SCOPE1 (S1) and SCOPE2 (S2) in FY 2018.
- The primary units of greenhouse gas emissions are calculated for the portion of emissions for which are under OJR's operational control.
- Figures in red are corrected figures, and ★ data are verified by JQA.

Energy Consumption						
Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Electric Power Consumption	MWh	90,615	89,522	85,948	★87,232	★88,234
Fuel Use	MWh	7,416	7,745	9,946	★9,558	★10,247
District Heating & Cooling Use	GJ	167,857	158,690	132,083	133,011	143,336
(Conversion)	MWh	46,627	44,081	36,690	★36,947	★39,816
Total Energy Consumption	MWh	144,658	141,348	132,584	★133,737	★138,296
(Crude Oil Equivalent)	kl	28,144	27,672	26,253	26,583	27,247
Energy Consumption Intensity	kl/m ²	0.04235	0.04126	0.03898	0.04038	0.04121
Floor area as a basis of intensity calculation (m ²)		664,526	670,725	673,532	658,302	661,193



Greenhouse Gas Emission (t-CO ₂)						
Item	FY2018	FY2019	FY2020	FY2021	FY2022	
Indirect Emission (SCOPE1)	1,348	657	784	★746	★747	
Direct Emission (SCOPE2)	53,594	13,504	17,644	★20,399	★20,580	
Emission by Tenants (SCOPE3)		62,985	60,508	★61,777	★62,141	
Portion under management by OJR out of SCOPE3		36,999	29,457	★28,815	★27,571	
Portion under management by Tenants out of SCOPE3		25,986	31,051	★32,962	★34,570	
Total of Emission		77,146	78,936	★82,922	★83,469	
Portion under management by OJR out of total emission		54,942	51,160	47,885	★45,836	★44,614
* Figures calculated and reported under the Energy Conservation Law and the Global Warming Law						
Greenhouse Gas Emission intensity (t-CO ₂ /m ²)	0.08268	0.07628	0.07110	0.06963	0.06748	
Floor area as a basis of intensity calculation (m ²)	664,526	670,725	673,532	658,302	661,193	



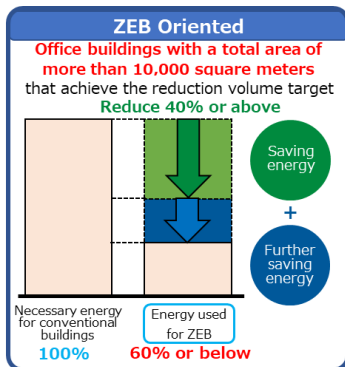
Reducing Electric Power Consumption and CO₂ Emissions

OJR's obtained its first "ZEB Oriented" certification

Since acquiring the office building "Lunar Sendai," we proactively invested in ESG such as LED conversion and renovation. Subsequently obtained certification based on energy-savings



Lunar Sendai



LED lighting

The installation of LEDs has made it possible to save power and, as a result, reduce CO₂ emissions. In addition, it is possible to improve tenant satisfaction, improve building specifications, and reduce costs. From the 40th fiscal period (ending February 2022) onwards, we aim to achieve a 100% LED installation rate in both common and exclusive areas of our offices by using internal reserves for LED installation costs, taking into account distributions.



Cross Residence Osaka Shinmachi



MG Shirokanedai Building

BEMS (Building Energy Management System)

We have installed BEMS, which uses IT to control building lighting, air conditioning, etc., and optimize energy management, in some of our properties. The installation of BEMS is useful in reducing CO₂ emissions and is one of the effective means of coping with global warming.



Cross Gate



ARK Hills South Tower



Hamamatsu Act Tower



Reducing CO₂ by upgrading facilities

At "Round Cross Kawasaki," the reduction of CO₂ emissions through air conditioning upgrades and the conversion to LED lighting was part of the reason for acquiring the CASBEE S rank certification.



Round Cross Kawasaki

CO₂ Reduction by EV Charger

At "Omiya Shimocho 1-chome Building", EV chargers have been installed to improve convenience for tenants and contribute to reducing CO₂ emissions.

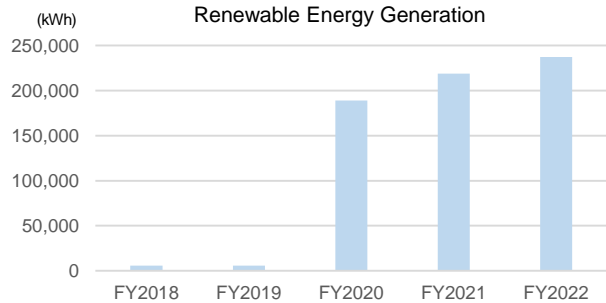


Use of Renewable Energy

● Generate electricity for renewable energy

Renewable Energy Generation

Total of renewable energy generation out of OJR's entire portfolio is as below.



Item	FY2018	FY2019	FY2020	FY2021	FY2022
Renewable energy power generation (kWh)	5,860	5,852	188,986	218,591	237,306

CROSS GARDEN KAWASAKI Renewable energy power generation (Solar panels and Wind power generator)

Generating renewable energy through solar panels.(Lower photo, left)

Also generating renewable energy through on-the-premise wind power generator(Lower photo, middle, right)

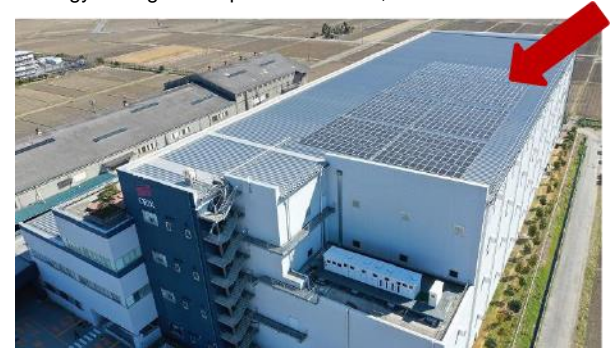


Iwatsuki Logistics Center began generating renewable energy through solar panels in March, 2020.

693 solar panels were installed as of the end of February 2020.

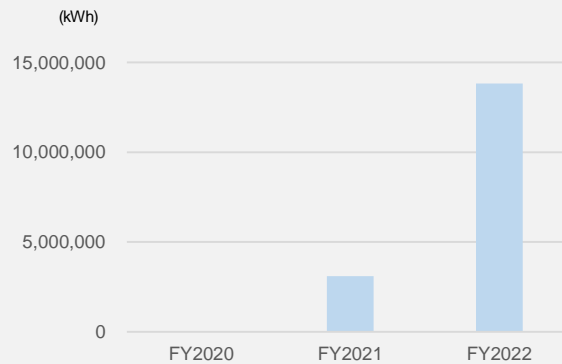
These panels were installed to further promote climate change countermeasures by reducing CO₂ emissions. In FY2022, 213,733 kWh of power was produced, which is approximately 17% of the property's annual power demand of 1,247,013 kWh for FY2022.

A remote monitoring system for solar power generation is used to monitor the day-to-day status of power generation. Constant real time performance control enables efficient management of power generation.



● Electricity derived from real renewable energy

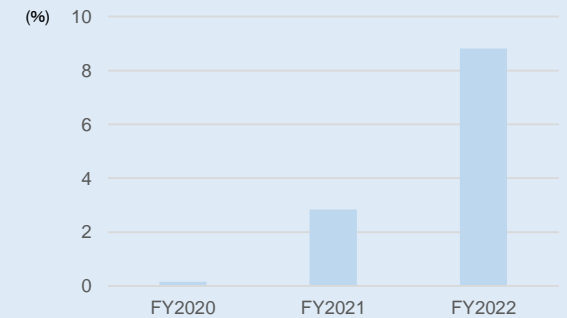
Utilization of electricity derived from real renewable energy



Item	FY2020	FY2021	FY2022
Electricity Derived from Real Renewable Energy(kWh)	0	3,101,276	13,818,268
Number of properties	0	7	8

● Introduction rate of renewable energy

We have set a KPI that 50% of our electricity consumption will come from renewable energy sources by 2030 (this applies to the portion of scope 2 and scope 3 for which we have management rights), and we will further increase the introduction rate toward that goal.



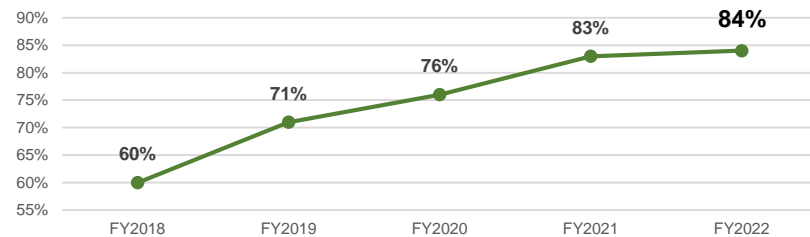
Item	FY2020	FY2021	FY2022
Introduction rate of renewable energy	0.16%	2.84%	8.82%

Notes: The introduction rate of renewable energy above is calculated by dividing the total of the amount of electricity from renewable energy sources and the amount of electricity generated in the region by the amount of electricity consumption for which the owner has the right of management. Based on the above calculation method, the introduction rate for fiscal 2022 was calculated by dividing 14,055,574 kWh by 159,329,534 kWh.

Promoting Green Buildings and Energy-Saving Certifications

OJR proactively promotes to acquire green building and energy-saving certification in order to visualize objectivity and performance. OJR has improved its GFA coverage ratio as below. OJR aims to achieve green certification (DBJ·CASBEE·BELS) for over 80% of floor space of properties under OJR's operational control by 2030.

Green building certification floor area coverage ratio



Green Building Certifications (As of April.20th 2022)

Item	(Unit)	FY2018	FY2019	FY2020	FY2021	FY2022
DBJ	Number of properties	2	8	14	15	15
	GFA coverage ratio	4%	20%	26%	26%	28%
CASBEE	Number of properties	16	24	36	46	46
	GFA coverage ratio	36%	42%	53%	60%	55%
Total of DBJ and CASBEE	Number of properties	18	32	46	57	57
	GFA coverage ratio	40%	50%	64%	71%	70%
BELS	Number of properties	10	10	26	35	36
	GFA coverage ratio	20%	20%	36%	42%	38%
Total of the Energy-saving certification	GFA coverage ratio	60%	71%	76%	83%	84%

Of the above, as of April 20, 2022, 50 properties have been rated at the top two levels or higher (4 or 5 stars), and their floor space coverage ratio is approximately 70%. Details for each property are listed in [Appendix 8 \(P.74\)](#).

Notes

- Each point in the graph refers to the date of the financial announcement for each period.
- GFA coverage ratio is calculated based on the registered gross floor space excluding land rights. In the case where the certification was acquired for a specific section of a multi usage facility, we will use the entire gross floor space of this property for the purpose of calculating the coverage ratio.
- Two types of certification had been acquired for some properties, but the area of these properties was not double counted.

DBJ Green Building Certifications

DBJ Green Building Certification is a program to support real estate that demonstrates high consideration not only for environmental performance of the building but also disaster prevention and anticrime measures as well as societal demands from various stakeholders of real estate (Green Building), the Development Bank of Japan Inc. conducts an assessment based on a scoring model that it developed and then selects real estate that meets the needs of the times.



CASBEE

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is an assessment method for buildings supervised under the initiative of the Ministry of Land, Infrastructure, Transport and Tourism which is being developed and promoted in Japan.



There are 5 classifications (C Rank★ - S Rank★★★★★)

BELS

BELS (Building-Housing Energy-efficiency Labeling System) is a third-party certification system to rate buildings in accordance with a requirement to label energy efficiency performance based on the "Act on Improvement of Energy Consumption Performance of Buildings".



Buildings are evaluated based on the value of BEI (Building Energy Index) derived from the primary energy consumption based on the government energy consumption performance standard.

The certification and labelling based on this system is to be implemented only by the registered organizations as operators of BELS who are members of the evaluation association. The certification rank is represented by the number of stars (from one to five stars).

Management of Resources and Waste

OJR promotes the effective use of resources and the efficient use of water resources by promoting pollution prevention, recycling, etc., along with the proper management of waste, hazardous substances, wastewater, etc.

Waste Management

For the properties owned by OJR, we measure the amount of waste (both waste managed by OJR and other detectable waste) and maintain the landfill disposal rate at 1% or less in 2030.

We prepare appropriate plans in accordance with ordinances and guidelines determined by municipalities (“reuse plans,” etc.), and provide guidance to our property managers (PM) and building managers (BM), etc. for implementation.

OJR’s data on waste is as follows:

Items	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Waste Weight	t	8,759	5,930	7,827	★8,636	8,166
Number of Covered Properties	-	60	69	79	84	84
Landfill Disposal Rate	%	1.57	1.47	1.44	1.33	0.90

- Notes:
1. Waste weight includes gross industrial waste and gross general waste.
 2. FY2018 data indicates the waste weight from April 2018 to March 2019 for the above eligible properties for which data were submitted for facilities where the buildings were owned as of March 31, 2019. Data for subsequent years indicates the total waste weight for each year since the preceding year.
 3. For FY2019, the amount of waste generated decreased due to the impact of the corona virus pandemic some large facilities, which made it difficult to handle data submissions.
 4. Figures in red are corrected figures, and ★ data are verified by JQA.

Efforts to reduce food loss

At Hotel Universal Port, we are focusing on the promotion of the Sustainable Development Goals (SDGs), and in an effort to reduce food waste, we have set up a pop advertisement with the slogan “Just the right amount of food” as an educational activity at the buffet

By reducing the size of buffet fixtures, we are able to finely adjust the amount of ingredients according to needs.

In addition, we make the amount of waste visible by separating and measuring waste and set reduction targets.



Protection of Water Resources

We ascertain the water usage in each property held by OJR, promote its efficient use, and set a target to reduce the water usage compared to the previous year.

OJR’s actual figures for the volume of water use are shown below.

Items	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Water Usage	(1000m ³)	224	220	178	★228	251

- *Notes:
1. Indicates water usage for common areas of the properties under OJR’s operational control.
 2. ★ indicates data are verified by JQA. in fiscal 2021, and verification is underway in fiscal 2022.

SAPPORO BRICK CUBE conserves water by using well water for flushing toilet water and chilled water for the air conditioning



SAPPORO BRICK CUBE

At Naha Shin-Toshin Center Building, water is conserved by using reclaimed water from Naha City for flushing toilets and watering plants.

(The municipality is actively promoting water conservation as Okinawa Prefecture’s geographical features make it difficult for water to accumulate)



Naha Shin-Toshin Center Building.

Ecosystems and Biodiversity

We consider the impact of our activities on biodiversity and ecosystems, and strive to protect the environment.

Biodiversity refers to the rich individuality of various living things and the connections between them. This biodiversity provides humanity with a wide range of natural benefits, but is currently being lost on a global scale. OJR recognizes that working to preserve biodiversity will lead to the sustainable use of nature’s benefits, and that it is important to build a society in harmony with nature. We intend to take measures such as planting native species on our property sites and harmonizing them with the surrounding environment.

Urban Site Investment Criteria (Contribution to Revitalization and Redevelopment)

Investments towards Urban Revitalization and Redevelopment Properties

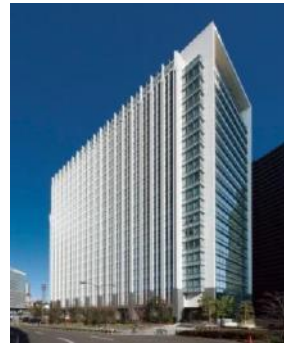
OJR contributes to the urban revitalization and redevelopment with due consideration for reducing environmental burden through active investments in landmark facilities in areas authorized by government under “Urban Redevelopment Project”, “Urban Revival Project” and “Land Readjustment Project”.



Carrot Tower



Neo City Mitaka



ARK Hills South Tower

ORIX Real Estate Corporation (hereinafter “ORE”), the group company of OAM, actively engages and participates in various large-scale redevelopment projects for large complex facilities and urban development composed of offices, retail, hotels and conference facilities in urban areas. ORE supplies such properties to OJR.

Naha Shin-Toshin Center
Building

Investments in Multi / Mixed Use Properties

OJR invests in mixed-use properties consisting of office, hotel, residential, commercial and other usage. Some of the large mixed-use properties integrated with cultural facilities such as concert halls constitute the core in supporting the local community.



Hamamatsu Act Tower



Cross Gate



Shibaura Island Air Tower

Investment in Urban Brownfield Redevelopment

OJR invests in redevelopment properties in urban developed areas including brownfield, only after verifying the implementation of remedial measures against soil contamination risks and the compliance with environmental laws and regulations.

Commitments Related to Greenfield Developments

Although OJR seldomly invests in greenfield properties including urbanization control areas and agricultural land, it will duly confirm whether the development activities is in compliance with environmental laws and regulations and consider the status of acquisition of environmental certificates prior to investment.



Social Initiatives

Our business is built on cooperation and collaboration with many people. First, are our customers (tenants and users) who use our facilities and properties. Collaboration and cooperation with property managers (PMs) and building managers (BMs) is essential to ensure the safety, security, and comfort of our many customers. In addition to our customers, it is also important to gain the understanding and trust of the surrounding community. We also feel that it is important for our facilities to play a social role in these areas.

This is not simply a matter of our own thoughts and actions; we must also listen to the opinions of our customers, local communities, PMs, BMs, and other stakeholders, and achieve our goals through dialog, in order to further enhance our credibility as a member of the local community. Our employees are also important stakeholders. We strive to create a comfortable work environment in which a diverse range of people can work together. We also believe it is important to maintain and improve expertise through various skills development programs, which increase employee satisfaction and motivation. This leads to improved service and performance, which in turn contributes to the satisfaction of our customers.

We also recognize that we have a variety of social responsibilities as a company, one of which is the imperative to consider human rights.





Improve the Health, Safety and Well-Being for Customers (Tenants and Users)

OJR and OAM takes a wide range of measures to improve customer’s health, safety, and comfort.

Property Renovation



Improvement of tenant satisfaction and convenience

● **Widen the entrance**
 At Round-Cross Shiba Daimon, renovation was completed to relocate the parking lot and widen the entrance.

Before renovation	After renovation
 	 


Improvement of tenant security and safety

● **Seismic retrofitting**
 We modernized the image of Nagoya Itochu Building by covering an exterior glass curtain wall. We also completed seismic retrofitting as it was originally designed and constructed under the old earthquake resistance standards.

Before renovation	After renovation
	


Improvement of tenant convenience

● **Common Rest Space**
 At Aune Kouhoku, we replaced a restaurant tenant that can draw higher customer traffic and also installed a common rest space to improve customer convenience.




Example of contributing to the comfort and safety of tenants and the community

● **Hamamatsu Act Tower**
 At the Hamamatsu Act Tower, there is a lounge in the common area that anyone can use, contributing to the development of the community.



● **Renovation for people with disabilities and the elderly**
 At the Hotel Universal Port, we have renovated some guest rooms to make them safer and more convenient for the disabled and elderly, with the installation of various handrails and bedside call buttons, etc. In addition, anti-slip coating has been applied to some slopes to improve safety.




Contributing to the health and comfort of tenants and the community

● **Installing a bicycle sharing system**
At MG Ichigaya Building, OJR has contributed to the health and comfort of its tenants and community. This initiative also addresses climate change through reduction of CO₂ emission.



● **Establishment of Electric Assist Bicycle / Electric Scooter Port Base**
At the ORIX Koraibashi Building, we have set up a base for electric assist bicycles and electric scooters as a convenient means of transportation for local residents, supporting comfortable transportation within the area.



The picture is an image

● **Refreshment area**
Refreshment areas have been set up at ARK Hills South Tower (left) and Round-Cross Otemachi Kita (right), as places to rest during office breaks to improve mental and physical health.



Improving convenience for tenants

● **Setting Up Shared Telework Spaces in Residential Properties**
In response to the increased demand for work from home, new working spaces have been installed in the common area to improve competitiveness and the satisfaction from residents.

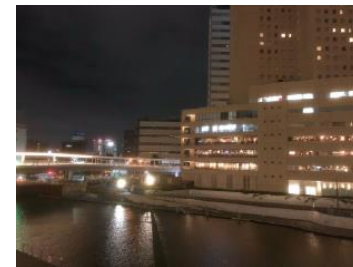


● **Setting up a kids space in the common area**
A kids' space has been set up in the common area at R-Styles Musashi-Kosugi for families with small children to exchange information, create a community, and secure a safe place for children to play.



Improving convenience for tenants and local communities

● **Linking the pedestrian deck**
At Cross Gate, linking the pedestrian deck that connects the new Yokohama City Hall and the new ticket gate of JR Sakuragicho Station helps ensure a safe walkway and better accessibility, both for users of the building and for people in the surrounding community and contributed to urban revitalization.



Implementation of Safety Measures

Safety measures are carried out with property managers(PM) and building managers(BM) to prepare for disasters and improve customer's safety(tenants and users).

Due diligence upon property acquisitions

Upon property acquisitions, we consider recent heavy rain disasters due to climate change, floods, typhoons, etc., and whether there is any past damage. We also check whether the property is within the expected range of damage caused by natural disasters by using the "hazard maps" disclosed by government agencies.

In preparation for earthquakes, we check whether the building meets earthquake resistance standards and whether the PML value* meets or exceeds standards.

*PML : PML is the probable maximum loss from an earthquake, and is a measure of the maximum physical loss expected (90% non-exceeding probability) for the largest earthquake expected during the useful life of the building (475 years return period = probability greater than 10% in 50 years) as a percentage of replacement cost.

Safety measures for operational assets

Evacuation drills are conducted at the properties owned by OJR in accordance with the Fire Service Act.

Climate change adaptation measures

●R-Styles Musashi-Kosugi

A flood warning system was installed in properties that have suffered from flood damage in the past as a flood hazard countermeasure in August 2022. When flooding is detected, a speaker located on the first floor automatically notifies residents while the system simultaneously alerts the security company. This facilitates prompt evacuation.



detector



Flood warning display

<p>●Hamamatsu Act Tower Annual spring and autumn evacuation and fire extinguisher drills for the entire facility.</p>	<p>●Hamamatsu Act Tower A heliport for emergency use by helicopters in the event of disasters has been installed.</p>

<p>●Hamamatsu Act Tower (Left) ●ORIX Real Estate Nishi Shinjuku Building (Right) Installation of water gates to prevent flooding damage due to sudden heavy rains.</p>
<p>These gates are designed to stop water flowing in the direction of the arrow.</p>

Safety Assurance Measures Triggered by the Novel Coronavirus Crisis

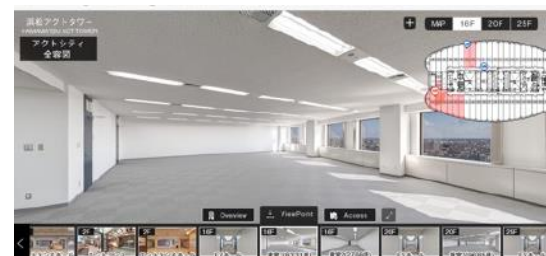
The spread of the COVID-19 outbreak and the resulting slowdown in economic activities are impacting our stakeholders, including unitholders, customers (tenants and users), officers and employees, business partners, and local communities variously. At OJR and OAM, we are promoting measures to prevent the spread of infection, ensure safety, and other measures based on consultations in varying situations, requests from government related agencies, and the circumstances of our customers.

Updating Elevator Buttons to be Contactless

We updated the elevator buttons to be contactless in order to make the environment more sanitary for building users. This has been implemented at Tokyo Bay Maihama Hotel First Resort, Aune Kyoto Sanjo, VIA INN SHINSAIBASHI BLDG., and Aoyama 246 Building.



Using VR to Carry Out Room Rental Promotional Activities Remotely



When recruiting tenants, it can be difficult for them to see the property in person, so we are promoting the use of VR and other methods to provide realistic images of properties via the Internet. OAM is working on remote recruiting activities, etc. to help conclude contracts even under the current circumstances.

Achievement of WELL Health-Safety Rating

OJR has achieved WELL Health-Safety Rating in “Hamamatsu Act Tower” which is an office building owned by OJR. The WELL Health-Safety Rating, which was launched in June 2020 by IWBI (The International WELL Building Institute) that is the certification management organization of WELL, is a rating to help organizations prepare their spaces for pandemics like COVID-19. The rating, which is divided into evaluation criteria such as “Cleaning and Sanitization Procedures” and “Air and Water Quality Management”, evaluates real estate management based on third party evaluation and global standards with consideration toward the health and safety of employees and individuals who use the facilities.

Property name	Type	Location	Month of certification
Hamamatsu Act Tower (Office/Retail)	Offices	Hamamatsu-shi, Shizuoka	February, 2023



Certification authority: IWBI (The International WELL Building Institute)

CASBEE® Wellness Office Certification

OJR has acquired CASBEE Wellness Office Certification for its Round Cross Roppongi office building. CASBEE Wellness Office Certification is an evaluation of a building's specifications, performance, and other measures that help to maintain and improve the health and comfort of building users. The evaluation includes not only factors that directly affect the health and comfort of those working in the building, but also those that contribute to improved intellectual productivity, as well as safety and security. The evaluation is displayed in 5 levels (S rank ★★★★★ to C rank ★).

Property name	Type	Location	Rating	Certification date
Round-Cross Roppongi	Offices	Minato-ku, Tokyo	B+Rank ★★ ★	October 15, 2020



Certification authority: Institute for Building Environment and Energy Conservation (IBECE)

Creating Social Impact

Cross Office Roppongi (a tenant in Round Cross Roppongi) provides flexible office spaces. By providing co-working spaces that are available 24 hours a day, 365 days a year, and by deliberately designing co-working spaces with intersecting flow lines, we help create opportunities for start-ups and small businesses.

We adopted an Activity-Based Workplace (ABW) design to increase intellectual productivity, and a selection of various setups allows users to choose the most suitable location according to their work content and mood. These work spaces can be used as satellite offices by businesses adopting remote work, and can accommodate varieties of work styles.



Round Cross Roppongi



Working Space in Round Cross Roppongi

Customer (Tenant) Satisfaction Survey

OJR conducts a yearly satisfaction survey to ensure that operational management is aimed at improving customer satisfaction. To ensure fairness, we hire a third-party organization to conduct this survey. The survey was divided into two categories: hard aspects such as buildings and facilities, and soft aspects such as cleaning and PMs' and BMs' responses in most of properties. For FY2022, we added a question about the Net Promoter Score and conducted questions in a questionnaire format divided into four levels of importance and satisfaction.

	FY2020	FY2021	FY2022
Survey Period	December	From November to December	From October to November
Targets	Approx.600 tenant companies in 53 offices located in Japan	Approx.670 tenant companies in 55 offices located in Japan	Approx.1,010 tenant companies in 99 properties of offices, retail facilities, residential properties and hotels and others located in Japan
Implementation rate (compared to all tenants)	23%	29%	91% (*)
Response rate	40%	45%	39%
Tenant satisfaction	87%	90%	92%

Note: The implementation percentage for FY2022 was changed to the percentage of tenants to whom questionnaires were sent relative to the total number of tenants.

After analyzing the survey results, areas with low satisfaction levels are shared with property managers (PM), building managers (BM), etc., problems are identified, and countermeasures are considered. The approach of such measures with PM and BM, leads to improved services and circumstances in daily operation.

[Flow of improvement measures]



Contribution to and Engagement with Community

We endeavor to contribute to society through various engagements with community.

Efforts for Regional Revitalization

● "Act De Yaramaika" is a GW event to revitalize for Hamamatsu Region

All of generation enjoyed on a variety of stages, including stalls selling food and drink and shooting games, as well as brass band music, dance, and drums.



Hosting and supporting events that contribute to regional revitalization

● Hamamatsu Act Tower

"Act Daibouken" is held every year for elementary school students and their parents as part of their summer vacation research and job understanding. It includes a tour of the concert hall, climbing the heliport, and teaching table manners at a hotel restaurant.



Cooperation with blood donation

● Hamamatsu Act Tower

In line with one of the goals of the Sustainable Development Goals (SDGs), "Health and Well-Being for All," the Shizuoka Prefectural Japan Red Cross Blood Center asked Act City to provide this facility as a blood donation venue for people who need blood for injuries or illnesses. (Organized by the Act City Joint Fire and Disaster Prevention Management Council)



Light-up message for social support

● Hamamatsu Act Tower

Child Abuse Prevention Month (Orange Ribbon Campaign), Hamamatsu Act Tower carried out light-ups to raise public awareness of the Orange Ribbon Campaign, which aims to prevent child abuse, and also carried out the Purple Ribbon Campaign to raise awareness of premature births and raise awareness of premature babies and their families around the world (both in November 2022).



Cooperation with Property Managers (PM) and Building Managers (BM)

We believe that setting standards for the entire supply chain is an effective way to promote ESG, and we are working with the property managers (PM) and building managers (BM) among our business partners to implement these standards.

ESG Guidelines for Procurement and Other Transactions

OAM aims to create a sustainable society, as stipulated in the ESG Policy, through its asset management. To this end, "ESG guidelines for Procurement and Other Transactions" was established to rigorously ensure that property managers (PM) and other business partners take into account the environment and social norms during procurement and other transactions.

PM contract including ESG consideration clause

OJR also at times will enter in property management agreements with property managers to include clauses referring to ESG. (Currently, around 98.2% of our properties have contracts that include the clause on the left.)

Ensuring ESG related measures from our business partners

OJR assesses the following ESG related measures on each business partner related to outsourcing contracts in addition to evaluating management capability and service quality. OJR will conduct this assessment upon execution of each contract followed by a reassessment once every year.

Measures on environmental issues (E)	Awareness of energy conservation and reduction of environmental load, including reduction of energy consumption and waste
	Priority on environment and health-friendly products and service procurement
	Formulation of policies and establishment of systems for environmental friendliness and energy conservation
Measures on social issues (S)	Respect for basic human rights
	Consideration of occupational health and safety in workplaces
	Elimination of human rights violations, including unfair discrimination, forced labor and child labor
Measures on governance (G)	Compliance with all laws and regulations and internal company rules
	Conduct with a strong sense of ethics

Note: In addition to the above, we monitor PM/BM once a year in terms of legal compliance and service quality.

ESG training provided to PM

OJR had assembled its property managers (PM) once a year and had provided training to deepen understanding of what specifically can be achieved in collaboration with OJR and OAM in order to improve property management from an ESG perspective. In 2023, we conducted a web-based training, and all of the PMs (100%) participated.

Information Disclosure and Dialogue with Stakeholders

Proactive Investor relation (IR) activities

We place importance on dialogue with stakeholders and strives to deepen their understanding of OJR through timely and appropriate information disclosure. At the same time, we work on a daily basis by sincerely accepting the expectations and needs of stakeholders.

IR activities for investors include active dialogue with institutional investors in Japan and overseas institutional investors in Europe, North America, Asia and other regions through a variety of methods, including visits, telephone conferences, and web conferences.

We are also working on property information for institutional investors.

As for activities for individual investors, we focus on creating engagement opportunities by participating in on-the-spot briefing events, online seminars, and on-demand distribution of seminar videos.



Presentation at the "J-REIT Club by Mariko Mabuchi" hosted by the Association for Real Estate Securitization (ARES)



Daiwa J-REIT Live Caravan



Appeared on Radio NIKKEI "Asaichi Market Square Asazai". We explained the characteristics, management status, growth strategy, etc. of OJR.

IR activities for the last 3 years	From fiscal period 36 to fiscal period 37 17.4.2020 - 19.4.2021	From fiscal period 38 to fiscal period 39 20.4.2021 - 19.4.2022	From fiscal period 40 to fiscal period 41 20.4.2022 - 18.4.2023 (For reference)
Financial results briefing	2	2	2
Investor meeting	254	248	227
Events for individual investors	3	4	5
(Among those, online events)	(2)	(3)	(4)
Property tours for institutional investors	0	0	6

Approach to Human Rights

ORIX believes that corporate responsibility should be part of everything that ORIX does and part of such corporate responsibility is the duty to integrate human rights considerations into business operations. ORIX Group Human Rights Policy, established in September 2019, respects the fundamental human rights set forth in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, and stipulates that ORIX Group will promote human rights initiatives within the Group and request that our business partners conduct their own business activities in a manner that respects human rights. By analyzing and assessing human rights risks, we are working to incorporate human rights considerations into our business activities and to prevent human rights violations. In addition, we have established an internal and external whistleblower systems to receive consultations and reports concerning human rights. The internal whistleblower system is available to officers and employees, contractors, part-time employees, retired employees and family members. The external whistleblower system is available to business partners. The system also accepts consultations regarding human rights violations such as harassment and opinions concerning human rights. Both systems can be reported anonymously, and the confidentiality of the report is guaranteed by the system. [\(Please see the details of the internal and external whistleblower systems on P. 53.\)](#) In 2019, ORIX has worked with third-party experts to analyze the specific risk profiles (including human rights violation risks) of its various businesses in order to understand our overall human rights risk profile for the first time. Since 2022, we have undertaken human rights due diligence in accordance with international norms such as the United Nations Guiding Principles on Business and Human Rights. As a member of ORIX Group, OAM is also subject to the Human Rights Policy.

Low-income rental housing initiatives

Boston Financial Investment Management, L.P., a member of ORIX Group, has been working to assist private real estate developers' financing in building and rehabilitating low-income and affordable housing in America for over 50 years. As of March 2023, Boston Financial manages funds totaling approximately USD16.2 billion of equity invested in over 2,000 properties containing more than 172,000 homes. Through the supply of low-income housing, it has been contributing by reducing homelessness and poverty, empowering residents with an environment that supports upward economic mobility, and also stimulates local communities by creating jobs.



Support Activities for the Children Who Will Create the Future

ORIX Group including OAM develops its business with the aim of contributing to society by creating new values and environments. At the same time, ORIX Group companies including overseas subsidiaries and the ORIX Miyauchi Foundation* (hereinafter referred to as the "Miyauchi Foundation") are engaged in a variety of social contribution activities covering areas not reached by business activities.

The Miyauchi Foundation is engaged in a variety of activities in the social welfare, support for children and youth who will play important roles in the future, music, culture, and the arts, with the aim of contributing to the realization of a truly affluent society. The following are some examples of the Miyauchi Foundation's activities.

* The ORIX Social Fund was established in 2006. It became a public interest incorporated foundation in 2010, and has been operating as the ORIX Miyauchi Foundation since 2014.

Support for children's cafeterias

To celebrate the 10th anniversary of its establishment in 2016, the Miyauchi Foundation launched a new support initiative in Osaka, the birthplace of ORIX Group, focusing on issues such as eating alone and poverty, and is currently expanding the program to other prefectures. As part of its activities, the foundation is supporting "Children's Cafeterias", where local people of all ages provide meals and places for children to stay. In order to reduce the risk of infection with COVID-19, we provided subsidies for the operating costs, including measures against COVID-19, of "Kodomo Shokudo" (Children's Cafeterias), which not only open the cafeterias in traditional ways but also make various efforts. We will continue to expand the circle of support for individuals and organizations engaged in activities that promote the public interest, such as the sound development of children and young people.



Support overseas

The ORIX Miyauchi Foundation supports children in Thailand, Laos, Vietnam, Cambodia and Myanmar through scholarships by EDF-Japan. There is no end to the number of children who cannot go to junior high schools in the 5 countries of the Mekong river basin because they are forced to do household chores or work to support their families in economic poverty. These scholarships pay for the education, uniforms, shoes, school books, bags, and materials needed by children from underprivileged families. Since 2010, ORIX has enabled children to enjoy the benefits of an education which would otherwise be denied them by circumstances. We have been supporting this program continuously since 2010, and by March 2023, we will have supported 741 children to go to school, helping to give them a dream.



Human Resources Strategy to Support Sustainable Growth

As part of ORIX Group, all OAM employees are seconded from ORIX Corporation or its group companies and possess highly specialized professional skills. Therefore, ORIX Group's policy on human resources basically applies to OAM. In addition, although the personnel system applied to OAM officers and employees depends in part on the system of ORIX Group companies from which they were transferred, the items listed here apply to officers and employees of OAM.

[Please refer to Appendix about OAM status on officers and employees.](#)

ORIX Group's Talent Strategy

People are ORIX's most important asset. Based on our concept of "Keep Mixed," we hire diverse human resources regardless of nationality, age, gender or work history, integrating their diverse values and expertise with the aim of a Fusion of Intelligence to create new value and workplaces that maximize the capabilities and expertise of our employees. Specifically, we create fulfilling workplaces by establishing a working environment that respects diverse working styles and reforming our human resource system ahead of the pack instead of just reacting to current social conventions. Moreover, we are enhancing training to offer opportunities for employees who embrace challenges and to enable employees to excel internationally.

By expanding personnel systems according to each employee's life stage and career, OAM is promoting the creation of an enhanced workplace where employees can best deploy their expertise and abilities. OAM determined that one of its management missions is to improve organizational strength and promote human resources strategy. We also recognize that "retention management" is very important for achieving a competitive advantage in retaining and securing the best people, and accordingly, we have implemented a variety of progressive measures.

Human Resources-related Material Issues and Key Sustainability Goals

ORIX positions human resources—an essential asset—as one of its key themes and has set the following material issue and key goal.

Material issue	Continue to improve employee satisfaction by respecting the diversity of our employees and creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, and employee health support systems.
Key Goal	Female employees to account for over 30% of management positions* at ORIX Group by the end of the fiscal year ending March 31, 2030.

* As one of other material issues, we set a target approved by ORIX Group Board of Directors as of November, 2021, which is a target of female directors to account for over 30% of the composition of ORIX Group Board of Directors by the end of the fiscal year ending March 31, 2030

* Managers stand for persons in the same office, in addition to section managers, who are equivalent to section managers in terms of job content and degree of responsibility, regardless of their title or membership (however, this excludes the lowest ranks).

Promoting Diversity, Equity & Inclusion

Women's Success in the Workplace	Promoting the Employment of People with Disabilities	Senior Citizens' Success in the Workplace	Hiring Mid-Career Employees and New Graduates from Overseas
ORIX was one of the earliest promoters of women's participation in the workplace. We started recruiting female university graduates for comprehensive work positions in 1982, before the enforcement of the Equal Employment Opportunity Law in 1986. To encourage the advancement of women within the group, we organize a women's forum for young employees and training for women in leadership roles who are to be promoted to a management positions. We also have the "Study group of female managers from different industries" held at nine companies actively promoting the advancement of women, to help to build networks outside the company, and the "Mentoring Program" which provides experienced officers and general managers as mentors to discuss work and careers.	ORIX believes careers that encourage growth and inspire fulfillment should be available to employees with disabilities, and it aims to provide the support and infrastructure to allow employees to take on challenges and shine in what they do. ORIX established ORIX Business Support , a special subsidiary, in April 2007 to promote the employment of people with disabilities. As of April 2023, 84 people with disabilities engage in various companies within ORIX Group with work such as enclosing and mailing documents and digitizing stored documents; segmenting this work allows for need-based task assignment and operational efficiency, which consequently contributes to the work of many companies within ORIX Group.	Senior employees are increasingly motivated to work due to economic reasons such as longer healthy life expectancies and an increase in the age at which pension payments begin. To create an environment where senior employees can work with a sense of security, ORIX raised its retirement age from 60 to 65 in April 2014. We are refining systems that support the success of senior employees based on the belief that the continued participation of senior employees with extensive experience and expertise will enhance the company's organizational strength and increase its overall vitality. To encourage senior employees to play an active role, we hold "Career Interviews" with human resources career officers at the age of 50, and with the extension of the retirement age to 65, we are conducting "Training for Senior Employees" to consider the roles and work styles of employees after age 60.	We also focus on recruiting mid-career employees and non-Japanese new graduates to secure diverse human resources aligned with our changing businesses. Since its establishment, ORIX has been active in hiring mid-career employees with job histories in fields including finance, manufacturing, consulting, trading, real estate, and services and those employees are creating new value through their experience and various perspectives. 70%* of employees who joined ORIX in the fiscal year ended March 2023 were midcareer hires. ORIX has been focusing on recruiting students with diverse values since 2016 by hiring new graduates from overseas universities in China, Taiwan and Korea as well as foreign students in Japan.
			Internship
			ORIX Corporation offers an internship program for students, where, in addition to industry and company knowledge, they can learn the basic business skills for understanding client needs, market analysis, and the investment business. Students wishing to participate in the internship program can discover their own aptitudes and learn how to think about their careers so that they can find the job that best suits them.

* Total of 10 ORIX Group companies: ORIX, ORIX Rentec, ORIX Auto, ORIX Credit, ORIX Real Estate, ORIX Computer Systems, ORIX Bank, ORIX Life Insurance, ORIX Eco Services and ORIX Asset Management & Loan Services.

Workplace that Offers Value

ORIX Group has been conducting various human resource initiatives to realize a workplace environment where employees with diverse values can work healthy with peace of mind and experience fulfillment from being able to fully display their potential.

In its risk assessments, OAM recognizes the risk of the loss of human resources. By analyzing the degree of impact and implementing countermeasures, we have made the retention of excellent human resources a management priority.

Employee consciousness survey (morale survey)

ORIX Group undertakes a variety of measures particular on communication with its employees. We conduct surveys from employees regarding their attitudes towards their work and work place and an employee morale survey since 2004 so the results can be reflected in various measures. Since 2016, the results of the survey are disclosed internally.

After ensuring the anonymity of the opinions of each individual employees obtained from the survey results, the results of the employee satisfaction surveys are used to ascertain trends in the satisfaction levels in ORIX Group companies and ORIX Corporation's divisions and they are used as a reference in ORIX Group's HR policy decisions and in reviewing the results of HR policies that are being carried out.

The results of the OAM satisfaction survey are as follows.

	FY2020	FY2021	FY2022
Number of survey subjects (number of questionnaires distributed)	69	69	70
Number of respondents (Response rate)	66 (95.7%)	67 (97.1%)	67 (95.7%)
The percentage of employees who are generally satisfied with their jobs ^(Note) (Number of employees)	56.1% (37)	62.7% (42)	64.2% (43)

Note: Percentage of respondents who responded positively.

Work Style Reform Project

ORIX Group launched the Work Style Reform Project directly under the Group CEO in October 2016. The project's members are officers and employees from various backgrounds who propose measures aimed at creating a comfortable working environment that meets the needs of the times from the perspective of employees. So far, the project has resulted in the implementation of several new personnel policies, including the Internal Internship System (a system that allows employees to work in the department of their choice for a certain period, with the goal of encouraging self-directed career development) and the System of Financial Support for Self-improvement (whereby the company provides financial support to employees for self-improvement, health promotion, and balancing work and family life). In relation to efforts to improve productivity, we currently provide a range of information on how to utilize systems and successful case studies and encourage a change of mindset among all employees. Furthermore, each department is engaged in reviewing and implementing measures to improve productivity that correspond to the various characteristics of the business. Even during the COVID-19 pandemic, we had supported adaptable working styles, while taking infection precautions such as working from home and staggered work hours.

Improving productivity

OAM is promoting reductions in overtime with a focus on improving productivity.

OAM is also improving its corporate infrastructure and IT-related equipment and its office environment at the same time.

(Unit : hours)

	FY2018	FY2019	FY2020	FY2021	FY2022
Officers' and employees' Monthly average overtime	26.0	22.5	28.2	32.4	32.5

Personnel Transfers Through the Career Development Support System

As part of its career development support system, ORIX Group, including OAM, conducts personnel transfers using the Career Challenge System and the Internal Job Posting System for Senior Employees, through which ORIX Group makes open recruitment calls to senior employees. For the employees themselves, this system has the advantage of allowing them to change careers without changing employers, and to work with the awareness that they have chosen their own career, with the added advantage of increasing motivation.

The following table shows the number of employees who have been transferred to OAM from within ORIX Group through internal recruitment.

	FY2020	FY2021	FY2022
Personnel Transfers Through the Career Development Support System	2	3	6

ORIX Startup Challenge Program

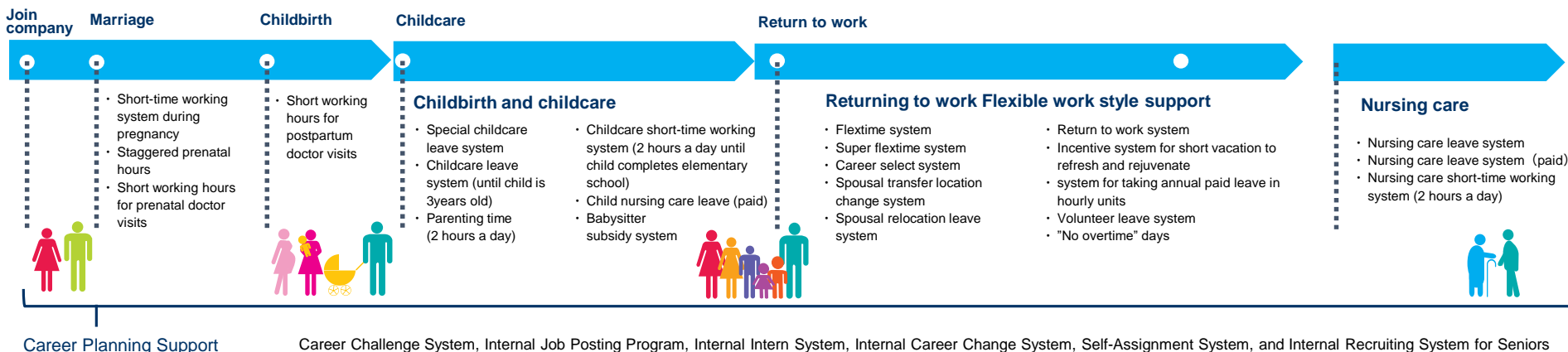
Since its founding in 1964, ORIX has always searched out new businesses and constantly challenged itself to create new businesses. As a result, ORIX has expanded the scale and scope of its business, growing into a unique company unlike any other in the world. In order to continue to contribute to ORIX Group's medium- to long-term growth using a bottom-up approach, and to create new businesses that solve social issues, we introduced a new business recruitment program in 2019 for all employees of ORIX Group companies in Japan. With this system we are able to provide an attractive work environment for employees with an entrepreneurial mindset and a desire to innovate business. We intend to continue working as a corporate group to create businesses that contribute to society. It also enables us to create an attractive working environment.

Human Resource System

From early on, ORIX has created a human resources system that is more progressive than legal requirements. We started actively recruiting women from before the enforcement of the Equal Employment Opportunity Law in 1986. By enriching our human resources system to support each employee's life stage and career, we are promoting the creation of workplaces that are fulfilling, and where employees can fully demonstrate their expertise and abilities.

Personnel Systems That Accommodate Life Stage and Career

Many employees use the systems to achieve flexible work styles that accommodate their own life stage and career.



System to Support Career Planning

ORIX Group offers a variety of programs to motivate employees of all ages, and encourage them to take on new challenges.

Internal internship system	This program allows employees who have been with the company for three years or more to work in the department of their choice, generally for a period of five working days. OAM also accepts young employees, mainly from other Group companies, to experience work in various departments within OAM to help them develop their careers.
Self-declaration for transfer	Employees may directly state to the human resources department where they wish to transfer.
Career Challenge system	To further develop one's career, an employee may directly contact a division to which he or she wishes to transfer.
Internal job posting program	During business expansion or the launch of a new business, departments can internally recruit employees.
Senior employees internal job posting program	Open recruitment system for recruiting senior employees for various positions within ORIX Group
Career Change system	Employees may change from administrative work position to a comprehensive work position, or from comprehensive work position (regional) to comprehensive work position of the same domain.
Return to work system	This system that allows resigned employees to apply to rejoin ORIX Group in the same or higher position and grade than before they left.

Supporting a flexible work style

OAM has a wide range of programs that allows all employees to choose an even more flexible work style.

Super Flex Time	Employees can set their total working hours for the month in advance and can come to work any time within 6am to 10pm, with the minimum daily working time of 1 hour.
Relocation system for regionally hired employees	When regionally hired employees cannot continue to work in the region due to relocation of their spouse, they are permitted to convert their working region.
Leave System upon spouse relocation	In case of difficulty in continuing work in the region relocated by their spouse, employees are allowed temporary leave for up to 5 years.
Work-From-Home System	OAM has established a Work-From-Home System that allows telecommuting on average once or twice a week per month (OAM set the system transition period from April to September 2023, and the system will be officially implemented from October 2023).

We also offer no-overtime days, an hourly paid leave program, and a volunteer leave program.

Systems to Support Work-Life Balance(Childbirth/Childcare/Nursing Care)

- Maternity and childbirth support

We also offer shortened workdays during pregnancy, staggered workdays prior to childbirth, and time for prenatal and postnatal hospital visits.

- Childcare support

Scheme	Japanese Law	ORIX Group
Childcare leave ^{Note1}	Until the child reaches 2 years of age	Until the child reaches 3 years of age
Special childcare paid time-off ^{Note2}	-	5 days during 0 year of age (Paid)
Parenting time ^{Note3}	1 hour per day (Unpaid)	2 hours per day(Paid)
Reduced working hours during childcare	Until 3 years old	Until graduation from elementary school
Child nursing care leave	5 days per year (Unpaid)	5 days per year, 10 days per year for parents with 2 or more children (Paid)
Babysitter subsidy system	-	This system allows employees to receive financial assistance when using designated partner babysitting agencies rather than alternative childcare facilities. This system can be utilized regardless of the employee's gender and whether or not a spouse is employed if raising a child under 12 years of age.

Note1: The period of childcare leave to be taken is limited to 5 years in total. The period of childcare leave in excess of this limit is determined by law. In addition, those with children either by birth or by adoption are eligible for parental leave.

Note2: In September 2017, we introduced a Special Childcare Leave System that grants five days of special leave (paid) to employees who do not take childcare leave during the first year after their child is born, in addition to the existing Childcare Leave System, which assumes that the leave will be for one to three years.

Note3: Paid parenting time is available to employees who return to work before the child reaches the age of 1.

- Usage of the Maternity and Childcare System at OAM

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees on Special childcare paid time-off	2	1	3	1	2
-Men	2	1	1	1	1
-Women	0	0	2	0	1
Number of employees on childcare leave	2	4	0	0	0
-Men	0	0	0	0	0
-Women	2	4	0	0	0
Number of users of reduced working hours	3	1	1	1	1

100% of employees returned to work after taking childcare leave (including temporary transfer to other companies in ORIX Group).

In addition to the systems mentioned above, ORIX has been holding the "ORIX Group Mom" event since 2005. This is a social gathering for employees on maternity and childcare leave to promote interaction among working mothers and support their return to work. Since 2016, ORIX has also held the "Childcare Seminar For Married Couples" to provide an opportunity for couples to think about balancing work (career) and family life, encouraging participation by both working mothers and their partners.

- Support for nursing care

Scheme	Japanese Law	ORIX Group
Nursing care leave	93 days	6 months
Nursing care holiday	-	5 days per year, 10 days per year for parents with 2 or more members who requires care (paid)
Nursing care short-time working scheme	-	Max. 2 hours per day ^{Note} , up to 3 years per family member who requires care

Note: When acquiring at the same time as childcare time, the limit is one hour a day.

- Usage of the above-mentioned system at OAM

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees on nursing care holiday	0	2	2	1	2
-Men	0	1	1	0	1
-Women	0	1	1	1	1
Number of employees on nursing care leave	0	0	0	0	0
-Men	0	0	0	0	0
-Women	0	0	0	0	0
Number of employees on nursing care short-time working scheme	0	0	0	0	0

An increasing number of employees are facing the issue of caring for a family member, and many are concerned about the need to provide such care in the future, so balancing work and nursing care has become an important issue. Therefore, in addition to the systems mentioned above, since 2016, we have been conducting "Caregiving Seminars" for employees of any age and gender with an interest in caregiving, on advance preparation and readiness to provide care.

Benefits Package that Takes into Account Work-Life Balance

OAM offers various benefit programs, as seen below, that take into account the work-life balance of our diverse range of employees to enhance each one's motivation to work.

Scheme	Object persons	Overview
Retirement allowance program	All employees ^{Note1}	Retirement allowance programs are available at each company to which employees are seconded.
Stock ownership program	All officers and employees (including fixed term (contract) employees)	ORIX group has its own stock ownership program.
Paid leave program	All officers and employees, part-time employees ^{Note2}	
Congratulation/ Condolence leave program	All officers and employees, part-time employees	
Menstrual leave program	All officers and employees, part-time employees	
Public service leave program	All officers and employees, part-time employees	
Congratulations or condolences allowance program	All officers and employees, part-time employees ^{Note2}	

Note1: In the case of employees of ORIX Corporation who are seconded to OAM, employees who are employed for an indefinite period are included in the object persons. In addition, OAM's officers who are employees at its parent company are included in the object persons.

Note2: Exemptions for payments under some terms and conditions are set forth in the program.

Compensation System

OAM offers a variety of work styles and occupations to help employees of diverse backgrounds maximize their performance, and by providing opportunities for them, OAM supports the realization of the career they desire. The main factor contributing to the difference in wages between men and women is the significant difference in the composition of occupations between men and women. OAM implements an evaluation and remuneration system that seeks to provide fair pay based on an employee's seniority, role and duties, with adjustments for personnel evaluations.

As of the end of March, 2023

	Pay Gap between Men and Women (All employees)
OAM	68.5%

Note: The pay gap between men and women shows the ratio of the annual average pay of female employees to the annual average pay of male employees. The pay gap between men and women including seconded employees from ORIX Group to OAM are counted.

Employee Health and Safety (Occupational Safety)

ORIX Group companies and health insurance associations work together to promote initiatives aimed at improving the safety and health of employees.

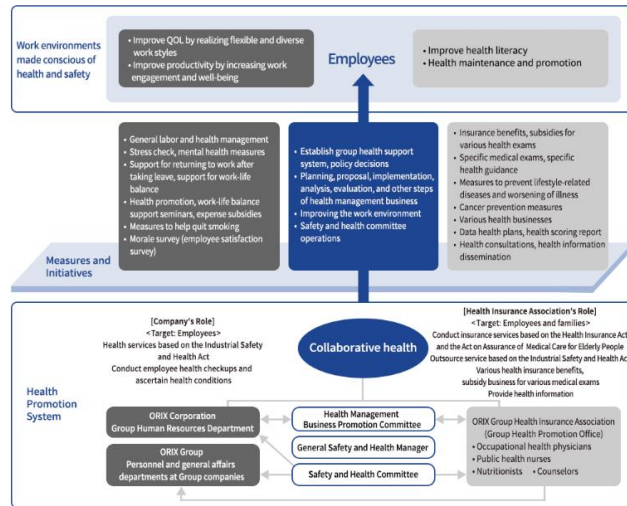
Health Promotion System

With the motto of “ensuring the health and safety of Group employees and their families,” the company and health insurance association work together to develop a Group health promotion business (collaborative health*).

[Company’s Role] Promote the creation of workplaces where employees can work consistently in good physical and mental health while exhibiting their full potential

[Health Insurance Association’s Role] Build a complete support system for “peace of mind” and “preventive health,” and promote the health business in cooperation with the company

Note: Collaborative health: Through collaboration between insurers and the company, efficiently and effectively implement preventive health and health promotion for policyholders, based on a clear division of roles and a favorable working environment.



Mental Health

We set up consultation days with occupational physicians, public health nurses, psychiatrists, and counselors, for employees to receive counseling on mental health issues or recommendations for clinics. We have also established a system for consultation on work leave and work reinstatement.

With the enforcement of the industrial Safety and Health Act, as amended, we conduct stress checks once a year.

Employee Health Management

Occupational physicians, public health nurses and nutritionists are stationed in the workplace for employees to consult with on health-related concerns and issues. External expert staff also offer 24/7 phone consultations (toll-free) and web support on questions regarding health issues, medical care and nursing care. It is compulsory for employees to undergo a thorough medical checkup every year. Most expenses are subsidized, reducing the burden on employees and therefore eliminating an obstacle to receiving a health checkup. This leads to early detection of disease and prevention of progression. We also assist with expenses for optional examinations such as cervical cancer screenings, breast cancer screenings and brain examinations. In addition, we also assist in dental examination expenses, influenza vaccination expenses, and carry out collective vaccinations at major sites.

For brain checkups and breast cancer screening, checkups using MRI-equipped cars and 3D mammography-equipped cars owned by ORIX Group's FREEILL are conducted near main business sites so that employees can easily visit during work hours. To prevent metabolic syndrome, administrative dietitians provide specific health guidance on diet and exercise for insured persons over 40 years old. Our health insurance association conducts data analysis of health checkups and screening and carries out a “data health plan” using a PDCA cycle via individual follow-ups by occupational health physicians and public health nurses. We also record the characteristics of each group company by analyzing the medical fee statement data.

With regard to employee working hours, we obtain accurate working hours by acquiring personal computer logged data and provide interviews (advice and guidance) with occupational health physicians for employees who work long hours.

Health and Sanitation Committee

OAM has established a Health and Sanitation Committee to study and discuss health and safety-related issues such as fundamental countermeasures aimed at preventing employees’ and others’ health problems and maintaining and improving their health, as well as causes of workplace accidents and measures to prevent reoccurrence. The General Manager of the General Affairs and Accounting Department is the chairman of this committee and other members are the industrial physicians, sanitation managers and those employees with experience in health and sanitation (half of the committee members other than the chairperson are nominated based on the recommendation of worker representatives). This committee meets once a month. The humidity and temperature in the office are checked, and walk-around inspections of the work environment, refrigerators, and other sanitary environments are conducted. Overtime work is also checked. Actual records regarding health and safety at OAM is as below.

	FY2020	FY2021	FY2022
Participation rate in health check-ups	100.0%	100.0%	98.44%
Use of Annual Paid Leave per Employee	14.6 days	13.4 days	14.1 days
Annual Paid Leave Acquisition Rate	73.2%	67.2%	72.1%
Absentee rate	0.0%	0.0%	0.0%
Number of fatal incidents at work	0	0	0

Disaster Management

We have created our Basic Disaster Risk Management Rules and a handbook to respond to disasters. In principle, we conduct a safety confirmation check to all employees when an earthquake with an intensity of five or higher on the Japan Meteorological Agency seismic intensity scale occurs in a prefecture where employees work or live. We also carry out safety drills for that purpose multiple times a year. A dedicated system is used to conduct safety confirmation and prepare for emergencies for all Group employees. ORIX group maintains a certain amount of food and drinking water supplies per employee at all domestic workplaces.

Development of Competencies of Officers and Employees (Talent Development)

OAM views its officers and employees as "human assets" and they are management resources indispensable for business operations.

Through a variety of effective training programs, a self-development support system, and a qualification acquisition support system, we have established a fair evaluation and compensation system that enhances the abilities and expertise of officers and employees and motivates employees. Through this system, we are working to create an attractive and valuable workplace where employees can continue to work.

Training for Enhancing Management Capabilities and Human Resources

For all employees :

Employee management & organizational development skills training

ORIX Group also uses external training institutions to provide employees with training tailored to their age and job responsibilities. Employees in their first to third years are given training on basic knowledge of finance and legal affairs and on strengthening their thinking skill. Managers and above are given training on basic knowledge necessary for their positions, such as labor management and compensation systems. Through the training, participants also learn about the process of achieving a management style that brings them closer to their ideal, as well as how to create a strong organization with leadership.

Managers and above	Training for newly-appointed senior professional and new section leaders (new evaluator training, management capability enhancement, labor management / harassment training)	Division specific training, TOEIC	
Development stage	6+years		Training for new assistant managers
	1-3 years		Training for 3 rd years and new recruits

Selective : Global talent and Next generation development training

ORIX Group has established a global human resource development system with the aim of strategically developing human resources who can play active roles on a global scale and dispatch young and mid-level employees to overseas subsidiaries and provide training programs to help them acquire global communication skills. OAM also has persons selected for the Program.

Managers and above	Selective training for managers	
Development stage	6+years	Cross-sector training, Global human resource development program, Global training system
	4-5 years	

Training system of ORIX Corporation, as of March 2023

Purpose of training	Enhancing management capabilities and human resources				Career support			
	Employee management & organizational development skills		Global talent/ Next generation development		Diversity promotion			Support for self-development
	Job level-specific	Organization specific	Selective		Work-life Balance support	Promoting participation by women	Promoting participation by seniors	Job postings
Managers and above	<ul style="list-style-type: none"> Training for newly-appointed senior professional staff For new section leaders <ul style="list-style-type: none"> •Training for new managers •Management skill reinforcement training •Follow-up training 	Organizational development skills training (Division-specific training)	Selective training for managers		Pre-maternity leave counseling seminars for employees taking maternity and child-care leave	Study group for female managers from other industries	Training for senior employees Career interview at the age of 50	Selective training programs (Global responsiveness, new business creation, interpersonal relationship skills, business vacation skills)
Development stage	<ul style="list-style-type: none"> Training for new assistant managers 3rd year training Follow-up training for new recruits Training for new recruits 		<ul style="list-style-type: none"> Cross-sector training Global human resource development program 	Global trainee system	Work-life balance seminars for couples	Women's forum for employees		Online learning platform
Pre-entry	Pre-entry training for job offeres				Nursing care seminar			

Division specific training

OAM or a specific division of ORIX Group holds training on corporate ethics, compliance and ESG through e-learning, etc. In addition, the OAM periodically invites external experts to provide training on compliance, taxation, real estate market, etc., in order to enhance employees' expertise.

Contents of training	Frequency	Target group
Compliance	3-4 times/ year	All officers and employees, and temporary staff
ESG	once a year	
Information Security	more than once a year	
Compliance Communication*	once a month	
Tax	irregularly	applicants
Real Estate Market	irregularly	applicants

Percentage of employees receiving training in FY2022 is 100% for each program excluding voluntary participation training.

* Monthly emails on compliance-related themes such as anti-corruption measures.

ESG training for OAM's officers

Increasingly, a variety of stakeholders have urged management to take ESG into serious account. Accordingly, for FY2019, training sessions have been regularly held inviting external and internal instructors to provide participants (mainly management) discussions related to ESG trends and approaches to ESG on a medium to long term management strategy perspective. Training sessions held so far include the following.

- ESG Investment Risks and Opportunities
- ESG Investment and Environmental Real Estate
- ESG Communications and Capital Markets
- Impact Investment



Self-development Support System

ORIX Group considers knowledge and growth gained through business activities to be the pillars of its development. In addition to these ideas, we are enhancing our self-improvement support system to support the improvement of individual skills and the formation of medium to long-term careers through self-directed learning so that each employee can respond in a timely manner to changes in the business environment and diversification. We will continue to implement various measures that contribute to the growth of our employees while keeping an eye on changes in the times.

Selective training program	This program enables employees to take outside courses on topics such as global responsiveness.
Self-development support program	This program provides financial support for commuting to university at the graduate level, or lump-sum payments when having acquired qualifications recognized by the company.
Wednesday seminars	These seminars about work efficiency, management skill reinforcement, and reinforcement of various skills are held by the Human Resources Department.
System of financial support for self-improvement	This system gives 60,000 JPY worth of annual benefit points to employees, which can be used for various activities such as self-development, promoting health, and childcare and nursing-related services (employees are free to choose any option)
Online learning platform	New online learning platform that allows employees to learn from a large library of content, regardless of time and place.

Training Results of all officers and employees of OAM (FY2022)

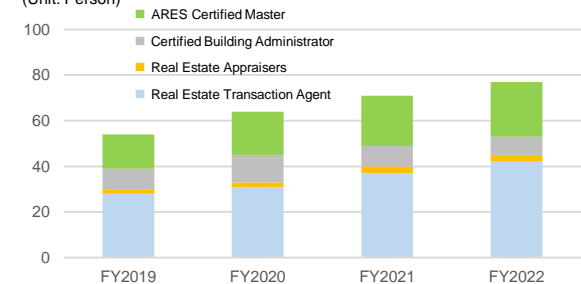
Total hours of training per year	1,269 hours
Training hours per person	18.4 hours
Training expenses per person	50,018 JPY

Support for Qualification Acquisition

As the asset management company of OJR, OAM actively supports the acquisition of qualifications of officers and employees in order to further enhance their knowledge and skills related to operations. All employees, including those with a fixed term, are encouraged to acquire a variety of professional qualifications, such as the ARES Certified Master, building lot and building Transaction Specialist, Building Management Specialist, Real Estate Appraiser, and Securities Analyst, which enable them to systematically acquire practical expertise in the real estate and financial fields. The Company bears all or part of the costs of maintaining these qualifications, in addition to the costs of training and entrance examinations. The number of qualified personnel is as follows.

	FY2019	FY2020	FY2021	FY2022
ARES Certified Master	15	19	22	24
Real Estate Transaction Agent	28	31	37	42
Real Estate Appraisers	2	2	3	3
Certified Building Administrator	9	12	9	8
CASBEE Accredited Professional for Building	1	1	0	0
CASBEE Accredited Professional for Real Estate	1	1	0	1
First-class architect	3	3	2	2
Certified Public Accountant	1	1	1	2
Certified Public Tax accountant	1	1	2	1
Chartered Member of the Securities Analysts Association of Japan	4	3	1	2
Certified Internal Auditor	2	2	0	1
Judicial scrivener	2	2	2	2

(Unit: Person)



Performance Review and Compensation Scheme

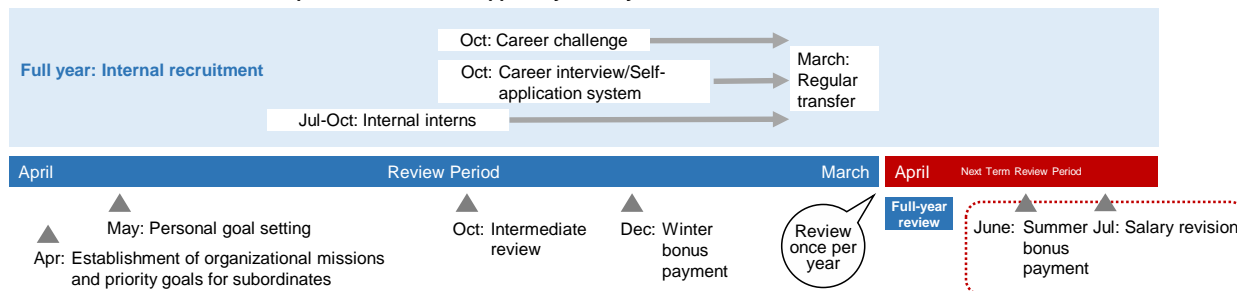
The performance review and compensation scheme has three purposes: human resource development, achievement of organizational goals, and reflection in employee treatment. In the performance review and compensation scheme, we emphasize regular interviews and dialogue between superiors and subordinates. Superiors present the basis for the roles and expectations they have for their subordinates in line with their work, and provide feedback on performance review results. In addition, they understand the mid- to long-term career aspirations of subordinates and support them in achieving those aspirations. In order to ensure that the scheme functions fairly and equally, we require supervisors to undergo training as evaluators. We also conduct surveys* on the behavior of superiors as seen by subordinates, so that the Human Resources Department can understand the actual conditions of superiors.

* Code of conduct surveys applicable to officers and managers (approximately 30% of officers and employees of OAM)

Performance review and compensation scheme chart



Performance Review and Compensation / Career Support System Cycle



<Periodic assessment interviews and feedback >

Timing	Purpose of interview	Subject to
Start of Fiscal year	Feedback from the previous year's evaluation and this year's personal goal setting	Officers, Employees in sales department and non-sales department
Middle of Fiscal year	Intermediate review	
Fiscal year end	Evaluation of the year	

The results of personnel evaluation are reflected in remuneration through the amount of bonus paid in the following fiscal year and monthly salary increases. OAM has also established matters related to the implementation of ESG in the organizational mission and priority objectives of the divisions.

Such mission / target evaluations will also be reflected in each officer's compensation for the following year.

ORIX Group operates an evaluation compensation system that is fair and appropriate to each job category and function, regardless of nationality, age, or gender.

Securing a Strategic Talent Pipeline

OAM, in line with its forecast of business developments and talent requirements, strategically formulates a three-year human resources plan each year, which is then submitted to the Sponsor. OAM has secured necessary talent in terms of seniority, position, expertise, and more by requesting to the Sponsor who serves as the source of human resources of OAM. The Sponsor identifies those who wish to transfer to OAM within ORIX Group through internal recruitment, internships, department transfers, and a request system, as well as career hiring when needed, and conducts a regular supply of human resources from a pool of talent that meets OAM's requirement.



Governance Initiatives

OJR and OAM are fully aware of the importance of the social responsibility and public duties required of investment corporations and committed to complying with social norms based on high standard of ethics. Also, we regard compliance with laws and regulations, centering on the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trusts Law”), the Financial Instruments and Exchange Act(hereinafter the “FIEA”), as our most important management issue.

OJR and OAM put value on strict compliance as a material issue. We have set up internal system to ensure compliance with laws, rules and other regulations. In particular, conflicts of interest are carefully monitored, and we strive to eliminate adverse effects related to transactions with parties posing the risk of a conflict of interest.

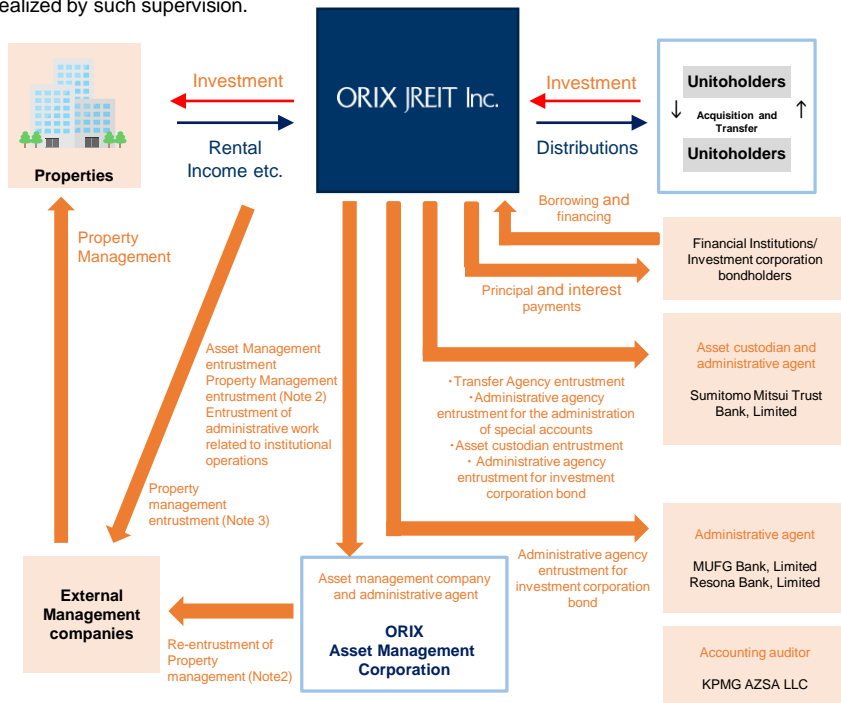
We also appropriately manage new risks related to ESG, including climate change.

Structure and Governance of OJR

Structure of OJR

In J-REIT, the investment corporations thoroughly functions as a “container” for asset management and Investment Trust Law prohibits investment corporations from hiring employees and instead operations must be entrusted to external companies (“external management system”). As a part of that, it is required by the Investment Trust Law that asset management business is entrusted to an asset management company, custody business is entrusted to an asset custodian, and business other than asset management and custody are entrusted to administrative agents (the asset management company, the asset custodian and the administrative agents are hereinafter referred to as the “asset management companies, etc.”)

It is stipulated in the Investment Trust Law that the asset management companies, etc. bear a duty of loyalty and a duty of diligence for J-REIT. From the viewpoint of protecting investors, furthermore, asset management company and asset custodian are limited within a specific scope of corporate bodies having a certain property foundation and personnel structure and the obligation of segregated management is imposed on the asset management companies, etc. for avoiding commingling risks and from the viewpoint of checks and balances. In addition, the supervisory authority of the Prime Minister (Securities and Exchange Surveillance Commission) also covers the asset management companies, etc. The appropriateness of their task performance is planned to be realized by such supervision.



Note 1: This diagram illustrates the main contractual relationships and contract counterparties centered on ORIX JREIT, in the case of real estate owned directly by ORIX JREIT. Those appearing here may differ in cases where ORIX JREIT retains real estate trust beneficiary interests or holds real estate in other formats.

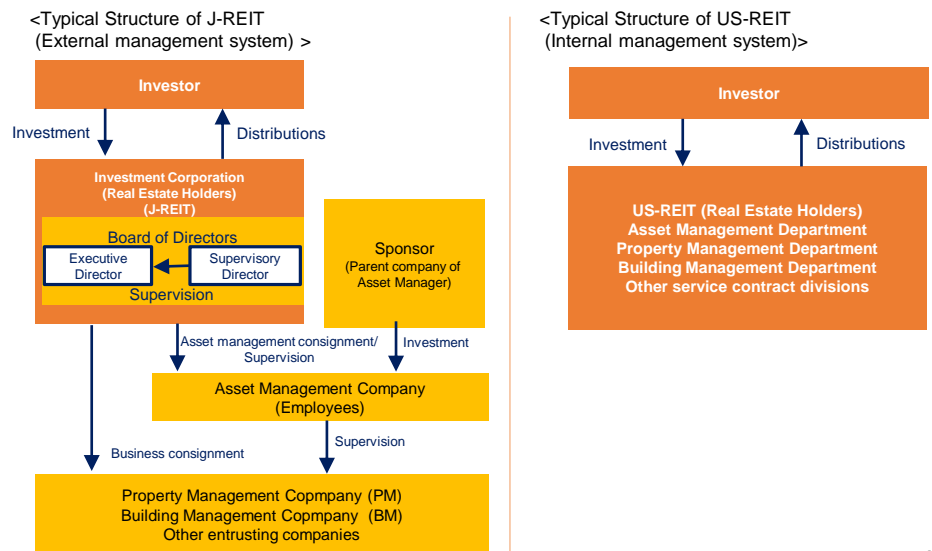
Note 2: Excluding residential properties, in principle. Note3: Residential properties only, in principle.

The executive director of an investment corporation have the authority to execute its business, and to take any and all judicial or extra-judicial actions on behalf of the investment corporation in connection with its business. As stated above, since the investment corporation outsources the business of asset management to an asset management company, the main duties of executive director are to manage and supervise the asset management company and to establish a system of governance by investment corporation.

In addition, the supervisory directors of the investment corporation are required to be independent of the asset management company, the sponsors, and the executive director. The number of such supervisory directors must be equal to the number of executive director plus one, in accordance with the provisions of the Investment Trusts Law. Independent supervisory directors shall constitute a majority of the board of directors of the corporation, and shall supervise the executive director and the asset management company, etc. The system is designed to prevent executive director from arbitrarily executing operations that are contrary to the interests of unitholders and stakeholders, and to maintain governance between the investment corporation and the asset management company, etc.

Differences Between J-REIT and US-REIT

To help readers understand the governance of OJR and OAM, we will review the difference of structure between J-REIT and US-REIT. In the case of US-REIT, either an external management system or an internal management system is possible, but in many cases, they are administered with an internal organization as shown below (“internal management system”), and the REIT itself can hire employees. The governance structure is similar to that of general companies. In the case of J-REIT with an external management system, the investment corporation is expected to establish a governance structure that is aligned with the asset management company that the investment corporation has entrusted with the management of its assets.



Organization of OJR

In addition to the general meeting of unitholders, OJR is composed of one executive director, three supervisory directors, a board of directors composed of executive director and supervisory directors, and an accounting auditor.

For details regarding the general meeting of unitholders, the board of directors, and the accounting auditor, please refer to [“Corporate Data”](#) and [“Structure”](#) on the OJR website.

[Please refer to Appendix 10. for Career summary of each director.](#)

Executive Director

There are many cases in J-REIT where a management company president concurrently holds the position of executive director at the investment corporation, and executive directors are invited from sponsor companies. But OJR, to strengthen internal control, ensures that its executive director do not also serve as the president of OAM, and it invites person for the position outside of Sponsor group. Like supervisory directors, the executive director of OJR have no vested interest in OAM or Sponsor Group and supervise OAM from an independent standpoint.

Supervisory Directors

Investment Trusts Law requires that the number of supervisory directors must be equal to or more than the number obtained by adding one to the number of executive directors. While two supervisory directors would suffice in the case of there being one executive director, OJR has three to strengthen the supervisory function with a wider range of expertise. To cover the four areas of real estate business; legal affairs and compliance; accounting, taxation and finance; and audit and risk management that are of importance in supervising an investment corporation, we have appointed a real estate appraiser, an attorney, and a certified public accountant. The supervisory directors supervise the execution of business by executive director and OAM as independent executives who are not in conflict with the Investment Trusts Law's standards for independence from the executive director and asset management company.

Directors' Remuneration, etc

The remuneration for executives and management paid by OJR are as follows:

Executive Director and Supervisory Director remuneration

Remuneration paid to executive director and supervisory directors is an amount determined by the Board of Directors to be reasonable based on general remuneration levels, price trends, wage trends, etc. for directors, corporate auditors, and others who perform similar duties, and shall not exceed 800,000 yen per month for each officer.

OAM remuneration

OAM remuneration consists of management remuneration 1 to management remuneration 5. Some of these management rewards are linked to asset management performance, and OAM believes that these incentives help maximize unitholder value by increasing unit prices, as the asset management company strives to improve OJR's performance.

Please click here for details on how management remuneration is calculated.

[Investment Corporation Articles of Incorporation Article 41](#)

Composition of OJR's board of directors, expertise, attendance at Board of Directors meetings, and remuneration

Unit: Thousand yen

Title	Name/ qualification	experience·expertise	Attendance at Board meetings in FY2022	Total remuneration paid in FP41·FP42 (March,2022 - Feb.2023)
Executive Director	Hiroshi Miura (Male) Certified public accountant	Mr. Miura has a wealth of expertise and business experience as a specialist in accounting, taxation, finance, and risk management. He has invaluable insight due to his extensive international business experience, including nearly ten years of overseas residency.	14 times out of 14 times (100%)	8,400
Supervisory Director	Toshio Koike (Male) Certified public accountant	Mr. Koike has a depth of expertise and business experience as a specialist in accounting, taxation, finance, and risk management. He has served as a corporate auditor and supervisor of independent administrative corporations and other parties.	14 times out of 14 times (100%)	3,600
Supervisory Director	Takeshi Hattori (Male) Real estate appraiser	As a real estate appraiser, Mr. Hattori is an expert in real estate investment and possesses vast expertise and experience that covers the whole of the real estate industry. He is also serving as an external member of the investment committee of an investment advisory company. Mr. Hattori also has insight as a representative director of a real estate appraisal company.	14 times out of 14 times (100%)	3,600
Supervisory Director	Yukako Oshimi (Female) Lawyer	Ms. Oshimi has a specialty in the field of risk management, in addition to extensive expertise and business experience as a legal expert. She has served as an external committee member of OAM's Risk and Compliance Committee for six years and has also been appointed as an outside auditor of many listed companies.	14 times out of 14 times (100%)	3,600

Notes

- Based on Article 26 of the Articles of Incorporation, Hiroshi Miura, Executive Director, chairs the Board of Directors.
- Executive director and supervisory directors may also serve as directors for other corporations. However, none of such corporations have any vested interest in OJR.
- Executive director and supervisory directors do not hold any investment units of OJR under his/her own name or the names of other individuals.
- The use of the words "experience" and "expertise" in this document refers to the comparatively distinct elements of experience and expertise possessed by each executive and does not refer to the entirety of an executive's experience and expertise.

Operation Structure and Governance

OAM, being entrusted the asset management and institutional operation of OJR, raises fundamental management policy to achieve highly consistent, efficient and transparent investment operations to grow OJR into a sound and highly profitable J-REIT and engaged in the business activities through following structure for pursuing operation and supervising management. OJR supervises the operation of OAM by the executive director, supervisory directors and its board of directors, and with OAM constructs the corporate governance in an integrated manner.

Decision Making Process

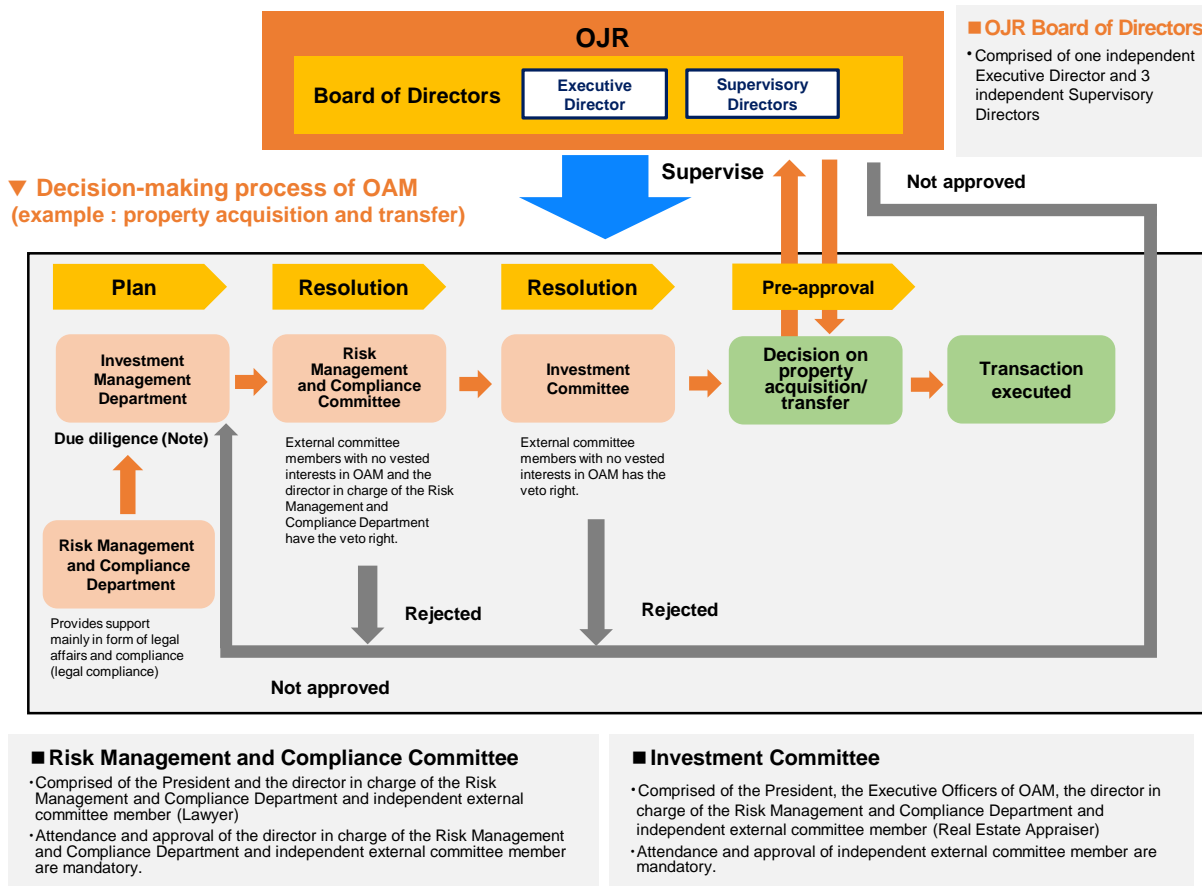
OAM is strengthening its governance by integrating a highly effective deliberation process with supervision led by third-party external committee members into OJR's asset management decision-making process. The external members of the Investment Committee and Risk Management and Compliance Committee are independent experts with no vested interest in OJR, OAM, or Sponsor Group and have the power to veto resolutions in each committee.

Supervision of OAM

All members of the OJR Board of Directors (executive directors and supervisory directors) are independent of OAM and other related parties. The members receive information periodically from OAM about the status of asset management and risk management at this Board of Directors, composed of independent appointees. In addition, under the Investment Trusts Law, supervisory directors can make a request to OAM for information regarding OJR's operations and assets at any time and conduct any necessary investigations.

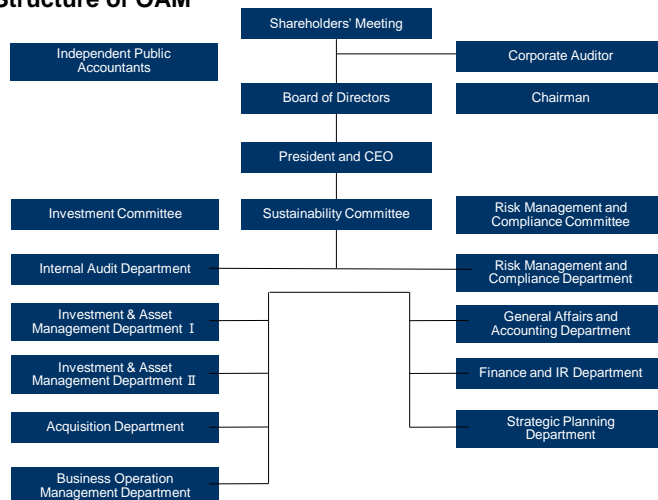
Supervision of Related Party Transaction

OJR has no controlling unitholders or subsidiaries and under the Investment Trusts Law cannot facilitate transactions such as acquisition, transfer, or lending of real estate with directors or directors' relatives. Transactions with all related parties, including OAM, asset custodian, and administrative agents, are strictly deliberated within OAM's decision-making process (including deliberations by independent external committee members). Transactions that exceed a certain level require approval from OJR's Board of Directors. All members of OJR's Board of Directors are independent of OAM and other related parties and supervise OAM, including such processes of transactions.



Note: "Due Diligence" means examination of properties from physical, legal and economic perspectives.

Operation Structure of OAM



Organization of Committees of OAM

		Summary
Investment Committee		<ul style="list-style-type: none"> Guidelines for working with financial institutions during green finance and other fundraising Discusses and makes resolutions regarding the acquisition and sale of OJR's real estate related assets Discusses and makes resolutions regarding OJR financing Discusses and makes resolutions regarding the formulation of OJR's budget, etc.
	Meeting frequency	Regular meetings are held once every three months in principle, with occasional meetings as necessary
	Participating Members	<ul style="list-style-type: none"> President and CEO(Chairman) Executive officer(s) Director in charge of the Risk Management and Compliance department External committee member (real estate appraiser with no interest in OAM)
Risk Management and Compliance Committee		<ul style="list-style-type: none"> Compliance status reports Risk management status reports Discusses and makes resolutions regarding the development and modification of the risk and compliance program Discusses and makes resolutions regarding the acquisition and sale of OJR's real estate related assets
	Meeting frequency	Regular meetings are held once every three months in principle, with occasional meetings as necessary
	Participating Members	<ul style="list-style-type: none"> President and CEO Director in charge of the Risk Management and Compliance department (Chairman) External committee member (an attorney with no interest in OAM)
Sustainability Committee		<ul style="list-style-type: none"> Discussion regarding the establishment, revision, and abolition of policies, goals, and action plans related to ESG Discussions regarding reporting on progress and monitoring of ESG-related goals and activities, and countermeasures Discussion of green finance initiatives, etc.
	Meeting frequency	Four time or more per year
	Participating Members	<ul style="list-style-type: none"> President and CEO(Chairman) Directors and Executive officer in charge of each department

Composition of the OAM Board of Directors, various committees and meeting attendance

Composition of the OAM Board of Directors and various committees and those meeting attendance are as below.

<Directors>

Title	Name	Attendance at board meetings and various committee meetings in 2022
Chairman	Yoshitaka Kamemoto (Male)	Board of Directors : 18 times out of 18 times (100%) Risk Management and Compliance Committee : 8 times out of 8 times (100%) Investment Committee : 17 times out of 17times (100%) Sustainability Committee : 9 times out of 9 times (100%)
President and CEO	Mitsuru Tanaka (Male)	Board of Directors : 18 times out of 18 times (100%) Risk Management and Compliance Committee : 4 times out of 4 times (100%) Investment Committee : 17 times out of 17times (100%) Sustainability Committee : 9 times out of 9 times (100%)
Director	Miki Mitsuoka (Female)	Board of Directors : 18 times out of 18 times (100%) Risk Management and Compliance Committee : 12 times out of 12 times (100%) Investment Committee : 17 times out of 17times (100%) Sustainability Committee : 9 times out of 9 times (100%)
Corporate Auditor	Kenji Kubo (Male)	Board of Directors : 18 times out of 18 times (100%)

Note: As of January 1, 2023, Yoshitaka Kamemoo resigned President and CEO and assumed Chairman, and Mitsuru Tanaka assumed President and CEO.

<External Committee Members>

Title	Name	Attendance at board meetings and various committee meetings in 2021
External Committee Member in Investment Committee	Junya Igarashi (Male) Real Estate Appraiser	Investment Committee : 17 times out of 17 times (100%)
External Committee Member in Risk Management and Compliance Committee	Ryohei Kataoka (Male) Lawyer	Risk Management and Compliance Committee: 12 times out of 12 times (100%)

For details on the composition of the various committees, meeting frequency, methods of deliberation and resolution, and the main duties and authority of each organization or body, please refer to "[Organization](#)" on the OAM website as well as the left chart.

Compliance

Basic Compliance Policy and Structure

Compliance Policy

OJR and OAM Company fully recognize the importance of social responsibility and the public mission required of investment corporations, and regard compliance with social norms based on high ethical standards and compliance centered on the Investment Trust Law and the FIEA as one of the most important management issues

OJR

In light of the importance of the compliance stance of the Board of Directors, OJR strives to ensure that members of the Board of Directors are always aware of compliance issues, and gives consideration to the practice of compliance by realizing active and sound deliberations at the Board of Directors.. In order to ensure the practice of compliance, all directors have pledged to OJR that they will comply with the Investment Trust Law, other laws and regulations applicable to OJR, various rules established by the Tokyo Stock Exchange, Inc., and various regulations established by OJR in the execution of their duties, and they conduct their business in this spirit.

OAM

In order to comply with the FIEA, the Investment Trust Law, the Building Lots and Buildings Transaction Business Act and other related laws and regulations, the Articles of Incorporation of OJR, the rules established by the Investment Trusts Association, Japan, the Asset Management Entrustment Agreement and the Real Estate Management Entrustment Agreement with the Investment Corporation, internal rules, etc., and to execute the operations in charge in accordance with the general ethics, common sense and norms of society, the significance and importance of compliance, the basic policy on the practice of compliance, the roles of each organization in the practice of compliance, the procedures for officers and employees to practice their actions, etc., are specified in the "Compliance Manual," which is the internal rules of OAM, and efforts are made to ensure that these policies are thoroughly implemented. In addition, each year a written oath of compliance with relevant laws and regulations is obtained from each officer and employee.

System to Promote Compliance

OAM has adopted the following systems in order to achieve compliance.

Institution	Primary Role
Board of Directors	Responsible for ensuring fair and effective compliance practices and for approving risk and compliance programs approved by the Risk Management and Compliance Committee, along with resolving significant matters related to compliance.
President and CEO	As the person in charge of corporate management, he/she directs the corporate officers and presides over the execution of operations in each department (including operations related to achieving compliance) while directing and managing the execution of operations based on the basic management policies stipulated by the Board of Directors (including operations related to achieving compliance). He/She is also responsible for delivering a message annually to all officers and employees to raise awareness about compliance.
Risk Management and Compliance Committee	Discusses the following matters related to compliance and brings the ones that are approved to the Board of Directors for discussion. <ul style="list-style-type: none"> • Enacting and revising basic policies related to compliance • Enacting and revising the compliance manual • Enacting and revising officer and employee behavioral practices • Setting up and modifying organizations related to compliance • Dealing with matters related the formulation, implementation and progress of risk and compliance programs • Dealing with other matters based on the above
Director in charge of Risk Management and Compliance Department	In taking on the role of Compliance Officer in an asset management company, he/she presides over the operations of the Risk Management and Compliance Department and performs the following operations. <ul style="list-style-type: none"> • Offers advice on discontinuing, correcting or modifying the execution of a planned transaction or other duty in the event that a compliance-related issue is discovered, or in the event that the General Manager of the Risk Management and Compliance Department reports that a violation of a law or regulation has been discovered. • Reports to the Board of Directors every three months on the status of compliance based on reports from the General Manager of the Risk Management and Compliance Department.
General Manager of Risk Management and Compliance Department	The General Manager of the Risk Management and Compliance Department is in charge of overseeing compliance, and takes on the following roles under the jurisdiction of the director in charge of the Risk Management and Compliance Department. <ul style="list-style-type: none"> • Performing dissemination of basic policies, codes of conduct, and behavioral practices of officers and employees, and fostering awareness of compliance • Confirming status of compliance with laws and regulations related to the acquisition or disposal of assets under management, entrusted management, leasing, making repairs or refurbishments, etc. • Reporting any violations of laws and regulations related to the acquisition or disposal of assets under management, entrusted management, leasing, making repairs or refurbishments, etc. to the director in charge of the Risk Management and Compliance Department when such a violation is discovered. • Reporting status of compliance with laws and regulations to the Risk Management and Compliance Committee once per quarter. • Providing consultation support related to codes of conduct and behavioral practices of officers and employees under the supervision of the Board of Directors • Implementing and making improvements for investigations of the current status of practices related to codes of conduct and behavioral practices of officers and employees under the supervision of the Board of Directors. • Planning and conducting compliance training.

Other: Please refer to "④ Compliance Proceedings" on P. 201 of OJR's Security Report for the 42th Fiscal Period for details on compliance proceedings for OAM.

["Security Report "](#)

Compliance Promotion

Handling of transactions with conflicts of interest, etc.

OAM, which is entrusted with the management of OJR's assets, has, in addition to the obligations set forth in the asset management agreement with OJR, obligations under Article 42 of the FIEA to faithfully perform its duties relating to the management of assets on behalf of OJR (Article 42, Paragraph 1), and to perform its duties relating to the management of OJR's assets with the care of a good manager (Article 42, Paragraph 2). Accordingly, in dealings with Sponsor Group, we strive on a daily basis to avoid executing transactions that would unfairly benefit Sponsor Group to the detriment of OJR.

In addition, OAM has established the Affiliated Companies Transaction Rules as internal rules regarding transactions, etc. with affiliated companies, etc., including OAM's Sponsor Group. Compliance with these rules eliminates the harmful effects of transactions between OJR and OAM's stakeholders and other parties that could cause conflicts of interest. We have also created and utilize a Compliance Manual to raise awareness of legal compliance on the part of each and every officer and employee, and to establish basic implementation procedures. The result is a system which we believe ensures that OAM's interests do not take precedence over those of OJR.

In addition, OAM's internal rules stipulate that OAM shall obtain the prior consent of OJR's board of directors for certain transactions, etc. with Sponsor Group, and the asset management agreement between OJR and OAM stipulates that any changes to such internal rules require the approval of OJR's board of directors. This provision ensures that a system is in place to prevent conflicts of interest in transactions with Sponsor Group.

The Risk Management and Compliance Committee requires the attendance of the director in charge of the Risk Management and Compliance Department for resolutions, and the director in charge of the Risk Management and Compliance Department has the authority to reject matters independently. We believe that giving such authority and functions to the director in charge of the Risk Management

and Compliance Department prevents the potential harm caused by transactions with conflicts of interest.

Furthermore, the Investment Committee and the Risk Management and Compliance Committee established by OAM have each appointed a real estate appraiser and an attorney with no vested interest in OAM as external committee members. Each committee resolution requires the attendance of an external committee member, and grants the external member the power to veto resolutions independently. We believe that giving such authority and functions to external committee members ensures the third party nature of committee decision-making, and prevents the potential harm caused by transactions with conflicts of interest.

Policy to eliminate anti-social forces

OAM has established a "Basic Policy to Prevent Damage Due to Antisocial Forces" to clearly lay out its stance on responding firmly to antisocial forces. In addition, OAM has established a system for excluding antisocial forces by specifying in the "Guidelines to Responding to Antisocial Forces", OAM's internal regulations, the exact procedures that should be followed in the event that OAM or OJR intends to begin a transaction with a third party and it becomes clear that this third party in the transaction with OAM or OJR is an antisocial force, or when an antisocial force makes an inappropriate demand to OAM or OJR.

Prevention of Money Laundering

OAM, which is a real estate transaction business operator and financial instruments business operator, is legally obligated as a specified business operator to prevent the transfer of criminal proceeds. In order to fulfill these obligations, OAM has established the Regulations on Prevention of Money Laundering and an accompanying operations manual. In accordance with these internal rules, when entering into contracts for the sale and purchase of real estate and trust beneficiary rights, or acting as an agent or intermediary for such contracts, we confirm the identity of the counterparty at the time of transaction, prepare and store confirmation and transaction records,

etc., and in the event that a suspicious transaction is found, it will be reported to the appropriate administrative agency. These measures enable us to prevent the transfer of criminal proceeds, detect them at an early stage, and deprive them of their value.

Giving and receiving of entertainment and gifts, and prevention of corrupt practices

OAM's Rules on Giving and Receiving of Entertainment and Gifts set forth basic rules for giving and receiving entertainment and gifts to and from business partners, public officials, etc. OAM works to prevent the use of entertainment and gifts as a means to gain unfair profits, and strives to conduct fair and transparent transactions with our business partners and public officials.

In addition, ORIX Group has established ORIX Group Anti-Corruption Policy, which prohibits the giving and receiving of payments related to corruption under any circumstances, regardless of whether the other party to the transaction is a government official, a private party, or an individual. This policy also applies to OAM. OAM's Audit Office regularly conducts internal audits in addition to daily monitoring subject to all divisions and operations to ensure no improper transactions such as bribery, bid-rigging, and collusion are being conducted by officers and employees (matters relating to ORIX Group Corruption Prevention Policy) and reports to the board of directors. OAM works to prevent corruption under supervision of the board of directors in OAM.

The officers and employees of OAM shall submit an oath each year to comply with the laws and regulations related to the prevention of corruption while also attending training related to the prevention of corruption (including bribery) in the form of an annual e-learning course.

During FY2022, there were no cases at OAM of disciplinary action against personnel for violating anti-corruption regulations.

Prevention of Insider Trading

OAM's internal rules on prevention of insider trading, etc. prohibit OAM officers and employees from trading in the OJR's investment units, new investment unit subscription rights, and investment corporation bonds (hereinafter referred to as "Investment Units, etc.") prior to the public announcement of any material facts learned in the course of their duties (Information about OAM or OJR, which is defined in Article 166, Paragraph 2 of the FIEA as "material facts about the business, etc.", and information that applies to them is referred to as "insider information"). The communication of insider information is prohibited in principle. If the communication of insider information is necessary in the course of one's duties, it may be done only to the extent necessary, and it is stipulated that until such time as the information in question is made public, said information shall not be communicated nor shall transactions be recommended for the purpose of causing the other party to engage in sales, purchases, or other compensated transactions involving OJR's units, etc. for the purpose of enabling the other party to gain profits or avoid losses. In addition, OAM has established an information sharing arrangement, including management of insider information, pursuant to the Sponsor Support Agreement dated December 24, 2013 with ORIX Corporation and ORIX Real Estate Corporation.

Prevention of unfair transactions, etc.

OJR strives to ensure fair and free competition by stipulating in its Compliance Manual the prohibition of "abuse of a superior bargaining position", which is an unfair trade practice under the Antimonopoly Law, and compliance with the obligations stipulated in the Law on the Prevention of the Delay in the Payment of Subcontracting Charges and Related Matters.

Dealing with complaint, accident, crisis, etc.

The "Compliance Rules for Complaints, Accidents, Crises, etc." also stipulate that in the event of a complaint, accident, crisis, etc. involving compliance issues, an officer or employee of OAM should promptly report the matter to the head of the department and then make an internal report according to the prescribed procedures. Until each reported matter is concluded, the Risk Management and Compliance Department shall monitor the status of corrective measures, and make quarterly progress reports to the Risk Management and Compliance Committee and OAM's Board of Directors, as well as regularly reports to the OJR Board of Directors. The same regulations also stipulate that in the event that a complaint, accident, crisis, etc. involving compliance issues occurs, but it is difficult for the officer or employee to report to their superior, they should report the incident directly to the General Manager of the Risk Management and Compliance Department or the director in charge of the Risk Management and Compliance Department.

ESG perspectives on due diligence and acquisition appraisal

OAM recognizes that, when representing OJR in the acquisition or sale of real estate related assets, the results of their due diligence and appraisal, etc. will have a significant influence on pricing and decision making by OJR when acquiring and transferring real estate related assets, and therefore selects and manages contractors appropriately, not only based on their business performance and social reputation, but also from the perspective of ESG initiatives. Also, when conducting due diligence and appraisal, the results reflect the content of ESG initiatives in each real estate related asset.

Payment of Fines for Violations of Environmental Laws, Labor-related Laws and Regulations, Business Laws, and Corruption in Audited Accounts

Through FY2022, there were no fines to be paid for violations of environmental laws, labor-related laws and regulations, business laws, or corruption in audited accounts.

Relevant Regulations of ORIX Group

OAM accepts part of the regulations on compliance common to ORIX Group established by ORIX, the parent company of OJR, and promotes the code of conduct and code of conduct to act in compliance with the internal regulations set forth in the regulations.

Code of Conduct

The ORIX Group Code of Conduct serves as the foundation of our culture of compliance and our drive for business excellence.

OAM, as a member of the ORIX Group, complies with these guidelines.

[ORIX Group Code of Conduct](#)

Whistleblower system

External whistleblower system

As part of its effort to promote compliance, ORIX Group has set up a whistleblower hotline for business partners to report issues.

[External whistleblower hotline](#)

The following issues can be reported.

“Conduct by ORIX Group officers and employees that violate compliance, as stipulated with the enactment of the Whistleblower Protection Act, or actions that could potentially violate compliance”.

Examples:

- Fraud, violations of laws (transactions suspected of involving kickbacks, fictitious invoices, document falsification, inappropriate business entertaining / requests for gifts, money laundering, etc.)
- Harassment (power harassment, sexual harassment, etc.)
- Harassing behavior using one’s position
- Other actions that violate laws or ethics

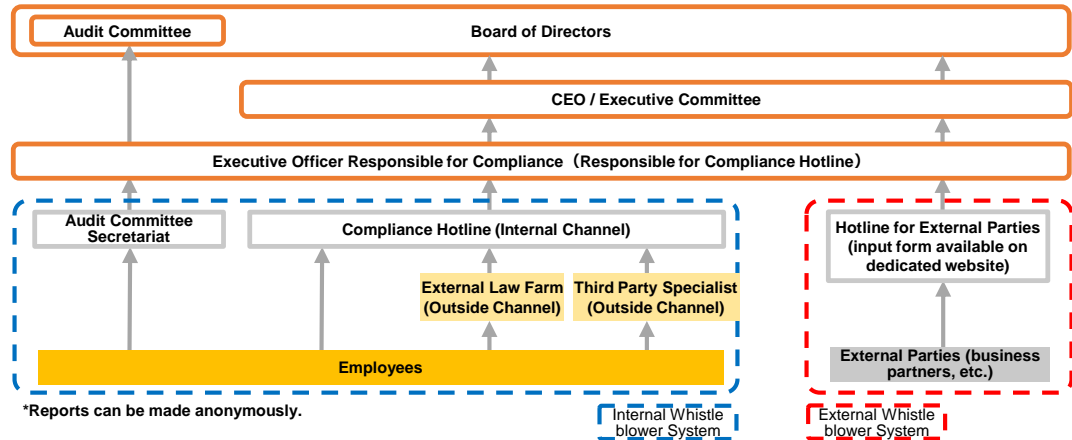
Internal whistleblower system

ORIX Group has a report and consultation channel for fraud and legal violations (external law office), a report and consultation for accounting, internal governance for accounting, and auditing (secretariat for ORIX’s Audit & Supervisory Committee), and for issues related to inappropriate business operations, harassment and other issues (both internal and external lines can be used) based on the Whistleblower Protection Act and internal rules on compliance hotline. These are available to officers and employees, dispatch employees, temporary staff, part-time employees, retired employees and family members (communication may be made via letter, direct visits, phone, and email; email is accepted 24 hours a day, 365 days a year). Posters and the company intranet are used to actively familiarize officers and employees about the availability of these consultation lines. ORIX Group strives to strengthen sound management while it can detect violation of laws and internal laws, conducts that violate social norms promptly and it can prevent misconduct before something happens.

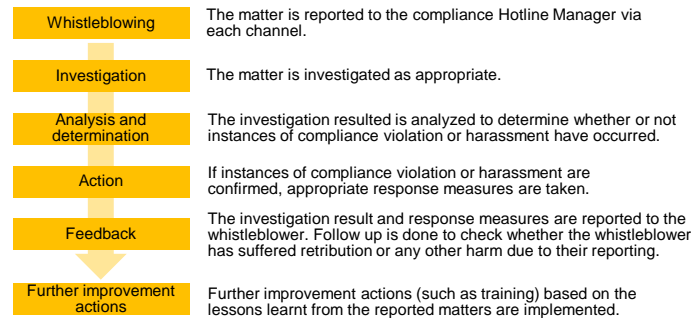
The Hotline is available through three channels: an external channel retaining outside lawyers and specialists, a channel for reporting outside of the internal management structure straight to the ORIX Corporation Board Audit Committee independent of the senior management, and an internal channel. The use of these channels is as follows:

- Reporting of fraud and legal violations: outside law firm channel
- Reporting of inappropriate business execution, harassment and other matters: outside specialist channel
- Reporting of matters related to accounting, internal control of accounting and audits: ORIX Corporation Board Audit Committee Secretariat channel
- General inquiries and consultations about the hotline matters: internal ORIX channel

<Reporting and consultation route>



Support following the receipt of reports and consultation shall be as follows.



Moreover, the Compliance Hotline Rules concerning the system and its operation prohibit the adverse treatment (including dismissal) of internal whistleblowers and those who cooperate with investigations, while also requiring that all officers and employees (including temporary staffs) report, to their own supervisor, any knowledge or suspicion of legal violations, violations of internal rules, and behaviors that violate social norms. If there are any obstacles to reporting to one’s own supervisor, they are required to promptly report their knowledge or suspicions to the compliance hotline.

After the report has been received, under the supervision of the hotline manager (the Executive Officer Responsible for Compliance), an investigation and corrective action are taken after limiting the people involved and rigorously safeguarding the reported information.

■ Number and nature of reports under the Whistleblower system

In the fiscal year ended March 2023, approximately 120 reports were received through the internal whistleblower system and approximately 10 reports were received through the external whistleblower system. (The number of reports provided on a global basis.)

BREAKDOWN OF REPORTS

Category	Percentage
Harassment	Approx. 50%
HR related performance reviews, labor conditions	Approx. 19%
Work environment	Approx. 14%
Violation of internal rules	Approx. 14%
Others	Approx. 3%



Compliance Training and Awareness

In order to raise awareness and maintain the company's internal compliance framework, OAM's Risk Management and Compliance Department holds training sessions for officers and employees (temporary staff and employees of OAM's business trustees who are stationed at OAM are also included.) at least once every six months, with group training and e-learning programs on topics including FIEA, the Investment Trusts Law, the Building Lots and Buildings Transaction Business Act, and other laws and regulations related to real estate transactions, as well as internal regulations, corruption prevention, and information security. Moreover, officers and employees must submit written pledges to OAM with statements to the effect that they will comply with relevant laws and regulations etc.

Auditing and Monitoring System

OAM has established the Internal Audit Department, which is primarily responsible for conducting internal audits. The head of the Internal Audit Department conducts an audit of all departments within the company at least once a year, and also audits each department as necessary. In addition, after conducting internal audits, the head of the Internal Audit Department notifies the heads of the audited departments regarding matters requiring improvement, and reports the status of internal audits, improvement measures by audited departments, and the results of such measures to the Board of Directors and the Risk Management and Compliance Committee.

Furthermore, in order to ensure the appropriateness and soundness of OAM's internal controls, each department investigates whether its business operations are being conducted appropriately and effectively in accordance with the Basic Management Policy, organizational mission and key objectives, as well as laws, regulations, ordinances, and internal rules. The results are evaluated and appropriate corrections and improvements are made to operations.

OAM has established an organizational structure based on "Three Lines of Defense". Different persons have been appointed to the director in charge of the Risk Management and Compliance Department which corresponds to the second line, and as the head of the Internal Audit Department which corresponds to the third line.

Customer-Oriented Business Conduct

The concept of customer-oriented business conduct (fiduciary duty) is in recent years generally interpreted as going beyond its original meaning of "obligations of a trustee based on a trust agreement" and is defined to refer collectively to "the broad range of roles and responsibilities to be assumed by a person engaged in certain business activities in order to fulfill the trust that is placed by another party". For asset management companies like ourselves, the "fiduciary duty" encompasses the duties and responsibilities that are based on the fiduciary relationship between investors and an asset management company. We believe that this fiduciary relationship is not something that is bound merely by the terms of an agreement, but calls for real estate management professionals to conduct business with a view to maximizing investors' interests.

Based on this concept, OAM has established "Basic Policy for Customer-Oriented Business Conduct" ([Please refer to Appendix 11.](#)) on September 2017 so that OAM can conduct exhaustive customer-oriented business operation.

Front Line of Defense	Second Line of Defense	Third Line of Defense
<p><Business Implementation Department> Takes a certain amount of risk and is responsible for being in charge of and explaining risk identification, assessment and control</p>	<p><Risk Management and Compliance Department> Cooperates closely with the front line so that the front line of risks is identified and managed appropriately</p>	<p><Internal Audit Department> Evaluates the effectiveness of the processes made by the front and second lines from an independent standpoint and provides an objective guarantee</p>

Risk Management

Risk Management System

Risk Management Structure

OAM has established a Risk Management and Compliance Department to oversee risk management. In addition, the Risk Management and Compliance Committee is chaired by the director in charge of the Risk Management and Compliance Department and is composed of the President and CEO, the external committee member (attorney with no interest in OAM). This committee receives reports on the status of risk management and formulates risk and compliance programs, etc. In addition, the Board of Directors approves the Risk and Compliance Program as discussed by the Risk Management and Compliance Committee.

The approved Risk and Compliance Program is monitored, and once every three months, its progress is reported to the Risk Management and Compliance Committee and the Board of Directors. OAM has enhanced its risk management through this multi-layered system.

The Risk and Compliance Program also includes monitoring of ESG risks (identification and analysis of long-term risks from the impact of climate change, compliance with environmental laws and regulations, and the implementation of measures to maintain and improve ESG ratings) every three months.

Risk Assessment Method

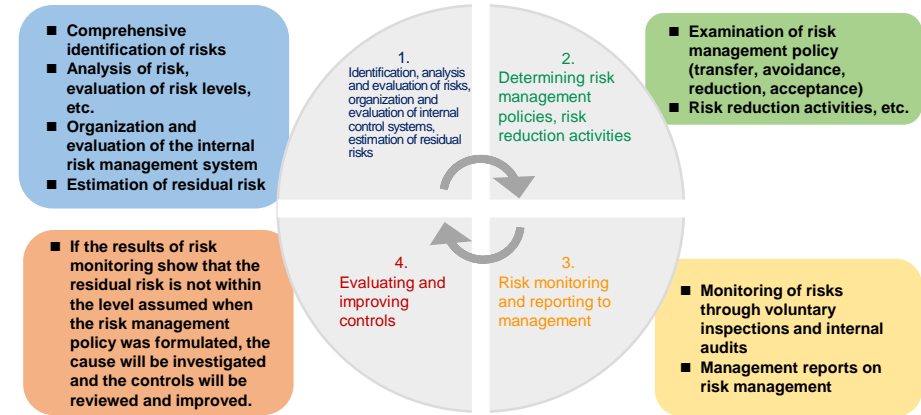
OAM's "Risk Management Rule" as its internal rule stipulates the basic risk management policies.

The executive officer in charge of each department including all directors and each department in OAM identify the content and occurrence frequency of the risks that should be managed, their degrees of impact, the specifics of the current status of management, their management level and responses to these, and put all of this information together as a risk library (hereafter, "library"). After doing this, the director in charge of the Risk Management and Compliance Department examines the content of the library put together by the executive officer in charge of each department including all directors and each department, selects the necessary items from a company-wide perspective, and formulates an annual Risk and Compliance Program.

Based on this, we have established the PDCA cycle for risk management, which consists of risk inventory, recognition, and categorization (Plan) ⇒ selection of controls according to risk management policies (Do) ⇒ monitoring of residual risks (Check) ⇒ evaluation and improvement of controls (Action), as well as internal audits to evaluate whether or not the PDCA cycle is functioning properly. When a risk becomes apparent, the necessary internal reports are made promptly according to the level of impact in order to minimize the damage and loss incurred by OJR and OAM.

In the event of a crisis, the OAM will consider whether to establish a crisis management headquarters. If it is deemed necessary, the crisis management headquarters will be established, and based at the crisis management headquarters, it will collect and analyze information on the crisis; consider, decide on, and implement countermeasures; investigate the causes of the crisis; and consider, decide on, implement, and verify corrective measures and measures to prevent a recurrence.

<PDCA cycle for risk management>



Main risks and the management of these

OAM defines and recognizes the risks related to the business of OJR and OAM in the "Risk Management Implementation Guidelines" which are the internal rules of OAM and performs risk management according to these characteristics. For example, to lower the risks related to human resources, OAM is implementing the measures to provide a healthy and secure work environment through enhancement of the vacation system and work style reforms. [Please refer to P.37 – P.40 for details](#)

Other examples of the main risk and their management methods from the risks defined and recognized by OAM in question are listed below.

Risk Categories	Type of Risks
Risk related to the environment	Climate change risk, Resource/waste risk, Toxic substance risk, Risk related to the natural environment and biodiversity
Risk related to society	Disaster risk, Human resources risk, Labor risk, Risk related to human rights violations/unfair labor practices, Risk related to handling complaints, Risk to customer satisfaction, Disclosure risk
Risk related to governance	Governance risk, Organizational/corporate culture risk, Compliance/legal risk, Information asset risk, IT/system risk, Tax accounting risk, Business partner risk, Risk related to office functions, Audit risk
Economic risk	Market/liquidity risk, Investment/operational risk, Strategic risk

Information Security Risk Management

Concept of Information Security

ORIX Group recognizes that information security-related risks are an important management issue and strives to appropriately protect information and safely manage information assets. These ideas and policies on information security are set forth in the Information Security Policy. [\(Please refer to Appendix 12.\)](#) In addition, ORIX Group has established the Information Security Management Rules as in-house regulations, which stipulate the appropriate use of information and information systems by officers and employees, the information security management system, basic policies, and management standards.

Information Security Standards and Minimum Security Standards

ORIX Group has established Information Security Standards and Minimum Security Standards to define control areas and measures for information security risks. The Information Security Standards define 16 information security control domains and establish multiple risk control measures for each domain. Each company and division makes decisions on control measures on a risk basis. The nature of your business, the information you have, the threats, and regulatory expectations are key considerations when making risk-based decisions. The Minimum Security Standard consists of 14 control measures that must be observed as a minimum in the Information Security Standard. Each company and division must implement measures for these controls. These 14 measures are the most effective measures based on government recommendations and information security best practices. ORIX's Information Security Management Department provides the security programs necessary to achieve the Minimum Security Standards to each company and division through global shared services.

Based on the above, the Asset Management Company has established the "Basic Rules for Information Management," "classifies the importance of information based on the information security standards of ORIX Group, specifies the standards for conduct and judgment, etc. that officers and employees of the Asset Management Company should comply with according to the importance, and strives to effectively utilize information assets, including personal information obtained by officers and employees in the course of their duties, and maintain and improve the confidentiality and usability thereof." The main initiatives of information security risk management are as follows.

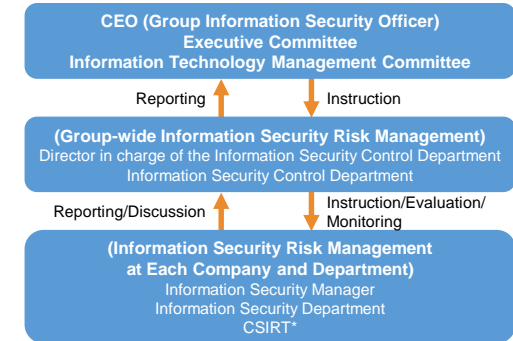
Safety Management Measures

Depending on the level of importance of information, appropriate safety management measures are implemented in accordance with laws and regulations as well as guidelines on the protection of personal information in the financial sector.

Information security incident preparedness

The CSIRT of OAM has established a reporting system and procedures for responding to information security incidents, and conducts training in accordance with the reporting procedures. When an incident occurs, the CSIRT shall respond to the incident under the support or instructions of the Information Security Management Department of ORIX. The Officer in Charge of the Information Security Management Department reports the status of responses, recurrence prevention measures, improvement measures, etc. to the CEO and the Executive Committee according to the severity of the incident.

Information Security Governance Structure



* CSIRT(Compute Security Incident Response Team): computer and networking security incident response team.

Ongoing officer and employee education, etc.

We provide ongoing education on information security to our officers and employees through e-learning and other programs. ORIX Group has also contracted with a third-party organization to perform training once per year for handling phishing scams, and the officers and employees of OAM will take part in this training as well. In addition, OAM officers and employees check desks and meeting rooms once a month, to make sure that no confidential information has been left behind when they leave the office.

Crises Management System

Incident Management System

ORIX Group has rules in place for addressing operational risk incidents, and manages operational risk according to the degree of managerial impact. When any of the accidents, crises, complaints, etc. (including incidents) occurs, OAM promptly reports it internally according to the standards designated in the “Compliance Rules for Complaints, Accidents, Crises, etc.” and with respect to the specified incidents, reports them to ORIX in accordance with the Group’s common reporting standards. [Please refer to P.52.](#)

We then follow the basic policies for action prescribed by the regulations to address the incident responsibly and appropriately until it is resolved.

Systems for Incident Management



Disaster Risk Management

BCP

ORIX Group has established the Basic Disaster Risk Management Rules (hereinafter referred to as the “Rules”), which define the basic approach, activities, and framework for systematic risk management in the event of a disaster, accident, or other unforeseen event. The Rules apply to all companies in ORIX Group and therefore also apply to OAM, which is an ORIX Group company. The Rules also contain a Basic Disaster Risk Management Policy (hereinafter referred to as the “Policy”). During normal times, we aim to reduce the potential loss of management resources to be caused by the disaster and establish recovery methods, and during emergencies, we aim to minimize damage by maintaining organizational functions and restoring operations quickly. In addition, the Policy includes action guidelines that give the highest priority to the safety of officers, employees, and their families, preserving management resources and restoring them quickly and adequately, and responding to disaster-related social demands.

OAM considers the management resources mentioned in the Rules to include OJR’s management resources, and will take prompt and appropriate action to protect OJR’s assets. A concrete Business Continuity Plan (BCP) has been established in line with the above objectives and action guidelines, and is reviewed annually.



Appendix

1. **Our History of ESG**
2. **ESG Policy and related Guidelines**
3. **Material Issues Identification Process**
4. **Details of Sustainable Finance**
5. **TCFD Scenario Analysis**
6. **GHG Emissions in Detail**
7. **Environmental Data**
8. **List of Green Building Certified Properties**
9. **Status of Officers and Employees of OAM**
10. **Directors' Profiles of OJR**
11. **Customer-Oriented Business Conduct**
12. **Information Security Policy**
13. **GRI Standard**
14. **SASB Standard**
15. **Environmental Information Independent Verification Report**



1. Our History of ESG

Based on the feature of J-REITs whereby an asset management company is entrusted with the authority over the management of assets of the investment corporation, OAM has promoted ESG through joint efforts with OJR.

2013	<ul style="list-style-type: none"> OAM established "Environmental policy". OJR participated in "Global Real Estate Sustainability Benchmark (GRESB)" for the first time. 	May 2020	OAM conducted initiatives as below. <ul style="list-style-type: none"> Revised "ESG Policy". Revised "Energy Usage/Greenhouse Gas Emission Reduction Policy", "Water Conservation Policy", "Waste Weight Management Policy" and "ESG Policy on Procurement and Other Transactions" accompanying ESG Policy and changed the names to "Guidelines for Reducing Energy and Greenhouse Gases", "Guidelines for Management of Resources and Waste" and "ESG Guidelines for Procurement and Other Transactions".
2014	OAM established "Energy Efficiency, GHG reduction Policy", "Water Efficiency Policy" and "Waste Management Policy" based on Environmental policy.	July 2020	OJR issued 2nd Green Bonds.
2015	OJR earned Green Star, the highest rank of absolute evaluation and 3 star of relative evaluation in "GRESB Survey".	September 2020	OAM was selected as a participating company in the Ministry of Environment's "Project to Analyze Scenarios of Climate Risks and Opportunities in Accordance with the TCFD in FY2020".
March 2018	OAM implemented following measures. <ul style="list-style-type: none"> Abolished "Environmental policy" and established "ESG Policy". Revised to "Energy Usage/Greenhouse Gas Emission Reduction Policy", "Water Conservation Policy" and "Waste Weight Management Policy" based on "ESG policy". Established "ESG Policy on Procurement and Other Transactions". Convened "Sustainability Committee" for the first time. 	March 2021	The results of OAM's TCFD scenario analysis for OJR were published in the Ministry of the Environment's "Recommendations for Management Strategy Planning Using TCFD".
August 2018	OJR joined "Green Building Japan(GBJ)"	April 2021	OJR announced the results of the TCFD scenario analysis in their financial results briefing materials for the fiscal period ending February 2021.
September 2018	OJR earned 4 star in GRESB Real Estate Assessment and awarded rank "A" in GRESB Public Disclosure evaluation.	July 2021	OJR issued 3rd Green Bonds.
December 2018	<ul style="list-style-type: none"> OJR was included in MSCI Japan ESG Select Leaders Index. OAM established rules for the Sustainability Committee. 	September 2021	Revised "ESG policy", "Guidelines for Reducing Energy and Greenhouse Gases", "Guidelines for Management of Resources and Waste" and "ESG Guidelines for Procurement and Other Transactions". In addition, OAM established "Guidelines for ESG Investment and Management". Changes to medium-term and long-term targets for climate change (carbon neutral by 2050, 35% reduction by 2030).
February 2019	OJR defined Material issues – Our Sustainability Priorities.	October 2021	OJR earned 5 star, the top rank, in GRESB Rating.
March 2019	OAM became a signatory of "Principles for Financial Action for the 21st Century".	March 2022	OJR undertook the "Positive Impact Finance" scheme as the first in J-REIT sector.
June 2019	Issued ESG Report in Japanese in accordance with GRI Core option for the first time.	April 2022	OAM signed up to Principles for Responsible Investment(PRI).
July 2019	OJR issued its first Green Bonds.	August 2022	OAM joined "Japan Climate Initiative(JCI)".
September 2019	Issued revised ESG Report in accordance with the GRI Standards Core option in both Japanese and English.	December 2022	OJR implemented its first Green Loan.
October 2019	OAM released OAM has signed on as a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board.	February 2023	OJR won the Silver award in the Fundraiser Category of the ESG Finance Awards hosted by the Ministry of the Environment.
February 2020	OAM signed up to United Nations Environment Programme Finance Initiative (UNEP FI) .	March 2023	OAM revised its ESG Policy as well as its *Guidelines for Energy and Greenhouse Gas Reduction. * also revised in August and September
		July 2023	OJR's near-term Target was validated by SBTi.
		September 2023	OJR set new reduction targets for greenhouse gas emissions, formulated a transition roadmap toward net zero and implemented its first Sustainability Linked Loan.



2.ESG Policy and Related Guidelines

ESG Policy

We, ORIX Asset Management Corporation, believe that it is vital to consider issues surrounding ESG (environment, society and governance) in order to achieve sustainable asset management. We have established our ESG Policy to put these beliefs into practice and to achieve stable growth in unitholder value, which is in line with OJR's management philosophy.

Basic stance

Based on a management philosophy that aims for the stable growth of unitholder value, we recognize risks and opportunities from an ESG standpoint and identify material issues for sustainability and set individual targets to address those material issues. By acting accordingly, we believe we can achieve medium-to-long-term growth of OJR and respond to social issues such as those listed as the United Nation's SDGs.

We implement the Sustainability Policy of ORIX Group, to which we belong, through our actions and by supporting and respecting the international norms and initiatives noted in a separate appendix (including international norms and others that ORIX Group supports).

1. Respect for human rights and compliance with labor practices

- In keeping with ORIX Group's Human Rights Policy and international norms, we respect human rights and do not tolerate any type of discrimination or inhumane treatment for reasons of race, nationality, gender, disability, religion, or age, and we strive to guarantee equal opportunities of all employees as well as tenants and business partners. This includes, but is not limited to, freedom of association, the right to collective bargaining, the elimination of forced labor, unfair low-wage labor and long work hours, and a ban on child labor.
- We will foster a culture that embraces diverse perspectives and values, establish an environment where diversity can flourish and foster mutual growth, and promote efforts towards DE&I (Diversity, Equity, and Inclusion).
- We strive to promote opportunities for employment that are motivating and productive and endeavor to provide working environments and practices that are free, fair, safe and respects human rights.

2. Response to climate change

- We view climate change as a globally shared priority issue and as a medium-to-long-term risk. In order to realize a decarbonized society, we take mitigation measures to reduce the emission of greenhouse gases and have adaptation strategies to not only reduce the impact but also to turn it into an opportunity. Specifically, we aim to achieve net-zero GHG emissions by 2050 by promoting energy management, such as improving the energy efficiency of our properties, promoting energy conservation, and introducing renewable energy.

- We recognize the Paris Agreement and the reduction targets to which Japan committed in the Paris Agreement, and our activities will be based on this as a long-term objective.

3. Consideration for the environment (response to the ecosystem, biodiversity, waste and water resources)

- We ascertain and assess the impact that our business activities have on the environment (e.g. the use of natural habitats, ecosystems and resources, and the emission of pollutants and waste) from the viewpoint of risks and sustainability and strive to reduce our environmental load by complying with environmental laws and taking a preventive approach.
- We contribute to a recycling-oriented society by efficiently using water and other resources, reducing and recycling waste, and preventing pollution by appropriately managing toxic substances and wastewater.
- We consider our impact on biodiversity and ecosystems and strive to protect the environment.

4. Collaboration with Stakeholders

- We hold dialogues with our stakeholders including unitholders, tenants and business partners, local communities and our executives and employees. This not only raises reliability and transparency, but the feedback received from stakeholders is also reflected in business activities.
- We contribute to the development of local communities through participation and communication.
- We encourage business partners such as property managers and building managers to implement the matters laid out in this policy and promote adherence throughout the supply chain.
- We collaborate with financial institutions to promote sustainable finance initiatives.

5. Promotion of health and comfort for customers (tenants and users)

- We contribute to improve customer satisfaction as well as community health and sanitation levels while at the same time enhancing the value of our properties through asset management focused on health, safety and comfort.

6. Response to officers and employees

- We are mindful of the importance of a healthy and comfortable work environment for executives and employees by promoting DE&I and work-life balance.
- We endeavor to develop the skills of executives and employees, and strive to hire diverse and talented staff and improve the quality and efficiency of the operations we provide.
- We continually provide education and awareness-building activities on ESG to raise the understanding and knowledge of executives and employees.

7. Risk management, compliance, and fair business practices

- We comply with relevant laws and regulations and our actions are governed by the highest ethical standards. We conduct our business in a fair manner.
- We have established internal system designed to appropriately manage risk and compliance and work to eliminate conflicts of interest.
- We do not tolerate corruption such as bribery, money laundering, fraudulent transactions, or transactions with anti-social forces.

8. Promotion of information disclosure and visualization of ESG

- We proactively disclose information on ESG to various stakeholders, including unitholders, tenants/business partners, communities, executives and employees. As part of such efforts, we take initiatives that help quantify our ESG performance, such as obtaining environmental certification for properties owned by OJR as well as ESG evaluation for real estate investment corporations.

International standards or initiatives that OAM supports/participates

- Paris Agreement: Support
- Sustainable Development Goals (SDGs): Support
- United Nations Environment Programme Finance Initiative (UNEP FI): Support
- Task Force on Climate-related Financial Disclosures (TCFD): Ascend
- Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century): Participate
- Principles for Responsible Investment (PRI): Participate
- Japan Climate Initiative (JCI): Participate

Standards that OAM complies/refers

- GRI standards: Core option
- ISO26000: Reference
- ISO31000: Reference
- ISO14001: Reference

International standards or initiatives that ORIX Group supports/participates (Support)

- The United Nations Global Compact
- Universal Declaration of Human Rights
- The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

(Reference)

- The International Labor Organization's international labor standards
- The United Nations' Guiding Principles on Business and Human Rights

*Please see page 8 regarding initiatives which OJR supports.

Appendix

Guidelines for Reducing Energy and Greenhouse Gases

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 will work toward the long-term goal of achieving net-zero emissions by 2050 in order to realize the Paris Agreement.
- We aim to reduce Total GHG emission including OJR's supply chain by substantially 90% or more in 2050 compared to 2021 (Total GHG emission is defined as the range including Scope1, Scope2 and Scope3).
- We aim to reduce GHG emission by 42% in 2030 compared to 2021 for Scope1, Scope2 and Scope3 that are under OJR's operational control. To achieve this goal, we set an interim target of 14% reduction in 2024, and annual targets of increasing reductions by 4.7% per year until 2030.
- We aim to make 50% of our electricity consumption from renewable energy sources in 2030 for Scope2 and Scope3 that are under OJR's operational control.
- We aim to reduce GHG emission intensity by 42% in 2030 compared to 2021 for Scope1, Scope2 and Scope3 that are under OJR's operational control from energy sources.
- 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 for Scope1, Scope2 and Scope3 that are under OJR's operational control which are subject to periodic reporting under the Act on the Rational Use of Energy.
- We aim to achieve green certification for over 80% of floor space of properties by 2030.

2. Reviewing results

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

(1) Energy usage:

- ①Electricity Consumption, ② Fuel consumption,
- ③District heating and cooling usage, ④Energy consumption intensity

- (2) Greenhouse gas emissions:
 - ①Direct emissions (emissions from use of municipal gas, excluding usage by tenants)
 - ② Indirect emissions (emissions from use of electricity from the grid and district heating and cooling, excluding usage by tenants)
 - ③Emissions from tenants
 - ④Greenhouse 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.



Guidelines for Management of Resources and Waste

As stipulated in our ESG Policy, ORIX Asset Management Corporation has established these guidelines so that in conducting asset management for ORIX JREIT Inc. (hereafter, "OJR"), we may prevent pollution by appropriately managing waste, hazardous substances and wastewater, and efficiently use resources, including water resources, by promoting recycling and other measures,

1. Objectives

- We comply with relevant laws and regulations and appropriately manage waste and hazardous substances.
- For the properties owned by OJR, we measure the amount of waste (both waste managed by OJR and other detectable waste) and maintain the landfill disposal rate at 1% or less in 2030.
- We ascertain the water use in properties held by OJR, promote its efficient use, and set a target of no increase in water use compared to the previous year.

2. Reviewing results

We periodically review and disclose the following results for properties owned by OJR.

(However, this excludes properties managed by tenants, properties such as those owned in units that are managed by associations, and others for which it is difficult to independently ascertain data.)

- (1) Total amount of waste and percentage by disposal method
- (2) Water use

3. Initiatives in our property management

- (1) Through our property managers, we install collection boxes and arrange educational activities for the tenants in order to promote reducing waste and to encourage proper sorting and recycling of waste.
- (2) We create waste management plans in accordance with guides, such as ordinances and guidelines put in place by local governments (e.g., "reuse plans"), and provide instruction to our property managers and building managers so that they are able to implement them.
- (3) We periodically promote installing highly efficient plumbing equipment as well as conducting high-pressure cleaning of drainage equipment.

4. Collaboration with stakeholders

- (1) Education and awareness of employees
We work to educate and raise awareness in our employees by sharing laws, regulations and ordinances related to waste management and efficient use of resources including water.
- (2) Collaboration with tenants
We work to share our initiatives which reduce waste, promote recycling and efficient water use with our tenants through our property managers.
- (3) Collaboration with property managers and building managers
In addition to the content of "3. Initiatives in our property management. (2) Collaboration with tenants", OJR works to share our targets and initiatives for waste and water management with property managers and to receive reports of date results each fiscal period.

5. Waste management PDCA

We review results of waste and water and continuously implement the initiatives listed in "3. Initiatives in our property management" above. After analyzing the results, we make a report to the ORIX Asset Management Corporation Sustainability Committee ("Sustainability Committee"). We regularly consider changes to these guidelines and discuss them in the Sustainability Committee.

6. Implementation of laws

We work to gather information on the formation and revision of laws, regulations, and ordinances relating to waste management, hazardous substances management and water resources and work to implement them without delay.

ESG Guidelines for Procurement and Other Transactions

As set out in our ESG Policy, when conducting asset management for ORIX JREIT Inc. ("OJR"), we request our procurement and other business partners to understand and cooperate with our ESG Policy to work together to promote sustainable asset management.

1. ORIX Asset Management Corporation

When selecting or assessing business partners, we review their compliance with the guidelines described in "3. Matters to be confirmed" below and take this into consideration as part of the selection process.

2. Business partners

We request business partners to understand the intent and contents of these guidelines and cooperate with us as we work together to establish a sustainable society.

3. Matters to be confirmed

- (1) Compliance with laws and regulations/business ethics:
 - ① Complies with all laws and rules and respect the spirit, not just the letter, of the law.
 - ② Indefinitely eliminated involvement with antisocial individuals.
 - ③ Acts with high ethical standards.
- (2) Respect for human rights:
 - ① Respects basic human rights.
 - ② Pays consideration to the safety and the health of workers, and prevent long working hours
 - ③ Does not abuse human rights by engaging in unjust discrimination (race, religion, gender, age, sexual orientation, disability or nationality), forced labor, child labor and physical punishment.
 - ④ Ensure minimum wage and acceptable standard of living
- (3) Fair and equitable transactions:
 - ① Selects suppliers and other business partners and procure materials in a fair and equitable manner.
 - ② Carries out fair and free competition.
 - ③ Elimination of bribery, etc.
- (4) Assurance of safety and peace of mind:
When procuring commodities, prioritizes the selection of products/services that are environment- and health-friendly.
- (5) Environmental considerations:
 - ① Is aware of energy conservation and implement such measures in business activities.
 - ② Have established policies and systems to promote environmental protection.
- (6) Information management
 - ① Properly manages confidential information received from clients and third parties.
 - ② Prevents the inappropriate use or dissemination of personal information of clients, third parties, and executives and employees of our company.

Guidelines for ESG Investment and Management

In managing assets for ORIX JREIT Inc. (“OJR”), we recognize the significance of a sustainability perspective on environment(E), society(S) and governance(G) in order to achieve steady growth and secure stable earnings of assets under management from a medium- to long-term viewpoint, and incorporate ESG factors into investment and management decision-making process.

- (1) We will incorporate ESG perspectives into our decision-making and management processes and work on a company-wide basis.
- (2) Comply with ESG policies and other related guidelines, and respect UNEP FI “PRI, Principles for Responsible Investment: Ten strategies of Responsible Property Investing”.
- (3) From the perspective of sustainability, we also assess risks on climate change, environmental issues as well as social issues such as human rights, health, safety and comfortableness in addition to the economic aspects.
- (4) We will be aware of the impact and responsibility on environment and society, and make decisions on investment and management based on these considerations.
- (5) We will manage our properties and work together with our business partners such as property management companies and building management companies in consideration of environmental and social aspects.
- (6) The Sustainability Committee will periodically evaluate the implementation of this policy and make improvements and reviews as necessary.

Guidelines for Sustainable Finance

In conducting asset management for ORIX JREIT Inc., ORIX Asset Management Corporation promotes Sustainable Finance(Note) initiatives with financial institutions in response to the “Collaboration with stakeholders” as set out in its “ESG Policy”. The role of sustainable finance is to realize a sustainable society. However, since the requirements change with society, we strive not to deviate from international frameworks and domestic guidelines. We also believe it is important to confirm, review and improve our stance, policy and response to ESG initiatives to meet the needs of society and to cooperate with financial institutions and others by engaging in dialogue through initiatives. In light of the above, we establish this guideline to promote sustainable finance.

1. Formulate a framework

The framework will be developed in accordance with international frameworks such as International Capital Market Association “ICMA”, Loan Market Association “LMA”, Asia Pacific Loan Market “APLMA”, Loan Syndications and Trading Association “LSTA”, and “Green Bond and Sustainability Link Bond Guidelines, Green Loan and Sustainability Link Loan Guidelines” by Ministry of the Environment, and reviewed by an external organization (or a third party) before funding through that framework. If a financial institution has established a framework based on an international framework such as UNEP FI, such framework is also applicable.

2. Target

We have also set the targets of a sustainable finance ratio: 30% by March 2027 and 50% by March 2030.

3. Management of implementation

The implementation status of sustainable finance shall be managed based on each framework. The status of these controls is regularly checked by the Internal Audit Division.

Furthermore, periodic monitoring by financial institutions and review by external organizations are conducted depending on initiatives. The Sustainability Committee regularly evaluates the implementation status of this policy and makes improvements and revisions as necessary.

4. Disclosure

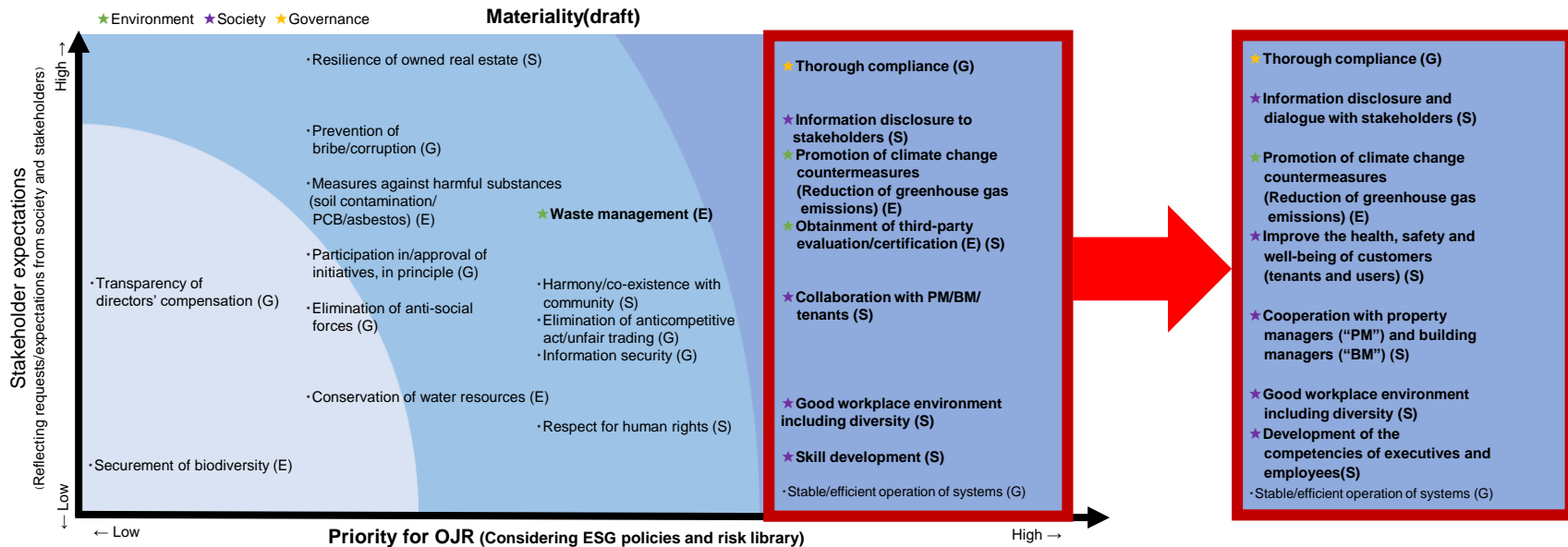
We will disclose information on status of funding through sustainable finance not only to financial institutions but also to stakeholders to ensure transparency and promote dialogue. Information will be disclosed annually through our website or ESG Report, etc.

(Note) Sustainable finance refers to green finance, sustainability link finance, positive impact finance, and social finance, and also includes new funding methods proposed by financial institutions.

3. Material Issues Identification Process

<p>STEP 1 Identification of the initial list of topics</p>	<p>Firstly, we identified who OJR’s major stakeholders are. We then broadly extracted about 260 items that meet stakeholders expectations on factors including SDGs, GRI, survey items from evaluators and other material issues identified by our peer companies.</p>
<p>STEP 2 Narrowing and prioritization of proposed topics</p>	<p>Narrow down and prioritize the proposed topics from the perspectives of importance for stakeholders and the degree of impact and importance for OJR in light of business risks and opportunities. Also, propose material issues based on the ESG Policy of OAM.</p>
<p>STEP 3 Discussion, confirmation of appropriateness and approval from management</p>	<p>Discuss the proposed material issues at the Sustainability Committee established by OAM. In addition, receive opinions and advice from experts on behalf of stakeholders to verify the appropriateness of the proposed material issues and revise them. Finally, the Board of Directors of OAM determines the material issues by resolution and reports to the Board of Directors of OJR.</p>

<Materiality Map proposed in the identification process>



Details of Materiality

OJR's Material Issues		Relevant SDGs
E	<p>Promotion of climate change countermeasures (reduction of greenhouse gas emissions)</p> <ul style="list-style-type: none"> Reduce greenhouse gas emissions by installing equipment that contributes to improving energy efficiency and energy saving at our properties. Work for visualization of objectivity and performance by acquiring various "green building" certifications for these properties. 	
	<p>Waste management</p> <ul style="list-style-type: none"> Promote efficient use of resources including water, waste reduction and recycling. When disposing of waste, comply with laws and regulations and dispose properly including hazardous substances. 	
S	<p>Improve the health, safety and well-being for customers (tenants and users)</p> <ul style="list-style-type: none"> At our properties, improve the satisfaction of customers and enhance the competitiveness of the properties by conducting environmental and energy-saving measures and asset management aimed at improving health, safety and well-being. Work for visualization of objectivity and performance by acquiring various "greenbuilding" certifications for these properties. Increase the intangible and tangible resiliency of properties through our asset management so that it leads to customer satisfaction. 	
	<p>Information disclosure and dialogue with stakeholders</p> <ul style="list-style-type: none"> Contribute to a sustainable society by engaging in dialogue through our business activities with various related parties including investors, customers, business partners, local communities, officers and employees. Proactively disclose ESG-related information to aforementioned various related parties. In addition to evaluation and certification of our properties, make other appropriate efforts including ESG assessments of OJR. 	
	<p>Cooperation with property managers ("PM") and building managers ("BM")</p> <ul style="list-style-type: none"> Request business partners such as PM and BM to understand and cooperate with the intent and content of our ESG Policy. As so, when selecting and evaluating business partners, consider the status of their compliance with our guidelines. Cooperate with PM and BM to ascertain and calculate energy consumption and greenhouse gas emissions, and to promote reduction efforts. Share and address initiatives to reduce energy consumption and greenhouse gas emissions between PM/ BM and tenants. Raise awareness of ESG among PM and BM. 	
	<p>Good workplace environment including diversity</p> <ul style="list-style-type: none"> Aim to improve the health and well-being of officers and employees by giving consideration to a good workplace environment including diversity and work-life balance. 	
	<p>Development of the competencies of Officers and employees</p> <ul style="list-style-type: none"> Conduct ongoing education and awareness-raising activities regarding ESG for officers and employees, and strive to improve awareness and knowledge. Retain the knowledge and capabilities necessary for work, promote acquisition of qualifications to improve the quality and efficiency of work provided. Secure diverse and capable human resources by developing the competencies of officers and employees. 	
G	<p>Thorough compliance</p> <ul style="list-style-type: none"> Maintain an internal system to ensure appropriate risk management and thorough compliance with laws and regulations. In particular, close watch on conflicts of interest and work to eliminate abuses in transactions between interested parties where conflict of interest is a concern. 	



4. Details of Sustainable Finance

Details of Green Bonds

	1st OJR Green Bonds (13th unsecured bonds with Pari passu conditions among specified investment corporation bonds)	2nd OJR Green Bonds (15th unsecured bonds with Pari passu conditions among specified investment corporation bonds)	3rd OJR Green Bonds (17th unsecured bonds with Pari passu conditions among specified investment corporation bonds)
Currency	Japanese yen	Japanese yen	Japanese yen
Interest rate	0.220% per annum	0.890% per annum	0.450% per annum
Date of offering	July 11, 2019	July 1, 2020	June 25, 2021
Date of payment	July 18, 2019	July 7, 2020	July 1, 2021
Interest payment date	January 18th and July 18th every year	January 7th and July 7th every year	June 30th and December 30th every year
Ratings	AA (Japan Credit Rating Agency, Ltd.)	AA (Japan Credit Rating Agency, Ltd.)	AA (Japan Credit Rating Agency, Ltd.)
Total issue amount	7 billion yen	2 billion yen	3 billion yen
Maturity date	July 18, 2024	July 6, 2035	June 30, 2031
Use of proceeds	OJR used the proceeds to partially prepay the short-term loan to disburse on July 22, 2019. The short-term loan was originally borrowed to partially fund of two of our eligible green assets "Lunar Sendai (BELS certification: 5-star)" and "Toda Logistics Center (BELS certification: 4-star)".	OJR used the proceeds to partially prepay the short-term loan to disburse on July 20, 2020. The short-term loan was originally borrowed to fund one of our eligible green assets "aune Kyoto Sanjo(CASBEE certification: S-rank)".	OJR used the proceeds to partially prepay the short-term loan to disburse on July 20, 2021. The short-term loan was originally borrowed to fund one of our eligible green assets "PACIFIC SQUARE NAGOYA NISHIKI (CASBEE certification: S-rank)" and "West Park Tower IKEBUKURO (DBJ Green Building certification: 3-star rating)".

Note: Eligible Green Assets are assets that have acquired or are scheduled to acquire/recertify the following certifications.

- 3-star, 4-star or 5-star ratings in DBJ Green Building Certification
- 3-star, 4-star or 5-star ratings in BELS Certification
- B+, A or S rankings in CASBEE Certification
- Silver, gold or platinum ratings in LEED Certification

Details of Green Loans

Lender	Amount Borrowed	Date Borrowed	Repayment Due Date
Sumitomo Mitsui Banking Corporation	1.5 billion yen	December 20,2022	March 21,2028
Resona Bank, Limited.	1.2 billion yen	December 20,2022	June 20,2030
MUFG BANK,Ltd.	2.5 billion yen	March 20,2023	December 20,2027
THE BANK OF FUKUOKA, LTD.	1.8 billion yen	March 20,2023	March 20,2030
THE NISHI-NIPPON CITY BANK, LTD.	1.15 billion yen	March 20,2023	March 20,2030
Daishi Hokuetsu Bank, Ltd.	1 billion yen	March 20,2023	March 20,2031
Resona Bank, Limited.	1 billion yen	March 20,2023	March 20,2031
Sumitomo Mitsui Banking Corporation	1 billion yen	June 20,2023	September 20,2028
MUFG BANK,Ltd.	4 billion yen	June 20,2023	June 20,2030
Aozora Bank, Ltd.	1 billion yen	June 20,2023	June 20,2031
Daishi Hokuetsu Bank, Ltd.	1 billion yen	June 20,2023	June 20,2031
Development Bank of Japan Inc.	2 billion yen	July 31,2023	June 20,2026
Sumitomo Mitsui Banking Corporation	2.538 billion yen	September 20,2023	September 20,2027
Aozora Bank, Ltd.	1 billion yen	September 20,2023	September 20,2029
THE BANK OF FUKUOKA, LTD.	1.1 billion yen	September 20,2023	September 22,2031
TOTAL	23.788 billion yen		

Management of Proceeds

AUM of OJR (Acquisition price)	Eligible Green Assets	Eligible Green Dept	Total amount raised
684billion yen (109 properties)	428 billion yen	183 billion yen	22 billion yen

As of April 19, 2023

*on an Acquisition price basis

*Calculation Method of Dept of Eligible Green Project Eligible Green Assets × LTV on Feb. 28, 2023 (42.9%)

Status of Eligible Green Assets

	Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Number of Eligible Green Assets	Number of properties	25	40	49	58	58
Eligible Green Assets	Billion Yen	245	329	378	428	428

As of April 19, 2023

*on an Acquisition price basis











Actual Energy Use of Eligible

		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Actual Energy Use	Electric Power Consumption	MWh	36,988	66,535	67,001	★73,371	83,347
	District Heating & Cooling (DHC)	GJ	28,030	158,690	132,083	133,011	158,922
	Fuel Consumption	MWh	493	7,745	9,203	★7,084	9,575
Actual Water Use	Water Use	1000m ³	120	153	129	★187	221
CO ₂ Emissions (t-CO ₂)	Direct Emission (SCOPE1)	tCO ₂	105	571	753	★674	634
	Indirect Emission (SCOPE2)		19,738	10,593	15,813	★17,638	18,503
	Emission by tenants (SCOPE3)		—	28,550	22,602	★38,489	41,204

Notes

- The figures in the above table each indicate the total energy usage of the green-qualified properties for which OJR is the energy management authority. The number of properties included in the total may change from year to year.
- CO₂ emissions are calculated based on the method defined in the Ministry of the Environment's "Mandatory Greenhouse Gas Accounting and Reporting System".
- Tenant emissions are used as Scope 3 in calculating CO₂ emissions since FY2019. Calculated figures corresponding to Scope1 and Scope 2 in FY2018.
- ★data are verified by JQA.

Themes of Positive Impact Finance

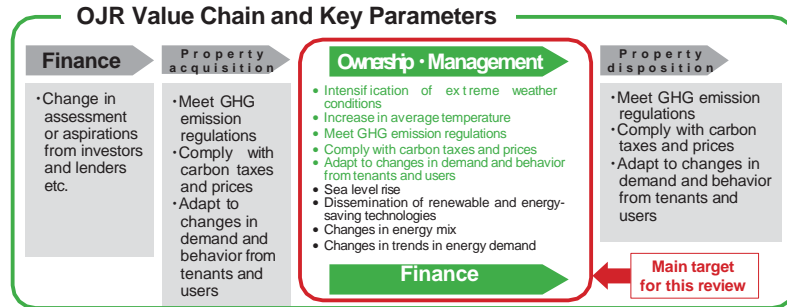
Themes	Goals	SDGs
Promotion of climate change countermeasures	(a) Reduction of CO ₂ emissions (b) Reduction of energy consumption (c) Expansion of use of renewable energy (d) Supplying tenants with renewable energy (e) Promotion of acquiring green building certifications	 
Management of waste and water resources	(a) Reduction of waste Maintain the landfill disposal rate at 1% or less in 2030 (b) Reduction of use of water Reduce water use compared to the previous year	 
Improve the health, safety and well-being of customers (tenants and users)	Improve the health, safety, well-being and satisfaction of customers (tenants and users)	  
Collaboration with stakeholders / supply chain	Promote the conclusion of property management agreements to include clauses regarding ESG	  



5. TCFD Scenario Analysis

Scope of Scenario Analysis

Analyzed OJR's portfolio on all 111 owned and managed properties.



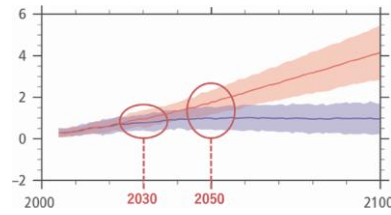
Applied Scenario

Two scenarios were selected ;

“4°C scenario” and “1.5 - 2°C scenario”

(Transition risk is assumed as of 2030 and Physical risk is assumed as of 2050.)

[Forecast in change of global average surface temperature] (Difference from 1986 to 2005 average)



2°C and 4°C scenarios will have similar temperature changes until 2030. The divergence expands from 2030.

Adopted from AR5 SYR figure SPM.6, IEA, "ETP2017", UNEP, "The Emission Gap Report 2015", Global Warming of 1.5°C (IPCC)

Defined as 4°C (2.7°C -) scenario

4°C Scenario :
3.2 - 5.4°C will rise from pre-industrial levels without additional global warming measures

2°C(2.7°C - 4°C) Scenario :
2.7 - 4.0°C will rise from pre-industrial levels without additional global warming measures

Defined as 1.5 - 2°C scenario

2°C scenario :
0.9 - 2.3°C will rise from the pre-industrial levels with stringent measures

1.5°C scenario :
High probability of a rise of less than 1.5°C from pre-industrial levels when drastic system transition is achieved

The scenario analysis in TCFD proposal selects multiple temperature range scenarios including 2°C or less.

Business Impact of Climate Change (Risks and Opportunities)

Category		Thoughts on business impact	Impact	
Transition risk	Policies/regulation	Carbon tax and price Price hike in procurement cost of materials, etc., fuel cost and electric power charge due to increase in global warming countermeasure tax, etc. Relative value appreciation on existing properties due to cost increase for new developments A higher electricity cost for high CO ₂ emissions should incentivize the usage of lower CO ₂ emissions	Large	
	Policies/regulations	GHG emission regulations Increase in operating costs from tighter GHG emission regulations and expansion of cap & trade system, etc. Increase in operating costs due to stricter energy efficiency regulations for buildings, achieving energy saving standards and enhancing reporting for owned properties	Large	
	Markets	Changes in customer behavior (Customers and Tenants) Shift in customer demand towards higher environmental performance for buildings	Large	
	Reputations	Change in attitude from investors and lenders, etc. (Assessment and Orientation) Revisions in corporate evaluation from investors and strengthening fund raising capacity through expansion of ESG investors Diversifying fund raising channels through green bonds and green loans, etc.	Large	
	Technologies, markets, etc.	Other Changes in energy mix, transitions in energy demand, spread of renewable energy and energy-saving technologies and transformation in job competition environment	Mid to Small	
Physical risk	Chronic	Increase in the average temperature Decline in work efficiency from employees and workers, etc., restrictions on employee attendance and construction work difficulties during summer season	Large	
	Acute	Intensification of extreme weather conditions Increase in operating costs due to HVAC load and measures necessary to ensure comfort for owned properties Occurrence of restrictions for business days and usage restraints Decrease in asset value of properties in areas with risks of floods and high tides Secure competitive advantage, revenue growth from rent and increase of customer utilization by strengthening disaster countermeasures Increase in property insurance premium	Large	
		Chronic	Other Changes in precipitation and weather patterns, and sea level rise	Mid to Small
		Opportunity	Products/services A shift of customers' needs to buildings with high environmental performance	Large

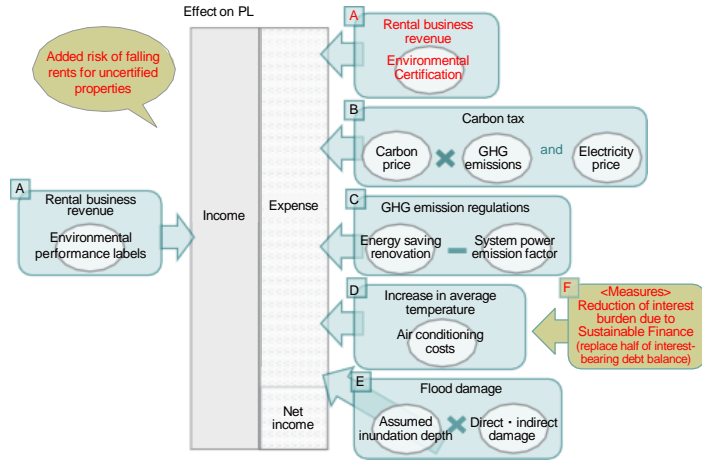
Parameters used

* Exchange rate: 1 USD = 105 yen (based on November 12, 2020)

* Table features only parameters used in impact assessment

Major risks/opportunities	Parameters	Current	Transition risk: 2030, Physical risks: 2050		Source	
			4°C (over 2°C)	Less than 2°C (1.5- 2°C)		
Transition risk	Carbon cost	Carbon tax	2.8 USD/t (289 yen/t)	2.8 USD/t (289 yen/t)	130 USD/t	<ul style="list-style-type: none"> 4°C: assumed to be equal to current level Less than 2°C: IEA WEO2021 NZE scenario
		[additional] Price of electricity	90.0 USD/MWh	86.4 USD/MWh	118.8 USD/MWh	<ul style="list-style-type: none"> 4°C: NGFS Current Policies scenario Less than 2°C: NGFS Net Zero 2050 scenario
	Compliance with GHG emissions standards	Building energy intensity	Global forecast (compared to 2014)	▲13.5%	▲20.5%	<ul style="list-style-type: none"> 4°C: IEA ETP2017 RTS scenario Less than 2°C: IEA ETP2017 2DS scenario
		Grid electricity emission factor	0.45 kg-CO ₂ /kWh (2020)	0.27 kg-CO ₂ /kWh	0.23 kg-CO ₂ /kWh	<ul style="list-style-type: none"> 4°C: IEA WEO2021 STEPS scenario Less than 2°C: IEA WEO2021 SDS scenario
Physical risk	Change in customer behavior	Mandatory ZEB/ZEH installation (government target)	Domestic target	—	100% ZEH new residential properties	<ul style="list-style-type: none"> Less than 2°C: Basic Energy Plan, the Agency for Natural Resources and Energy at the Ministry of Economy, Trade and Industry (July 2018)
		Rent change by environmental performance	+4.98%	+4.98%	+7.98%	<ul style="list-style-type: none"> Less than 2°C: Smart Wellness Office Research Committee, yxmap, Japan Real Estate Institute, DBJ
	Increase in average temperature	[additional] Air conditioning cost	19 USD/person	61 USD/person	35 USD/person	<ul style="list-style-type: none"> IEA "The Future of Cooling" (2018) 4°C: Baseline Scenario Less than 2°C: Efficient Cooling Scenario
Physical risk	Intensification of extreme weather	Change in domestic rainfall/flow and frequency of occurrence of floods	Flood frequency (compared to 2018)	approx. x4 (2100)	approx. x2 (2100)	<ul style="list-style-type: none"> 4°C, less than 2°C: "Proposed recommendations on climate change based flood control planning," the Technical Review Committee on Climate Change Based Flood Control Planning (2019)

Impact of Risks and Opportunities on Earnings



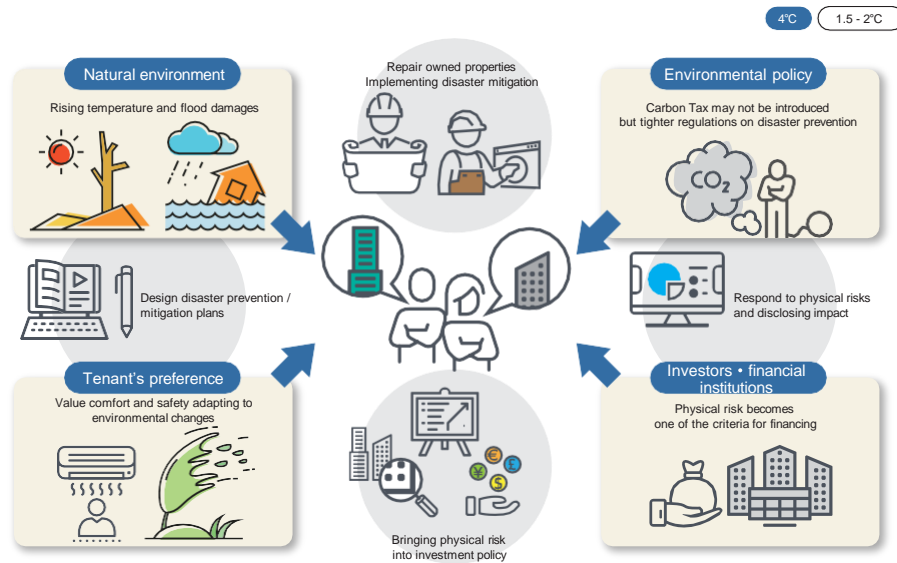
Estimated Results of Risks and Opportunities

	Risk items	Current analysis		Explanation of calculation/Difference from previous analysis
		4°C	1.5-2°C	
Opportunity	A1 Changes in customer behavior (Environmental performance label)	0 bn yen	0.2 bn yen	Positive effects decrease significantly from the previous analysis because conditions for raising the rent are raised to the level of EU taxonomy.
	A2 Changes in customer behavior (Decreased rent revenue of properties for which environmental certification is not acquired)	0 bn yen	-1.26 bn yen	The assumption is added that the rent of not certified properties falls.
	A3 Changes in customer behavior (Partial avoidance of rent revenue fall due to increased certification acquisition rate)	0 bn yen	0.21 bn yen	The fall in rent/occupancy rate is partially avoided and the rent revenue decline is compressed due to increased certification rate planning and running.
Transition risk	B1 Carbon Price (Carbon tax)	0 bn yen	-0.61 bn yen	The carbon tax burden significantly increases in the 1.5-2°C scenario, where the amount of carbon tax substantially increases.
	B6 Carbon Price (Avoidance of carbon tax due to achieving reduction targets)	0 bn yen	0.26 bn yen	The amount of carbon tax to be avoided by the 35% reduction target per unit of production.
	B2 Electricity price (Changes in electricity price)	0.02 bn yen	-0.17 bn yen	Costs increase due to updated electricity price parameters (estimates), etc.
	C1 Response to GHG emission regulations (Energy-saving repairs cost and return of electricity bills by green lease)	-0.4 bn yen	-1.01 bn yen	While the burden decrease due to including the return of electricity bills by green lease, the cost increase in energy-saving repairs required in the 1.5-2°C scenario due to the updated reduction target per unit of production.
	C2 Response to GHG emission regulations	0.25 bn yen	0.64 bn yen	Utility costs decrease by achieving the 35% reduction target per production unit.
	D Increase in average temperature (Air conditioning costs)	-0.52 bn yen	-0.36 bn yen	While air conditioning costs decrease due to updated electricity price parameters, the risk increases because the scope is expanded to energy management authority.
Physical risk	E1 Intensification of extreme weather (Flood Damage)	-0.13 bn yen	-0.04 bn yen	The amount of flood damage increases due to increased occurrence frequency.
	E2 Intensification of extreme weather (Typhoon Damage)	-0.01 bn yen	-0.01 bn yen	No change
	E3 Intensification of extreme weather (Damages compensated by insurance)	0.07 bn yen	0.03bn yen	Compensation by insurance for flood damage increases due to increased occurrence frequency.

Note: This estimation is a prediction of future impact based on OJR's actual performance and uses parameters set by OAM in reference to several scenarios presented by major institutions. It does not guarantee the accuracy of the numerical values used. The predicted measures are assumptions informed by the calculations and are not measures that have been planned or decided upon.

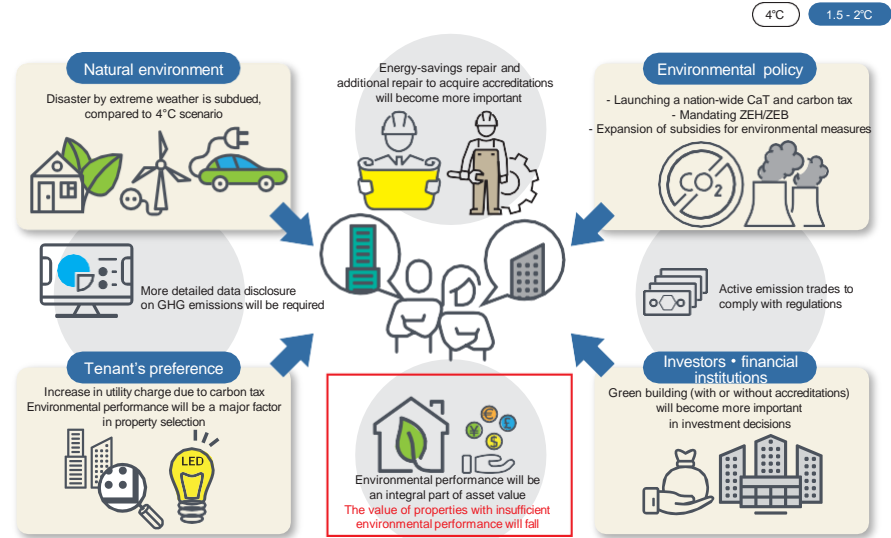
■ World-view Assumed in 4°C Scenario

Further reduction of disaster risks in asset portfolio will be required



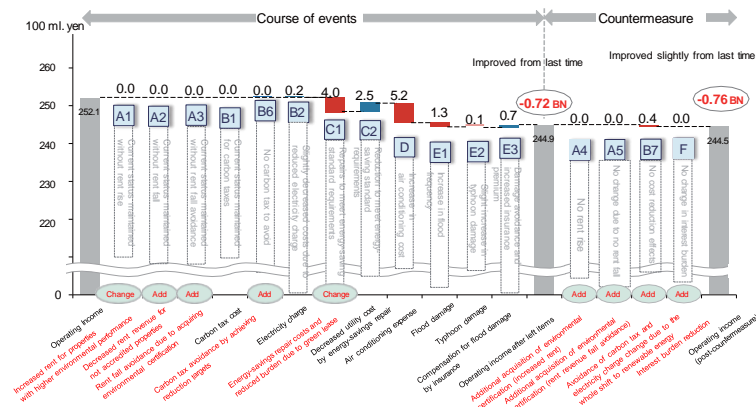
■ World-view Assumed in 1.5 - 2°C Scenario

The challenge of improving portfolio energy conservation performance



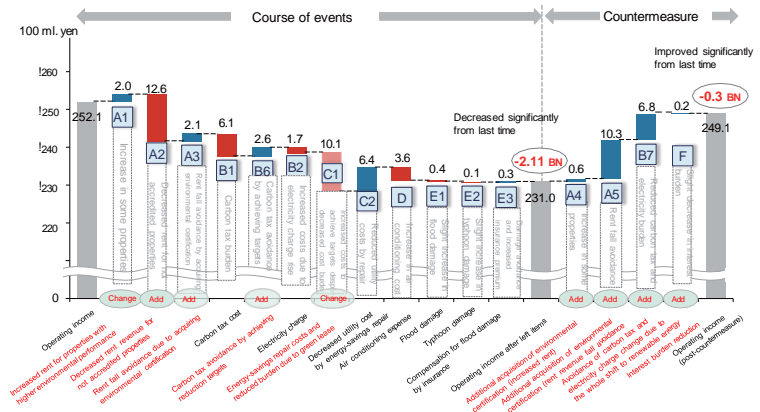
■ 4°C Scenario

Decrease in earnings due to rising temperatures driving an increase in air conditioning costs and energy conservation improvement costs



■ 1.5 - 2°C Scenario

Carbon tax and fall in rents had a significant impact, but rent incomes recovered due to the acquisition of environmental certification and renewable energy measures, thereby reducing the decline in earnings



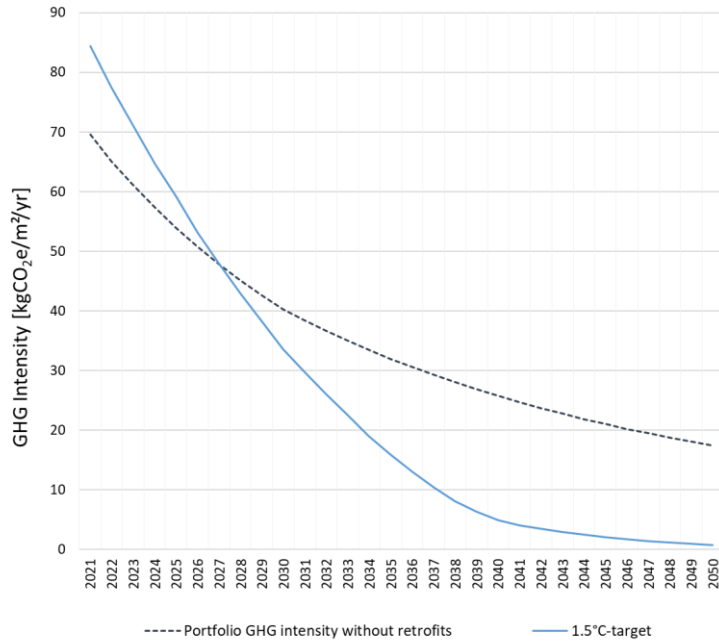
Note: This estimation is a prediction of future impact based on OJR's actual performance and uses parameters set by OAM in reference to several scenarios presented by major institutions. It does not guarantee the accuracy of the numerical values used. The predicted measures are assumptions informed by the calculations and are not measures that have been planned or decided upon.

Climate Change Risk Analysis (New CRREM Pathways)

CRREM sets CO₂ emission intensity of real estate as an indicator, establishes a "decarbonization pathway" by purpose and region in line with the goal of net zero by 2050, and reflects the status of owned assets to create an anticipated decarbonization pathway (shown as the blue lines in the following figures) for each company. If a company's decarbonization pathway exceeds the anticipated pathway, it is assumed that risks such as carbon taxes on the deviating portion (stranded assets) will be incurred.

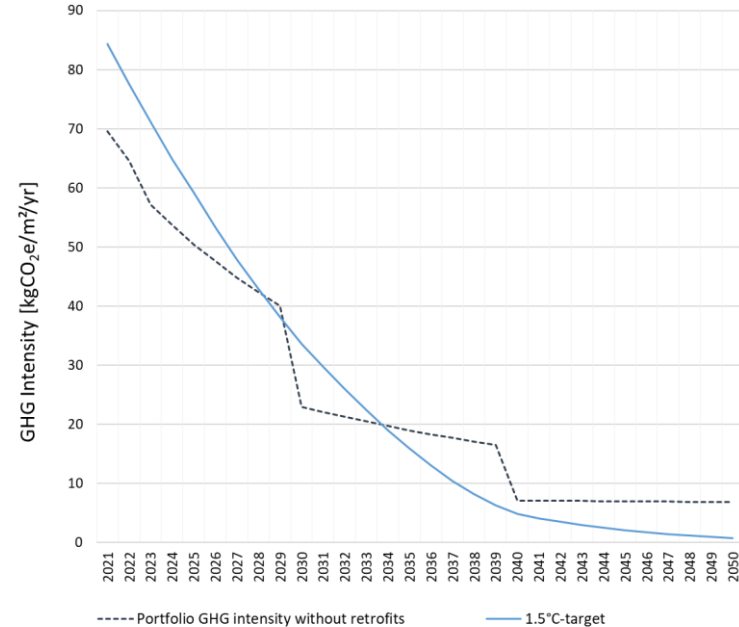
In the Energy-Saving Scenario

Taking energy-saving measures alone will create a deviation from the 1.5°C pathway around 2027 (the dotted line [the company's decarbonization pathway] will go above the blue line [the pathway]).



In the Renewable Energy Scenario

If, in addition to energy-saving measures, 50% renewable energy is adopted by 2030 and 100% by 2040, there will be a deviation from the 1.5°C pathway around the time renewable energy is adopted. Even after renewable energy is adopted, there will be another deviation around 2034.



Possible responses to these pathway deviations include adopting renewable energy at an earlier stage and strengthening energy-saving measures. GHG emissions from gas fuels and district heating and cooling (DHC) are expected to continue decreasing in the future as both industries have set a target of carbon neutrality by 2050. As mentioned in the section on the transition plan, the goal is to combine these proactive measures and external factors in an effort to achieve net zero by 2050.



6. GHG Emissions in Detail

	GHG emissions (t-CO ₂ e)		FY 2021	FY 2022
Scope 1	Fuel-derived		746	747
	Fluorocarbon leak portion		1,001	1,250
	Scope 1 Subtotal		1,747	1,997
Scope 2			20,399	20,580
Scope 3	Category 1	Purchased goods and services	4,338	4,392
	Category 2	Capital goods	8,988	9,819
	Category 3	Fuel and energy-relate activities not included in Scopes 1 and 2	6,829	7,412
	Category 5	Business waste	1,394	1,156
	Category 13	Areas managed by OJR	28,815	27,571
		Areas managed by tenants	32,962	34,570
	Scope 3 Subtotal		83,326	84,920
Total		105,472	107,497	

* Increased 1.9% over FY 2021 in FY 2022.

Calculations for Categories 1, 2, 3, and 5 of Scope 3 are based on the Ministry of the Environment's Emissions Unit Database ver. 3.3.



7. Environmental Data

Energy usage (Data calculated based on GHG protocol)

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Electric Power Consumption	MW h	155,084	152,029	154,935	★152,985	★160,456
(Conversion)		558,302	547,304	557,766	550,746	577,642
Fuel Use	MW h	47,158	47,826	35,027	★36,758	★47,042
(Conversion)		169,769	172,174	126,097	132,329	169,353
District Heating & Cooling Use	GJ	71,557	67,709	115,492	★115,546	★124,105
(Conversion)	MW h	19,877	18,808	32,081	32,096	34,474
Total Energy Consumption	MW h	222,119	218,663	222,043	221,839	241,972
(Conversion)	GJ	799,628	787,187	799,355	798,620	871,100
Energy Consumption Intensity	kl/m ²	0.0310	0.0303	0.0306	0.0313	0.0340
	GJ/m ²	1.2033	1.1736	1.1868	1.2132	1.3166
Floor area as a basis of intensity calculation	m ²	664,526	670,725	673,532	658,302	661,641

- Above data is submitted to GRESB in 2023 (Apr.2022 to Mar. 2023)
- We are compiling data for all properties owned by OJR for which we were able to obtain energy data/
- This data includes data that the tenant has the right to manage.
- ★ indicates third-party verified data for 2021 and 2022.

CO₂ emission by property type ad category (FY2022)

	unit	Office	Retail Facilities	Residential Properties	Logistic Facilities	Hotel and Others	Total
Scope 1	t-CO ₂	672	74	1	0	0	747
Scope 2 (market-based method)	t-CO ₂	16,241	1,850	1,990	0	499	20,580
Scope 3 (Category13)	t-CO ₂	29,113	12,670	1,192	4,805	14,360	62,141

- This is the CO₂ emissions calculated from the energy usage in the table above.

Waste Disposal

Waste Disposal			
	unit	FY2021	FY2022
Hazardous waste	t	0	8
Harmless waste	t	8,915	8,158
Total Waste	t	8,915	8,166
Landfill disposal	%	1.3	0.9
Incineration	%	24.8	32.6
Conversion process to energy	%	18.7	14.6
Recycling	%	55.3	51.9

Above data is submitted to GRESB in 2023 (Apr.2022 to Mar. 2023)

8. List of Green Building Certified Properties

Type	Property	CASBEE® for Real Estate BELS	BELS	DBJ Green Building Certification
Offices	Aoyama Suncrest Building	★★★★★	★	★
	Round-Cross Ichi-bancho	★★★★		
	Shiba 2-chome Daiko Building	★★★★	★★★	
	Round-Cross Shinjuku	★★★★		
	Seafort Square Center Building	★★★★★		
	ORIX Akasaka 2-chome Building	★★★★★	★★	
	Round-Cross Shinjuku 5-chome		★★	
	ORIX Shinagawa Building	★★★★	★★	
	ORIX Real Estate Nishi Shinjuku Building		★★★	
	Round-Cross Tamachi		★	
	MG Shirokanedai Building	★★★★	★	
	MG Ichigaya Building		★★★	
	ARK Hills South Tower			★★★★
	Round-Cross Akihabara		★★	
	Gaien Nishi-dori Building	★★★		
	Round-Cross Otemachi Kita	★★★★		
	ORIX Ikebukuro Building	★★★★★	★★	
	ORIX Meguro Building	★★★★	★	
	Offices Akihabara Business Center		★★	
	Round-Cross Kawasaki	★★★★★		
	Omiya Miyacho Building	★★★★★		
	Omiya Shimocho 1-chome Building	★★★★★		
	ORE Omiya Building	★★★★	★★	★★
	Nagoya Itochu Building	★★★★	★★	★★★
	ORIX Korabashi Building	★★★★	★★	
	Lunar Sendai		★★★★★	
	ORIX Nagoya Nishiki Building	★★★★★	★★★	
	ORE Sapporo Building	★★★★		
	ORIX Kobe Sannomiya Building	★★★★	★	
	ORE Nishiki 2-chome Bldg.	★★★★	★★★	
	DOJIMA PLAZA BLDG.	★★★★	★★	
	PRIME SQUARE HIROSE-DORI	★★★★	★★	
	Hamamatsu Act Tower	★★★★★		★★★
	ORIX Yodoyabashi Bldg	★★★★		
SAPPORO BRICK CUBE	★★★★			
Naha Shin-Toshin Center Building	★★★★★			
PACIFIC SQUARE NAGOYA NISHIKI	★★★★★	★★		

[ZEB] Certification



Rating	Property
ZEB Oriented	[Office] Lunar Sendai

Type	Property	CASBEE® for Real Estate BELS	BELS	DBJ Green Building Certification
Retail Facilities	Nihon Jisho Minami Aoyama Building	★★★★★		
	CUBE Daikanyama	★★★★		
	Joule SHIBUYA	★★★★★	★★	
	aune Ikebukuro	★★★★	★	
	aune Kohoku	★★★★★	★★	
	Retail aune Makuhari Facilities	★★★★★	★★	
	CROSS GARDEN KAWASAKI	★★★★★	★★★★★	
	Morioka Minami Shopping Center Sansa	★★★★		
	intervillage OHI MAGARI	★★★★★	★★★★	
	aune Tenjin	★★★★	★★	
Residential Properties	Sendai Minamimachidori Building	★★★★		
	Felicita Sanjo Kiyamachi	★★★★★		
	Shibaura Island Air Tower			★★★★★
	Central Crib Roppongi			★★★
	Cross Residence Kamata			★★★
	Belle Face Hongo Yumicho			★★
	West Park Tower IKEBUKURO			★★★
	Cross Residence Higashijujo			★★
	Cross Residence Kamata II			★★
	R-Styles Musashi-Kosugi			★★★
Logistics Facilities	Cross Residence Osaka Shinmachi			★★★
	Belle Face Amagasaki		★★	★★★★
	Toda Logistics Center	★★★★	★★★★	
	Ichikawa Logistics Center	★★★★		
Hotels and Others	Iwatsuki Logistics Center	★★★★	★★★★	
	Sakai Logistics Center North Building		★★★★	
	Komaki Logistics Center	★★★★★	★★★★	
	Cross Gate	★★★★★		
	Hotel Universal Port		★★	

(Notes) As of Apr.2023 ★ : Acquisition of new certification

Operating revenues from green building certified properties and their percentages

Operating revenues from green building certified properties and their percentages in OJR's portfolio are as below.

Unit : million yen

	Operating revenues from green building certified properties		Total of operating revenues
		Ratio	
Fiscal Period of 36-37 2019.9.1-2020.8.31	25,751	51%	50,933
Fiscal Period of 38-39 2019.9.1-2020.8.31	29,231	62%	47,224
Fiscal Period of 40-41 2019.9.1-2020.8.31	32,768	66%	49,866
Fiscal Period of 42 2022.9.1-2023.3.31	18,566	72%	25,672



9. Status of Officers and Employees of OAM

(Unit: Person)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of officers and employees ^{*1}	70	69	71	69	70
·Men	46	47	49	45	47
·Women	24	22	22	24	23
Percentage of women	34.3%	31.9%	31.0%	34.8%	32.9%
·under 30 years old	0	0	0	0	1
·From 30 to 50 years old	48	38	35	32	29
·Ages 50 and over	22	31	36	37	40
·(Ages 60 and over out of Ages 50 and over)	(5)	(6)	(8)	(7)	9
·Employees with disabilities	0	0	0	0	0
·Foreign employees	0	0	0	0	0
Number of board of directors	3	3	3	3	3
·Men	2	2	2	2	2
·Women	1	1	1	1	1
Percentage of Women	33.3%	33.3%	33.3%	33.3%	33.3%
Number of managers ^{*2}	17	17	18	16	20
·Men	14	14	15	13	17
·Women	3	3	3	3	3
Percentage of Women	17.6%	17.6%	16.7%	18.8%	15.0%

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of resignees ^{*3}	2	1	1	3	1
·Men	1	1	1	3	1
·Women	1	0	0	0	0
Percentage of women	50.0%	0.0%	0.0%	0.0%	0.0%
Percentage of resignees	2.9%	1.4%	1.4%	4.3%	1.4%
Temporary staffs ^{*4}	5	5	5	5	6
·Men	0	0	0	0	0
·Women	5	5	5	5	6
Percentage of Woman of Temporary staffs	100%	100%	100%	100%	100%
·Percentage of temporary staffs ^{*5}	6.7%	6.8%	6.6%	6.8%	7.9%

*1 The number of full-time officers/employees including those with fixed-term employment as of the end of each fiscal year.

*2 General Managers including the General Manager of the Internal Audit Department and team leaders who have subordinates as of the end of each fiscal year.

*3 These are figures for the entire fiscal year, and do not include employees leaving their posts due to release from assignment or retirement. The above resigns are due to personal reasons of officers and employees.

*4 Number of people as of the end of each fiscal year.

*5 Percentage of temporary staffs = Number of temporary staffs / (Number of temporary staffs + Number of both officers and employees).



10. Directors' Profiles of OJR

(as of May 24, 2023)

Position	Name (Birth Date)	Carrier summary	
Executive Director	Hiroshi Miura (April 16, 1959)	April 1985	Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)
		August 1989	Registered as certified public accountant
		February 1992	Seconded to New York Office of Arthur Andersen LLP
		June 2006	Representative Partner of KPMG AZSA & Co. (currently KPMG AZSA LLC)
		July 2009	Seconded to KPMG London Office (Head of EMA Global Japanese Practice (GJP))
		October 2013	Executive Board Member of KPMG AZSA LLC
		July 2019	Executive Officer of KPMG AZSA LLC
		June 2021	Outside Audit & supervisory Board Member of MARUWA UNYU KIKAN CO., LTD. (current position)
		July 2021	Representative CPA of Global Management Advisory Office (current position)
		November 2021	Executive Director of ORIX JREIT Inc. (current position)
		March 2022	Outside Auditor of MonotaRO Co., Ltd. (current position)

Position	Name (Birth Date)	Carrier summary	
Supervisory Director	Takeshi Hattori (December 1, 1967)	April 1991	Joined Mitsui Trust Bank Limited (currently, Sumitomo Mitsui Trust Bank, Limited) · Engaged in real estate development business, loan business, financial trust product development business, etc.
		May 1995	Registered as real estate appraiser
		September 1999	Joined Japan Real Estate Institute, an incorporated foundation (currently, Japan Real Estate Institute, a general incorporated foundation) · Engaged in real estate appraisal and investigation activities. · Engaged in evaluation work for a large number of investment properties as a consultation liaison for management companies such as REITs and private funds in the Securitization Project Office
		March 2006	Director and Executive Deputy President of Aoyama Realty Advisors Inc.
		March 2009	External member of Investment Committee of Prudential Real Estate Investors (Japan) K.K. (currently, PGIM Real Estate (Japan) Ltd.) (current position)
		May 2014	Supervisory Director of ORIX JREIT Inc. (current position)
		June 2014	Vice President of Aoyama Realty Advisors Inc. (current position)

Position	Name (Birth Date)	Carrier summary	
Supervisory Director	Toshio Koike (April 7, 1960)	June 1991	Registered as certified public accountant
		August 1991	Joined Salomon Brothers Asia Limited, Tokyo Branch (currently, Citigroup Global Markets Japan Inc.) · Served as Director in charge of Internal Audit.
		May 2000	Joined Century and Showa Ohta Audit Corporation (currently, ERNST & YOUNG SHINNIHON LLC) Served as a partner in the Financial Services Division (in charge of risk management and corporate governance)
		January 2010	Opened Koike CPA Office (current position)
		January 2010	Auditor-secretary of Farmers Pension Fund, an independent administrative agency
		February 2011	Auditor of Levi Strauss Japan co., Ltd.
		October 2011	Part-time Auditor-secretary of Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency (currently, Organization for Postal Savings, Postal Life Insurance and Post Office Network, an independent administrative agency)
		June 2013	Auditor of Mortgage Service Japan Limited
		May 2014	Supervisory Director of ORIX JREIT Inc. (current position)
		June 2015	Director of Mortgage Service Japan Limited (current position)

Position	Name (Birth Date)	Carrier summary	
Supervisory Director	Yukako Oshimi (August 11, 1976) Note: The name on the family register is Yukako Saito	October 2002	Registered as lawyer (Dai-Ichi Tokyo Bar Association)
		October 2002	Associate at Nagashima Ohno & Tsunematsu
		April 2011	Ricoh Company, Ltd. (Secondee)
		September 2014	Joined Shibata, Suzuki & Nakata Law Office (current position)
		June 2015	Outside Audit & supervisory Board Member of JP-HOLDINGS, INC.
		December 2015	External committee member in Risk Management and Compliance committee of ORIX Asset Management Corporation
		March 2019	Outside Audit & supervisory Board Member of FUJI SOFT INCORPORATED (current position)
		June 2019	Outside Audit & supervisory Board Member of KUREHA CORPORATION (current position)
		December 2020	Outside Audit & supervisory Board Member of CMK CORPORATION
		November 2021	Supervisory Director of ORIX JREIT Inc. (current position)
January 2022	Outside Audit & supervisory Board Member of Prored Partners Co., Ltd. (current position)		

11. Customer-Oriented Business Conduct

Policy 1 Establishment and Announcement of the Policy

ORIX Asset Management Corporation (hereafter “the Company”) has established and hereby announces the “Basic Policy for Customer-Oriented Business Conduct.” Operating with pride and confidence as the asset management company of ORIX JREIT Inc. (hereafter “OJR”), the Company endeavors to conduct business operations with a focus on OJR and its unitholders, and will make a periodic report on the status thereof.

Policy 2 Pursuit of Customers' Best Interest

The Company is committed to being honest and fair in pursuing stable, efficient, and highly transparent asset management, bearing in mind OJR's management philosophy of “Aim for sustainable growth of unitholder value,” which the Company to be in the best interest of its unitholders.

Policy 3 Managing Conflicts of Interest

The Company has established and complies with internal rules pertaining to conflicts of interest that may arise with unitholders and parties with vested interest in the Company (hereafter “affiliates and other parties”). To prevent any adverse effects related to transactions between parties that may have a conflict of interest, the Company has, for instance, put in place a process whereby certain transactions conducted by OJR with affiliates and other parties are checked by deliberating in the Risk Management and Compliance Committee of the Company. The Company is not engaged in sales, nor solicitation of financial products or services, so there is no possibility of the conflicts of interest that can arise through the sale or recommendation of financial products.

Policy 4 Clarification on Fees and Commissions

In OJR's securities report, the Company will clearly state information concerning the types of commissions and its calculation methods. Commissions that will be borne by OJR include asset management fees, OJR's director compensation, accounting auditor compensation, general operational fees for administrative work related to institutional operations such as the management of Board of Directors meetings, General Unitholders' meetings and other bodies, unitholder registry administration fees, account management fees, asset custodian fees, general operational fees relating to accounting, etc., general operational expenses relating to investment corporation bonds, management fees to property management companies and others.

Policy 5 Provision on Important Information in an Easy-to-Understand Manner

The Company and OJR are highly committed to transparent asset management and will properly disclose information swiftly, accurately, and fairly from unitholders' perspective. The Company is not engaged in sales, nor solicitation of financial products or services, and has no policy on the structure of financial products.

Policy 6 Asset Management Preferred by Customers

The Company is committed to asset management preferred by customers and, as a diversified J-REIT, implements various types of strategies that are conducive to the sustainable growth of unitholder value from a medium to long-term perspective. Furthermore, the Company, through its IR activities, will seek to communicate with customers that are easily understandable. In addition, the Company is not engaged in sales, nor solicitation of financial products or services, and has no policy on the structure of financial products.

Policy 7 Motivation for Executives and Employees, and Development of Effective Internal Structures

The Company fully recognizes the importance of social responsibilities and public missions required of OJR, and regards compliance with social norms based on high ethical standards, as well as compliance with laws and regulations, as the utmost important issues in management. Performance evaluation of the Company's directors and employees is conducted from the point of view of contribution to the sustainable growth of OJR's unitholder value as well as from perspective of practice of compliance in the conduct of operation that forms the basis of the foregoing. Furthermore, the Risk Compliance Program that was approved by the Company's Board of Directors stipulates periodic compliance training to directors and employees, while for organizational planning, a highly effective screening process that incorporates supervisory function led by external committee members has been established. Through these and other measures, the Company endeavors to enhance its compliance and governance structures.



12. Information Security Policy

ORIX Group recognizes that risks related to information security are important management issues and strives to manage information assets securely by establishing this information security policy and by protecting "information" appropriately.

Introduction

Information security is the protection of information assets against the risk of loss, operational discontinuity, misuse, unauthorized disclosure, inaccuracy, inaccessibility and damage, or the absence of due care in its protection.

These risks come from threats such as external attacks (cyberattacks), intentional or accidental insider human acts, and natural disasters.

"Information Assets" contain "information" and all "business processes" and "information systems" that handle information. And "Information" includes that recorded on paper or media too.

"Information" is of vital importance to ORIX Group and therefore securing our technology to protect our customer, employee and ORIX Group information is a top priority. The business processes rely on information that has an appropriate level of

- Availability, ensuring that information is available when required.
- Integrity, safeguarding the accuracy and completeness of information.
- Confidentiality, ensuring that information is accessible only to those authorized to do so.

Continuity, authenticity and nonrepudiation are important characteristics for certain information. If information is affected, either by accident or intentionally, ORIX Group may suffer financial, operational or reputation loss. For this reason, ORIX Group is committed to identifying and controlling information security risks.

Information security is a responsibility of all employees, contractors and employees of external parties that provide services to ORIX Group. Information security is achieved by implementing a suitable set of controls and behaviors

focused on people, processes and technique. The implemented set of controls reflects the way ORIX works internally and also contributes to the quality of (information) services to customers. Controls are established, implemented and improved where necessary.

Information Security Principles

Information security is an integral part of the control environment of ORIX Group and integrated into strategy, concept, design, implementation, operation and monitoring. Effective information security requires senior management commitment, a security-aware culture, promotion of good security practices and compliance with the information security policy & standards. The following principles provide guidance and direction to

- Define the security strategy.
- Design the information security policy.
- Select the appropriate information security standards.
- Connect with ORIX Group employees who constitute the resilient organization.
- Answer security related questions with an unambiguous answer.

[Principles]

1. Security and stability are embedded in the design and throughout the complete life cycle of IT systems and services.
2. Each employee is responsible for secure way of working and the protection of sensitive information.
3. Security measures reduces security risk to an acceptable level and are proportionate to the related risk.

4. Security controls are applied using a risk-based approach, and Security measures are applied the unique nature of the specific business, the regulatory controls imposed and nature of specific threats and the management's risk appetite towards them are all considered.
5. Security policy is clear & practicable, enables a secure way of working and complies with law & regulations.
6. Security policy includes new developments and actual insights and is appropriately modified.
7. By timely anticipating on new security threats, actual insights and security developments and the use of good market and industry practices an optimal level of security is maintained.
8. The impact and occurrence of security incidents are kept within ORIX's risk appetite levels.
9. ORIX communicates open, transparent and in confidence with relevant stakeholders about security and expects the same transparency and confidentiality from their stakeholders.
10. ORIX follows security developments pragmatically, teams up with peers and makes use of internationally recognized good security practices.

This information security policy has been approved by the Executive Committee of ORIX Corporation in May 2021.



13. GRI Content Index

Statement of use ORIX JREIT Inc. has reported in accordance with the GRI Standards for the period from April 1, 2022 to March 31, 2023.

GRI used GRI 1: Foundation 2021

ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
2. General Disclosures			
2-1	Organizational details	OJR Website Corporate Data	P.5 OJR Corporate Data
		OJR Website Structure	P.46 ■ Structure of OJR
2-2	Entities included in the organization's sustainability reporting	OJR Website ESG Report	P.2 Purpose and Scope of Report
2-3	Reporting period, frequency and contact point	In principle, results for the period from April 1, 2022 to March 31, 2023 are reported, but some details outside of that fiscal year are also included. ORIX Asset Management Corporation Financial IR Department	P.2 Purpose and Scope of Report ORIX Asset Management Corporation Finance and Investor Relations Department
2-4	Restatements of information	No corrections or amendments	No corrections or amendments
2-5	External assurance	—	P.87 15. Environmental Information Independent Verification Report
2-6	Activities, value chain and other business relationships	OJR Website Corporate Data	P.5 OJR Corporate Data
		OJR Website Properties	—
		OJR Website Structure	P.46 ■ Structure of OJR
		OJR Website Connections with Tenants and Business Partners	P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
		No material changes from the previous report.	No material changes from the previous report.
2-7	Employees	OJR Website Corporate Data	P.5 OJR Corporate Data
		—	P.46 ■ Structure of OJR
		ORIX Group Human Capital Strategies	P.75 9. Status of Officers and Employees of OAM
		ORIX Asset Management Corporation has been entrusted by OJR with the authority related to the management of assets, and invests in real estate and real estate trust beneficiary interests with the funds invested by investors and borrowing from financial institutions. Those operations are assumed by officers and employees of ORIX Asset Management Corporation.	ORIX Asset Management Corporation has been entrusted by OJR with the authority related to the management of assets, and invests in real estate and real estate trust beneficiary interests with the funds invested by investors and borrowing from financial institutions. Those operations are assumed by officers and employees of ORIX Asset Management Corporation.
2-8	Workers who are not employees	OJR Website Corporate Data	P.5 OJR Corporate Data
		—	P.46 ■ Structure of OJR
		ORIX Group Human Capital Strategies	P.75 9. Status of Officers and Employees of OAM
		ORIX Asset Management Corporation is entrusted by OJR with the authority to manage assets, and invests in physical real estate/real estate trust beneficiary interests with unitholders' capital and loans from financial institutions. The officers and employees of ORIX Asset Management Corporation are responsible for this practice.	ORIX Asset Management Corporation is entrusted by OJR with the authority to manage assets, and invests in physical real estate/real estate trust beneficiary interests with unitholders' capital and loans from financial institutions. The officers and employees of ORIX Asset Management Corporation are responsible for this practice.
2-9	Governance structure and composition	OJR Website IR Library-Articles of Incorporation Chapter 4 Article 21 Article 24	P.47 ■ Organization of OJR
		OJR Website Decision-making Process	P.48 Decision Making Process
		OJR Website Sustainability Committee	P.6 Approach to ESG
		OJR Website Corporate Data	P.5 OJR Corporate Data
		—	P.76 10. Directors' Profile of OJR
2-10	Nomination and selection of the highest governance body	OJR Website IR Library-Articles of Incorporation	P.47 ■ Organization of OJR
		—	—
2-11	Chair of the highest governance body	OJR Website Corporate Data	P.5 OJR Corporate Data
		OJR Website IR Library-Articles of Incorporation Chapter 4	P.47 ■ Organization of OJR



ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
2. General Disclosures			
2-12	Role of the highest governance body in overseeing the management of impacts	OJR Website Sustainability Committee	P.6 Approach to ESG
		OJR Website Decision-making Process	P.48 Decision Making Process
		OJR Website Material issues – Our Sustainability Priorities -	P.7 Materiality and KPI
		OJR Website Social Initiatives	P.64 3. Material Issues Identification Process
2-13	Delegation of responsibility for managing impacts	OJR Website Sustainability Committee	P.29-44 Social Initiatives
		OJR Website Decision-making Process	P.6 Approach to ESG
2-14	Role of the highest governance body in sustainability reporting	OJR Website Sustainability Committee	P.48 Decision Making Process
2-15	Conflicts of interest	OJR Website Sustainability Committee	P.6 Approach to ESG
		OJR Website Risk Management and Compliance-Initiatives against conflicts of interest	P.51 Handling of Transactions with Conflicts of Interest, etc.
		OJR Website Decision-making Process	P.48 Decision Making Process
2-16	Communication of critical concerns	OJR Website IR Library-Presentation Material-Investor Status	–
		OJR Website Risk Management and Compliance	P.50 ■ Basic Compliance Policy and Structure
2-17	Collective knowledge of the highest governance body	There were no critical concerns during the reporting period.	There were no critical concerns during the reporting period.
		OJR Website Sustainability Committee	P.6 Approach to ESG
2-18	Evaluation of the performance of the highest governance body	–	P.43 ESG Training for OAM's Officers
2-19	Remuneration policies	At this time, no performance evaluation of the highest governance body has been conducted.	P.6 Approach to ESG
2-20	Process to determine remuneration	OJR Website Structure	P.47 ■ Directors' Remuneration, etc.
2-21	Annual total compensation ratio	OJR Website Structure	P.47 ■ Directors' Remuneration, etc.
2-22	Statement on sustainable development strategy	Not applicable, as the investment corporation has no employees. OAM will prepare the relevant information in the future.	–
2-23	Policy commitments	Message from the Management	P.4 Message from Management
		OJR Website ESG Policy, Sustainability Committee	P.6 ESG Policy, Related Guidelines, and Approach
		International standards or initiatives that OAM supports/participates	P.60 ESG Policy
2-24	Embedding policy commitments	–	P.77 11. Customer-Oriented Business Conduct
		OJR Website ESG Policy, Material issues, Sustainability Committee	P.6 ESG Policy, Related Guidelines, and Approach
		–	P.77 11. Customer-Oriented Business Conduct
2-25	Processes to remediate negative impacts	–	P.43 ESG Training for OAM's Officers
2-26	Mechanisms for seeking advice and raising concerns	–	P.53 External Whistleblower System, Internal Whistleblower System
2-27	Compliance with laws and regulations	OJR Website Contact Us - Complaints or concerns, Intermediary for conflict resolution	P.53 External Whistleblower System, Internal Whistleblower System
2-28	Membership associations	–	P.52 Payment of Fines for Violations of Environmental Laws, Labor-related Laws and Regulations, Business Laws, and Corruption in Audited Accounts
		OAM Website Corporate Profile	P.5 OAM Corporate Data
2-29	Approach to stakeholder engagement	OJR Website Membership and Signatories	P.8 Membership and Signatories
		OJR Website Communication with Stakeholders	P.4 Stakeholder Engagement
		OJR Website Material Issues Identification Process	P.64 3. Material Issues Identification Process
2-30	Collective bargaining agreements	OJR Website Social Initiatives	P.29-44 Social Initiatives
		–	P.75 9. Status of Officers and Employees of OAM
Not applicable as the investment corporation has no employees. OAM respects freedom of association as stipulated by law, but does not have a labor union.			
Material Topics			
3-1	Process to determine material topics	OJR Website Material Issues Identification Process	P.64 3. Material Issues Identification Process
3-2	List of material topics	OJR Website Material issues	P.7 Materiality and KPI



Economic Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Economic Performance			
3-3	Management of material topics	OJR Website Material issues	P.7 Materiality and KPI
		OJR Website ESG Policy	P.60 2. ESG Policy and Related Guidelines
		OJR Website Risk Management and Compliance	P.50-54 Compliance
		–	P.55-57 Risk Management
		OJR Website Sustainability Committee	P.6 Approach to ESG
		OJR Website Governance Initiatives	P.46-49 Structure and Governance of OJR
201-1	Direct economic value generated and distributed	OJR Website Securities report 1 [Corporate Data]	P.40 Benefits Package that Takes into Account Work-Life Balance
		–	P.44 ■ Performance Review and Compensation Scheme
201-2	Financial implications and other risks and opportunities due to climate change	OJR Website Initiatives towards Climate Change	P.12 Disclosure Based on TCFD Recommendations-P.14 Transition Roadmap
		–	P.68 5. TCFD Scenario Analysis-P.71.5 TCFD Scenario Analysis
		–	P.86 Climate Change Adaptation
201-3	Defined benefit plan obligations and other retirement plans	–	P.40 Benefits Package that Takes into Account Work-Life Balance
201-4	Financial assistance received from government	–	–
Anti-corruption			
205-1	Operations assessed for risks related to corruption	It is only carried out at OAM headquarters, and thus the risk evaluation implementation rate is 100%.	It is only carried out at OAM headquarters, and thus the risk evaluation implementation rate is 100%.
205-2	Communication and training about anti-corruption policies and procedures	ORIX Group Code of Conduct	P.52 ORIX Group code of conduct
		–	P.43 Division specific training
205-3	Confirmed incidents of corruption and actions taken	Not applicable	Not applicable
Environmental Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Energy			
3-3	Management of material topics	OJR Website Material issues	P.7 Materiality and KPI
		OJR Website ESG Policy	P.60 2. ESG Policy and Related Guidelines
		OJR Website Sustainability Committee	P.6 Approach to ESG
		OJR Website Risk Management and Compliance	P.50-54 Compliance
		–	P.55-57 Risk Management
		Guidelines for Reducing Energy and Greenhouse Gases	P.61 Guidelines for Reducing Energy and Greenhouse Gases
		–	P.23-26 Promotion of Climate Change Countermeasures (Reduction of Greenhouse Gas Emissions)
		Guidelines for Management of Resources and Waste	P.62 Guidelines for Management of Resources and Waste
		–	P.27 Management of Resources and Waste
302-1	Energy consumption within the organization	OJR Website Environmental Initiatives	P.22-28 Environmental Initiatives
		OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		–	P.25 ■ Use of Renewable Energy
		–	P.73 7. Environmental Data
302-2	Energy consumption outside of the organization	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
302-3	Energy intensity	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		–	P.73 7. Environmental Data
302-4	Reduction of energy consumption	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
302-5	Reductions in energy requirements of products and services	–	P.73 7. Environmental Data
		–	P.7 KPI



Environmental Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Water and Effluents			
303-1	Interactions with water as a shared resource	OJR Website Water Use	P.27 ■ Protection of Water Resources
		OJR Website Environmental Care-Water conservation (use of well water)	–
303-5	Water consumption	OJR Website Water Use	P.27 ■ Protection of Water Resources
		–	P.86 Water Management
Emissions			
305-1	Direct (Scope 1) GHG emissions	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		–	P.73 CO₂ Emissions by Property Type and Category
305-2	Energy indirect (Scope 2) GHG emissions	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		–	P.73 CO₂ Emissions by Property Type and Category
305-3	Other indirect (Scope 3) GHG emissions	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		–	P.73 CO₂ Emissions by Property Type and Category
305-4	GHG emissions intensity	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
305-5	Reduction of GHG emissions	OJR Website Energy Management	P.23 ■ Status of Energy Data and CO₂ Emissions
		OJR Website Environmental Care-Reducing electric power consumption and CO₂ Emissions	P.23-26 Promotion of Climate Change Countermeasures (Reduction of Greenhouse Gas Emissions)
		–	P.73 CO₂ Emissions by Property Type and Category
Waste			
306-2	Management of significant waste-related impacts	–	P.27 Management of Resources and Waste
		–	P.28 Urban Site Investment Criteria (Contribution to Revitalization and Redevelopment)
306-3	Waste generated	OJR Website Waste Management	P.27 Management of Resources and Waste
		–	P.73 Waste Disposal
Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	OJR Website Connections with Tenants and Business Partners	P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
308-2	Negative environmental impacts in the supply chain and actions taken	OJR Website Connections with Tenants and Business Partners	P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
Social Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Employment			
3-3	Management of material topics	OJR Website Material issues	P.7 Materiality and KPI
		OJR Website ESG Policy	P.60 2. ESG Policy and Related Guidelines
		OJR Website Risk Management and Compliance	P.50-54 Compliance
		–	P.55-57 Risk Management
		OJR Website Sustainability Committee	P.6 Approach to ESG
401-1	New employee hires and employee turnover	OJR Website Social Initiatives	P.29-44 Social Initiatives
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	P.75 9. Status of Officers and Employees of OAM
		–	P.40 Systems to Support Work-Life Balance(Childbirth/Childcare/Nursing Care). Benefits Package that Takes into Account Work-Life Balance
401-3	Parental leave	–	P.41 ■ Employee Health and Safety (Occupational Safety)
		–	P.40 Systems to Support Work-Life Balance(Childbirth/Childcare/Nursing Care)
		–	P.75 9. Status of Officers and Employees of OAM



Social Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Occupational Health and Safety			
403-3	Occupational health services	–	P.41 ■ Employee Health and Safety (Occupational Safety)
403-4	Worker participation, consultation, and communication on occupational health and safety	–	P.41 ■ Employee Health and Safety (Occupational Safety)
403-5	Worker training on occupational health and safety	–	P.41 ■ Employee Health and Safety (Occupational Safety)
403-6	Promotion of worker health	–	P.41 ■ Employee Health and Safety (Occupational Safety)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	OJR Website Connections with Tenants and Business Partners	P.30 Improve the Health, Safety and Well-Being for Customers (Tenants and Users) -P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
403-9	Work-related injuries	–	P.41 ■ Employee Health and Safety (Occupational Safety)
403-10	Work-related ill health	–	P.41 ■ Employee Health and Safety (Occupational Safety)
Training and Education			
404-1	Average hours of training per year per employee	–	P.43 Training Results of All Officers and Employees of OAM (FY2022)
404-2	Programs for upgrading employee skills and transition assistance programs	–	P.42-43 Development of the Competencies of Officers and Employees (Talent Development)
404-3	Percentage of employees receiving regular performance and career development reviews	–	P.44 ■ Performance Review and Compensation Scheme
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	–	P.75 9. Status of Officers and Employees of OAM
Non-discrimination			
3-3	Management of material topics	OJR Website Material issues	P.7 Materiality and KPI
		OJR Website ESG Policy	P.60 2.ESG Policy and Related Guidelines
		OJR Website Risk Management and Compliance	P.50-54 Compliance
		–	P.55-57 Risk Management
		OJR Website Sustainability Committee	P.6 Approach to ESG
406-1	Incidents of discrimination and corrective actions taken	OJR Website Governance Initiatives	P.47 ■ Organization of OJR -P.48 ■ Operation Structure and Governance
		–	P.36 Approach to Human Rights
		There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.
Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	OJR Website Connections with Tenants and Business Partners	P.62 ESG Guidelines for Procurement and Other Transactions
		–	P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
		There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.
Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	OJR Website Connections with Tenants and Business Partners	P.62 ESG Guidelines for Procurement and Other Transactions
		–	P.35 Cooperation with property managers (PM)
		There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.
Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	OJR Website Connections with Tenants and Business Partners	P.62 ESG Guidelines for Procurement and Other Transactions
		–	P.35 Cooperation with Property Managers (PM) and Building Managers (BM)
		There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.



Social Disclosures			
ITEMS	DISCLOSURE	LOCATION (Website posting place) as of October 2023	LOCATION (ESG report)
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	OJR Website Connections with Tenants and Business Partners	P.30-33 Improve the Health, Safety and Well-Being for Customers (tenants and users)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.	There were no applicable cases for the reporting period from April 1, 2022 to March 31, 2023.
Marketing and Labeling			
417-1	Requirements for product and service information and labeling	OJR Website Accreditations on Properties	P.24 ■ Reducing Electric Power Consumption and CO₂ Emissions -P.26 ■ Promoting Green Buildings and Energy-Saving Certifications
		OJR Website Achievement of "WELL Health-Safety Rating"	P.74 8. List of Green Building Certified Properties
		OJR Website Acquisition of "Certification for Comprehensive Assessment System for Built Environment Efficiency (CASBEE)" for Wellness Office"	P.33 ■ Achievement of WELL Health-Safety Rating
			P.33 ■ CASBEE® Wellness Office Certification

14. SASB Standard

Activity Metrics

Code	ACCOUNTING METRIC	Total	Offices	Retail Facilities	Logistic Facilities	Residential properties	Lodging, Leisure	Other	Unit
IF-RE-000.A	Number of assets ^(Note)	107	56	21	5	17	8		Properties
IF-RE-000.B	Leasable floor area ^(Note)	987,594	412,827	135,220	183,758	122,395	133,393		m ²
IF-RE-000.C	Percentage of indirectly managed assets	31.0	4.7	22.9	84.7	2.6	77.1		%
IF-RE-000.D	Average occupancy rate	98.2	96.9	98.9	100	96.7	99.7		%

Note : Targets apply to properties owned during the reporting year and exclude limited proprietary right of land.

Energy Management

Code	ACCOUNTING METRIC	Total	Offices	Retail Facilities	Logistic Facilities	Residential properties	Lodging, Leisure	Other	Unit
IF-RE-130a.1	Energy consumption data coverage as a percentage of GFA by property subsector	96.8	100	91.3	100	86.3	100		% of GFA
IF-RE-130a.2	Total energy consumed by portfolio area with coverage by property subsector	885,852	457,607	113,951	39,485	27,691	232,718		GJ
	Percentage of purchased electricity out of the said consumption by property subsector	65.2	70.6	91.7	97.9	96.1	37.2		%
	Percentage of renewable energy out of the said consumption by property subsector	5.8	6.9	0.02	2.1	0.0	7.7		%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage by property subsector	7.6	3.0	22.7	-13.3	11.7	23.2		%
	Data coverage by property subsector	96.5	98.5	87.6	100	92.3	100		% of GFA
IF-RE-130a.4	Percentage of eligible portfolio that is certified to ENERGY STAR by property subsector	–	–	–	–	–	–		% of GFA
	Note: Properties in Japan are not covered by the ENERGY STAR Certification program, hence there are no certified properties.								
	Percentage of eligible portfolio that has an energy rating ^(Note1) by property subsector	42.0	38.9	55.5	79.6	6.4	26.6		% of GFA
	Percentage of eligible portfolio that has green building certifications ^(Note2) by property subsector	60.0	71.7	71.1	65.2	82.5	19.3		% of GFA
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	See the following pages in the 2023 ESG Report. Page 6: ESG Policy, Related Guidelines, and Approach Page 7: Materiality and KPI From page 11 to page 21: Special Feature From page 23 to page 26: Promotion of climate change countermeasures							

Note1: Applies to properties with BELS certification.

Note2: Applies to properties with DBJ Green Building Certification and CASBEE Real Estate Assessment Certification.

Water Management

Code	ACCOUNTING METRIC	Total	Offices	Retail Facilities	Logistic Facilities	Residential properties	Lodging, Leisure	Other	Unit
IF-RE-140a.1	Data coverage of water withdrawal by property subsector	89.8	93.7	90.7	100	61.9	100		% of GFA
	Data coverage of Water withdrawal in regions with High or Extremely High Baseline Water Stress by property subsector	0	0	0	0	0	0		% of GFA
	Note: None of the properties are located in regions with High or Extremely High Baseline Water Stress								
IF-RE-140a.2	Total water amount withdrawn by portfolio area with data coverage by property subsector	1,672,093	728,092	371,234	224,757	445,715	714,390		m ³
	Out of the said water amount, percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	0	0	0	0	0	0		%
	Note: None of the properties are located in regions with High or Extremely High Baseline Water Stress								
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage by property subsector	27.1	12.8	26.4	▲13.2	4.4	53.3		%
	Data coverage of the said like-for-like percentage change by property subsector	89.4	98.5	87.6	100	33.6	100		% of GFA
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	See the following pages in the 2023 ESG Report. Page 6: ESG Policy, Related Guidelines, and Approach Page 7: Materiality and KPI From page 11 to page 21: Special Feature Page 27: Protection of Water Resources							


Management of Tenant Sustainability Impacts

Code	ACCOUNTING METRIC	Total	Offices	Retail Facilities	Logistic Facilities	Residential properties	Lodging, Leisure	Other	Unit
IF-RE-410a.1	Percentage of total leasable floor area for buildings leased under a green lease agreement	42.4	40.3	37.4	72.2	0.4	42.7		% of GFA
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption	93.9	100.0	87.6	100.0	64.6	100.0		% of GFA
	Percentage of tenants that are separately metered or submetered for water withdrawals by property subsector	91.6	89.1	87.4	100.0	83.2	100.0		% of GFA
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	See the following pages in the 2023 ESG Report. Page 6: Policy, Related Guidelines, and Approach Page 7: Materiality and KPI From page 11 to page 21: Special Feature From page 30 to page 33: Improve the health, safety, and well-being for customers (tenants/users)							

Climate Change Adaptation

Code	ACCOUNTING METRIC	Total	Offices	Retail Facilities	Logistic Facilities	Residential properties	Lodging, Leisure	Other	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones by property subsector	382,972	159,834	25,646	128,211	53,093	16,187		m ²
	Note: Amount recorded refers to the total leasable area of properties located in areas where inundation of more than 0 m in depth is expected based on hazard maps (primarily the maximum expected scale) issued by local governments. Japanese hazard maps (maximum estimated scale) are developed to identify areas with an annual exceedance probability of 1 in 1,000 for flood damage.								
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	See the following pages in the 2023 ESG Report. Page 6: ESG Policy, Related Guidelines, and Approach Page 7: Materiality and KPI From page 11 to page 21: Special Feature From page 23 to page 26: Promotion of climate change countermeasures							

15. Environmental Information Independent Verification Report



**Environmental Information
Independent Verification Report**

No.1811004385-2

To: ORIX JREIT Inc.

1. Objective and Scope

Japan Quality Assurance Organization (hereafter, "JQA") was engaged by ORIX JREIT Inc. (hereafter, "the Company") to provide an independent verification on the statements of information regarding FY 2021* GHG emissions, energy consumption, water usage and waste disposal volume indicated in "List of ESG information" (hereafter, "the Statements") which was prepared by ORIX Asset Management Corporation (hereafter, "OAM"), the asset management company of the Company. The content of our verification was to express our conclusion, based on our verification procedures, on whether the GHG emissions, energy consumption, water usage and waste disposal volume indicated in the Statements were correctly measured and calculated, in accordance with the "Procedures for preparation of ESG report" (hereafter, "the Rule") provided by OAM. The purpose of the verification is to evaluate the Statements objectively and to enhance the credibility of the Statements.

*The fiscal year 2021 of the Company started on April 1, 2021 and ended on March 31, 2022.

2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for energy consumption, water usage and waste disposal volume, respectively. The scope of this verification assignment covers Scope 1, 2 and 3 (Category 13 only) GHG emissions (energy-derived CO₂), energy consumption, water usage and waste disposal volume (harmless waste and hazardous waste). The verification was conducted to a limited level of assurance, and the quantitative materiality was set at 5 percent each of the total GHG emissions, energy consumption, water usage and waste disposal volume in the Statements. The organizational boundaries of this verification are the 109 sites which were owned by the Company in FY2021.

Our verification procedures include:


- Performing validation of integrated functions to check the Rule prior to the on-site assessment.
- Conducting on-site assessment at 4 sites from the organizational boundaries on a sampling basis. The location of sampling sites for the on-site assessment was selected by OAM.
- On-site assessment to check the Statements' scope and boundaries; monitoring points and sources of energy-derived CO₂, water usage, waste generation; and monitoring and calculation system.
- Vouching: Cross-checking the activity data in the Statements against evidence.

3. Conclusion


Based on the procedures described above, nothing has come to our attention that has caused us to believe that the GHG emissions, energy consumption, water usage and waste disposal volume indicated in the Statements were not correctly measured and calculated in accordance with the Rule.

4. Considerations

OAM was responsible for preparing the Statements, and JQA was responsible for above conclusion on the verification of GHG emissions, energy consumption, water usage and waste disposal volume in the Statements. There is no conflict of interest between (i) the Company and OAM and (ii) JQA.



Sumio Asada, Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
February 22, 2023



**Environmental Information
Independent Verification Report**

No.1811004667-2

To: ORIX JREIT Inc.

1. Objective and Scope

Japan Quality Assurance Organization (hereafter, "JQA") was engaged by ORIX JREIT Inc. (hereafter, "the Company") to provide an independent verification on the statements of information regarding FY 2022* GHG emissions, energy consumption, water consumption and waste disposal volume indicated in "ESG Report_v1.4" (hereafter, "the Statements") which was prepared by ORIX Asset Management Corporation (hereafter, "OAM"), the asset management company of the Company. The content of our verification was to express our conclusion, based on our verification procedures, on whether the GHG emissions, energy consumption, water consumption and waste disposal volume indicated in the Statements were correctly measured and calculated, in accordance with the "Procedures for preparation of ESG report" (hereafter, "the Rule") provided by OAM. The purpose of the verification is to evaluate the Statements objectively and to enhance the credibility of the Statements.

*The fiscal year 2022 of the Company started on April 1, 2022 and ended on March 31, 2023.

2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for energy consumption, water consumption and waste disposal volume, respectively. The scope of this verification assignment covers Scope 1, 2 and 3 (Category 13 only) GHG emissions (energy-derived CO₂), energy consumption, water consumption and waste disposal volume (harmless waste and hazardous waste). The verification was conducted to a limited level of assurance, and the quantitative materiality was set at 5 percent each of the total GHG emissions, energy consumption, water consumption and waste disposal volume in the Statements. The organizational boundaries of this verification are the 107 sites which were owned by the Company in FY2022.

Our verification procedures include:


- Performing validation of integrated functions to check the Rule prior to the on-site assessment.
- Conducting on-site assessment at 4 sites from the organizational boundaries on a sampling basis. The location of sampling sites for the on-site assessment was selected by OAM.
- On-site assessment to check the Statements' scope and boundaries; monitoring points and sources of energy-derived CO₂, water consumption, waste generation; and monitoring and calculation system.
- Vouching: Cross-checking the activity data in the Statements against evidence.

3. Conclusion

Based on the procedures described above, nothing has come to our attention that has caused us to believe that the GHG emissions, energy consumption, water consumption and waste disposal volume indicated in the Statements were not correctly measured and calculated in accordance with the Rule.

4. Considerations

OAM was responsible for preparing the Statements, and JQA was responsible for above conclusion on the verification of GHG emissions, energy consumption, water consumption and waste disposal volume in the Statements. There is no conflict of interest between (i) the Company and OAM and (ii) JQA.



Sumio Asada, Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
December 25, 2023

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Asset Management Company

ORIX Asset Management Corporation