

# ESG Management Report (Published in FY2024)

**ES CON** JAPAN  
IDEAL to REAL



# INDEX



*Purpose*

## IDEAL to REAL

Bringing ideals into reality to create a new future

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## Management Philosophy on ESG

Our IDEAL to REAL purpose 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: November 29, 2023

**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

Okinawa Office: 1-12-12 Kumoji, Naha-shi, Okinawa, 900-0015 \*Opened in April 2024

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

Director: Minoru Nakanishi tel. 03-6230-9303

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

## Lines of business

Condominium business, Real estate development business, Real estate leasing business, Asset management business, Other business

\*We changed our reporting segments starting from the first quarter of the fiscal year ending March 2025.

## Scale of businesses

Fiscal year January 1 – December 31	22nd term 2016	23rd term 2017	24th term 2018	25th term 2019	26th term 2020	27th term 2021	28th term 2022	29th term 2023
Net sales (millions yen)	33,556	44,108	53,973	70,096	73,903	73,407	89,999	104,757
Number of employees at end of fiscal year (employees)	91	123	142	159	192	221	256	282
Number of for-sale condominiums supplied (units)	491	476	539	648	652	1,020	1,185	1,216

\*For the 29th term only, the business period is from January 1, 2023, to March 31, 2024.

## Certified/registered organization/lines of business

Registered organization: ESCON JAPAN Ltd.

Subject locations: Tokyo Head Office

Osaka Head Office

Nagoya Office

Kyushu Office

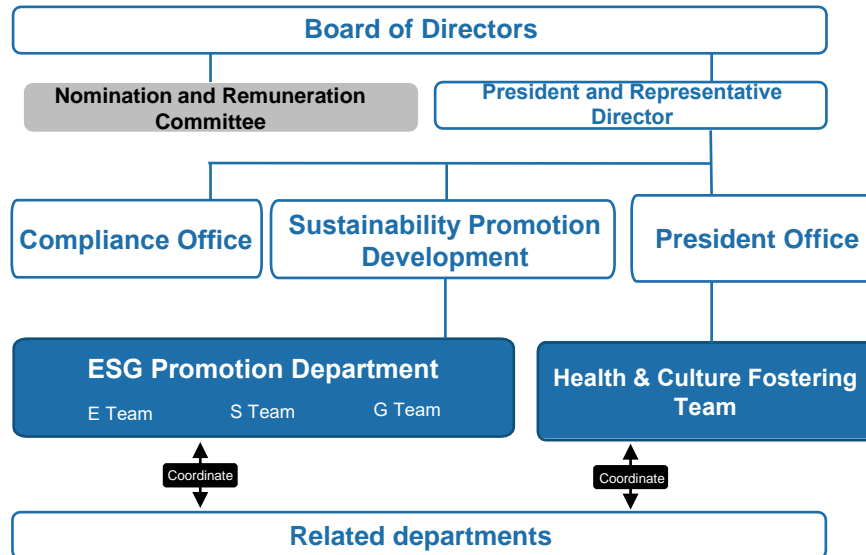
Hokkaido Office

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

Period subject to activities: January 1 – December 31, 2023

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

# Main ESG Quantitative Results

Item	Unit	2019	2020	2021	2022	2023(Period of activity)
Total CO <sub>2</sub> emissions	kg-CO <sub>2</sub>	148,838	157,280	154,152	155,814	145,942
Total waste emissions						
General waste emissions	kg	13,058	13,934	16,157	16,278	20,119
Industrial waste emissions	m <sup>3</sup>	74.0	3.8	7.5	1.7	3.1
Development of ZEH-M Condominiums	Buildings	1	0	1	1	1
Cumulative total number of employees who have undergone dementia support training sessions	Persons	15	19	70	106	145

## ESG Management Targets and Results

item \ Fiscal year		2019	2020	2021	2022	2023		Evaluation	2024	2025
							Period of activity			
		Results	Results	Results	Results	(Target)	(Results)		(Target)	(Target)
Reducing CO <sub>2</sub> emissions from electricity* <sup>1</sup>	kWh	280,553	332,604	336,350	332,726	316,090	334,201	-	-	-
	kg-CO <sub>2</sub>	132,818	138,932	137,446	138,071	131,167	129,698	○	123,213	117,053
	YoY change	-	-	-	-	95%	94%	○	95%	95%
Reducing CO <sub>2</sub> emissions from vehicle fuel	kg-CO <sub>2</sub>	16,021	18,349	16,706	17,743	16,856	16,244	○	15,432	14,660
	YoY change	-	-	-	-	95%	92%	○	95%	95%
Total CO <sub>2</sub> emissions reduced	kg-CO <sub>2</sub>	148,838	157,280	154,152	155,814	148,023	145,942	○	138,645	131,713
	kg-CO <sub>2</sub> /person* <sup>2</sup>	969	793	673	600	513	522	○	451	390
Reducing general waste	Kg	13,058	13,934	16,157	16,278	15,465	20,119	×	19,113	18,158
	YoY change	-	-	-	-	95%	124%	×	95%	95%
	kg/person* <sup>2</sup>	85	70	71	63	54	72	×	54	41
Reducing industrial waste	m <sup>3</sup>	74.0	3.8	7.5	1.7	1.6	3.1	×	2.9	2.8
	YoY change	-	-	-	-	95%	182%	×	95%	95%
Developing one ZEH-M condominium building/period	Buildings	1	0	1	1	1	1	○	1	1
	YoY change	-	-	-	-	100%	100%	○	100%	100%
Cumulative total number of employees who have undergone dementia support training sessions* <sup>3</sup>	Person	15	19	70	106	145	145	○	180	215
	YoY change	-	-	-	-	137%	137%	○	124%	119%

1. Bases for CO<sub>2</sub> emissions coefficients from electricity (kg-CO<sub>2</sub>/kWh): Tokyo 0.390, Osaka 0.434, Nagoya 0.459, Kyusyu 0.475, Hokkaido 0.541

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

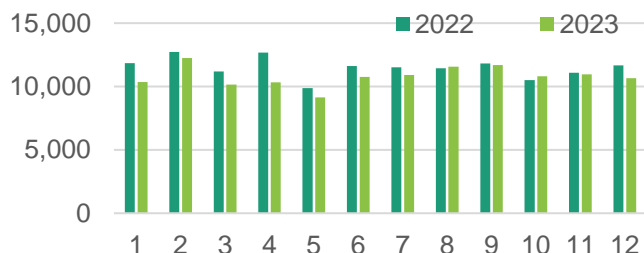
3. The cumulative total number of employees who have undergone dementia support training sessions includes employees of Group companies

# Initiative Results and Evaluations of ESG Management Plan

## • Reducing CO<sub>2</sub> emissions from electricity use

Reducing CO <sub>2</sub> emissions from electricity	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	○	Business growth resulted in slightly greater power consumption at certain facilities. This was despite various efforts to reduce power consumption, including turning off lights when not in use. Nevertheless, by switching to 10% renewable power at the Tokyo Head Office, we achieved our target: to reduce CO <sub>2</sub> emissions from all facilities by at least 5%. Next fiscal year, in addition to continuing efforts to reduce power consumption, we will expand renewable power purchases for facilities beyond the Tokyo Head Office.
• Promoting work from home	△	
• Turning off unneeded lights	○	
• Promoting no-overtime days (every Wednesday)	△	

CO<sub>2</sub> emissions from electricity (kg-CO<sub>2</sub>)

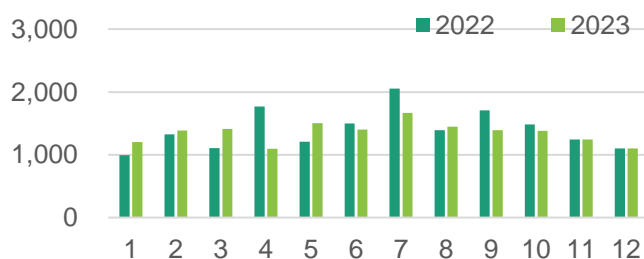


	1	2	3	4	5	6	7
2022	11,855	12,737	11,194	12,690	9,883	11,621	11,531
2023	10,359	12,256	10,161	10,342	9,149	10,777	10,925
	8	9	10	11	12	Consumption per person	
2022	11,447	11,821	10,508	11,106	11,670	1,282	
2023	11,575	11,712	10,818	10,958	10,667	1,196	

## • Reducing CO<sub>2</sub> emissions from use of vehicle fuel

Reducing CO <sub>2</sub> emissions from vehicle fuel	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	○	Targets were achieved. In particular, the Osaka Head Office, which has the largest number of company vehicles among all offices, greatly surpassed its target of 95% by reaching a level of 81%. While we anticipate more frequent use of company vehicles with activities such as opening of new offices in the future, we will continue using them appropriately while putting business needs first. We will tackle the Medium-Term Management Plan target of switching to low emission vehicles (no vehicles qualified in FY2023).
• Promoting use of public transportation and bicycles	△	
• Eco-friendly driving	△	

Gasoline (kg-CO<sub>2</sub>)

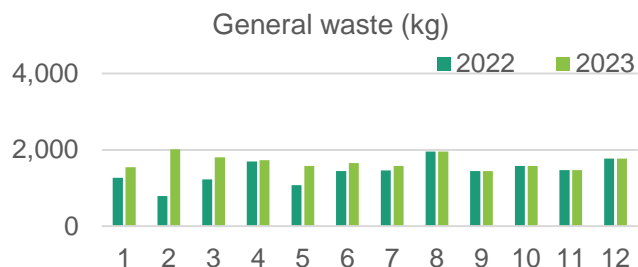


	1	2	3	4	5	6	7
2022	997	1,327	1,107	1,767	1,208	1,500	2,055
2023	1,206	1,388	1,415	1,097	1,502	1,404	1,666
	8	9	10	11	12	Consumption per person	
2022	1,390	1,708	1,484	1,718	1,484	29.46	
2023	1,449	1,393	1,380	1,243	1,102	25.06	

# Initiative Results and Evaluations of ESG Management Plan

## • Reducing general waste emissions

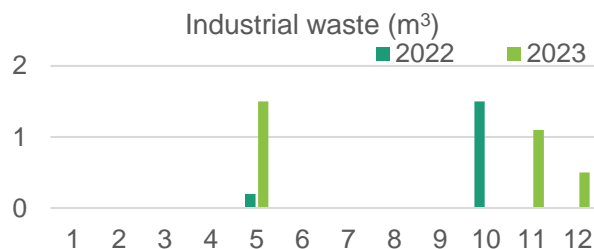
Reducing general waste emissions	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	×	We believe increased staffing had the largest impact on this indicator. We also made progress on paperless initiatives, including switching to digital files for event materials and adopting DocuSign. We will analyze why emissions per person increased and maintain our internal awareness promotion activities.
• Thorough waste segregation	○	
• Shifting from disposable to reusable	○	
• Promoting paperless offices	○	
• Promoting the Three Ss	○	



	1	2	3	4	5	6	7
2022	1,267	790	1,231	1,696	1,079	1,447	1,465
2023	1,548	2,011	1,805	1,729	1,576	1,652	1,576
	8	9	10	11	12	Consumption per person	
2022	1,263	1,428	1,565	1,263	1,785	63	
2023	1,959	1,444	1,582	1,467	1,770	72	

## • Reducing industrial waste emissions

Reducing industrial waste emissions	Current status	Initiative results and evaluations and plans for the next fiscal year
Numerical target	×	Various factors prevent the elimination of all waste generation. The sections in charge check for potential reuse of waste and sales or return of waste materials to vendors, handling as industrial waste only materials that cannot be handled in such ways. We make use of electronics devices to the end of their useful lives or maintenance periods. We will maintain our efforts to promote awareness.
• 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
2022	0	0	0	0	0.2	0	0
2023	0	0	0	0	1.5	0	0
	8	9	10	11	12		
2022	0	0	1.5	0	0		
2023	0	0	0	1.1	0.5		



# 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	○	On an annual basis, we achieved the laudable figure of 68.2%, based on units purchased. We will continue consulting with requesting sections on switching to green products.
• Purchasing highly energy-efficient electric appliances and hardware	△	
• Using fuel-efficient vehicles	△	
• Promoting green procurement of office supplies	○	

2023 (January-December)	Total	Osaka Head Office	Tokyo Head Office	Kyushu Office	Nagoya Office	Hokkaido Office
Non-green	633	113	393	32	59	36
Green	1,359	381	688	76	129	85
Total (units)	1,992	494	1,081	108	188	121
Green procurement rate	<b>68.2%</b>	<b>77.1%</b>	<b>63.6%</b>	<b>70.4%</b>	<b>68.6%</b>	<b>70.2%</b>
Green procurement rate (2022)	<b>63.8%</b>	<b>71.2%</b>	<b>58.5%</b>	<b>75.0%</b>	<b>60.1%</b>	<b>74.0%</b>

## • 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 at least one ZEH-M condominium per year	○	We obtained ZEH-M building certification for four properties—Le JADE Kanayama Grande, Le JADE Bishoen, Le JADE Hashimoto III, and Le JADE Nagoya—all of which are now on sale. Thirty-nine personnel received dementia support training sessions. For workstyle reforms, we implemented activities to reduce overtime work based on monitoring within each section. We also implemented activities to promote awareness of childcare leave among male employees. Since the one eligible employee took childcare leave, the percentage of eligible male employees taking leave was 100%. We also promoted employee health awareness by increasing the number of regular checkup items paid for by the Company under the leadership of the Health & Culture Fostering Team, established in 2021. We won recognition from the 2024 Certified Health & Productivity Management Outstanding Organizations.
• 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	○	
• Expanding industry-government-academia partnership initiatives (Tokyo University of Science, ZEH, EA21, etc.)	○	

For an introduction to related initiatives, see “ESG Initiatives,” starting on p. 10.

# Initiative in Promoting Sustainable Management

To more effectively promote the 'Sustainability Management' principle, established in November 2023, we have identified materiality as a key focus area within our sustainability management efforts.

## Materiality specification process

### Step 1

#### Identify key issue elements related to the Company's business activities.

We identified 74 key issue elements at the Company based on workshops for department heads, referring to international frameworks (ISO 26000, GRI standards, etc.) and our parent company Chubu Electric Power's list of materiality issues.

### Step 2

#### Evaluate importance.

For the key issue elements identified, members selected from the various departments evaluated importance based on importance to the Company and to stakeholders and sorted and organized key issues.

### Step 3

#### Confirm validity.

The validity of the key issues was internally verified based on discussions with stakeholders (parent company, financial institutions, etc.). They were also discussed by the Board of Directors and decisions made based on these discussions.

Specify

## Materiality and initiatives.

Materiality (key issue)	Achievement target	Achievement fiscal year	FY2023
Harnessing diverse human resources	Female hiring ratio of 35% of higher	Each fiscal year	Around 48%
	Certified as Health & Productivity Management Outstanding Organization	FY2030	-
	Improve engagement survey. ⇒ Firm improvement once survey starts (FY2024)	Each fiscal year	Certified as Health & Productivity Management Outstanding Organization for 2024 (large corporation category)
Rigorous compliance	Carry out compliance promotion measures in collaboration with Chubu Electric Power.	Each fiscal year	Carried out training and seminars in collaboration with Chubu Electric Power Compliance declaration made by top management
	Attendance at compliance training 100%	Each fiscal year	100%
Strengthening governance and risk management, including Group companies	Raise the effectiveness of the Board of Directors and make continual improvements.	Each fiscal year	100% attendance at board meetings
Promoting a decarbonized society	Reduce GHG emissions by 40%* (vs. FY2022). *Scopes 1 and 2	FY2030	8,000 tons-CO <sub>2</sub> [Result in FY2022]
Achieving a society characterized by well-being	Contribute to regional revitalization and improved quality of life by promoting urban development that takes into account the environment and society.	FY2030	[Hokkaido Ballpark F Village] ▶ Completed construction on senior residence and medical mall



# **ESG Initiatives**

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

## Environment

### (1) Le JADE Kanayama Grande condominium project earns ZEH-M Oriented certification Comfortable and economical next-generation housing

#### Continuing to pursue active ZEH-M development

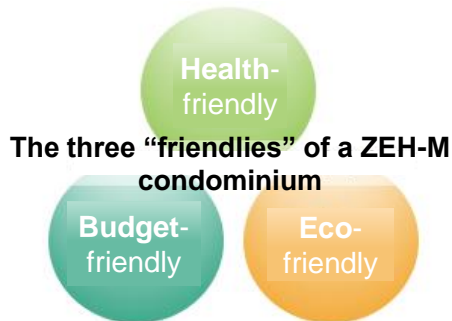
Le JADE Kanayama Grande obtained ZEH-M Oriented certification in October 2023. The certification recognizes reductions in annual primary energy consumption through high-performance thermal insulation and high-efficiency energy-saving equipment. This is our fourth ZEH-M condominium project.

Featuring an elegant exterior design characterized by a subdued color scheme that harmonizes with the relaxed Iseyama townscape, this project was designed to provide a bright open feel. It features south-facing overhangs in all units using the out-frame construction method. As a ZEH-M condominium project, it delivers a comfortable residential environment that reflects consideration for the environment through low-e double-glazed windows with high insulating performance, ECO-JOZU energy-saving water heaters, and food waste disposers.

We plan to continue to leverage our development expertise as a comprehensive real estate developer to build eco-friendly ZEH-M condominiums that satisfy residents.



Le JADE Kanayama Grande  
(87 total units)



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

Despite its proximity to Kanayama Station, the second largest transit terminal in Nagoya, the area around this project is elegant and has few high-rise buildings. The project design is based on the idea of fusing a quiet atmosphere with aesthetic forms.

The plan evokes the bustle and vitality of Kanayama Station through aspects of its exterior design, handrail types, and other elements while expressing the serenity of the Iseyama area through its subdued color scheme and exterior wall materials. Plans called for a convenient property in which residents can live for many years. Features include digital front door locks, food waste disposers, and microbubble taps.



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

## Environment



## (2) SAKURA MIRAI SHIN ŌMURA multipurpose development project in Omura, Nagasaki Prefecture

### Developing an attractive city center

\* This project is currently underway.

Built on land purchased from the city of Omura by a three-company consortium consisting of ES-CON JAPAN, Daiwa House Industry CO., LTD. and Izumi CO., Ltd. the project involves the integrated development of condominiums, retail space, and other facilities on a station-front site of roughly 25,400 square meters. The development goal is to make the most of the area's scenery and to create an area with a lively atmosphere welcoming for both residents and visitors.

The name SAKURA MIRAI SHIN ŌMURA evokes the city's symbol of Omura cherry blossoms (sakura) and the motive behind the project—that all visitors will have bright futures (mirai).

We plan to develop two condominium projects on the project site: one in front of the station and one on a site adjacent to a park. We believe this site will deliver new vitality alongside the opening of Shin-Omura Station and serve as a new symbol for Omura. As a life developer seeking to deliver better lives based on a vision of happiness for all residents, we will contribute to the vitality and progress of the entire community by providing an ideal living environment.

### SDG initiatives

- Revitalizing the area and helping to build an event-based community through **area management**
- **CO<sub>2</sub> emissions** reductions through on-site power generation
  - Installing solar panels on the roof of the on-site supermarket
- **Local production and local consumption** of materials
  - Reuse of stones excavated during construction
- A living environment that **values plants**
  - Posting names of the plants on site
- Holding **food drives**
- Adopting **car sharing** and installing EV charging facilities
- Use of water-saving toilets



Le JADE Shin-Omura Station Front  
(119 total units)



Le JADE Shin-Omura Parkside  
(72 total units)



Artist's rendition of the completed project

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

### (3) "TSUNAGU GARDEN Senri Fujishirodai"

#### Town Opening in November 2023

##### One of the Largest Urban Development Project in Senri New Town

This property is a 'multigenerational co-living new district' developed on the site of the National Cerebral and Cardiovascular Center. It includes condominiums, single-family homes, commercial facilities, a clinic mall, a licensed daycare center, and a park. We in collaboration with Chuden Real Estate Co., Inc., are currently selling 'Le Jade City Senri Fujishirodai,' a condominium with a total of 244 units, scheduled for delivery in November 2024, in the new district. We have been involved in multiple urban development projects and will continue to contribute to regional revitalization by striving to realize 'new forms of community.'

##### Sustainable Smart City

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. We will create an environment that links residents, the management association, and local businesses to enhance their quality of life. By integrating multiple areas, we aim to improve sustainability and increase the overall value of the district.



TSUNAGU GARDEN  
千里藤白台



Site Layout Image

### (4) 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 FY2023 (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 fifth consecutive year.

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



G R E S B  
☆☆☆☆☆ 2023

# 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



#### [tonarie Utsunomiya]

Owned by ES-CON JAPAN and operated by the subsidiary ES-CON PROPERTY Ltd., tonarie Utsunomiya is a retail center with roots in the community, and was recently renovated and has new tenants. The renovation project began in 2022 with the aim of delivering even higher satisfaction to community residents by making it an even more convenient facility along with the introduction of a light-rail transit system in the vicinity of Utsunomiya Station, the closest railway station to the facility.



tonarie Utsunomiya

#### [tonarie Hoshida]

tonarie Hoshida opened in March 2023 as the 10th property in the tonarie series. Developed jointly with MIRARTH HOLDINGS, Inc. tonarie Hoshida has been operated since its completion by subsidiary ES-CON Property Ltd. whose goal is to make this a beloved community-based retail facility among local residents.



tonarie Hoshida

#### [tonarie Kitahiroshima]

We selected the name tonarie Kitahiroshima for the first retail facility in the JR Kitahiroshima Station West Area Vitalization Project, which seeks to create a gateway that welcomes numbers of visitors to the city of Kitahiroshima, Hokkaido, through a public-private partnership with the city. This multipurpose project will result in the development of retail facilities and a hotel at the west entrance to JR Kitahiroshima Station, which is expected to undergo further development as a key access point for ES CON Field Hokkaido, the Nippon Ham Fighters' new home stadium. Plans call for this retail facility to open on the first through third floors of the 14-story building in March 2025. The facility will contribute to Kitahiroshima by providing a comfortable space that combines dining, residences, entertainment, beauty, and health.

The ES-CON JAPAN Group will continue to leverage its accumulated retail facility development and operational expertise to strengthen and stimulate local communities through tonarie retail facilities rooted in their proximal communities.



tonarie Kitahiroshima



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

## Social



### (2) Clinic mall with roots in the community

#### **[tonarie medical Himeji Yumesakigawa] \*Pre-opened in September 2023**

We have developed the community-based clinic mall "tonarie medical Himeji Yumesakigawa," located just about a 3-minute walk from Sanyo Electric Railway's Yumesakigawa Station, making it conveniently close to the station.

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. Additionally, Himeji City is working on improving the surrounding roads in the area and making the nearest station barrier-free, as part of efforts to enhance the medical service system. This facility aims to collaborate with the general hospital that has supported local healthcare and establish itself as a clinic mall that is more accessible and convenient for local residents, serving as their primary care provider.

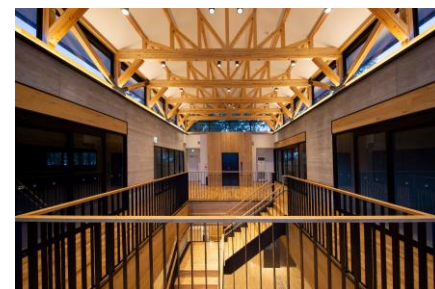
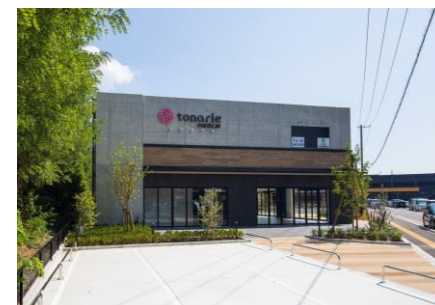
\*An otolaryngology clinic, a pediatrics clinic, and a pharmacy are currently open, and the remaining sections will be opened as soon as they are confirmed.

#### **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 leverage the calming effects of natural wood and the environment.

This property aims to collaborate with nearby general hospitals, welfare facilities, and other institutions to ensure a robust medical service system for local residents. We are delighted that many people use our facility daily. We look forward to continuing our contribution as a community-based facility in the future.



tonarie medical Himeji Yumesakigawa



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

## Social



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

#### 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.

Development is currently proceeding in F Village with Le JADE Hokkaido Ballpark (all units delivered in March 2023), Masters Varus Hokkaido Ballpark, a senior residence combined with a medical mall (occupancy planned for June 2024) and a hotel near the ballpark.

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.



#### ES-CON Sports & Entertainment Ltd. established

In December 2023, we joined with Fighters Sports & Entertainment Co., Ltd. (FSE) and DeNA Co., Ltd. (DeNA) to establish ES-CON Sports & Entertainment Ltd., a new company whose business goals include real estate development with a focus on sports and entertainment and participation in and support for community development projects in Japan centered on stadia and arenas.

To realize a society and community in which sports and entertainment are familiar presences, we're combining the real estate and community planning and development capabilities of ES-CON JAPAN with FSE's ballpark knowledge and insights and DeNA's track record with sports-oriented community development and capabilities related to the integration of digital domains like the Internet and AI.



Artist's rendition of Masters Varus Hokkaido Ballpark



Le JADE Hokkaido Ballpark (118 total units)

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

## Social

### (1) Promoting health management

#### Efforts to enhance health management

Three years have passed since July 2021, when we established the Health & Culture Fostering Team to promote health management. This team works with the Compliance Office and Sustainability Promotion Department to raise awareness of health management through means including health-related e-learning and Groupwide surveys focused on harassment.

In December 2022, we formulated and released our corporate action plan (covering the period from January 1, 2023 to December 31, 2025) 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 health



We hold surveys to learn about employee viewpoints and thoughts on the details of the personnel system, rules of employment, and employee benefits.

We've also established a basic policy on education under which we provide compliance training and training for specific posts, with a focus on development and promoting awareness for each and every employee.

#### 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

To our regular checkups, we added abdominal ultrasound exams for those 40 and older and PSA testing for men 50 and older. Groupwide, 230 employees were eligible for abdominal ultrasound exams, while 115 were eligible for PSA testing.

Our efforts since 2022 to earn recognition by the Certified Health & Productivity Management Outstanding Organizations Recognition Program were rewarded in March 2024 with recognition for the second consecutive year. Our steady promotion of health management is part of our pursuit of sustained growth in corporate value.



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

## Governance

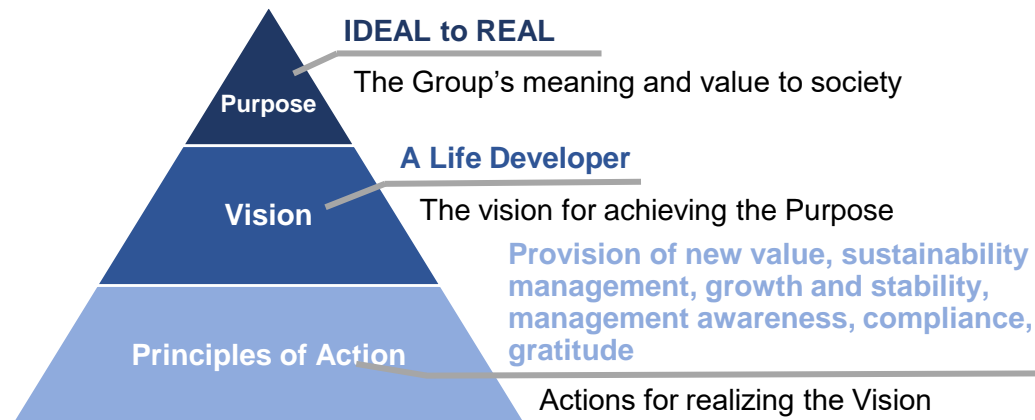
### (1) Revising the management philosophy structure

Since February 2015, we've pursued sustained growth by providing true value to customers and society through proactive business efforts based on a philosophy structure consisting of a Management Philosophy, Management Policies, Vision, Mission, and Concept, all under the corporate slogan **IDEAL to REAL: Bringing ideals into reality to create a new future.**

The environment in which the Group does business is currently an era of dramatic change, including the transformation of modes of life and lifestyles and significant changes to the foundations of our business activities. To continue to grow over the long term, come what may, we have revised the framework of the management philosophy that serves as the basis of business activities for all Group employees by taking a new look at the Group's reason for being.

#### New management philosophy structure

The new management philosophy structure consists of three elements: the **Purpose**, **Vision**, and **Action Principles**. Our Purpose, which expresses the Group's meaning to society, maintains the overarching principle of IDEAL to REAL. While maintaining the spirit of the preceding management philosophy structure, which remains essentially unchanged, the entire Group will work as a team united under the new management philosophy structure to continue contributing to society and to ensure sustained growth.



# ■ Based on the Corporate Ethics and Conduct Charter, Business activities that respect the human rights of all people

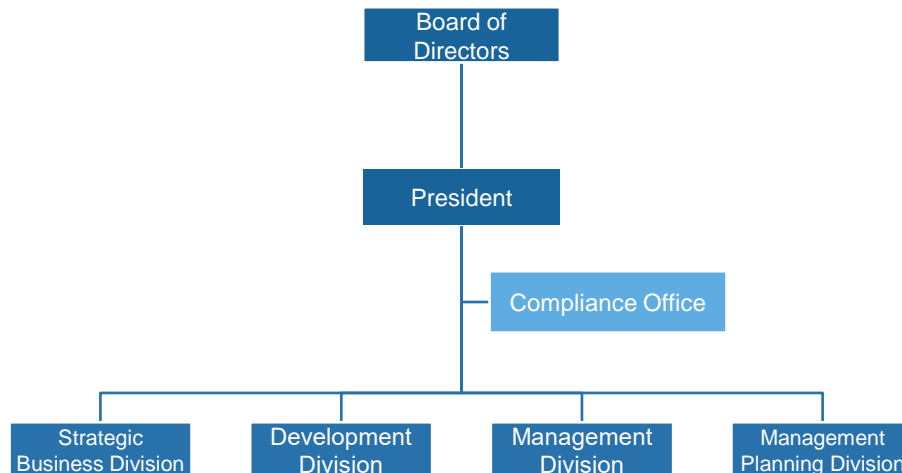
## Governance

### (2) Thorough Compliance with Laws and Regulations

#### Compliance Declaration

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 revised the existing 'Compliance Code of Conduct' and established the 'Compliance Declaration' in March 2023, to ensure that executives and employees adhere to laws, articles of incorporation, and social norms. 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



#### Conducting Training

In 2022, we posted harassment training materials for all employees. In February 2023, we conducted harassment training using e-learning. In April, we held a web-based live training session, and in July, we conducted compliance training through e-learning. In November, we carried out a survey specifically focused on harassment. In January 2024, as part of our initiatives aligned with the Chubu Electric Power Group's Human Rights Basic Policy, we implemented human rights training. 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) Donating to the Kyoto University iPS Cell Research Fund

#### Purpose of donations

Capable of transforming into nearly all cell types, induced pluripotent stem cells (iPS cells) are expected to see growing use in regenerative medicine to restore tissue and organs harmed by accidents or disease and in new drug development.

Since FY2020, we've contributed to this fund to support early and inexpensive treatment based on iPS cells for those suffering due to diseases or accidents.

[Summary of donations]

Recipient	Kyoto University iPS Cell Research Fund
Research overview	Pursuing the potential of iPS cells and contributing to their use in medicine
Donation amount	1,000,000 yen/year

### (2) Sponsoring the Osaka Great Santa Run

#### Organizer: Osaka Great Santa Run Organization (part of the Osaka Akaru Club)

In this charity event, participants run or walk dressed as Santa Claus. The entry fees help fund Christmas presents for children battling disease. ES-CON JAPAN supports the charity concept of gifting Christmas presents to children fighting diseases, and cosponsors the event as part of its ESG and SDG initiatives.

#### Staff comments: Staff member Izumi, Administration Group

We supported this event for the second year in a row in 2023. I hope employees will learn more about the Great Santa Run as it continues to grow from year to year.



## Other initiatives

### (3) 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.

### (4) 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 CO<sub>2</sub> 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 Matsumoto, CS Committee

At the Osaka Head Office, staff members bring used contact lens cases from home and deposit them into the collection box. I am pleased that items which would normally be discarded in the trash can contribute to social good through the conscious actions of each employee.

We will continue to promote ESG management from the perspectives of Environment, Social, and Governance, and enhance corporate value through our commitment to social contribution.



ES-CON JAPAN  
Osaka Head Office



tonarie Minamisenri

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

Activities to check and evaluate compliance with ESG-related laws and regulations show we are in compliance.

Date of compliance evaluation: May 31, 2024

No violations or cases involving litigation were found related to ESG-related laws, regulations, etc.

Name of legal system	Matters identified (facilities, substances, business activities)
Waste Disposal and Public Cleansing Act	General waste (paper waste, textile waste, wood waste, raw waste, etc.), industrial waste
Act on Rational Use and Appropriate Management of Fluorocarbons *No response required, since building owners are responsible for management.	Commercial air conditioning equipment
Fire Service Act	Appointing fire prevention managers, preparing fire prevention plans, holding fire drills (participation in drills conducted by building owners)
Home Appliance Recycling Act	Air conditioners, televisions, refrigerators/freezers, washers/dryers
Small Home Appliance Recycling Act	28 types of small electronic devices
Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities	Items purchased/procured, suppliers/subcontractors
Act Concerning Recycling of Materials from Construction Work	Construction work at or above a certain scale - Demolition: 80 m <sup>2</sup> - Repair, remodeling: 100 million yen - New construction/expansion: 500 m <sup>2</sup> - Fixture disassembly/new construction: 5 million yen
Building Energy Conservation Act	(i) Regulatory measures such as the obligation to comply with energy conservation standards for large non-residential buildings (2,000 m <sup>2</sup> ) (ii) Obligation to report new construction or expansion of residential and non-residential buildings with floor areas of 300 m <sup>2</sup> or more

## Results of Evaluation of ESG Internal Audit

No issues were identified in the ESG internal audit.

• Staff view: General Manager Suzuki, Internal Audit Office



The Group's ESG activities continue to grow steadily in areas above and beyond reducing waste generation and CO<sub>2</sub> emissions (energy conservation). They include ZEH condominium development, efforts to encourage staff to undergo dementia support training, and continuing recognition in 2024 by the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

However, we were unable to achieve the quantitative targets set for CO<sub>2</sub> emissions and general waste volumes. While our audit verified communications within the secretariat, we may need to return to the fundamentals and consider how to inform all employees of the ESG targets and activity plans. I hope to see efforts to ensure the firm establishment and permeation of the ESG management system among all employees as we strive to refine and enhance our related activities.

This audit took place during a period that involved scheduling conflicts with other operations, including administration related to accounts settlement made necessary by the shift in the end of our fiscal year from December to March in FY2023. This hindered scheduling arrangements with the sections audited and pushed the completion of the audit past the scheduled date. We will strive to complete future audits on schedule by sharing information on these circumstances with related parties.

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

## Overall report from the Chief ESG Officer

### (i) 2023 annual report

Eco Action 21 activities have taken firm root as initiatives for quantitatively checking on and evaluating our sustainability promotion efforts. Employee environmental and social awareness is improving.

This fiscal year, of various related topics, we identified key priority materiality issues and set targets for FY2030, including reducing GHG emissions. These are medium- to long-term targets to identify solutions. In this way, we are seeking to clarify the roadmap toward sustainable growth.

We were unable to achieve certain quantitative targets due to various factors, including staffing growth and the resumption of out-of-office activities as COVID-19 was brought under control. We will continue with our efforts to strengthen awareness and understanding of these goals within the organization.

### (ii) Next fiscal year

In the next fiscal year, we will make progress on the real-world implementation of efforts to reduce GHG emissions in line with the zero emissions corporate activities promoted by the Chubu Electric Power Group. In addition to promoting the development of Net Zero-Energy House (ZEH) condominiums and active use of renewable energy, we will promote everyday activities at the workplace, including making operations more paperless and turning off lights when not in use.

## Comments from the representative

### (i) 2023 annual report

The movement towards carbon neutrality has accelerated in Japan following the Japanese government's statement of the goal of carbon neutrality by 2050. In FY2023, we revised our management philosophy structure to clearly identify sustainability management as one of our Principles of Action. In March 2024, we established our Long-Term Vision 2030, which includes the identification of priority business strategy themes and key materiality issues for sustainability management. We will seek to establish a virtuous cycle of sustained growth in earnings while contributing to a sustainable society.

As part of these efforts, we have identified Promoting a decarbonized society as a priority and have set the target of reducing GHG emissions by 40% from FY2022 to FY2030.

### (ii) Next fiscal year

In the next fiscal year, to achieve the GHG emissions reduction targets stated in Long-Term Vision 2030, we will aim for steady reductions in emissions from our offices and company vehicles, as called for in Eco Action 21. Through eco-friendly urban development, we will strengthen employee awareness while promoting business activities to move closer to a decarbonized society and the Sustainable Development Goals (SDGs).

[Environmental Policy] Need to change: ☐ Yes ☒ No

[Targets/Plans]\* Need to change: ☒ Yes ☐ No

[Implementation System] Need to change: ☐ Yes ☒ No

[Other] Need to change: ☐ Yes ☒ No

\*Targets will need to be revised in connection with the April 2024 opening of the Okinawa Office.



May 31, 2024  
Senior Managing Director  
Minoru Nakanishi



May 31, 2024  
President &  
Representative Director  
Takatoshi Ito