

## Sustainability Policy and Materiality

### [Sustainable Business Model]

Our group is promoting business development with the tagline “Sustainable rental apartment management.” In addition, since 2008, we have been developing “Super Reuse,” a service that contributes to “sustainable rental apartment management” by utilizing existing structures by “renewing and renovating” existing older properties, and it has been highly evaluated by our clients (apartment owners).

### [Challenging Social Issues]

In the rental housing industry, we are working to provide more comfortable housing for those who have difficulty moving in, such as the elderly people and foreigners. Over 6,000 rental housing units for the elderly are being used nationwide. We are proud to be one of the top companies in terms of the number of housing units being used in Japan. In addition, we have formed capital and business alliances with 2 companies that provide employment support for foreign workers in the midst of the recent serious shortage of labor force, and in order to contribute to the utilization of foreign human resources, we are also developing a service that can provide rooms with furniture and appliances so that foreign residents working in Japan can move in and live comfortably.

### [Purpose]








The Group’s purpose is the “pursuit of the logic of living.”






The “logic of living” advocated by the Group is “to pursue sustainable rental management in the face of social issues.” Conventionally, the top players in the rental housing industry have a “construction first” business model, but we are not in construction field. Instead, we lease properties that have already been built in bulk from owners and operate them (manage on their behalf), indirectly curbing unnecessary construction, thereby indirectly curbing wasteful use of valuable resources and greenhouse gas emissions associated with scrap-and-build. Thus, the Group’s business model has been focused on sustainability in its founding principles.

### [Sustainability Promotion]

In October 2022, we established a “Sustainability Committee” chaired by the president and chief executive officer.

We have identified the following materialities of our group and are working to achieve sustainability.

Materiality	Overview	Major Initiatives	Related SDGs
Promotion of reuse economy	We promote the reuse economy by achieving sustainable rental management	<ul style="list-style-type: none"> <li>We restrain unnecessary new construction by leasing existing properties. This contributes to achieving sustainability and reducing CO2 emissions</li> <li>We provide housing that meets tenant needs through renewal and renovation</li> </ul>	   
Changes in demographics	Providing housing that meets the changing needs in rental housing due to the increase in the middle-aged and older population and families	<ul style="list-style-type: none"> <li>Strengthening the sublease business of housing for the elderly and coping with the aging society</li> <li>Providing living environment suitable for the needs of middle-aged single person households</li> <li>Providing housing for foreign workers, rental services for furniture and home appliances, etc.</li> <li>Establishment and support of a system that grasps and reflects changes in demographics and land prices in a timely manner by using AI to assess rents on leases, etc.</li> </ul>	  

Materiality	Overview	Major Initiatives	Related SDGs
Climate change	Contributing to the goal of a decarbonized society by promoting a reuse economy	<ul style="list-style-type: none"> <li>Promoting “super reuse” which involves the restoration of existing properties and their subsequent sustainable operation</li> <li>Information disclosure in compliance with TCFD</li> <li>In the insurance business, we are diversifying risks by utilizing reinsurance and accumulating catastrophe loss reserves, etc. and utilization in preparation for payment of insurance claims in the event of a major loss</li> </ul>	
Regional revitalization	We aim to Solve problems in regional areas by improving the living environments	<ul style="list-style-type: none"> <li>Increasing tenant retention by providing clean and comfortable housing at reasonable rents</li> <li>Providing a comfortable living environment for foreign workers in response to the social issue of a declining working population</li> </ul>	
Active participation of diverse human resources	Aiming for sustainable growth by continuing to provide an environment in which human resources with diverse personalities can show their abilities to address social issues caused by the decline in the working population	<ul style="list-style-type: none"> <li>Establishment of a system to enable female human resources to play an active role</li> <li>Enhancement of personnel system</li> <li>Support for acquisition of various qualifications and qualification allowances</li> </ul>	
Providing safe, secure, and comfortable housing	Providing safe, secure, and comfortable housing while utilizing the existing structures	<ul style="list-style-type: none"> <li>Free building diagnosis at the time of lease and on a periodic basis</li> <li>If any defects are found, repair work is done (waterproofing, exterior wall work, roof leak work, etc.) as needed after checking with the owner</li> </ul>	
Governance	Cyclically magnify the profits of all stakeholders by improving the effectiveness of the Board of Directors and increasing the frequency of active dialogue with shareholders, institutional investors, and stockholders to improve corporate value	<ul style="list-style-type: none"> <li>Strengthening the governance system</li> </ul>	

#### [TCFD and Corporate Governance]

In December 2020, our Group endorsed the final report of “Task Force on Climate-related Financial Disclosures (TCFD Recommendations)”.

The “Sustainability Committee,” chaired by the Group CEO, was established and is being operated to resolve social issues throughout the Group, and the “Sustainability Committee” discusses how to address climate change as an important management issue.

The decisions made by the Sustainability Committee are discussed and reported to the Board of Directors, and are responsible for reflecting them in the Vice President’s Meeting, which is made up of group-wide management levels, and the group’s overall strategy, as necessary.

The Board of Directors oversees the execution of matters related to climate-related issues, natural capital, recycling society, and other environmental issues.

The business risks and opportunities related to environmental issues are reported to and reviewed by the Board of Directors at least once a year. In addition, the Group CFO reports semiannually to the Board of Directors on the state of progress of the Group’s non-financial targets, including GHG emissions quantity targets.

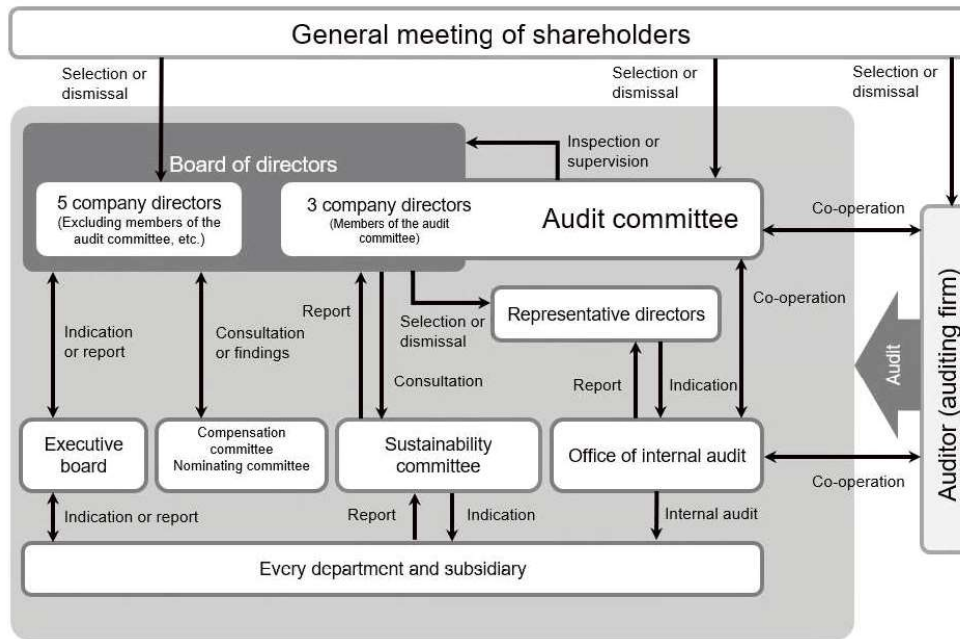
To ensure a high level of supervision, including group decision-making and environmental response, company directors and audit committee members with the necessary experience, insight, and a high level of expertise, which is disclosed in the skills matrix, are appointed.

The JPMC Group must appropriately respond to the diverse risks surrounding its business to achieve sustainable growth and increase corporate value. The Board of Directors must assess the risks of the Group from multiple perspectives in order to fulfill its supervisory and decision-making roles. The composition of

the personnel needs to be balanced in terms of experience, knowledge, and ability, and to ensure appropriate overall diversity. For this reason, we have created a skill matrix for directors, disclosing the skills expected of each director at the time of promoting management strategies.

The criteria and indicators used to evaluate the climate-related insight of directors include the presence or absence of knowledge and business experience related to climate change and the presence or absence of skills related to climate change issues, which are judged comprehensively, taking into consideration such factors as whether or not they have experience managing or conducting climate change-related scenario analysis work, whether or not they have experience managing departments with jurisdiction over climate change issues, and whether or not they have experience managing departments with jurisdiction over information disclosure-related work including climate change-related disclosure, etc.

Board members from every department including management, risk management, sales and marketing, finance, and legal are well versed in climate change issues.



[Risk Management]

Our Group recognizes the importance of managing risk on a company-wide basis and takes necessary measures to address significant risks in conjunction with its management strategy. We believe that by promoting strategic risk management, we are consequently strengthening risk management, which contributes to enhancing the value of the Group.

The Sustainability Committee formulates Group-wide measures for a materiality recognized as a Group-wide risk and appropriately monitors the status of risk responses.

Our Group’s climate-related risks and opportunities are assessed through scenario analysis. The risks related to climate change are positioned as one of the major risks, and we evaluate the impact of physical risks and transition risks such as regulations and markets based on published reports and other information. The Sustainability Committee reports its considerations and actions to the Board of Directors at least once a year.

[Strategy]

Our group identifies various risks and opportunities associated with climate change, classifying them into short-term, medium-term, and long-term categories according to their importance. In identifying risks and opportunities, we analyzed the impact on our group as of 2030 based on two scenarios announced by the IEA (International Energy Agency) and IPCC (Intergovernmental Panel on Climate Change).

- 1) A scenario for reducing greenhouse gas emissions to zero and keeping temperature rise below 1.5 °C by 2050 (IEA NZE 2050)

2) A scenario in which the current economic activities dependent on oil and coal (resources) continue, no necessary measures or additional measures are taken to combat climate change, and the temperature rises by 4°C or more (RCP8.5)

Major risks and opportunity items from the scenario analysis and countermeasures to address those categories

Climate-related Types of risks and opportunities		Risk relevance period	Overview of climate-related risks and opportunities in JPMC group	Evaluations		Countermeasure for the risks and the opportunities	
				4° C scenario	1.5° C (less than 2 degrees) scenario		
Risks	Transition Risks	Policy Regulation	Medium or long-term	<ul style="list-style-type: none"> <li>Increased operating costs due to complying with laws and regulations</li> <li>Increased costs due to introduction of carbon pricing, carbon tax, etc.</li> </ul>	-	Medium	<ul style="list-style-type: none"> <li>Introduction of renewable energy and installation of energy creation equipment at business offices and properties related to our company</li> </ul>
		Technology and market	Short to long-term	<ul style="list-style-type: none"> <li>Increase in the cost of introducing devices and equipment due to the adoption of renewable energy, decarbonized energy, etc.</li> <li>Increased costs due to the use of renewable energy sources (naturally-derived, biomass, etc.), energy conservation, and decarbonized energy (hydrogen, etc.)</li> <li>Soaring costs related to business activities due to soaring fuel prices</li> </ul>	-	Medium	<ul style="list-style-type: none"> <li>In-house consumption of renewable energy by introducing energy creation systems, such as investment in equipment in properties related to the company</li> <li>Switching from hybrid vehicles to electric vehicles according to the situation</li> </ul>
		Popularity	Short or medium-term	<ul style="list-style-type: none"> <li>Reputation decline due to delayed response to environmental challenges</li> <li>Reputation decline due to inadequate response to investor requests for environmental information disclosure</li> <li>Decreased Number of new units acquired through sales activities due to loss of reputation with stakeholders and negative impact on new hires and employee engagement</li> </ul>	Large	Small	<ul style="list-style-type: none"> <li>Disclosure of progress and targets for proactive climate-change countermeasures</li> </ul>
	Physical Risks	Acute	Short or medium-term	<ul style="list-style-type: none"> <li>Decrease in revenues due to natural disasters caused by climate change</li> <li>Increase in insurance premiums paid for damage caused by natural disasters</li> </ul>	Large	Medium	<ul style="list-style-type: none"> <li>Securing insurance for properties owned by our company</li> </ul>
		Chronic	Medium or long-term	<ul style="list-style-type: none"> <li>Increased risk of death from heat stroke and other causes due to higher average temperatures</li> </ul>	Medium	Medium	<ul style="list-style-type: none"> <li>Promoting the construction of net zero energy houses in rental housing for the elderly</li> <li>Adoption of highly effective heat insulating material and window glass</li> <li>Introduction of energy-creating systems and equipment</li> </ul>
Opportunity	Resource efficiency	Short to long-term	<ul style="list-style-type: none"> <li>Reducing wasteful construction of new rental properties by promoting leasing of existing properties</li> </ul>	-	Medium	<ul style="list-style-type: none"> <li>Indirect greenhouse gas emission reduction</li> </ul>	
	Energy source	Short to long-term	<ul style="list-style-type: none"> <li>Lower costs due to increased supply of renewable energy</li> <li>Lower costs due to lower costs from increased supply of energy-creating equipment</li> <li>Increased supply of highly energy-efficient and thermally efficient systems</li> </ul>	-	Medium	<ul style="list-style-type: none"> <li>Response to unforeseen power outages, etc., by using energy-creating systems and equipment in company-affiliated properties (especially in housing for the elderly)</li> <li>Introduction of a ventilation system with high thermal efficiency</li> </ul>	
	Products, services and markets	Medium or long-term	<ul style="list-style-type: none"> <li>Promoting reuse of existing properties by not undertaking unnecessary new construction, thereby helping to reduce greenhouse gas emissions</li> <li>Increase in demand for our Super Reuse due to growing demand for restoration of existing properties (*Super Reuse refers to the reuse of comfortable housing by utilizing and revitalizing the structures of existing properties through renewal and renovation)</li> <li>Increase in the number of generations who are not particular about living in a new rental property</li> <li>High vacant rooms rate</li> </ul>	-	Large	<ul style="list-style-type: none"> <li>Increased demand for reuse business</li> <li>Increase occupancy rates of renewed and renovated properties</li> </ul>	

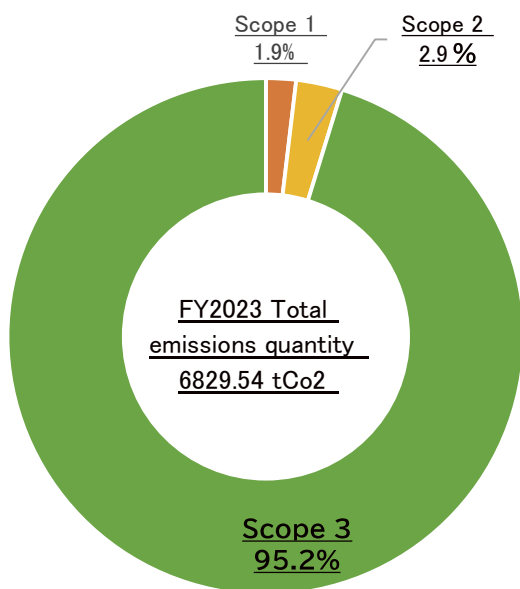
[Indicators and Targets]

Our Group has set medium to long-term greenhouse gas emission quantity reduction targets. With FY2022 as the reference year, the Group as a whole aims to reduce Scope 1 and 2 emissions quantity by 50% by 2030 and to achieve carbon net zero by 2050. Furthermore, we will regularly publish the progress status of Scope 1 and 2 emissions from 2023 on our website.

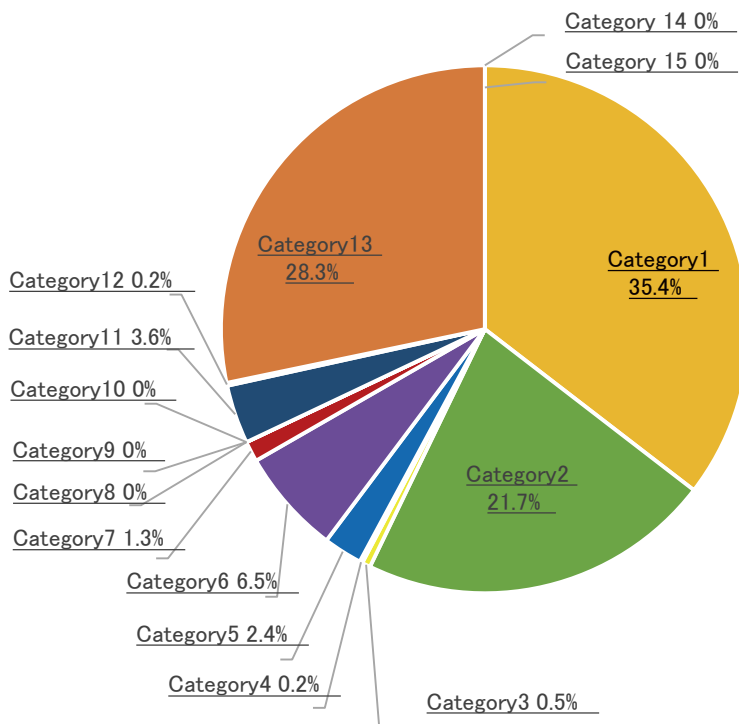
	Actual results for FY2022 (Reference year)	Actual results for FY2023	FY2030 Targets	FY2050 Targets
	Emissions quantity (tCO2)	Emissions quantity (tCO2)	Compared to FY2022	
Scope 1	116.13	128.21	△50% <sup>(Note 1)</sup>	Net zero
Scope 2	335.59	197.99		
Scope 3	4826.35	6503.34	-	-

(Note 1) Reduction of combined Scope 1 and 2 emissions quantity

FY2023  
[CO2 emissions quantity by Scope]



FY2023  
[Scope 3 CO2 emissions quantity by category]



\*Scope 3 categories are as follows:

Category 1	Products and services purchased	Category 9	Transportation, delivery (downstream)
Category 2	Capital goods	Category 10	Processing of purchased products
Category 3	Fuel and energy related activities not included in Scope 1 and 2	Category 11	Use of purchased products
Category 4	Transportation, delivery (upstream)	Category 12	Disposal of purchased products
Category 5	Waste produced from business operations	Category 13	Lease materials (downstream)
Category 6	Business trip	Category 14	Franchise
Category 7	Employees commute	Category 15	Investment
Category 8	Lease materials (upstream)		