

Sustainability Report

MORI TRUST REIT, Inc.

(Asset Management Company)

MORI TRUST Asset Management Co., LTD.

July 2023

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■ Disclosure Policy on This Report

This report is prepared for the purpose of reporting regularly to stakeholders to deepen their understanding of the philosophy and initiatives of MORI TRUST REIT, Inc. ("MTR") and its asset management company MORI TRUST Asset Management Co., Ltd. ("MTAM") regarding ESG. In preparing this report, efforts are made to proactively disclose information while taking into account the requests and expectations from stakeholders and considering the Sustainable Development Goals (SDGs), the international disclosure frameworks of ESG and ESG evaluations by external organizations.

■ Reporting Period

From April 1, 2022 to March 31, 2023

(some of the most recent activities after this period are also included)

■ Entities

MORI TRUST REIT, Inc.

MORI TRUST Asset Management Co., Ltd.

(information of its sponsor, MORI TRUST CO., LTD., is also included)

■ Date of Report Issued

July 1, 2023

(Date of Last Report: July 1, 2022)

■ Reporting Cycle

Scheduled to be issued every July (annual)

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■ Disclaimer

This report is solely for the purpose of providing information and is not intended for the purpose of soliciting investment in or recommending transactions of certain instruments. For possible purchase of investment units of MTR, please contact your securities companies to obtain materials for soliciting investment and fully understand what is explained therein. Please note that unitholders may suffer a loss depending on such factors as economic conditions, interest rate conditions and supply and demand status in accordance with the investment unit price. We request that when making an investment decision you will do so based on your final judgment while paying full attention to your specific situation and other factors.

As for the content of this report, MTR makes no guarantee as to the accuracy or completeness of the information provided herein. Furthermore, the content may be changed or eliminated without prior notice. No party is permitted to reprint, use, copy, distribute, modify or make any arrangements to the content of this report without first obtaining the consent of MTR.

■ Overview of MTR

MTR is a comprehensive REIT, whose main sponsor is Mori Trust Co., Ltd, a leading developer and with offices and hotels as its core assets, which is truly equipped with asset potential, stability and growth potential.

MTR was listed on the Tokyo Stock Exchange's market for real estate investment trusts (J-REIT market) in 2004 and has since achieved steady growth by investing in carefully selected properties that will contribute to stable operations over the medium and long term.

(Note) MTR merged with MORI TRUST Hotel Reit Inc. on Mar. 1, 2023.

Name of Investment Corporation	MORI TRUST REIT, Inc.
Address	Toranomon 4-chome, Minato-ku, Tokyo
Representative	Hiroshi Naito, Executive Director
Date of foundation	October 2, 2001
Date of listing	February 13, 2004
Portfolio type	Office buildings, hotels, commercial facilities and residential properties
Securities Code	8961
Fiscal period end	February and August

Features of MTR

1 Pursue Asset Potential, Stability and Growth Potential

- Building a portfolio with both stability and growth potential based on its core assets, offices and hotels
- Attaches importance to "quality" including "location" and "sense of being high grade"

2 Broad collaboration with the Mori Trust Group

- MORI TRUST Holdings, Inc. owns approximately 29.2% (Note) of the investment units outstanding of MTR
- Collaborates over the acquisition and sale of real estate, etc. and also uses the Group's strong expertise in real estate leasing and management

3 Solid financial strategy

- Acquired "AA" rating (Outlook: Stable), the highest among J-REITs
- Leverages creditworthiness to borrow capital at a low rate of interest

(Note) As of March 1, 2023

MTR's Organization Chart

For MTR's Organization Chart, please refer to page 33 of this report.

■ Overview of Asset Management Company

Company Name	MORI TRUST Asset Management Co., Ltd.
Address	3-1 Toranomom 4-chome, Minato-ku, Tokyo
Established	February 28, 2000
Capital Stock	400 million yen
No. of Employees*	19
Shareholders	MORI TRUST CO., LTD. 95% Mori Trust Hotels & Resorts Co., Ltd. 5%
Registration and Licenses	Financial instruments business, Registration No.: Kanto Local Finance Bureau Director-General (Financial instruments business) No.407 Comprehensive real estate investment advisory business, Registration No.: Minister of Land, Infrastructure and Transportation No.000001 Building lot and building transaction business, License No.: Minister of Land, Infrastructure and Transportation (5) No.6009 Discretionary trading agent, etc. for building lot and building transaction business, Permission No.: Minister of Land, Infrastructure and Transportation No.4 Member of The Investment Trusts Association, Japan
Directors*	Hiroshi Naito, President and Representative Director Nobuyuki Aizawa, Managing Director, General Manager, Business Administration Department, and General Manager, Strategic Management Department Takuya Yamazaki, Director (in charge of Investment Management Department) Seisaku Ito, Corporate auditor

* As of June 30, 2023

Corporate Philosophy

MTAM was founded as a member of MORI TRUST Group for the purpose of managing the assets of real estate investment corporations.

The inclusion of “Trust” in our company name conveys the idea that we serve society and are mandated by society to manage assets over the long term. We are, therefore, required to conduct business based on the fundamental management principles of providing high quality real estate management, increasing added value and contributing to social and economic development.

The concept of “Trust” is expressed more concretely in the following four qualities, which form our corporate philosophy.

Reliability	Trust between the trustor and trustee will form the basis of everything we do.
Continuity	We will prove ourselves worthy of the trust placed in us by operating and managing assets over the long run.
Benefit Sharing	We will share any profits generated with society and stakeholders for our mutual development.
Social Nature	We will contribute to society by conducting socially beneficial business activities.

Furthermore, MTAM has adopted four basic management principles for realizing this management philosophy: “Growth potential,” “Profitability,” “Stability” and “Transparency.” Striking a balance between these requirements, we endeavor to achieve enduring corporate management in order to prove ourselves worthy of society’s mandate and to live up to the expectations and trust of our shareholders, employees and other stakeholders.

To endure and survive as a company, above all else, it is essential to build a compliance structure based on high ethical standards and to ensure compliance. We are committed to doing this based on the strong awareness that it is imperative for us to conduct our day to day operations in strict compliance not only with laws and regulations but also with social norms and internal rules

1. Message from the Management

MTR believes that initiatives to improve sustainability are essential for enhancing unitholder value for the medium to long term. Also, MTAM, to which MTR entrusts the management of its assets, establishes a corporate philosophy of “Reliability,” “Continuity,” “Benefit sharing” and “Social nature,” and aims to improve unitholder value by contributing to social and economic development through cooperation and collaboration with various stakeholders.

I introduce recent initiatives on ESG.

With respect to “E: environment,” As the movement toward making greenhouse gas emissions zero overall by 2050 based on the Paris Agreement gains momentum, MTAM revised its sustainability policy with a view to making net zero a long-term target. And Osaki MT Building and Tenjin Prime promoted energy conservation at their facilities, for instance with the use of LED lighting fixtures, and Hotel Okura Kobe replaced air conditioners with those offering high energy savings. In addition, MTR has introduced an initiative in which MTR will carry out energy-saving installation work in the units of some tenants at Kioicho Building at MTR’s own expense and a portion of the installation costs will be returned as green lease payments from the tenants. In addition, MTR has been working to obtain environmental certifications and assessments. Ito-Yokado Shonandai obtained CASBEE real estate assessment certification for the first time as MTR. In addition, Hiroo MTR Building and Tenjin Prime newly acquired DBJ Green Building Certification.

For “S: society,” MTR continued its efforts to ensure tenants’ safety and security, such as placing disinfectants at common areas of its properties as measures against COVID19 and providing documents on preventive measures against infection.

For “G: governance,” MTR implemented training and awareness-raising activities such as providing compliance training to all executives and employees of MORI TRUST Asset Management Co., Ltd. on a regular basis, and sought to improve compliance awareness among employees.

MTR will continue to promote various initiatives on issues regarding ESG and proactively disclose information in response to the expectations from various stakeholders.



Hiroshi Naito

MORI TRUST REIT, Inc.,
Executive Director

MORI TRUST Asset Management Co., Ltd.,
President and Representative Director

2. Policies and Management Structure

MTAM recognize that efforts to improve sustainability such as environmental consideration, contribution to society and strengthening corporate governance through our asset management operations are essential for growing unitholders' value in the medium to long term. We hereby establish the "Sustainability Policy" and aim to implement it.

■ Sustainability Policy

(1) Promoting GHGs emissions reduction and energy saving

We recognize the importance of net-zero greenhouse gas emissions and promote energy saving with a long-term goal of net-zero emissions by 2050 in order to support the international goals set out in the Paris Agreement and contribute to climate change mitigation.

(2) Contributing to Recycle-oriented Society

We strive to contribute to realizing sustainable recycle-oriented society through implementing measures to make effective use of limited resources, such as water saving and "3Rs" for reducing wastes, i.e., reduce, reuse, recycle.

(3) Streamlining Internal Management System and Strengthening Compliance

We establish internal management system to effectively promote initiatives based on this policy and strictly comply with laws and regulations including environmental and social matters. In addition, we promote sustainability initiatives by improving employees' awareness and performance by continually implementing educational and awareness-raising activities focused on environment, society, and governance (ESG).

(4) Respect for Human Rights

We respect human rights in accordance with international principles such as the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and we conduct our business in compliance with the human rights laws of the countries and regions where our business activities are conducted.

(5) Promoting Health and Comfort

We conduct asset management that seeks improvement in health, safety, and comfort of tenants and facility users. Furthermore, valuing each and every employee, we strive to create a working environment that is healthy and conducive to work and enables each person to demonstrate his/her skills to their full extent.

(6) Responding to Climate Change and Improving Resilience

We identify and evaluate risks and opportunities that arise from climate change and reflect them in our asset management operations, and by doing so, promote initiatives for adapting to and mitigating climate change to respond to risks and opportunities.

(7) Collaborating with External Stakeholders

We make efforts to contribute to reducing environmental impact of our assets under management, improving tenants' satisfaction and developing sustainable local communities through engaging and collaborating with external stakeholders such as our tenants/occupiers, suppliers (e.g. property management companies) and local communities.

(8) Disclosing ESG Information

We strive to proactively disclose ESG information such as this policy and status of sustainability initiatives to build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers.

■ Materiality

MTR has identified the issues to be focused on as materiality while promoting various initiatives on issues regarding ESG based on the “Sustainability Policy” of MTAM, and has given priority to the identified issues. Also, MTR aims to contribute to the achievement of “SDGs (Sustainable Development Goals)” adopted at the United Nations in 2015 through initiatives for the materiality.

Materiality Identification Process

(1) Clarification of Issues

Clarified issues in consideration of the expectations from stakeholders involved in MTR and society, issues recognized in the REIT sector, Sustainable Development Goals (SDGs) and ESG evaluations by external organizations, recent social trends and the Sustainability Policy of MTAM, etc.

(2) Organization and Summarization of Identified Issues, Assessment of their Importance and Priority

Organized and summarized the identified issues considering the major past and current initiatives, and then assessed the importance and priority of each issue.

(3) Identification of Materiality

Discussed the draft materiality prepared based on the assessment above at the Meeting for Promotion of Sustainability established at MTAM, and identified materiality of MTR.

Relevance of Materiality to SDGs

The relevance of the materiality of MTR identified in accordance with the materiality identification process to the SDGs is as follows:

Field	Materiality	Main actions	Relevance to the SDGs
E (Environment)	Responding to climate change and improving resilience (Saving energy and reducing greenhouse gas (GHG) emissions)	<ul style="list-style-type: none"> • Operation of the environment management system • Establishment of environmental performance goals and disclosure of results • Introduction of highly energy-efficient equipment such as LED lighting and high-efficiency heat source equipment • Continuous implementation of initiatives to reduce waste with construction contractors and hotel operators • Collaboration with tenants and suppliers (introduction of green leases and reduction of waste) • ESG surveys, etc. to monitor activities of partners such as property management companies 	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div>
	Contributing to a recycling-oriented society		
	Reducing environmental load of buildings through collaboration with tenants and suppliers		
S (Society)	Promoting the health and comfort of tenants and users etc.	<ul style="list-style-type: none"> • Initiatives for increasing tenant comfort (renovation of common areas and exclusively- owned areas, etc.) • Initiatives for the safety and security of tenants (regular emergency drills, etc.) 	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div>
	Creating comfortable workplace environments for employees	<ul style="list-style-type: none"> • Support for the acquisition of qualifications and the payment of expenses for employees participating in training programs and/or taking examinations to improve the skills that are required in their operations. • Participation in sponsors' human resource programs • Introduction of personnel systems that enable employees to work in comfortable environments 	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>
	Contributing to local areas and communities	<ul style="list-style-type: none"> • Cooperation in local events (cooperation in events aimed to increase the value of the area, etc.) • Social contribution by employees of the asset management company and hotel operators (participation in cleaning activities around properties owned by the company, etc.) • Cooperation with the Zero Emission Tokyo initiative • Cooperation in activities promoted by the Japanese Red Cross Society 	<div>17 PARTNERSHIPS FOR THE GOALS</div>
G (Governance)	Ensuring full-scale implementation of compliance and risk management	<ul style="list-style-type: none"> • Establishment of a system to facilitate compliance (multi-layered system to facilitate compliance with laws and regulations through the leadership of Compliance Officers and the establishment and operation of a compliance committee, and regular implementation of compliance training programs) • Proper control of any conflict of interest (establishment of a policy and approval by outside committee members through multiple discussions regarding transactions with parties who have an interest in the company) • Timely and proper disclosure of information to stakeholders • Provision of information requiring timely disclosure, information on financial results, information on properties owned, progress in ESG initiatives, information on distribution, etc. 	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>
	Initiatives for the disclosure of ESG information		

■ Meeting for Promotion of Sustainability

Meetings for promotion of sustainability are held regularly to ensure that the Sustainability Policy is implemented and the sustainability goals are achieved.

Attendees

- President & Director (Chief Officer with the authority to make final decisions on matters related to promotion of sustainability)
- Other Directors
- General Manager of Strategic Management Departments and Investment Departments (Operating Officers of matters related to promotion of sustainability)
- General Manager of Business Administration Department
- Compliance Officer
- Other members whose attendance is considered necessary by operating officers

Details of Discussions and Reports, Frequency of Meetings and Examination Process

At meetings for promotion of sustainability, policies regarding sustainability are established, revised or abolished, and a range of measures that should be taken in line with the Sustainability Policy are discussed and reported.

Meetings for promotion of sustainability are held four times a year. We are working on continuous improvement through the repetition of the PDCA cycle, including the examination and planning of measures, the reporting and evaluation of progress, the analysis of results, and the examination and planning of improvement measures.

Matters discussed at the meetings for promotion of sustainability are to be decided upon and implemented according to MTAM's Rules Regarding Administrative Authorities.

■ Employee Training on Sustainability

To spread the awareness of sustainability among employees, employee training on sustainability is provided periodically by inviting outside consulting companies as part of the environmental educational and awareness-raising activities.

■ Initiatives for Human Rights

Based on "Respect for Human Rights" in the Sustainability Policy, MTAM supports and respects the human rights policies stipulated in international principles such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights, and promotes measures to respect human rights.

MTAM has established the following rules to be complied with by MTAM. Such compliance rules apply to all officers and employees of MTAM involved in the asset management of MTR. In addition, various stakeholders including our business contacts are also expected to respect human rights in their business related to MTR.

(1) Prohibition of Discrimination and Harassment

We respect the human rights and personality of individuals, and never engage in discriminatory behavior or conduct that leads to sexual or power harassment on the grounds of gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, social identity, physical disability, etc.

(2) Prohibition of Child Labor and Forced Labor

We support and practice the effective abolition of child and forced labor. We also observe the minimum working age stipulated by law and do not force workers to work against their will.

(3) Respect for Freedom of Association and the Right to Collective Bargaining

We support and respect the freedom of association and the right to collective bargaining in accordance with law, and do not discriminate in hiring, promotion, dismissal, or transfer decisions.

(4) Controlling Excessive Working Hours and Overtime

We comply with labor-management agreements (36 employee-employer agreement) regarding overtime work and make efforts to control excessive working hours and overtime work.

(5) Payment of Wages Equal to or Above the Minimum Wage

We pay our employees wages equal to or above the minimum wage stipulated by law to ensure the stability of their livelihood.

(6) Compliance with Equal Pay for Equal Work

We prohibit unreasonable differences in treatment between regular and irregular workers in accordance with law.

MTAM identifies negative impacts on human rights in the asset management of MTR, and continues to implement measures to prevent and improve various issues related to human rights.

In addition, there has been no material violation of laws and ordinances regarding the rules.

■ Information Disclosure and Communication

To build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers, MTAM widely disseminates information about the sustainability policy and the status of sustainability initiatives through MTR's financial results presentation materials, asset management reports, its website and press releases.

■ GRESB Real Estate Assessment

GRESB Real Estate Assessment is an annual benchmarking assessment founded by a group of major European pension funds to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds. The assessment is used by major institutional investors in Europe, the United States and Asia for selecting investment destinations and engaging with investees.

In the 2022 GRESB Real Estate Assessment, MTR received “4 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won “Green Star” designation by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.



MTR received the highest “A level” for the five-grade GRESB Public Disclosure, which assesses the width of ESG disclosure practices in connection with environmental and sustainability initiatives.



■ (Reference) Mori Trust Group's vision for promoting sustainability

* MTAM are comprised of personnel seconded from MORI TRUST CO., LTD.

Under the slogan "from urban planning to future planning," the Mori Trust Group has identified seven priority themes for the sponsor group's pursuit of sustainability and has set out action plans for realizing harmony between the economy, environment and society.

<u>Seven priority themes</u>	<u>Action Plans</u>
Safety and security	<ul style="list-style-type: none"> • Creation of sustainable spaces for activity through the realization of regional disaster management and BCP • Provision of peace of mind to meet the needs of the times, including infection control measures using new technologies • Promotion of regional and social development and growth in collaboration with various stakeholders
Environment	<ul style="list-style-type: none"> • Urban development through the protection of landscapes and biodiversity and the sustainable use of resources • More widespread use and more stable supply of renewable energy • Proper collaboration with various stakeholders
Work/Lifestyles	<ul style="list-style-type: none"> • Provision of facilities and services for enhancing work-life balance • Creation of lifestyle diversity through new businesses • Implementation of new work styles and proposals/giving-back of new work styles to society
Innovation	<ul style="list-style-type: none"> • Development of industry through investments and partnerships • Optimization of supply chain through the utilization of digital data and advanced technologies • Establishment of group structure which encourages the proposal and implementation of ideas
Wellness	<ul style="list-style-type: none"> • Provision of spaces which contribute to sustainable improvement in people's health and wellbeing • Creation of dining and accommodation experiences to nourish mind, body and soul • Realization of health and productivity management on a society-wide basis
Diversity	<ul style="list-style-type: none"> • Promotion of international exchanges and multilingual service • Establishment of management base which enables diverse human resources to play an active part
Compliance Governance	<ul style="list-style-type: none"> • Continuous improvement in governance to help revitalize the economy • Strengthening of risk management to support sustainable corporate activities

For details of Mori Trust Group's vision for promoting sustainability, please refer to the following <https://www.mori-trust.co.jp/sustainability/> (Japanese only)

3. Climate Change Initiatives

■ Awareness of Climate Change

MTAM recognizes that climate change is an important issue that brings about dramatic changes to the natural environment and social structures, and has a serious impact on their operations as well as businesses overall. The background to this is global trends in greenhouse gas emissions regulations, such as the Paris Agreement adopted in 2015, and the progress of climate change as a scientific fact presented in reports such as the IPCC Special Report*. The Paris Agreement aims to limit global average temperature increase to below 2°C compared to pre-industrial levels, and below 1.5°C as an effort target. International frameworks and domestic regulations to reduce greenhouse gas emissions are expected to be toughened in the future as a result of this. MTAM also recognizes climate change as a scientific fact, and takes the position that measures to address the spread of natural disaster damage caused by climate change—such as intensifying typhoon damage, frequent heat waves, and a rise in global sea levels—are essential.

MTAM formulated a Sustainability Policy in March 2017, and has since been working to improve investor value in the medium to long term, through initiatives to improve sustainability. In March 2021, we formulated a list of material issues relating to MTR, and recognized responses to climate change and resilience as important issues by including them in this list.

(Note) The IPCC Special Report on Global Warming of 1.5 °C published in 2018 by the Intergovernmental Panel on Climate Change (IPCC).

■ Declaration of Support for the TCFD Recommendations

MTAM recognizes that climate change is a serious risk that threatens financial stability. In recent years, many stakeholders—primarily investors—are demanding disclosure of information on the financial impact of climate change.

Based on this recognition, In March 2022, MTAM declared its support for the recommendations announced in June 2017 by the Task Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB).

In order to secure MTR's sustainable and stable profitability in the long term, it will be essential for MTAM to enhance the resilience of its businesses by identifying, assessing and managing risks and opportunities that may be brought about by climate change. We will expand disclosure of information on these risks and opportunities in the future, in line with the TCFD recommendations.



■ Governance on Climate Change

MTAM has established the following organizational governance system to respond to climate change-related risks and opportunities and promote and supervise initiatives related to climate change.

Chief Executive Responsible for Response to Climate Change

President & Director (Chief Officer with the authority to make final decisions on matters related to promotion of sustainability)

Executive Officer Responsible for Response to Climate Change

General Managers of the Strategic Management Department, Investment Management Department and Business Administration Department

Matters for Discussion and Reporting at the Meetings for Promotion of Sustainability

- Identification and assessment of impacts of climate change
- Managing risks and opportunities
- Progress of adaptation and mitigation initiatives
- Climate change responses such as setting metrics and targets

For details of the Meetings for Promotion of Sustainability, please refer to page 9 of this report.

■ Strategies

MTAM conducted a scenario analysis of climate change for MTR's portfolio to determine which climate-related risks and opportunities could have material financial impacts and to assess the financial impacts.

Reference Scenarios Used in the Scenario Analysis

	1.5-2°C scenario	4°C scenario
Transition risks	IEA NZE2050 scenario	IEA STEPS scenario
Physical risks	IPCC RCP4.5 scenario	IPCC RCP8.5 scenario

* IEA : International Energy Agency, IPCC : Intergovernmental Panel on Climate Change

Determined Climate-related Risks/Opportunities and Assessment of the Financial Impacts

Category		Risk and Opportunity Factors	Financial Impact				
			Risks and Opportunities	4°C Scenario		2-1.5°C Scenario	
				Medium-term	Long-term	Medium-term	Long-term
Transition	Policy and Law	Toughening taxation on GHG emissions by introducing a carbon tax	Risks	Low	Low	Medium	High
		Toughening of energy conservation standards leading, obligations to report emissions	Risks	Low	Low	Medium	Medium
			Opportunities	Low	Low	Low	Medium
	Technology	Evolution and widespread adoption of renewable energy and energy-saving technologies	Risks	Low	Low	Medium	Medium
			Opportunities	Low	Low	Low	Low
	Markets and Reputations	Change in social values relating to environmental performance	Risks	Low	Medium	Medium	Medium
		Changes in tenants and users demand (growing needs / demand for environmental performance)	Risks	Low	Low	Low	Medium
			Opportunities	Low	Low	Low	Medium
Physical	Acute Risks	Damage to properties caused by wind damage from typhoons	Risks	Medium	Medium	Low	Medium
		Inundation due to inland flooding and to flooding of nearby rivers caused by intensive heavy rainfall	Risks	Medium	Medium	Low	Medium
	Chronic Risks	Progressive rise of sea levels	Risks	Low	Medium	Low	Low
		Impact of tourism resources	Risks	Low	Medium	Low	Low
		Increase in extreme climatic conditions, such as extremely hot and cold days	Risks	Low	Low	Low	Low

*Timeline: Mid term (–2030), long term (–2050)

MTAM has determined that climate change carries medium to long-term risks, but at the same time also sees them as a chance to create new business opportunities.

Based on this scenario analysis, we will continue working to improve the resilience of MTR's asset management operations.

For examples of climate change initiatives, please refer to page 17 - 18 of this report.

■ Climate Change Risk Management

MTAM identifies, assesses, and manages climate-related risks under the following framework to reduce climate-related risks.

Process for Identifying and Assessing Climate-Related Risks

MTAM regularly reports the results of the identification and evaluation of the impacts of climate change to the Meetings for Promotion of Sustainability.

For details of the Meetings for Promotion of Sustainability, please refer to page 9 of this report.

Processes for Managing Climate-Related Risks

Climate-related risk management is integrated into and properly managed based on the company-wide risk management programs.

For outline of the company-wide risk management program, please refer to "Risk Management Initiatives " on page 39 of this report.

■ Metrics and Targets

MTAM sets metrics and targets to monitor its efforts to reduce the impact of climate-related risks and actualize opportunities to create new business chances. The goals currently set by MTAM in relation to climate change issues are introduced below, along with corresponding achievements.

For details of the Metrics and Targets, please refer to page 20 of this report.

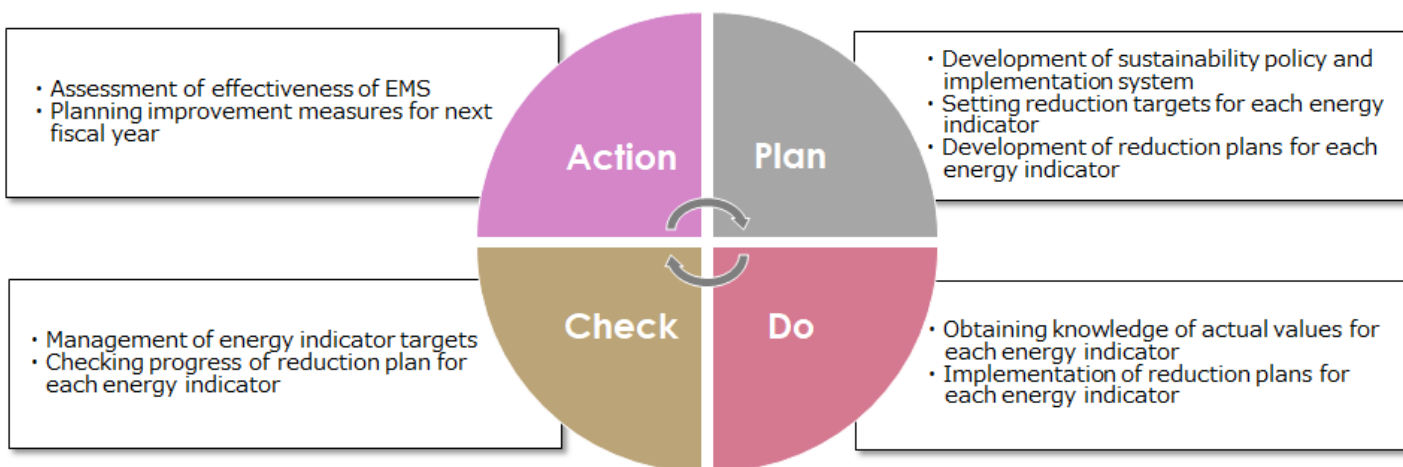
4. Environmental Initiatives

MTAM is working to reduce the environmental impact of the portfolio of properties held by MTR in accordance with “Promoting energy saving and GHGs emission reduction” and “Contributing to recycle-oriented society,” which form part of its sustainability policy.

■ Environmental Management System (EMS)

MTAM has built an environmental management system to promote energy saving, reduction of greenhouse gas (GHG) emissions, and effective use of resources.

MTAM sets targets for energy consumption, GHG emissions, water consumption, and amount of waste generation, observes the results, carries out plan-and-result management, and takes measures to contribute to the creation of a sustainable recycling society through the reduction of the environmental burden.



■ Examples of Environmental Initiatives

Introduction of LED Lighting

MTR introduced LED lighting and lighting equipment with human sensors successively in rooms for rent and common areas of the properties held. Energy saving activities for reducing the environmental burden are promoted.

(Examples of introduction)

- Tokyo Shiodome Building
- ON Building
- Kioicho Building
- Kamiyacho Trust Tower
- Sendai MT Building
- Osaki MT Building
- Midotsuji MTR Building
- Hiroo MTR Building
- Tenjin Prime
- Shin-Yokohama TECH Building
- SHIBUYA FLAG
- Shinbashi Ekimae MTR Building
- Ito-Yokado Shonandai
- Kohnan Sagamihara-Nishihashimoto
- Park Lane Plaza
- Hotel Okura Kobe
- Shangri-La Tokyo
- Hilton Odawara Resort & Spa
- Courtyard by Marriott Tokyo Station
- Courtyard by Marriott Shin-Osaka Station
- Hotel Sunroute Plaza Shinjuku

Introduction of Highly Efficient Heating Systems/Renewal of air-conditioning systems

MTR is working on increasing comfort and reducing CO₂ through the introduction of highly efficient heating systems whose energy efficiency is excellent and renewal with highly efficient air-conditioning systems whose energy saving performance is high upon the replacement of air-conditioning systems.

(Examples of introduction)

- Tokyo Shiodome Building
- ON Building
- Kioicho Building
- Kamiyacho Trust Tower
- Osaki MT Building
- Midosuji MTR Building
- Hiroo MTR Building
- Tenjin Prime
- Shin-Yokohama TECH Building
- SHIBUYA FLAG
- Shinbashi Ekimae MTR Building
- Ito-Yokado Shonandai
- Kohnan Sagamihara Nishihashimoto
- Park Lane Plaza
- Hotel Okura Kobe
- Shangri-La Tokyo
- Courtyard by Marriott Tokyo Station
- Courtyard by Marriott Shin-Osaka Station

Promotion of zero CO₂ emissions from electricity usage

MTR is promoting the use of CO₂-emission free power through the use of non-fossil certificates, etc.

(Examples of introduction)

- SHIBUYA FLAG (RE100 initiatives)
- Courtyard by Marriott Tokyo Station (RE100 initiatives)

Introduction of Building Energy Management Systems (BEMS)

MTR is working to introduce building energy management systems (BEMS) in the properties it owns to measure the energy efficiency of entire buildings, thereby achieving energy saving and creating optimal indoor environments.

(Examples of introduction)

- Kamiyacho Trust Tower
- Courtyard by Marriott Tokyo Station

Introduction of smart meters

MTR is focusing on the efficient use of energy by utilizing smart meters to understand details such as the amount of power that is consumed and the time it is consumed.

(Examples of introduction)

- Kamiyacho Trust Tower
- Sendai MT Building
- Osaki MT Building

Water-saving through reduction of water consumption and toilet equipment renewal

MTR is working to conserve water in the common areas of the properties it owns by installing automatic sink faucets and replacing hygiene equipment with products with high water-saving performance.

(Examples of introduction)

- Tokyo Shiodome Building
- ON Building
- Kioicho Building
- Kamiyacho Trust Tower
- Osaki MT Building
- Midosuji MTR Building
- Hiroo MTR Building
- Shin-Yokohama TECH Building
- Tenjin Prime
- Ito-Yokado Shonandai
- Hotel Okura Kobe
- Shangri-La Tokyo
- Hilton Odawara Resort & Spa
- Courtyard by Marriott Tokyo Station
- Hotel Sunroute Plaza Shinjuku

Properly Dealing with Environmental Issues such as Contamination

When acquiring real estate, assessing beforehand whether there are harmful substances such as PCBs or asbestos, soil contamination or other environmental issues is an integral part of the process.

We deal with any issues with real estate held such as the presence of harmful substances through appropriate measures, management or treatment in accordance with laws and regulations.

■ Collaboration with Tenants and Suppliers

Introduction of green lease

MTR and tenants have concluded a memorandum of understanding for a green lease, aiming to reduce the environmental burden. Information sharing about electricity, gas and water consumption and discussions on the improvement of environmental performance will be conducted on a regular basis.

In addition, MTR has introduced an initiative where MTR will carry out energy-saving installation work in the units of some tenants at Osaki MT Building and Kioicho Building at MTR's own expense and a portion of the installation costs will be returned as green lease payments from the tenants.

Reduction of waste

When carrying out construction work, MTR is continuously working to reduce waste in collaboration with contractors. Hotel operators are striving to reduce waste and be environmentally conscious by using paper straws, discontinuing the use of individually packaged shampoo and reducing food loss at the hotels we manage.

Supply chain management

When selecting a property management company, MTR assessed the candidates' activities related to sustainability in addition to their facility operation and management, lease operation and management, and leasing operations.

ESG Awareness-Raising in Backyards

The hotel operator of Courtyard by Marriott Tokyo Station educates hotel employees on energy conservation and other ESG issues, for example displaying posters in the backyard.



■ Protection of Biodiversity

The Kamiyacho Trust Tower provides a comfortable green space and a waterfront terrace for waterscape relaxation, among other facilities. We conserved a large camphor tree, which is more than 100 years old, by transplanting it within the premises with the traditional tatebiki (tree sliding) method, creating a biodiversity-conscious biotope in the 5,000-square-meter green space that offers the area's original landscape.

ON Building and Osaki MT Building, which are owned by MTR, have formed Osaki Business Garden, a large-scale redevelopment project. The site has an open space full of greenery, worthy of the name "Garden", and contributes to symbiosis and coexistence with nature and the protection of biodiversity.



A comfortable green space and a waterfront terrace for waterscape relaxation
(Kamiyacho Trust Tower)



■ Environmental Performance Data

Environmental Performance Targets

MTAM has set reduction targets for total CO2 emissions, energy consumption and water consumption across the portfolio, as shown below. MTAM has set its targets for CO2 emissions reduction, bearing in mind the Japanese government target of reducing CO2 emissions in fiscal 2030 by 46% from their level in fiscal 2013.

* Moreover, based on the merger of MORI TRUST Sogo Reit, Inc. and MORI TRUST Hotel Reit, Inc. on March 1, 2023, the environmental performance targets were revised.

(2025 Target)

CO2	Energy	Water
30% reduction (in intensity : compared to Baseline)	10% reduction (in intensity : compared to Baseline)	8% reduction (in intensity : compared to Baseline)

* Energy : Electricity, gas, fuel, DHC, etc. / Water supply and recycled water

* Baseline : FY2018 (Total of portfolio of former MORI TRUST Sogo Reit, Inc. and former MORI TRUST Hotel Reit, Inc.)

* Rate is consumption rate or emissions rate per unit floor area. Adjusted based on the period of holding and utilization rate of each property.

All reduction targets set for FY2016 to FY2020 have been achieved, as shown below.

Item	Medium to long term (five years from FY2016 to FY2020)	Reductions achieved (as of end of FY2020)
CO2	5% reduction in intensity compared to Baseline	Minus 28.6%
Energy		Minus 22.6%
Water	Maintenance of the status quo	Minus 44.0%

Environmental Performance Data

		unit	Baseline	2020	2021	2022
CO2	Emissions	t-CO2	49,612	30,254	25,421	32,475
	Scope1 (Direct emissions)	t-CO2	–	594	604	519
	Scope2 (Indirect emissions)	t-CO2	–	2,648	2,598	2,595
	Scope3 (Tenants' emissions)	t-CO2	–	27,012	22,219	29,361
	Emissions intensity	t-CO2/m ²	0.094	0.069	0.064	0.066
Energy	Consumption	MWh	135,194	84,370	75,540	101,290
	Consumption intensity	MWh/m ²	0.256	0.191	0.189	0.207
Water	Consumption	m ³	841,023	325,073	282,065	614,232
	Consumption intensity	m ³ /m ²	1.594	0.737	0.706	1.256

*Excluding properties (dedicated areas of residential houses, etc.) the data for which cannot be easily assessed, although all properties owned by MTR are included for the compilation of data (excluding land with leasehold interest, etc.)

*Scope 3: Emissions from areas under the management of tenants (Category-13)

*Aggregation period is one year from April 1 each year to March 31 of the following year.

*The confirmation of a third party (Yasui Architects & Engineers, Inc.) has been obtained regarding total CO2 emissions, energy consumption and water consumption.

*Figures for FY2020 and FY2021 are for the former MORI TRUST Sogo Reit, Inc.

■ Management of waste

We are working on the continuous reduction of waste by properly managing waste in our portfolio.

Item	2022
Total amount of waste (t)	4,456




*Excluding properties (residential houses, etc.) whose data cannot be easily assessed.

*Aggregation period is one year from April 1 each year to March 31 of the following year.

■ Acquisition of Environmental Certification and Evaluation

The ratio of certified properties in the portfolio, excluding land with leasehold interest, is around 57% on a number of properties basis and around 55% on a leasable area basis, as of March 31, 2023.

DBJ Green Building Certification

 Properties with excellent environmental & social awareness	 Properties with high environmental & social awareness	 Properties with high environmental & social awareness
Tokyo Shiodome Building (2021) Kioicho Building (Office) (2020) Kioicho Building(Residential) (2020)	ON Building (2019) Osaki MT Building (2021) Midosuji MTR Building (2019) SHIBUYA FLAG (Office) (2020)	Shin-Yokohama TECH Building (2021) SHIBUYA FLAG (Retail) (2020) Hiroo MTR Building (2022) Tenjin Prime (2022)

(Note) Figures in parentheses indicate the year of acquisition or reacquisition

Certification for CASBEE for Real Estate

Property name	Certification rank
Ito-Yokado Shonandai	Rank S (Highest rank)

Tokyo Metropolitan Government's Energy Performance Certificate Program

Property name	Heat insulation capacity Of the building	building Energy-saving capability of the equipment systems
Kamiyacho Trust Tower KYOBASHI TRUST TOWER (Courtyard Tokyo)	AAA (Highest rank)	AAA (Highest rank)

5. Social Initiatives

MTAM aims to help improve tenant, hotel operator and hotel user satisfaction and contribute to the sustainable development of local communities by building good relationships with external stakeholders related to the real estate MTR holds and cooperating and collaborating with them in accordance with the “collaborating with external stakeholders” strand of its sustainability policy.

■ Stakeholder Engagement

MTR and MTAM strive to build relationships with each stakeholder as described below as well as engage in interactive communication. The following section introduces each of the initiatives taken by MTR and MTAM for each stakeholder.

Stakeholders	Relationship with MTR and MTAM	Major Initiatives of MTR and MTAM
Tenants, PM companies, Hotel Operators and Other Business Partners (Suppliers) (Note)	<ul style="list-style-type: none"> • Sustainability-conscious collaboration systems 	<ul style="list-style-type: none"> • Tenant Safety and Comfort Initiatives • Conduct detailed communication with tenants and hotel operators • Hold ESG Seminars with the Participation of Hotel Management Parties • Building collaboration systems with hotel management parties and other business partners (suppliers)
Hotel Users	<ul style="list-style-type: none"> • Responding to the needs of hotel users • Ensuring a safe and comfortable hotel stay 	<ul style="list-style-type: none"> • Safety and comfort initiatives for hotel users
Local Communities	<ul style="list-style-type: none"> • Contribution to local communities 	<ul style="list-style-type: none"> • Organization and participation in local events • Local volunteer activities • Cooperation with local communities • Activities for social issues • Disaster response
Employees	<ul style="list-style-type: none"> • Human resource development to realize more sophisticated asset management operations • Provide a healthy, comfortable and pleasant work environment 	<ul style="list-style-type: none"> • Initiatives for human resource development • Initiatives for Well-Being (health and comfort) • Securing highly specialized human resources
Investors and Lenders	<ul style="list-style-type: none"> • Proactive information disclosure • Communication through IR activities 	<ul style="list-style-type: none"> • Implement timely and appropriate information disclosure, including ESG information • Hold financial results briefings and individual meetings with domestic and overseas institutional investors

(Note) “PM Companies” refers to property management companies and “Other Business Partners (Suppliers)” refers to, for example, construction companies, etc. “Hotel Operators” includes hotel management companies.

■ Improvement of tenant, property management company, hotel operator and other supplier satisfaction and comfort etc.

Improvement of Tenant Comfort

We carry out various work to improve tenant comfort, including renovating common areas and creating barrier-free access. We also regularly conduct air environment measurements to maintain good air quality in office spaces.



Entrance hall renewal work
(Shin-Yokohama TECH Building)

Improvement of Tenant Safety and Security

MTR works on the safety and security of tenants and visitors. In order to strive to provide buildings and services that give consideration of tenants and visitors, MTR works on disaster prevention and BCP such as a regular anti-disaster drills, Installation of emergency power supply systems, and emergency stockpiling.

(Examples of major initiatives)

- Installation of emergency boxes in elevators
- Free provision of storage space for emergency supplies to tenants
- Installation of emergency power source equipment
- Disaster toilet stockpiling
- Provision of AEDs
- Response to COVID-19
 - Provision of disinfectant liquid at the entrance, elevator halls and other common areas
 - Cleaning personnel and security guards wearing face shields, face masks, disposable gloves and others while on duty
 - Display of documents related to measures to prevent infection

Conduct Satisfaction Surveys of Tenants/Hotel Operators

MTAM regularly conducts satisfaction surveys of tenants and hotel operators regarding the operation of the properties. The results of the survey are used as reference for MTAM's property management and also shared with property management companies, etc. for the purpose of improving property management.

Hold Regular Meetings with Tenants/Hotel Operators

Regular meetings are held with tenants and hotel operators regarding hotel operations, etc. At the regular meetings, hotel operation and property management policies are shared among the parties concerned, and progress management is regularly implemented to optimize hotel operations.

Hold ESG Seminars with the Participation of PM and Hotel Management Parties

For the purpose of deepening the knowledge of ESG to promote the Sustainability Policy to all parties concerned, ESG seminars are held by external lecturers with the participation of hotel management parties.

Building Collaboration Systems with Hotel Management Parties and Other Business Partners (Suppliers)

In selecting and assessing hotel management parties and other business partners (suppliers), MTAM considers the status of their sustainability initiatives as one of the criteria and confirms their systems for environmental considerations and community contributions, as well as their cooperation with the sustainability initiatives of MTAM.

■ Initiatives for Hotel Users

Hotel User Comfort Initiatives

In cooperation with hotel operators and property management companies, we are responding to new customer needs such as converting some guest rooms into working spaces, while also implementing initiatives for health, safety and hygiene, barrier-free access, etc.

COVID-19 Prevention Measures

Each hotel is taking measures to prevent COVID-19 infection based on hygiene management programs formulated by each hotel chain. For example, Courtyard by Marriott Shin-Osaka Station is implementing the following measures.

(Public Space Measures)

- Installation of hand disinfectant
- Reinforcement of regular disinfection
- Masks when serving customers
- Regular ventilation
- Change in how food is served

(Staff Measures)

- Masks and hand sanitization before and after work
- Physical condition checks
- Encouragement of hand washing, gargling, and coughing etiquette
- Increased hand sanitizers in back areas
- Hand washing/sanitization every 20 minutes for service staff
- No necessary business trips or overseas travel

(Note) Due to a transition of COVID-19 to Category V Infectious Diseases after May 8, 2023, several initiatives have been suspended.

Introduction of Pure Wellness Rooms

In response to social needs amid the COVID-19 pandemic, in addition to measures taken by each hotel, Hilton Odawara Resort & Spa, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station have made some guest rooms "Pure wellness rooms" which provide a high-quality clean air environment and have been introduced in hotels around the world.

■ Initiatives for Local Communities

Cooperation with Local Events

We endeavor to contribute to the sustainable development of local communities by participating in various community development-related councils and participating in and cooperating with local events, including financially contributing to the town management company of the Shiodome area in which Shiodome Building is located and signing a local townscape planning agreement designed to improve the value of the Midosuji area in which Midosuji MTR Building is located and organizing “Christmas Train” as a charity event every year, in 2020, part of the sponsorship money was donated to each elementary and junior high school in Odawara City as well as orphanages, their supporting NPOs and elderly welfare facilities.



Midosuji Illuminations
(Midosuji MTR Building)



Hold a charity event "Christmas Train"
(Hilton Odawara Resort & Spa)

Cooperation with Local Communities

From the perspective of contributing to local society and communities, MTAM requires its employees to take a small part of their working hours for participation in cleaning activities carried out in the Shibuya area where properties owned by MTR are located.

Hilton Odawara Resort & Spa carried out the following local volunteer activities.

- Clean up activities around Odawara Castle
- Food bank distribution to single-parent families in Odawara City five times a year
- Material support for areas affected by the Atami-Izusan landslide

In addition, We make part of the sites of real estate owned by MTR available for the installation of cycle ports for shared bicycles. Hilton Odawara Resort & Spa installed a station for eemo, an eco-friendly electric vehicle car-sharing service. The eemo service supports not only transportation but the community by running mainly on locally generated electricity in normal times and serving as emergency power sources during disasters. In addition, Hilton Odawara Resort & Spa provides free hotel shuttle bus service on days when local elementary school has morning classes as an alternative means of transportation for children in leaving school in place of the reduced public bus service.



Cleaning Activities around Shibuya area
(SHIBUYA FLAG)



Provision of community cycle system
(Kioicho Building)



eemo Station
(Hilton Odawara Resort & Spa)

■ Activities for social issues

Cooperation in Zero Emission Tokyo Strategy

To cooperate with the Tokyo government in the Zero Emission Tokyo program targeting zero CO2 emissions by 2050, the Company donated CO2 reduction credit of 15,007 points to the Tokyo government in October 2020 based on Tokyo Cap-and-Trade Program.

Participation in “EARTH HOUR2022”

Courtyard by Marriott Tokyo Station, Courtyard by Marriott Shin-Osaka Station and Hilton Odawara Resort & Spa participated in EARTH HOUR 2022, a global event organized by WWF (World Wide Fund for Nature) to demonstrate the will to prevent global warming.

Cooperation in the activities of the Japanese Red Cross Society

As a gesture of its endorsement of the activities of the Japanese Red Cross Society, MTR has been cooperating with the educational activities of the Red Cross by displaying its posters in owned properties.



(Midosuji MTR Building)

■ Disaster Response

Implementation of Disaster Drills

We regularly conduct disaster drills in collaboration with Hotel operators at properties owned by MTR in an effort to increase disaster prevention awareness.

Collaboration with Sponsor Group

MTR has concluded a Basic Agreement Concerning Cooperation for Large-scale Disaster Response, etc. with Mori Trust Group Companies to strengthen cooperation for large-scale disaster response. MTR will cooperate with the sponsor group in areas such as human support, technical support, physical support such as emergency supplies and the provision of disaster information in relation to the properties owned by MTR, which entrusts management to Sponsor Group companies pursuant to the Master Lease Agreement and the Property Management Service Agreement.

(Reference) Initiatives for Local Communities by Mori Trust Group

* MTAM are comprised of personnel seconded from MORI TRUST CO., LTD.

Our sponsor MORI TRUST CO., LTD. has formulated the Kamiyacho God Valley Vision as its vision for new urban development in the Kamiyacho area of Toranomom in Minato Ward, which is being development as a new international hub of Tokyo.

Through initiatives such as the promotion of the SDGs in urban development, the creation of areas that will encourage creativity, the adoption of the technologies of the future and next-generation services, the formation of a diverse community and the staging of collaborative events in the area, MORI TRUST CO., LTD. is working with the people of Kamiyacho to create the future.



SDGs -Realization of a Sustainable Society-

Our sponsor has adopted the SDGs-realization of a sustainable society, as one of the four pillars for achievement of its Kamiyacho God Valley vision and, through initiatives with individual companies and groups for achievement of the SDGs, it is pushing ahead with urban development in each area and collaborating with local stakeholders to solve social issues.

SUSTAINABLE DEVELOPMENT GOALS



For further details on the Kamiyacho God Valley Vision, please visit the URL below.

https://www.mori-trust.co.jp/co-creation/area_kamiyacho.html (Japanese only)

■ Initiatives for Employees

In accordance with the provisions of the Act on Investment Trusts and Investment Corporations, MTR is not allowed to recruit employees and the officers and staff of MTAM are responsible for its operation to all intents and purposes. Entrusted with asset management by MTR, MTAM develops human resources through initiatives such as those shown below in order to achieve a high level of asset management.

Initiatives for Human Resource Development

MTAM's Employee Training

MTAM bears the cost of participation in training and examinations and other activities to support employees in gaining qualifications and developing necessary business skills in order to improve their professional skills.

(MTAM's training programs)

- Internal training on compliance, protection of personal information, etc.
- External training on sustainability delivered by ESG experts
- Study meetings on real estate delivered by university professors

(Support for the acquisition of various qualifications and attendance of external seminars)

- Acquisition of real estate-related specialist qualifications such as ARES Certified Master and Real Estate Transaction Specialist
- External seminars on practical accounting and tax issues
- External seminars on compliance

MTAM's employees also take part in diverse human resource development programs prepared by Mori Trust Co. Ltd., which is MTAM's sponsor.

Sponsor's Human Resource Development Programs

1 MT TALK

As a means of creating company-wide change and reform, all employees reflect seriously on the future vision of MORI TRUST and engage in lively debates and communications on its ideal form.

2 MT ACADEMY

Graded training programs, global training programs dedicated career advancement programs for female staff, MORI TRUST holds regular training sessions and workshops related to new business knowledge and techniques. These training sessions provide opportunities for mutual stimulation and promote the growth of each and every employee.

Training Program

Officers and employees are regularly provided with training on themes such as sustainability, compliance and protection of personal information.

Personnel Evaluation and Feedback

We conducts performance evaluations and reviews of all employees on a regular basis. Through regular appraisal and feedback, we accelerate employees' career development and build a transparent personnel evaluation framework.

Initiatives for Well-Being (Health and Comfort)

Creation of Comfortable and Healthy Workplace Environment

We endeavor to create a healthy and comfortable workplace environment where employees can reach their full potential.

(Specific Examples)

- Leave and work restriction systems for maternal health management (special leave, restriction of overtime and holiday work)
- Spouse's childbirth leave system
- Maternity leave system
- Childcare leave system
- Childcare time system (short working hour system, slide work system, restriction of overtime and holiday work)
- Child nursing care leave system
- Family care leave system
- Congratulation and condolence allowance system
- Mental health support
- Periodic health examinations
- Use of Group hotels by members
- Hourly leave system, etc.
- Response to COVID-19
 - Implementation of work from home (with the recommendation of commuting outside rush hour if it is necessary to come to the office)
 - Implementation of infection prevention measures (alcohol disinfectant and face masks are always in stock at offices)
 - Shift to online meetings, etc.

Implementation of Employee Satisfaction Surveys

To ensure that each employee is respected and each individual can maximize their potential, MTAM conducts an annual employee satisfaction survey to identify employees' opinions and requests. MTAM is also working to provide a healthier and more comfortable working environment by formulating action plans to resolve areas for improvement based on the results of employee satisfaction surveys.

Scheme for Listening to Complaints

We listen carefully to the complaints and frustrations of our employees in each workplace and take appropriate steps through the whistleblowing system that is available to all its officers and employees (including temporary employees, contract employees, employees on loan or dispatched from other companies, employees not running in a year from whistleblowing and officers). We take measures to ensure that no whistleblowers suffers retaliatory dismissal, disciplinary measures, or other detrimental treatment because of their whistleblowing.

Other Initiatives

Human Resources with High Levels of Expertise

We seek to achieve even more sophisticated asset management operations by accepting human resources with extensive experience and high levels of expertise from our sponsor and the sponsor group and leveraging their specialist skills.

Status of Employees (as of June 30, 2023)

Male / female employees ratios	Male	68%	Female	32%
Regular / non-regular employees ratios	Regular employees	74%	Non-regular employees	26%

*The employees of the asset management company of MTR are comprised of personnel seconded from MORI TRUST CO., LTD.

Employment System for Older Persons

A system has been introduced to rehire employees who have reached retirement age and wish to continue working until the age of 65 in order to take advantage of their wealth of knowledge and experience.

(Reference) Initiatives for Employees by Mori Trust Group

* MTAM are comprised of personnel seconded from MORI TRUST CO., LTD.

MORI TRUST, the sponsor of MTAM, considers the work-life balance of its employees to help maximize each employee's abilities and strives to create a comfortable environment for them to work.

Promotion of Work-Life Balance and Women's Participation

MORI TRUST has introduced various programs, such as childcare leave, to help employees manage both their work and childcare.

(1) Female employment rate		27.1%
(2) Female employee rate		27.1%
(3) Female management position rate		6.6%
(4) Rate of taking children leave	Male	55.6%
	Female	100.0%
(5) Rate of paid leave taken		82.8%

((1)(4)(5): FY2022, (2)(3): as of March 31, 2023)

(Note) Figures shown in (1), (2) and (3) are calculated for employees employed by MORI TRUST CO., LTD. and figures shown in (4) and (5) are calculated for employees assigned to MORI TRUST CO., LTD.

(Systems to Support Work-Life Balance)

- Leave and work restrictions for maternal health management
- Spouse's childbirth leave
- Maternity leave
- Childcare leave
- Childcare time
- Child nursing care leave
- Family care leave

Certification as a Childcare Supporting Company and Start of Childcare Business

MORI TRUST is recognized as a company supporting childcare and promoting women's activities by the Ministry of Health, Labour and Welfare (MHLW) and certified Platinum Kurumin and Eruboshi (two stars).

MORI TRUST opened a company-sponsored nursery, Nursery Room Mirai's, in Shiroyama Trust Tower in November 2019, which is available for use of the building's tenants and employees.



Implementation of Work-Style Reforms

- Participation in "Time Difference Biz" led by the Tokyo Metropolitan Government
- Uses telecommuting and mobile workplace
- Introduction of "workations"

Health and Productivity Management

The company, employees, their families, and the health insurance society work together on health management-related initiatives. These initiatives have been favorably received, and MORI TRUST was certified as a "Health and Productivity Management Organization" in 2023 (Ministry of Economy, Trade, and Industry).

■ Initiatives for Investors and Lenders

Information Disclosure

We seek to protect investors, etc., by setting forth policies and procedures to ensure that MTR and MTAM disclose information in a timely and appropriate manner in accordance with relevant laws and regulations. We have also set out the Information Disclosure Regulations to help maintain and improve public trust in MTR and MTAM.

In accordance with the Companies Act, the Act on Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange regulations, and other applicable laws and regulations, we endeavor to disclose to the public in a timely and appropriate fashion information requiring disclosure in relation to MTR and MTAM and other information that will help investors make investment decisions.

IR Activities

We communicate various useful information for investors via MTR's website including timely disclosure information, financial information, portfolio information, and information about ESG initiatives and distributions.

We also post a video about financial results on the MTR's website to keep investors informed and hold Q&A sessions on financial results for each fiscal period (mainly for securities analysts and institutional investors) and provide explanations about MTR's operations and forecasts.

In addition, we conduct individual interviews with institutional investors in Japan and overseas to given them a better understanding of MTR's operations.

■ Measures for Dealing with Complaints

MTAM has set forth the Regulations for Dealing with Complaints and Disputes, and strives to deal sincerely and promptly with complaints and other requests from customers or others and to show them understanding.

6. Governance Initiatives

■ Corporate Governance

MTR's Organization System

The organization of MTR consists of the General Meeting of Unitholders comprised of unitholders, one Executive Director, two Supervisory Directors, the Board of Directors comprised of the Executive Director and the Supervisory Directors, and the Accounting Auditor.

(a) General Meeting of Unitholders

Certain matters concerning MTR as set forth in the Act on Investment Trusts and Investment Corporations ("Investment Trusts Act") or the Articles of Incorporation are decided by a resolution of the General Meeting of Unitholders, which shall be composed of unitholders.

Unless otherwise stipulated in laws or the Articles of Incorporation, a resolution at the General Meeting of Unitholders will be made by the majority of the voting rights of the unitholders present. However, certain important matters, including amendments to the Articles of Incorporation, require a resolution made by two-thirds or more of voting rights of unitholders present, provided that unitholders holding investment units equivalent to majority of total investment units issued are present (special resolution).

With regard to all investment units issued, each unitholder holds voting rights at a ratio of one voting right for each investment unit held by the unitholder.

(b) Executive Director, Supervisory Directors and the Board of Directors

The Executive Director executes the business of MTR and also has the authority to take any judicial or extra-judicial acts related to the business of MTR on behalf of MTR. The Supervisory Directors have the authority to supervise the conduct of business by the Executive Director. The Board of Directors has the authority to approve the execution of specific responsibilities as well as the authority set forth in the Investment Trusts Act and the Articles of Incorporation and the authority to supervise the execution of duties by the Executive Director.

The appointment and dismissal of Executive Directors and Supervisory Directors is determined by resolution of a General Meeting of Unitholders in accordance with the provisions of the Act on Investment Trusts and Investment Corporations and the Articles of Incorporation.

(Status of the Board of Directors)

As of February 28, 2023

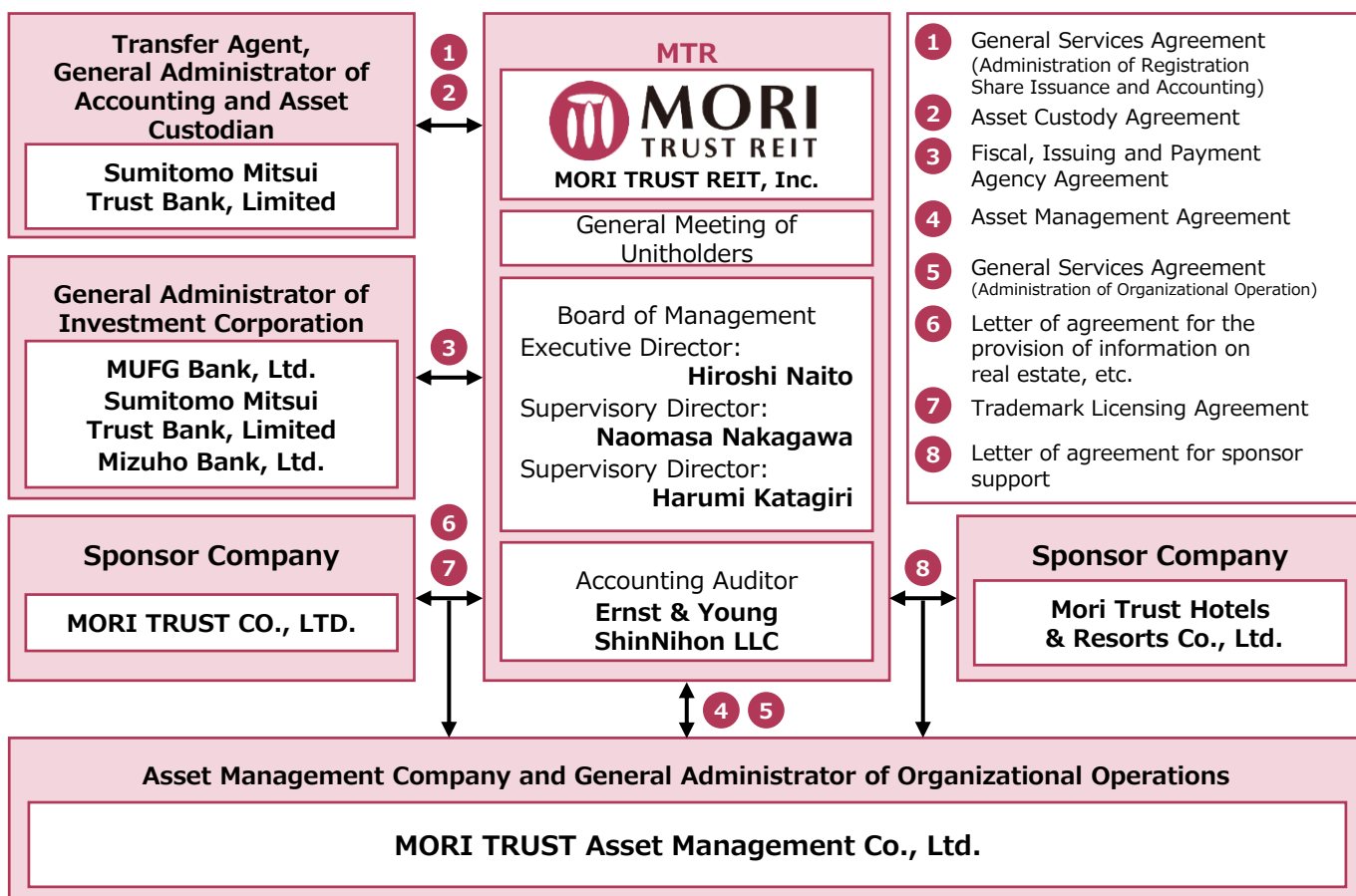
Position	Name	Attendance (April 2022 - February 2023)
Executive Director	Masayuki Yagi	11 meetings / 11 meetings (100%)
Supervisory Director	Naomasa Nakagawa	11 meetings / 11 meetings (100%)
	Harumi Katagiri	11 meetings / 11 meetings (100%)

(Note) At MTR, no meetings (committee meetings, etc.) equivalent to board meetings are held except for meetings of the Board of Directors.

(c) Accounting Auditor

MTR has elected Ernst & Young ShinNihon LLC as the Accounting Auditor. The Accounting Auditor will audit MTR's financial statements and other relevant material, report to Supervisory Directors in the event of detection of a fraudulent act or material fact violating any law or the Articles of Incorporation concerning execution of duties of the Executive Director and perform other duties stipulated in laws.

Chart of MTR's Organization System



Status of Directors

The status of the Executive Director and Supervisory Directors is as shown below.

Criteria that apply to the payment of remuneration to Executive Directors and Supervisory Directors are specified in MTR's Articles of Incorporation decided pursuant to a resolution of Investors' Meeting.

(Executive Director) An amount determined at a meeting of the Board of Directors with a maximum of 800,000 yen per month.

(Supervisory Director) An amount determined at a meeting of the Board of Directors with a maximum of 500,000 yen per month.

As of June 30, 2023

Title	Name	Gender	Brief Personal History	Number of investment units
Executive Director	Hiroshi Naito	Male	Apr. 1995 Joined Mori Building Co., Ltd. Aug. 1999 Joined Mori Building Development Co., Ltd. (now MORI TRUST CO., LTD.) Nov. 2009 Section Manager, General Administration Department Legal Affairs, MORI TRUST CO., LTD. Dec. 2014 Section Manager, Public Relations Department, MORI TRUST CO., LTD. Jul. 2016 General Manager, Public Relations Department Public Relations Group, MORI TRUST CO., LTD. Nov. 2017 Seconded to MORI TRUST Asset Management Co., Ltd. General Manager, Planning and Finance Department Jun. 2018 Seconded to MORI TRUST Asset Management Co., Ltd. Director and General Manager, Planning and Finance Department Mar. 2019 Seconded to MORI TRUST Asset Management Co., Ltd. General Manager, Strategic Management Department Sogo REIT Management Division, and General Manager, Planning and Finance Department Nov. 2022 Seconded to MORI TRUST Asset Management Co., Ltd. Director, and General Manager, Strategic Management Department Sogo REIT Management Division, and General Manager, Planning and Finance Department Mar. 2023 President and Representative Director (in office) May 2023 Executive Director of MORI TRUST REIT, Inc. (in office)	0
Supervisory Director	Naomasa Nakagawa	Male	Oct. 1999 Passed a bar examination Oct. 2001 Joined Mitsui, Yasuda, Wani & Maeda Sep. 2004 Joined Orrick's Tokyo office Oct. 2008 Joined Orrick, Herrington & Sutcliffe LLP (San Francisco) Sep. 2009 Joined Hibiya Park Law Office Apr. 2018 Auditor, coly, Inc. (in office) Jan. 2019 Partner lawyer, Hibiya Park Offices (in office) (Practice Areas : General Corporate, Cross-border Transactions, Mergers and Acquisitions, Compliance, Corporate corruption, Crisis management, Intellectual Property, Systems-related, Non-profit activities-related, Lawsuits and International arbitration) Jun. 2019 Supervisory Director, MORI TRUST REIT, Inc. (in office)	0
	Harumi Katagiri	Female	Nov. 1993 Joined Asahi Audit Corporation. (currently, KPMG AZSA LLC) Apr. 1998 Registered as a certified public accountant in Japan Mar. 2000 Joined Century Audit Corporation (currently, Ernst & Young ShinNihon LLC) Jul. 2009 Employee of Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC) Jul. 2017 Established the Harumi Katagiri CPA office (in office) Mar. 2018 Outside Director, Tamron Co., Ltd. (in office) Jun. 2019 Supervisory Director, MORI TRUST REIT, Inc. (in office) Director, Japan Asia Investment Co., Ltd. (in office) In addition to the above, she serves as a member of the Contract Review Committee of the Ministry of Internal Affairs and Communications and a member of the Bid Monitoring Committee of the Tokyo Metropolitan Government.	0

Title	Name	Directors' remuneration (Note)
Executive Director	Masayuki Yagi	—
Supervisory Director	Naomasa Nakagawa	¥1,500,000
	Harumi Katagiri	¥1,500,000

(Note) Directors' remuneration for the fiscal period ended February 2023 (5 months). Remuneration is paid entirely on a fixed pay basis. No remuneration is paid on a variable basis.

Status of Accounting Auditor

The status of the Accounting Auditor is as shown below.

Title	Name	Remuneration (note)	
		audit fees	¥10,000,000
Accounting Auditor	Ernst & Young ShinNihon LLC	non-audit fees	¥2,100,000

(Note) Accounting Auditor's remuneration is for the fiscal period ended February 2023 (5 months).

Status of Unitholders

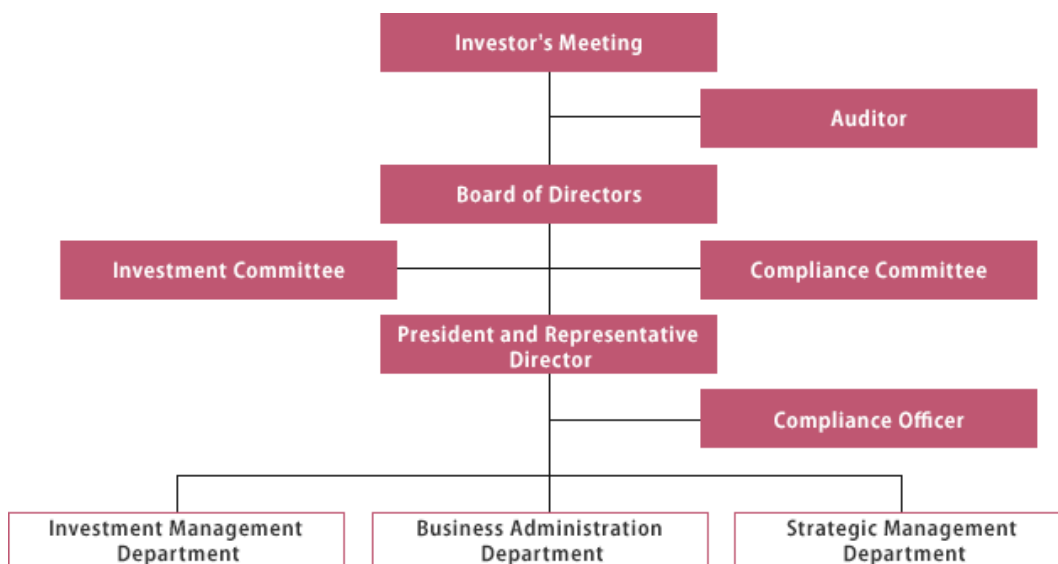
MTR's principal unitholders (the top ten entities with the highest holding ratios) as of the end of February 2023 are as shown below.

Name	Number of units held	Ownership ratio
MORI TRUST Holdings, Inc.	350,070 units	26.52%
Custody Bank of Japan, Ltd. (Trust accounts)	271,702 units	20.58%
The Master Trust Bank of Japan, Ltd. (trust account)	128,238 units	9.72%
The Nomura Trust and Banking Co., Ltd. (investment trust)	52,214 units	3.96%
STATE STREET BANK WEST CLIENT - TREATY 505234	16,676 units	1.26%
SSBTC CLIENT OMNIBUS ACCOUNT	16,662 units	1.26%
LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	16,234 units	1.23%
THE HACHIJUNI BANK,LTD.	13,085 units	0.99%
JP MORGAN CHASE BANK 385771	12,232 units	0.93%
STATE STREET BANK AND TRUST COMPANY FOR DWS RREEF REAL ASSETS FUND	11,650 units	0.88%
Total of top 10 investors	888,763 units	67.33%

(Note) Status of unitholders of MTR (Former MORI TRUST Sogo Reit, Inc.)

MTAM's Organizational Structure

MTR entrusts asset management to MTAM. MTAM's organizational structure is as shown below.



■ Compliance Structure

Basic Compliance Policy and Structure

MTAM has set compliance with laws, regulations and other rules as one of its management priorities and MTAM's management is actively working to develop and strengthen the compliance structure and internal control structure. To establish an appropriate operational structure, MTAM has appointed a compliance officer as the person responsible for compliance-related matters at MTAM to ensure that internal checks and balances on other departments function effectively. Furthermore, through the establishment and operation of the Compliance Committee, MTAM has established a multi-tiered structure for ensuring MTR's compliance with laws, regulations and other rules.

(a) Board of Directors

The Board of Directors seeks to ensure compliance as the organization with ultimate responsibility for the execution of business and, besides receiving reports on matters approved by the Compliance Committee, also makes resolutions on important compliance-related matters at MTAM, including formulation and amendment of the basic policy on compliance and compliance program, formulation of the risk management plan and internal audit plan, as well as appointment and dismissal of Compliance Committee members and the Compliance Officer.

(b) Compliance Committee

The Compliance Committee is responsible for execution of the duties set forth in the Compliance Committee Rules in cooperation with the Board of Directors and Compliance Officer.

(c) Compliance Officer

As the person responsible for compliance at MTAM, the Compliance Officer works to establish an internal compliance structure and to raise awareness of norms for compliance with laws, regulations and other rules within the company. The Compliance Officer, therefore, constantly monitors whether MTAM executes asset management business in accordance with laws, regulations and other rules, and also monitors and supervises the status of compliance in the execution of day-to-day operations.

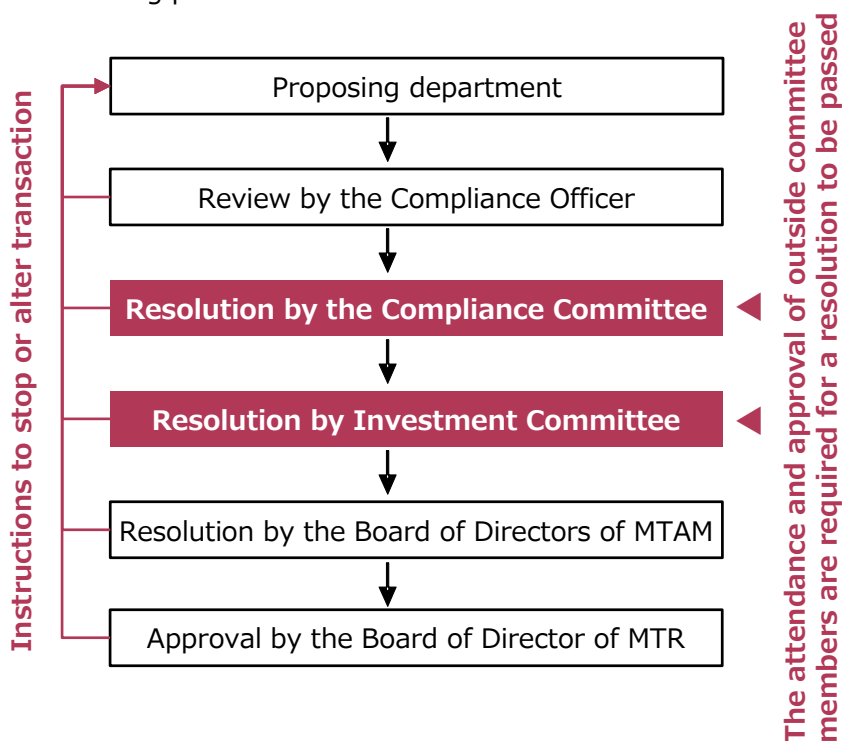
In light of the importance of the Compliance Officer's responsibilities, MTAM elects as Compliance Officer an individual who is sufficiently capable of examining and supervising business execution to achieve compliance with laws, regulations and norms.

MTAM has put in place a structure such that any act pertaining to MTAM's business operations that violates or is likely to violate laws and regulations discovered by any officer or employee is reported immediately to the Compliance Officer.

Appropriate Management of Conflicts of Interest

To prevent MTAM from engaging in transactions with related parties sharing certain interests with MTAM which may be harmful to the interests of MTR, MTAM has identified types of related party transactions and set forth related party transactions standards and comprehensively judges whether to conduct a transaction through deliberation by more than one body. MTAM elects outside specialists as committee members to both the Compliance Committee and the Investment Committees that hold such deliberations.

If the acquisition of an asset or other transaction by an investment corporation which entrusts its asset management to MTAM constitutes a related party transaction, the approval of the outside committee members of the Compliance Committee and Investment Committees are required. Details of this decision-making process are as shown below.



Exclusion of Antisocial Forces

MTAM has formulated the Basic Policy to Prevent Damages Caused by Antisocial Forces in order to exclude antisocial forces and groups that threaten public order or stability and obstruct the economic activity of companies and individuals.

The Policy sets out that the organization as a whole will deal with unjust demands by antisocial forces, that MTAM will establish close and cooperative relationships with external specialist organizations such as the competent police, the National Center for Removal of Criminal Organizations, and legal practitioners, that it have no relations with antisocial forces including business relations, and that it will refuse any unjust demands by antisocial forces.

Prohibition of Insider Trading

MTR and MTAM established respectively its Corporate Information Management Rules to prohibit MTR's officers and MTAM's all its officers and employees (including temporary employees, contract employees, employees on loan or dispatched from other companies, and officers) from engaging in transactions such as trading securities including MTR's investment units, based on corporate information or other special information that they have obtained in the course of operations by taking advantage of their titles and positions.

Relations with politicians and governments

MTAM's Basic Policy on Compliance stipulates that it shall maintain transparent and sound relations with politicians and governments.

It has never made any political donations in the past.

Prevention of Bribery and Corruption

MTAM has the Rules of Employment and the Basic Policy on Compliance in place to ensure that all managers and employees do not engage in any type of fraud or corruption, including the offering or accepting of gifts, entertainment and/or other benefits beyond socially accepted limits, money laundering, acts of bribery including the offering of economic benefits to public officers and acts of pursuing their own interest by taking advantage of their positions, with strict disciplinary action applying for any violation of such rules.

With respect to acts of fraud and corruption, there has been no material violation or any record of paying penalties, surcharges or settlement money to date.

No employee has been subject to reprimand or dismissal due to acts in relation to bribery or corruption.

In addition, we are fully committed to ensuring that all managers and staff members thoroughly understand the content of the Rules of Employment and the Basic Policy on Compliance. Measures for the prevention of acts of fraud and corruption are properly integrated into the company-wide risk management program and management.

For outline of the company-wide risk management program, please refer to "Risk Management " on page 39 of this report.

Establishment of Whistleblowing System

MTAM has a whistleblowing system in place for all its officers and employees (including temporary employees, contract employees, and employees on loan or dispatched from other companies, employees not running in a year from whistleblowing and officers).

This system is used for whistleblowing to report acts involving organizational or individual violations of laws and regulations, including any type of fraud or corruption such as the offering or accepting of gifts, entertainment and/or other benefits beyond socially accepted limits, money laundering, acts of bribery including the offering of economic benefits to public officers and acts of pursuing personal interest by taking advantage of one's position.

A whistleblower can make a report anonymously. In addition, in accordance with the Whistleblower Protection Act, it is prohibited to carry out dismissal, disciplinary measures, retaliation or any other treatment that is disadvantageous to a whistleblower on account of such whistleblowing.

Provision of Regular Compliance Training

MTAM provides all its officers and employees (including temporary employees, contract employees, employees on loan or dispatched from other companies, and officers) with training mainly aimed at raising compliance awareness on a regular basis.

■ Risk Management

Basic Risk Management Policy and Structure

With risk management positioned as one of its management policies, MTAM is facilitating risk management according to the Risk Management Regulation set forth for ensuring the continuity and stable growth of businesses and soundness of management.

MTAM has also established the following risk management system.

(a) Board of Directors

The Board of Directors makes decisions on the formulation and revision of plans for risk management (Risk Management Plan) and receives regular reports from the Compliance Officer on the progress of the plan.

(b) Compliance Officer

The Compliance Officer, as the Chief Risk Management Officer, establishes and maintains the risk management framework of MTAM and controls operations related to risk management.

(c) General Managers

The general managers as risk management managers establish and maintain a risk management framework under their jurisdiction, and control and execute operations related to risk management under their jurisdiction.

Risk Management Process

In accordance with the "Risk Management Regulations," MTAM practices company-wide risk management by conducting risk assessments and formulating a "Risk Management Plan" every fiscal year, as well as by regular checking on the progress of the plan. The risk management process is as follows:

- ① Identify risk items in each department by risk category.
- ② Assessment of "frequency of occurrence (possibility of occurrence)" and "scale of damage (impact)" of each risk.
- ③ Based on the results of the above assessment, determine which risk items could be material risk items.
- ④ Set management targets and formulate response measures for each determined material risk item.
- ⑤ Assessment of the implementation status of response measures, and report on the results of the assessment and corrective/improvement matters based on the assessment.

Education and training

Chief Risk Management Officer or risk management officers provide all managers and staff members with education and training to make sure that they understand and recognize risk management and the importance thereof.

■ Other Initiatives

Information Security

MTAM enacted the Information Management Rules with the aim of properly utilizing company information and preventing information incidents including unauthorized access and the loss or leak of company information.

The rules aim to ensure information management by providing for training and audits on the management of confidential information, restriction of unauthorized access, prevention of information leaks, maintenance of information systems and information system.

Same Boat Investment by Sponsor Group

MTR aims to improve unitholder value by aligning sponsor interests with those of unitholders.

Percentage of investment units
owned by Mori Trust Group

29.2% (as of March 1, 2023)

Customer-oriented Business Conduct

MTAM adopted the Principles for Customer-Oriented Business Conduct announced by the Financial Services Agency on March 30, 2017 and set forth a Policy on Customer-Oriented Business Conduct as set out below.

1. Formulation and Announcement of Policies regarding Customer-Oriented Business Conduct

We have formulated and announced this Policy and we publish the status of the Policy's implementation and also revise this Policy as appropriate.

2. Pursuit of the Customers' Best Interest

As a financial service provider, we maintain a high level of expertise and professional ethics, conduct business with customers in a faithful and fair manner, and pursue customers' best interests. MTAM also endeavors to ensure that such business conduct becomes firmly established as its corporate culture.

3. Appropriate Management of Conflicts of Interest

To accurately understand and manage potential conflicts of interests in transactions, we have established rules such as the Related Party Transaction Rules and Compliance Rules as voluntary rules in addition to the provisions of relevant laws and regulations, and we have established a policy for dealing with transactions involving conflicts of interest and an operating structure to ensure high independence.

4. Clarification of Various Fees and Commissions

MTAM properly provides information to help customers understand details of various fees and commissions paid to us by investment corporations which entrust their asset management to us, including details of the kind of services provided in exchange for these fees and commissions.

5. Providing Important Information in an Easy-to-understand Manner

MTAM provides important information which might affect customers' investment decisions in an easy-to-understand manner through statutory disclosure, timely disclosure, voluntary disclosure and other means.

6. Providing Suitable Service to Customers

We endeavor to understand customers' needs and conduct asset management based on an awareness of these needs. We also provide easy-to-understand information that helps customers understand the status of operations of investment corporations who entrust their asset management to us.

7. Framework for Adequate Motivation of its Employees

To further promote customer-oriented business conduct, MTAM raises awareness of its Corporate Philosophy and its Basic Policy on Compliance as well as of the importance of this policy among individual employees through compliance training, etc.