



ESG Management Report (Published in FY2023)

Period subject to activities: January 1 – December 31, 2022



Published: April 28, 2023

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CORPORATE MESSAGE

IDEAL to REAL

Bringing ideals into reality to create a new future



Management Philosophy on ESG

Our IDEAL to REAL corporate message calls for the creation of a new culture by making ideals reality. Based on this working slogan, as a lifeways developer committed to creating ideal modes of life that meet today's changing needs, we will seek to build a sustainable society and achieve sustainable growth by addressing social issues through our ESG initiatives.

Basic Philosophy on ESG

We strive to grow as a company needed by society by promoting ESG initiatives in strict compliance with laws, regulations, and our pledges related to the environment, society, and self governance.

Established: March 23, 2018

Revised: February 24, 2021

Takatoshi Ito

President & Representative Director

Environment



1. Creating new environmental value through next generation urban development and other measures to realize a carbon-neutral society by 2050
2. Promoting real estate development and corporate activities that give full consideration to the environment
3. Taking on the challenges of new business domains based on the key theme of the environment, thereby creating both environmental value and business value

Social



1. In addition to contributing to community vitality through urban development, creating new futures by promoting local community building
2. In addition to developing workplaces where employees can demonstrate their abilities to the fullest while doing rewarding work, promoting diversity to enable diverse human resources to thrive
3. Supporting safe and comfortable lives in our many communities by contributing to solutions to social challenges posed by health and welfare, including low birth rates and aging populations
4. Promoting business development to achieve SDGs on a global basis through international business development

Governance



1. Enhancing timely, appropriate, and fair disclosure of management information
2. Promoting governance structures capable of securing management stability, soundness, and transparency
3. Enhancing risk management capabilities in response to growing risks accompanying business expansion and diversification
4. Pursuing business activities based on the Corporate Ethics Charter and respect for the human rights of all



Organizational Overview

Name and representative

Prime Market, Tokyo Stock Exchange ES-CON JAPAN Ltd.

President & Representative Director: Takatoshi Ito

Locations

Tokyo Head Office: 2-10-4 Toranomon, Minato-ku, Tokyo, 105-0001

Osaka Head Office: 4-1-1 Fushimimachi, Chuo-ku, Osaka-shi, Osaka, 541-0044

Nagoya Office: 2-4-1 Sakae, Naka-ku, Nagoya-shi, Aichi, 460-0008

Kyushu Office: 13-15 Kamikawabatamachi, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0026

Hokkaido Office: 4-1-1 Kita 3-jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido, 060-0003

Name of Chief ESG Officer and contact information for person in charge

Director: Kenji Fujita, tel. 03-6230-9303

Person in charge: Toru Tanaka, ESG Promotion Group, tel. 06-6223-8056

Lines of business

Real estate development, leasing, planning, brokerage and consultation

Scale of businesses

Fiscal year January 1 – December 31	21st term 2015	22nd term 2016	23rd term 2017	24th term 2018	25th term 2019	26th term 2020	27th term 2021	28th term 2022
Net sales (millions yen)	26,548	33,556	44,108	53,973	70,096	73,903	73,407	89,999
Number of employees at end of fiscal year (employees)	79	91	123	142	159	192	221	256
Number of for-sale condominiums supplied (units)	349	491	476	539	648	652	1,020	1,185

Certified/registered organization/lines of business

Registered organization: ESCON JAPAN Ltd.

Subject locations: Tokyo Head Office

Osaka Head Office

Nagoya Office

Kyushu Office

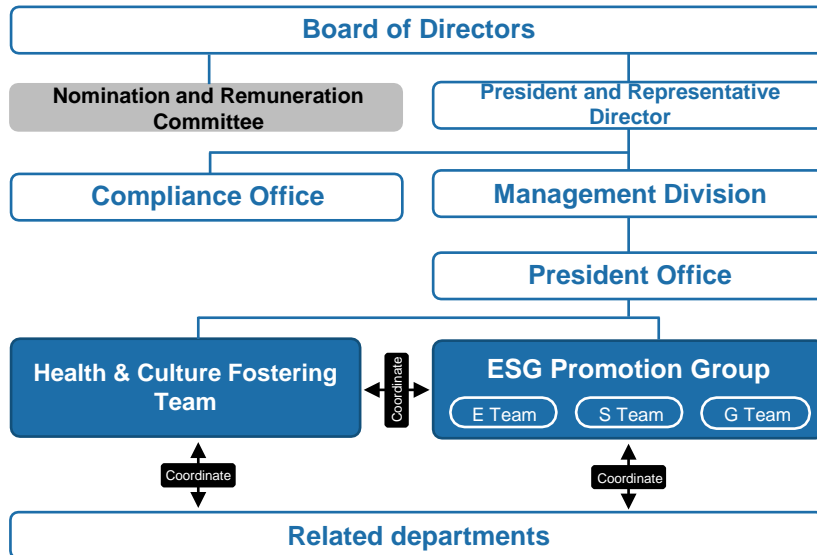
Hokkaido Office

Lines of business: Real estate development, leasing, planning, brokerage and consultation

Period subject to activities: January 1 – December 31, 2022

ESG Management Organizational Chart and Roles, Responsibilities, Authority

ESG Management Organizational Chart



Under our Management Philosophy on ESG, we have identified solutions to social challenges by promoting ESG as part of our management strategies. The officer responsible for the President's Office is assigned responsibility for promoting ESG initiatives. The ESG Promotion Group, whose membership consists of staff chosen from each department, is divided into the E Team, S Team, and G Team. These teams are charged with promoting efforts to achieve annual targets in the categories of the environment, society, and governance.

<u>Roles, Responsibilities, Authority</u>	
Representative	<ul style="list-style-type: none"> Responsible for overseeing ESG management Appointment of Chief ESG Officer Formulation of Basic Philosophy on ESG Management Formulation of ESG implementation structure Evaluation and review of ESG management
Chief ESG Officer	<ul style="list-style-type: none"> Operational management of ESG management implementation structure Formulation of ESG management targets and ESG management plans Overall evaluation of state of initiatives related to ESG management and rectification of issues Implementing ESG education and training Maintenance of structures for emergencies and responding to emergencies Reporting to the representative on the results of ESG activities
ESG Secretariat	<ul style="list-style-type: none"> Assisting the Chief ESG Officer and serving as secretariat for ESG-related matters Drafting ESG management targets and ESG management plans Companywide promotion of ESG activities Promoting internal implementation and awareness of SDGs Data collection and evaluations of results of ESG activities Evaluation of compliance with ESG-related laws, regulations, etc. Serving as a liaison for external communications regarding ESG Preparation of ESG Management Reports
Facility or section employees and responsible individuals	<ul style="list-style-type: none"> Promoting awareness of ESG management policies in facilities and sections Implementing ESG activity plans in facilities and sections Promoting ESG and the SDGs in business activities Identifying, rectifying, and taking preventive measures for issues in facilities and sections
Internal Auditing Office	<ul style="list-style-type: none"> Planning internal audits related to ESG management Implementing and reporting on internal audits related to ESG management

Main ESG Quantitative Results

Item	Unit	2019	2020	2021	2022 (period of activity)
Total CO ₂ emissions	kg-CO ₂	148,838	157,280	154,152	156,679
Total waste emissions					
General waste emissions	kg	13,058	13,934	16,157	16,278
Industrial waste emissions	m ³	74.0	3.8	7.5	1.7
Development of ZEH-M ¹ Condominiums	Buildings	1	0	1	1
Cumulative total number of employees who have undergone dementia support training sessions	Persons	15	19	70	106

ESG Management Targets and Results

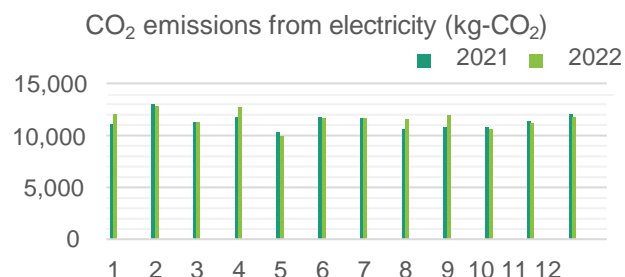
Item	Fiscal year	2019	2020	2021	2022		Evaluation	2023	2024
					Period of activity				
		Results	Results	Results	(Target)	(Results)		(Target)	(Target)
Reducing CO ₂ emissions from electricity	kWh	280,553	332,604	336,350	-	332,726	-	-	-
	kg-CO ₂	132,818	138,932	137,446	130,573	138,936	X	131,989	125,389
	YoY change	-	-	-	95%	101%	X	95%	95%
Reducing CO ₂ emissions from vehicle fuel	kg-CO ₂	16,021	18,349	16,706	15,871	17,743	X	16,856	16,013
	YoY change	-	-	-	95%	106%	X	95%	95%
Total CO ₂ emissions reduced	kg-CO ₂	148,838	157,280	154,152	146,444	156,679	X	148,845	141,403
	kg-CO ₂ /person	969	793	673	581	604	X	521	450
Reducing general waste	kg	13,058	13,934	16,157	15,349	16,278	X	15,464	14,691
	YoY change	-	-	-	95%	101%	X	95%	95%
	kg/person	85	70	71	61	63	X	54	47
Reducing industrial waste	m ³	74.0	3.8	7.5	7.1	1.7	○	1.6	1.5
	YoY change	-	-	-	95%	23%	○	95%	95%
Developing one ZEH-M condominium building/period	Buildings	1	0	1	1	1	○	1	1
	YoY change	-	-	-	100%	100%	○	100%	100%
Cumulative total number of employees who have undergone dementia support training sessions	Persons	15	19	70	105	106	○	140	175
	YoY change	-	-	-	150%	151%	○	132%	125%

1. Bases for CO₂ emissions coefficients from electricity (kg-CO₂/kWh): Tokyo 0.441, Osaka 0.350, Nagoya 0.377, Kyushu 0.479, Hokkaido 0.549
2. "Per person" units are calculated based on the average number of employees during the period. Water and natural gas use are excluded from the quantitative targets because they cannot be identified separately.
3. The cumulative total number of employees who have undergone dementia support training sessions includes employees of Group companies.

Initiative Results and Evaluations of ESG Management Plan

• Reducing CO₂ emissions from electricity use

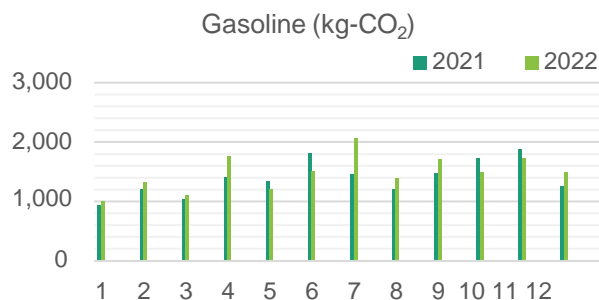
Reducing CO ₂ emissions from electricity	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	×	Although we are proud to have reduced CO ₂ emissions and per-employee emissions from last year, we failed to achieve the reduction target of 5%. Likewise, although we promoted awareness companywide to conserve use of electricity, we will strive to reduce emissions still further through sustained efforts to promote awareness. The Tokyo Head Office switched to renewables for some of its electricity in FY2023. This helped reduce emissions.
• Promoting work from home	×	
• Turning off unneeded lights	○	
• Promoting no-overtime days (every Wednesday)	△	



	1	2	3	4	5	6	7
2021	11,099	13,023	11,227	11,761	10,273	11,790	11,630
2022	11,984	12,797	11,252	12,739	9,951	11,691	11,612
	8	9	10	11	12	Consumption per person	
2021	10,556	10,764	10,764	11,299	11,980	1,469	
2022	11,527	11,900	10,583	11,153	11,748	1,282	

• Reducing CO₂ emissions from use of vehicle fuel

Reducing CO ₂ emissions from vehicle fuel	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	×	We set the target of reducing emissions by 5%. However, total emissions increased due to more frequent use of company vehicles as our business areas expanded. Still, we reduced emissions on a per-employee basis; in this we take pride. Next fiscal year, we will continue to promote the use of public transportation by raising awareness within the organization and switching to EVs when the leases on the current vehicles expire.
• Promoting use of public transportation and bicycles	△	
• Eco-friendly driving	△	



	1	2	3	4	5	6	7
2021	924	1,205	1,039	1,402	1,346	1,809	1,447
2022	997	1,327	1,107	1,767	1,208	1,500	2,055
	8	9	10	11	12	Consumption per person	
2021	1,205	1,476	1,716	1,886	1,250	31.44	
2022	1,390	1,708	1,484	1,718	1,484	29.46	

Initiative Results and Evaluations of ESG Management Plan

• Reducing general waste emissions

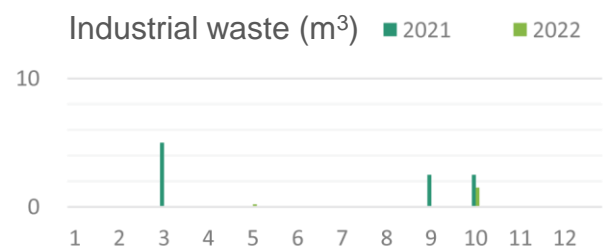
Reducing general waste emissions	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	×	Although we continued to promote paperless work by deploying tablets and other measures, we failed to achieve our target—5% reductions from the previous year—due to the increase in number of employees, which led to a slight increase from last year. Nevertheless, we reduced per-employee emissions. We plan to bolster our efforts in the next fiscal year to reduce the volume of generated waste by posting regular reminders on the intranet and in other ways.
• Thorough waste segregation	○	
• Shifting from disposable to reusable	△	
• Promoting paperless offices	○	
• Promoting the Three Ss	△	



	1	2	3	4	5	6	7
2021	1,074	1,028	1,360	1,300	1,183	1,349	1,517
2022	1,267	790	1,231	1,696	1,079	1,447	1,465
	8	9	10	11	12	Consumption per person	
2021	1,275	1,240	1,392	1,456	1,984	71	
2022	1,263	1,428	1,565	1,263	1,785	63	

• Reducing industrial waste emissions

Reducing industrial waste emissions	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	○	We cut emissions significantly from last year, generating industrial waste on only two occasions during the year. Although this waste cannot be eliminated completely because it is created on unexpected occasions, we will continue to carefully consider the need to minimize waste and its potential sale or reuse.
• Ascertaining waste volumes	○	
• Promoting reuse, including waste sales	○	
• Promoting awareness of the need to reduce waste in everyday operations	×	



	1	2	3	4	5	6	7
2021	0	0	5	0	0	0	0
2022	0	0	0	0	0.2	0	0
	8	9	10	11	12		
2021	0	3	3	0	0		
2022	0	0	1.5	0	0		

Initiative Results and Evaluations of ESG Management Plan

• Promoting green procurement

Promoting green procurement	Current status	Initiative results and evaluations and plans for the next fiscal year
• Adopting energy-efficient, eco-friendly fixtures in real estate under development	○	Due to efforts by the procurement team to switch to carefully selected green products at prices close to those of ordinary products, the percentage of green products purchased grew at each facility. We achieved the overall green purchasing target of 60%. We will continue to select products, targeting a percentage of more than 60% in the next fiscal year.
• Purchasing highly energy-efficient electric appliances and hardware	○	
• Using fuel-efficient vehicles	×	
• Promoting green procurement of office supplies	○	

2022 (January-December)	Total	Osaka Head Office	Tokyo Head Office	Kyushu Office	Nagoya Office	Hokkaido Office
Non-green	729	164	445	24	69	27
Green	1,285	406	626	72	104	77
Total (units)	2,014	570	1,071	96	173	104
Green procurement rate	63.8%	71.2%	58.5%	75.0%	60.1%	74.0%
Green procurement rate (2021)	52.9%	56.1%	52.2%	56.7%	45.6%	47.4%

• Initiatives to solve problems and make the most of opportunities

* Percentage of all office supplies

Initiatives to solve problems and make the most of opportunities	Current status	Initiative results and evaluations and plans for the next fiscal year
• Developing one ZEH-M condominium per year	○	Le JADE Honkawagoe Koedo Terrace obtained ZEH-M Oriented certification. In addition, 36 more personnel underwent dementia support training sessions in FY2022. Since establishing Health & Culture Fostering Team in July 2021, we have promoted health management through efforts to reduce overtime hours and health-related e-learning for all employees. These efforts led to recognition by the 2023 Certified Health & Productivity Management Outstanding Organizations. We will continue to enhance efforts to improve the mental and physical health of our employees.
• Increasing development of Green Building-certified properties	○	
• Increasing the durability, safety, and environmental performance of properties purchased and developed	△	
• Encouraging employees to undergo dementia support training sessions	○	
• Work-style reforms (real-world measures planned for the future)	×	
• Expanding industry-government-academia partnership initiatives (Tokyo University of Science, ZEH, EA21, etc.)	○	

For an introduction to related initiatives, see “ESG Initiatives,” starting from the next page.



ESG Initiatives

Real estate development and other initiatives reflecting consideration for the environment and society

Environment

(1) ZEH-M Oriented certified condominium project Le JADE Yao Sakuragaoka completed

Results of ZEH-M initiatives

Le JADE Yao Sakuragaoka, our second condominium projected to acquire ZEH-M Oriented certification after Le JADE Okurayama, which also won the Good Design Award in FY2021, was completed in December 2022.

A ZEH-M condominium project is one intended to achieve significant reductions in energy consumption (at least 20% less than the standard energy conservation base level) while maintaining a comfortable interior environment by significantly improve thermal insulation performance and using high-efficiency equipment. ZEH-M condominiums also reduce the annual balance of primary energy consumption to zero throughout the project, including common areas, through the adoption of renewable energy.

This property's environmental considerations include thicker than usual insulation, energy-saving low-e double-glazing, and high-efficiency HVAC and hot water supply in exclusive zones. These measures reduce primary energy consumption by 37%.

It has earned independent accreditation of its outstanding energy conservation performance by BELS.

In addition, a ZEH condominium incorporates disaster prevention efforts to deliver greater peace of mind for residents, including power generators for use in exclusive areas in the event of a power failure, stores of emergency supplies in each residential unit, and installation of water coolers equipped with water purifiers that can run on emergency power supplies in common areas.

We will continue to promote the development of ZEH condominiums based on consideration for the environment and for society.

Residents' comments

- I see the appeal of a ZEH condominium, which offers comfortable interior temperatures and humidity in an eco-friendly building and a comfortable living environment.
- I'm glad to be able to save on utilities in this ZEH condominium, with its spacious living room and wide windows that let in plenty of sunshine.

These comments indicate residents are also impressed by ZEH condominiums.



Le JADE Yao Sakuragaoka
(Total units: 72)



Real estate development and other initiatives reflecting consideration for the environment and society

Environment

(2) Le JADE Honkawagoe Koedo Terrace condominium project becomes first to obtain ZEH-M Oriented certification in Kawagoe*

Continuing to pursue active ZEH-M development

Le JADE Honkawagoe Koedo Terrace obtained ZEH-M Oriented certification in August 2022 as a project that reduces annual primary energy consumption through the use of high-performance thermal insulation and high-efficiency energy-saving equipment. This makes it our third ZEH-M condominium project, after Le JADE Okurayama (a winner of the Good Design Award in FY2021) and Le JADE Yao Sakuragaoka, to gain this certification.

Featuring an exterior design accented by vertical lines evoking strips of Kawagoe tozan fabric, a traditional textile passed down from the Edo Period of the 17th through 19th centuries, this project is characterized by a subdued color scheme that harmonizes with the surrounding townscape. It delivers comfortable residential environments that reflect consideration for the environment through insulating double windows, low-e double-glazing, and high-efficiency HVAC.

We plan to continue to leverage our development expertise as a comprehensive real estate developer to build ZEH-M condominiums that satisfy residents and are good for the environment.

* First ZEH-certified project in the city of Kawagoe since January 1993



Le JADE Honkawagoe Koedo Terrace
(Total units: 102)

Health-
friendly

The three “friendlies” of a
ZEH-M condominium

Budget-
friendly

Eco-
friendly

Staff interview: Manager Okazaki, Greater Tokyo Area Architectural Planning Department

After working in the Kawagoe area on a project in Semba, I also worked on planning for this project in Kawagoe Nakacho. The area of this project, called Koedo, or “Little Edo,” is characterized by its traditional Kurazukuri style storehouses.

The design concept called for a place befitting Kawagoe, where residents would want to live their entire lives. We prioritized design and spaces in harmony with the atmosphere of Kawagoe. We incorporated this vision at every stage, from planning to construction management.

Real estate development and other initiatives reflecting consideration for the environment and society

Environment

(3) Suita Fujishirodai 5-chome multipurpose development project

* This project is currently underway.

A sustainable, smart city

Plans for this project on the former site of the National Cerebral and Cardiovascular Center call for the development of multi-unit dwellings, single-family residences, serviced senior residences, and retail facilities in an appealing urban development project in harmony with the surrounding residential environment. In developing this project, we will establish the foundations for a smart community by adopting state-of-the-art digital, Internet of things (IoT), and other technologies to help realize the United Nations Sustainable Development Goals (SDGs) via real-world measures.

Plans for the site call for a landscape with diverse greenery to create an environment in which people can experience the relaxation and comfort of the four seasons as part of their daily lives, in harmony with existing trees and plants, and local fauna, and based on consideration for its connections to the Senri Greenbelt and the Japanese zelkova trees along Senri Keyaki-dori Avenue behind the site. The plan includes the greening of open spaces and developed slopes, greening on the roofs of parking facilities, and streetside greenery.

We also plan to provide emergency supplies in all multi-unit dwellings and emergency storerooms on site to strengthen safety, peace of mind, and preparedness for possible disasters in the area.

Staff interview: Sub-Manager Sasaki, West Japan Architectural Planning Department

We're planning this project as a sustainable multipurpose development reflecting consideration for its suitability to the Senri Fujishirodai area next to the Senri Greenbelt. This will feature solar panels to power EV charging stations, with capacity sufficient to serve 30% of the mandatory parking spaces to promote EV use. This project will earn ABINC certification as well as the highest "S" rank in CASBEE certification. To encourage growth in step with the community, it also includes area Wi-Fi that will be made available for public use in the event of an emergency, gazebos that can serve as temporary shelters, and benches suitable for camp stove use in the park facility provided by the project in response to disasters. We will seek to make this project a welcome member of the community through various efforts, including planning programs in which local residents can take part as part of seasonal condominium events.

Development concept:

A living environment connecting people to each other and to the future

Senri Global Linkage Town Vision

A community in which people born and raised here will want to return and raise their own children to sustain the community well into the future



Raising funds through Sumitomo Mitsui Banking Corporation's ESG/SDGs assessment fundraising program

This project raised 3 billion yen through an assessment fundraising program included as part of a syndicated loan arranged by SMBC, earning an overall rank of A* (third highest of seven ranks) for excellent ESG/SDGs initiatives and disclosure in an ESG/SDGs assessment program developed by SMBC and the Japan Research Institute, Ltd.

Real estate development and other initiatives reflecting consideration for the environment and society

Environment

(4) Participation in development project on city-owned land in front of Shin-Omura Station in Omura, Nagasaki Prefecture * This project is currently underway.

Developing an attractive city center

This long-range urban development project will involve efforts in the areas of community building, health, safety and security, community collaboration, and the SDGs, with goals including enhanced resident services and resilience.

The development area is divided into an urban residential zone, a roadside retail zone, and a zone for enriched living. The project will leverage its site as a hub for transportation, including Shinkansen high-speed rail, to improve convenience for local residents as well as visitors from afar.

▼ SDG initiatives

- (i) Use of renewable energy and installation of solar panels
- (ii) AI-powered food loss reduction efforts
- (iii) Food recycling
- (iv) Holding food drives



Artist's rendition of the completed project

(5) 2 Star and Green Star ratings earned in GRESB Real Estate Developer Assessment

Taking on the challenge of GRESB participation

Since 2018, we've participated in GRESB, an annual benchmark evaluation program to gauge consideration for ESG in the real estate sector. In FY2022 (from January 1 to December 31, 2022), we earned an evaluation of Two Stars in the five-level GRESB ratings, based on relative evaluations of overall scores. We also earned high marks for both management and development components, earning a Green Star for the fourth consecutive year.

We will continue to actively engage in ESG activities to improve our evaluations.



G R E S B
★ ★ ☆ ☆ ☆ 2022

I Developing living environments and communities to connect people to people and communities to the future

Social

(1) tonarie retail facilities with roots in the community

Our tonarie retail developments seek to strengthen local communities and contribute to regional revitalization by developing commercial facilities with roots in local communities—facilities beloved by local residents, in which they can take pride.

[tonarie Hoshida]

tonarie Hoshida opened in March 2023 as the 10th property in the tonarie series of retail facilities based on the concept of serving and growing together with the community, existing alongside (“tonari”) people’s everyday lives.

tonarie Hoshida was developed jointly with Mirarth Holdings.

Since its completion, this has been operated by the subsidiary ES-CON PROPERTY Ltd., which will leverage the retail facility development and operational expertise accumulated to date by the ES-CON Group to help strengthen and stimulate the local community.



tonarie Hoshida

(2) Himeji Hirohata Clinic Mall development project * This project is currently underway.

Project details

This project planned for part of the former site of the Steel Memorial Hirohata Hospital will involve the development of welfare facilities and other properties as a health and long-term care zone, centered on the Saneikai Hirohata Hospital, which opened in February 2023. On this new commercial site, we will develop a clinic mall offering care in some seven medical fields, in cooperation with the new hospital next door. This project will leverage the properties of its site to meet community healthcare needs.

Staff interview: Staff Member Hirano, Commercial Development Business Department

Based on a mixed structure of reinforced concrete and wood construction, this property, the ES-CON Japan Group’s first clinic mall, strongly reflects the SDGs in spatial values and structural performance. Use of wood materials in common areas helps protect the environment by reducing CO₂ emissions.

Featuring a cafe terrace where visitors can enjoy the sense of nature nearby and interiors featuring the natural warmth of wood, the clinic mall will leverage the calming effects of natural wood and the environment.

In cooperation with the adjoining general hospital and welfare and other facilities, this project will contribute to the lives of residents by securing a structure for providing healthcare services.



Himeji Hirohata Clinic Mall (tentative name)

Developing living environments and communities to connect people to people and communities to the future

Social

(3) Iwaki Station Namiki-dori District Type I urban redevelopment project: Namikinomori City

* This project is currently underway.



Integrated development of residential, retail, and parking facilities

We are participating in the Iwaki Station Namiki-dori District Type I urban redevelopment project (zone name: Namikinomori City [total project area: approx. 11,400 m²]) together with the Iwaki Station Namiki-dori District Urban Redevelopment Association and Hoosiers Corporation. This project will redevelop the area around Iwaki Station through integrated improvements of the site, buildings, and public facilities to create a more vital community, allowing sound and efficient high-density use and upgraded urban functions.

Namikinomori City consists of two zones. The first will include a four-story commercial building occupied by stores, offices, and other facilities. The second will contain a 21-story residential building with 216 residential units, as well as stores, clinics, and a parking structure with city-managed parking, resident parking, and bicycle parking. Each zone will include a plaza. A pedestrian promenade will connect both zones to create a relaxing space for residents and visitors alike.

Plans call for the residential building (Mid Tower Iwaki) to become Iwaki's tallest aseismic high-rise condominium. In addition to an exterior design that features vertical lines to accent the townscape, 55 of the residential units in this new landmark for the station area will incorporate barrier-free design for seniors and other residents. This next-generation condominium project will house residents of multiple generations.

It will also offer vital and comfortable living spaces based on a design that ensures all units face south, a club lounge where residents can interact and invite guests, and studios.

A new central urban community balancing urban living, communication, and peace



Mid Tower Iwaki
(Total units: 216)



Developing living environments and communities to connect people to people and communities to the future

Social

(4) ES CON FIELD HOKKAIDO, integrated development project centered on the new Hokkaido Nippon-Ham Fighters baseball stadium



Le JADE Hokkaido Ballpark
(Total units: 118)



Hokkaido Ballpark F Village: Community Development Concept

We are participating in development of F Village around ES CON FIELD HOKKAIDO, the new Hokkaido Nippon-Ham Fighters stadium that opened in March 2023. We have secured naming rights to the new stadium.

As the first phase of the development project, we began selling units in Le JADE Hokkaido Ballpark, the only condominium project in F Village, in February 2022. All units sold quickly, with the project attracting positive attention from buyers across Japan. In February 2022, we began developing the second phase, a senior residence on the southeast corner of F Village.

Plans call for this residence for active seniors, combined with a medical mall, to be completed in spring 2024.

This initiative will help us maintain the health of young and old alike and contribute to community health care. It will create residential spaces where people can enjoy sports and other activities amid the blessings of nature and promote a sustainable community that invites multi-generational interaction.

Through our support for athletics and for cultural activities, we remain committed to strengthening the community and delivering satisfaction to all those who live and work in the area.



Senior residence



Empowering diverse human resources to succeed; supporting safe and comfortable living in the community

Social

(1) Promoting health management

Efforts to enhance health management

In July 2021, we established a team to foster a culture of health management. Since then, we have provided training on harassment and raised awareness of hotlines throughout the organization, as well as enhancing compliance initiatives and providing health-related training. In addition, as part of our employee welfare programs, we adopted the Benefit Station services in July 2022.

In December 2022, we formulated and released our corporate action plan (covering the period from January 1, 2023 to December 31, 2024) under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace. This plan will help employees caring for children and family members who need long-term care to balance home and work life and develop workplaces in which all human resources, including women, can continue with and thrive in their careers.



(2) Efforts to achieve a rewarding work environment

Surveys on working environments and business efficiency improvements



We hold annual surveys on working environments and business efficiency improvements to learn how well management policies are communicated to employees and about employee opinions and thoughts on the details of the personnel system, rules of employment, and employee benefits. The results of these surveys are shared within the organization to make issues visible and create more comfortable working environments.



Work-life balance

We monitor employee overtime hours to make them visible and to reduce them. We also actively post and announce information on site to ensure that all employees are aware of no-overtime days.

Staff comments: Chief Staff Okuda, Health & Culture Fostering Team

As part of our health management efforts, in this fiscal year, the Health & Culture Fostering Team introduced new benefit services and held e-learning on health-related subjects.

Our efforts since 2022 to earn recognition by the Certified Health & Productivity Management Outstanding Organizations Recognition Program were rewarded with recognition in March 2023. We will continue aiming to achieve sustained increases in corporate value by steadily promoting health management.

Promoting governance structures capable of securing management stability, soundness, and transparency

Governance



(1) Disclosure based on the TCFD framework

We have announced our support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. In June 2022, we disclosed financial impact based disclosed a financial impact statement based on our own scenario analysis. Recognizing issues related to climate change as an important part of management strategies, we also consider this understanding to be an important element in formulating future business strategies.

Category	Risks/Opportunities Relating to the Company	Financial Impact	Assessment of Financial Impact	
			3°C Scenario	15°C Scenario
Transition Risks	Policy and Regulations Procurement prices for steel, cement, and other highly carbon-intensive construction materials rise; costs increase due to taxing of CO ₂ emissions from property construction and owned properties.	<ul style="list-style-type: none"> Increase in procurement costs for materials Increase in costs related to CO₂ emissions 	Low	Moderate
	Costs increase for low-carbon measures such as investments in energy-saving equipment. Operational and renovation costs for owned properties also rise.	<ul style="list-style-type: none"> Increase in costs for capital investment and renovations, etc. 	Low	High
	Market Properties that do not comply with ZEH or ZEB standards are no longer chosen by customers, resulting in higher vacancy rates, lower closing rates, rents, and sales prices.	<ul style="list-style-type: none"> Decrease in sales due to lower rents and sales prices 	Low	Moderate
	Reputation Lack of decarbonization efforts at real estate held and real estate for sale increases finance costs. Failure to meet investor expectations with regard to decarbonization activities affects Company's share prices.	<ul style="list-style-type: none"> Increase in financing costs 	Low	High
Physical Risks	Urgent On-site construction of properties under development is disrupted; construction schedules are delayed.	<ul style="list-style-type: none"> Increase in construction costs 		High
	Owned properties located in disaster-prone areas may see property damage, equipment failure, and other functional issues resulting from disasters. This could lead to the need for repair costs and reduced property reputation that may result in increased vacancy rates. In addition, the Company may be held liable for human casualties attributable to disasters at commercial facilities.	<ul style="list-style-type: none"> Repair costs required Decrease in sales due to higher vacancy rates Compensation obligations 		High
Opportunities	Products/ Services Competitiveness of properties with low CO ₂ emissions grows. The reputation of buildings with environmental certification increases.	<ul style="list-style-type: none"> Increase in sales due to improved competitiveness of properties 	Low	Moderate
	Market Compact cities contribute to reduced travel distances and expand opportunities for mixed-use urban area development, allowing energy to be produced locally for local consumption and a wide range of generations to coexist and enjoy a high quality of life.	<ul style="list-style-type: none"> Increase in sales due to increased opportunities for mixed-use development 	Low	High
	Decarbonization efforts are recognized by financial institutions; the acquisition of environmentally-friendly loans reduces financing costs. The improved reputation of the Company for decarbonization efforts boosts share prices.	<ul style="list-style-type: none"> Lower financing costs 	Low	High
	Resilience Sales opportunities for disaster-resistant properties expand in disaster-prone areas. The ability to serve as a local recovery center in the event of disasters helps gain the support of local residents and customers, leading to lower tenant vacancy rates.	<ul style="list-style-type: none"> Increase in sales due to expanded property sales opportunities and lower tenant vacancy rates 		Moderate

Promoting governance structures capable of securing management stability, soundness, and transparency

Governance

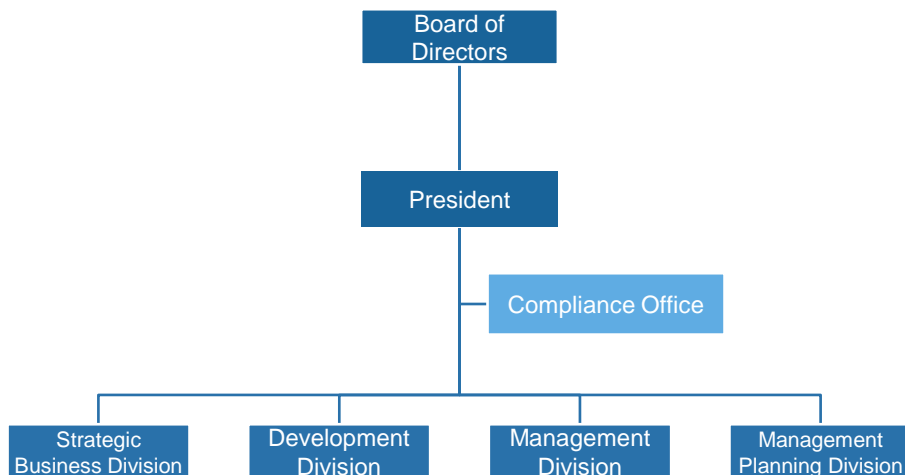
(2) New Compliance Office established

Purpose and roles of the Compliance Office

Based on the Corporate Ethics and Conduct Charter, which declares our intentions to implement corporate ethics and to fulfill our corporate social responsibilities (CSR), we established the Compliance Code of Conduct as a code calling for executives and employees to act in compliance with laws, regulations, the articles of association, and social norms. We also established the Compliance Manual and Compliance Rules, which describe systems to ensure thorough compliance. On October 1, 2022, we established the new Compliance Office.

As an organization under the direct supervision of the President and headed by the officer in charge of compliance (Director and Head of President's Office Kenji Fujita), the Compliance Office will enhance promotion of compliance management while clarifying management approaches related to legal and regulatory compliance throughout the Company and the Group.

Organization chart



Harassment training

In 2021, we held Web-based training on harassment (sexual harassment, maternity harassment, and abuse of power) led by an outside instructor. This training for individual job tiers helps prevent potential risks by ensuring that all employees recognize them.

In 2022, we posted harassment training materials for all employees. In February 2023, we undertook harassment training through e-learning.

We will continue these training initiatives to raise awareness further among all employees.

We also established a compliance hotline (internal reporting / whistleblowing program).

Other initiatives



(1) Creating an endowment to establish a cancer immunology program at Osaka University

Purpose of donations

Endowed academic programs use funds, personnel, and other resources provided by private sector firms and other donors to stimulate education and research at universities, research institutions, and other institutions. This endowed program is intended to promote research related to cancer immunology by establishing specialization in the subject at Osaka University, training specialists, and clarifying related roles and responsibilities.

Previously, in 2019 and 2021, we contributed funding to support research on the WT1 cancer vaccine and the development of a WT1 prophylactic cancer vaccine, projects headed by Professor Haruo Sugiyama of the Graduate School of Medicine/Faculty of Medicine, at Osaka University.

[Overview of donations]

Recipient:	Osaka University
Period covered by the funding:	July 1, 2022-June 30, 2025 (three years)
Funds donated:	30,000,000 yen (10,000,000 yen/year)
Timing of donation:	End of May of each year

We will continue striving to increase corporate value by promoting ESG management and contributing to society from the perspectives of the environment, society, and governance.

(2) Support for the city of Kitahiroshima, Hokkaido through the corporate hometown tax program

Purpose of this initiative

The city of Kitahiroshima has devised a general strategy consisting of four basic goals along the axes of hope, exchange, growth, and taking on challenges to ease the impact of depopulation and to maintain a vital community into the future. It uses funding from the corporate hometown tax program to help reach these targets.

We have concluded a partnership agreement with the city of Kitahiroshima on a project to promote the vitality of the area around Kitahiroshima Station. The activities currently underway include improvements of the station plaza and the development of a multipurpose hub for community exchange, including retail facilities and a hotel. Through this project, we will pursue urban development to stimulate vitality and exchange throughout the city of Kitahiroshima.



ES-CON JAPAN Ltd.
President &
Representative
Director
Takatoshi Ito

City of Kitahiroshima,
Hokkaido
Mayor
Masami Ueno

Other initiatives

(3) The Eye City Eco Project collects used contact lens cases

Eco Project

This activity will contribute to society by recycling empty cases for disposable contact lens to reduce CO₂ emissions. Disposable contact lenses are often incinerated as waste. The Project will also donate to employment support programs and to the Japan Eye Bank Association.

We have continued to collect used contact lens cases since we began supporting this activity in October 2018.

We will continue contributing to our local communities through various SDG initiatives.

Participating sites

Osaka Head Office (ES-CON JAPAN, ES-CON PROPERTY, ES-CON LIVING SERVICE), management offices of the tonarie Minamisenri and tonarie Yamato-Takada retail facilities

Staff comments: Staff Member Watanabe, CS Committee

At the Osaka Head Office, staff members bring used contact lens cases from home and deposit them into the collection box. It's heartwarming to see the box fill up.

I'm delighted to see how this activity contributes to society while protecting the environment. It gives individual staff members the opportunity to do what they can for the environment.



ES-CON JAPAN
Osaka Head Office



tonarie Minamisenri

(4) Communicating information on ESG activities in the in-house bulletin

Reporting on ESG activities

The (digital) in-house bulletin is published bimonthly. Since February 2021, it has featured ESG reports from the ESG Promotion Group.

This is intended to reduce environmental impact by raising the awareness of each and every employee based on communications on the ESG Promotion Group's activities and the SDGs.

In addition to communicating information through the in-house bulletin, we hold events related to the SDGs from time to time.

Overall Report from the Chief ESG Officer and Comments from the Representative

Overall report from the Chief ESG Officer

(i) 2022 annual report

As part of efforts to promote ESG, we as an enterprise, we are committed to meeting societal expectations and for making steady progress on Eco Action activities. In June 2022, we announced our support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We will fulfill our responsibilities to society by addressing the issue of climate change in addition to lessening our environmental impact.

While we failed to achieve our goals for certain targets this year as totals grew with an increase in the number of employees, per-employee figures fell. Henceforth, we will consider setting targets that account for increases in personnel through green procurement and other measures.

(ii) Next fiscal year

In the next fiscal year, we will calculate and reduce GHG emissions in line with corporate activities targeting zero emissions being promoted by the Chubu Electric Power Group. In construction, we will strive to reduce emissions through means such as eco-friendly construction methods with a mixture of reinforce concrete and wooden construction.



April 27, 2023

Director **Kenji Fujita**

Comments from the representative

(i) 2022 annual report

Since the Japanese government declared its goal of carbon neutrality by 2050, the movement toward a decarbonized society has been accelerating in Japan. We consider climate change solutions to be an important part of our business strategies. In FY2022, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Since then, we have analyzed the risks and opportunities that climate change poses for our businesses and studied various responses. As seen in the Suita Fujishirodai 5-chome project and the development project on city-owned land before Shin-Omura Station, we are promoting business activities to help realize a decarbonized society and to contribute to the SDGs through eco-friendly urban development. This year was marked by efforts to reduce our environmental impact by promoting awareness among all employees through the Eco Action 21 activities.

(ii) Next fiscal year

Last year, we disclosed information based on the TCFD recommendations and set the FY2030 target to reduce total emissions generated by Company offices and vehicles, calculated under Eco Action 21, by 40% vs. the FY2021 figure. Henceforth, through Eco Action 21 activities, we will calculate the GHG emissions generated by our business activities in addition to progress in reducing GHG emissions generated by Company offices and vehicles as we accelerate efforts to reduce total GHG emissions throughout our business activities.



April 27, 2023

President & Representative Director **Takatoshi Ito**

[Environmental Policy] Need to change:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
[Targets/Plans] Need to change:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
[Implementation System] Need to change:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
[Other] Need to change:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No