



COMFORIA RESIDENTIAL REIT

Sustainability Report 2021

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About this Report

Comforia Residential REIT, Inc (“CRR”) and TLC REIT Management Inc. (“TRM”) to which CRR entrusts its asset management, are making the best effort to disclose information related to the sustainability initiatives to the investors and other stakeholders. Within this scope, this report is issued to illustrate the ESG (E: Environment, S: Society, G: Governance) initiatives at CRR and TRM which are essential to contribute to a sustainable society.

Coverage on this report

Period	From August 2020 to July 2021 (excl. some data)
Entities	CRR and TRM
Issued date	October 25, 2021

Contact

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We communicate also using the Global Reporting Initiative (GRI) Sustainability Reporting Standards, an international sustainability framework for ESG-related reporting. About the GRI Standards, please refer to page 56.

Disclaimer

CRR and TRM do not guarantee or warrant the accuracy and safety of the information provided in this document, and shall not be liable for updating the information provided.

Please be advised that forward-looking statements provided herein may be subject to change or deletion without prior notice.

Top Messages

From Executive Director of CRR



Takehiro Izawa
Executive Director
Comforia Residential REIT, Inc

First of all, we would like to offer our heartfelt sympathy to everyone who has been affected by COVID-19, as well as their family members and other loved ones, and express our gratitude to all the healthcare professionals and other essential workers devoting their efforts to fighting the pandemic. We hope that our daily lives will return to normal as soon as possible.

Since our establishment, under the basic policies of “investments in residential properties with high growth potential” and “utilization of the Tokyu Fudosan Holdings (“TFHD”) Group”, CRR has achieved internal and external growth by focusing our investment in assets located in the 23 wards of Tokyo where has a strong demand for rental residences.

In the meantime, we have witnessed changes in social structure and lifestyle in Japan, such as decrease in population caused by declining birthrate and aging population; migration of younger generations to metropolitan areas; change in residential preference from ownership to renting; and the government-led workstyle reform.

In recent years, demand for corporations to respond to such social issues has increased, considering that these issues and changes may become a risk factor for corporate business continuity. Triggered by the adoption of Sustainable Development Goals (SDGs) by the United Nations, the recognition that management focus on ESG (Environment, Society and Governance) will contribute to the enhancement of the corporate value, has been widespread.

In light of this trend, our asset management company TRM established their Sustainability Policy in April 2019 as their basic approach towards contributing to the development of sustainable society. We have created and issued this report for the purpose of providing a comprehensive tool that may be used to gain more in-depth knowledge of CRR and TRM’s aforementioned Sustainability Policy and ESG-related initiatives. We hope that it will help our unitholders and other stakeholders understand our efforts.

CRR and TRM will continue fulfilling our social responsibilities by improving our sustainability initiatives, which we hope will strengthen the relationship of mutual trust that we have built with our stakeholders.

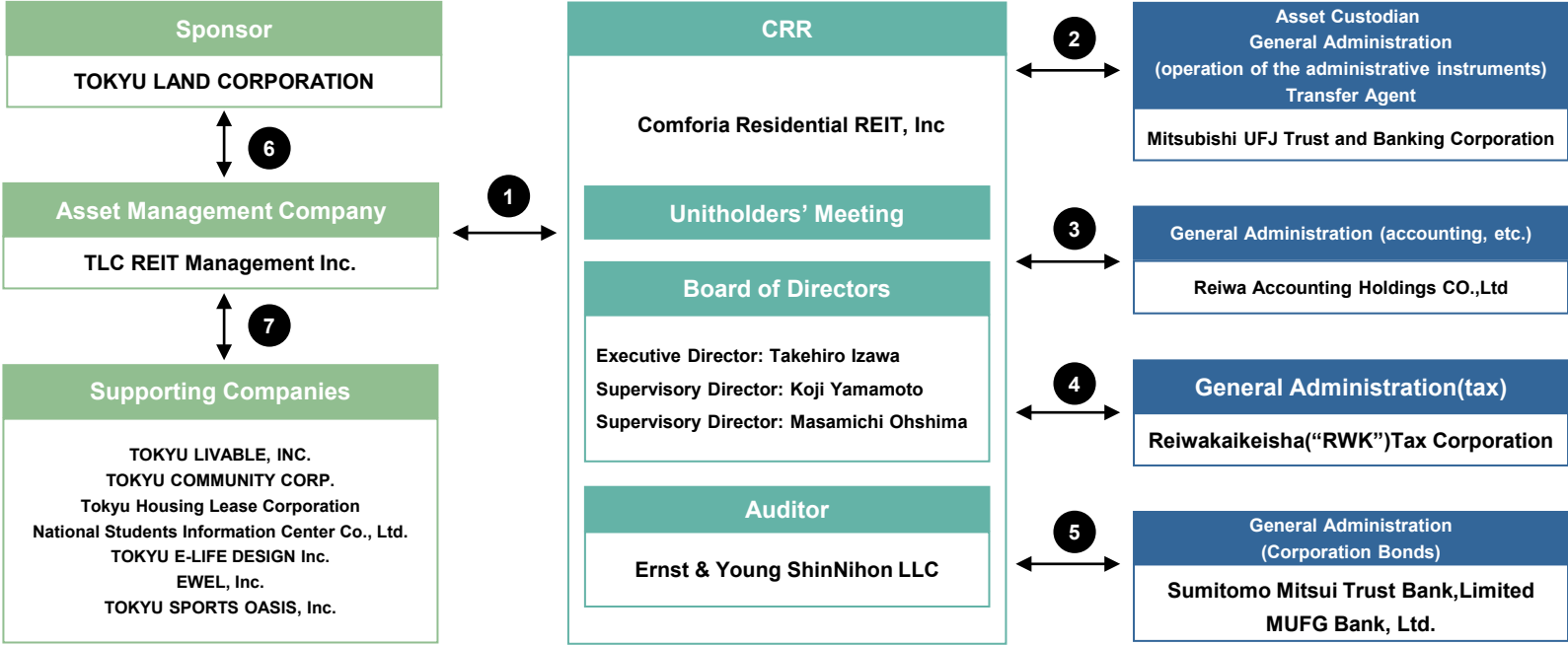
Overview

Based on the Investment Trust and Investment Corporation Act (Act no. 198 of 1951 and subsequent revisions; hereinafter referred to as the “Investment Trust Act”), CRR was established on June 8, 2010, as an investment corporation that mainly invests in real estate provided for residential use. We completed registration by the prime minister of Japan under Article 187 of the Investment Trust Act on June 30, 2010 (registration number: Director of Kanto Finance Bureau no. 71) and started operation in August 2010. Subsequently, CRR issued new investment units based on a public offering on February 6, 2013, and was listed on the Tokyo Stock Exchange’s Real Estate Investment Trust Securities Market (security code: 3282). When we began operation, CRR’s assets under management were 11 properties with a total acquisition price of 15,5 billion yen; since then, as a result of steadily acquiring and selling properties based on the basic policy concerning assets under management stipulated in our articles of incorporation (i.e., to manage assets with the aim of securing stable income and achieving steady growth of assets under management in the medium to long term in order to maximize unitholder value), the number of assets we owned had reached 140 by the end of July 2021, with a total acquisition price of 261.5 billion yen.

Name	Comforia Residential REIT, Inc (TSE:3282)
Representative	Executive Director, Takehiro Izawa

Address	21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo
Fiscal Period	Six-month period from Feb.1 to Jul.31, and Aug.1 to Jan.31

Structure



①Asset Management Agreement ②Asset Custody Agreement / Administrative Service Agreement / Transfer Agency Agreement ③Accounting Service Agreement ④Tax Administrative Agreement ⑤Fiscal, Issuing and Payment Agency Agreement ⑥Sponsor Support Agreement ⑦Support Agreement

Basic Policies

We invest intensively in rental residences for singles and small families, mainly in the Tokyo metropolitan area, based on our basic policies of “investments in residential properties with stable earnings and high growth potential” and “utilization of TFHD Group,” with the aim of ensuring stable earnings over the medium- to long-term and maximizing our unitholders’ value.

COMFORIA Series

We will invest in and manage rental residences, fully utilizing the concept and expertise of the urban rental residence COMFORIA series, which Tokyu Land Corporation has produced.

For a Superior Level of Living Comfort

COMFORIA is the name we have given to the urban rental residences produced by the Tokyu Land Corporation. The word COMFORIA is a compound that we coined from “comfort,” and “ia,” a Latin suffix meaning “place.” The idea that residences are not just containers has given birth to our “COMFORIA” series of rental residences made specifically for people who wish to live freely and affluently in urban communities. COMFORIA offers living comfort beyond expectation and surpasses the level of mere convenience in many ways.

Four Advantages COMFORIA Offers

Location

COMFORIA knows how valuable time is.

Quality

COMFORIA knows what high quality feels like.

Safety

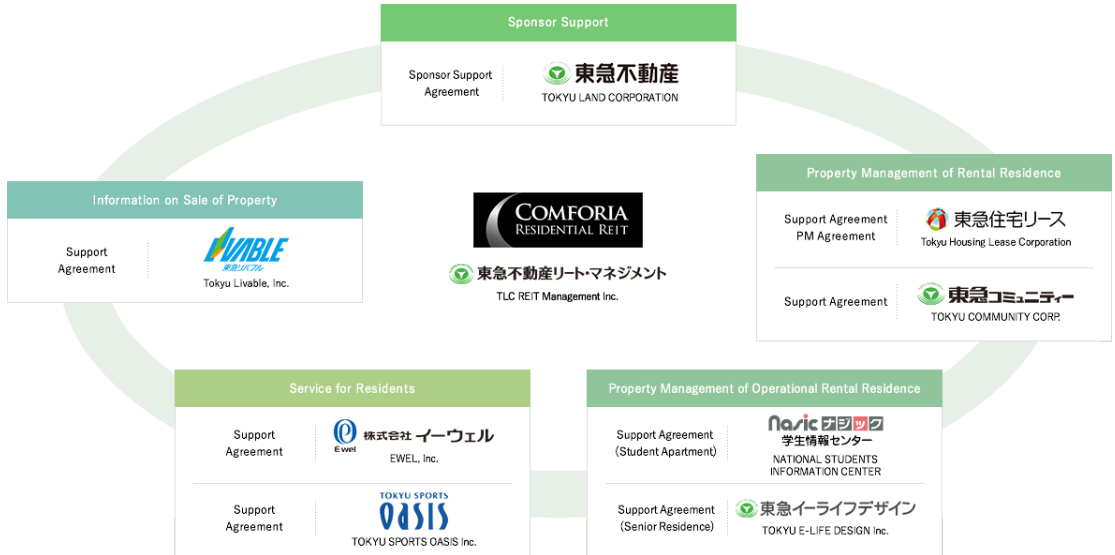
COMFORIA knows where peace of mind comes from.

Service

COMFORIA knows how residents feel.

Value Chain of TFHD Group

We have concluded sponsor support agreements, support agreements and property management agreements for managed assets with TRM and TFHD Group companies to fully utilize the value chain and expertise of TFHD Group. With the support of TFHD Group companies through such agreements, we aim to expand our asset size (external growth), and maintain and increase asset value (internal growth).



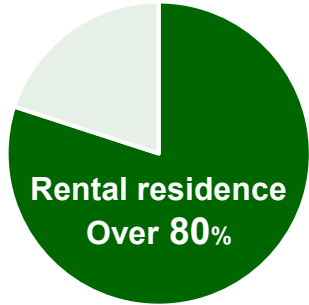
Portfolio Management Policy

Investment Target

- Primary target: Maintain over 80% investment ratio of “Rental Residence” generating stable earnings.
- Sub-target: “Operational Rental Residence” with services likely to attract demand (i.e. senior residences, serviced apartments and student apartments.)

Asset Type	Investment Target	Investment ratio (acquisition price base)	As of Jul.31,2021
Residential property	Rental residence	80%~100%	96.6%
	Operational rental residence	0%~20%	3.4%

(Note) Investment ratio is based on acquisition price. In terms of land with limited property rights, calculations are based on the type of residential property built on the parcel.

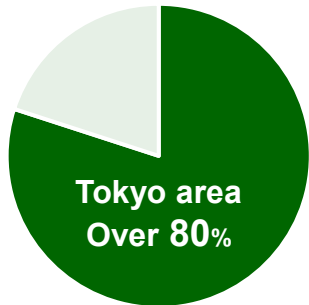


Investment Area

- Maintain over 80% investment ratio of assets in “Central Tokyo”, “Sub-central Tokyo” and “Tokyo Metropolitan areas”, where there is strong potential demand for rental residences.

Category	Investment Area		Investment ratio (acquisition price base)	As of Jul.31,2021
Central Tokyo	5 major wards	Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku	80%~100%	95.6%
Sub-central Tokyo	Dense residential districts outside of the 5 major wards	Other Tokyo wards (excluding above)		
Tokyo Metropolitan area	Dense residential districts in all other Tokyo Metropolitan areas	All other areas within Tokyo Metropolitan boundaries expecting strong demand		
Other major cities	Dense residential districts in ordinance-designated cities		0%~20%	4.4%

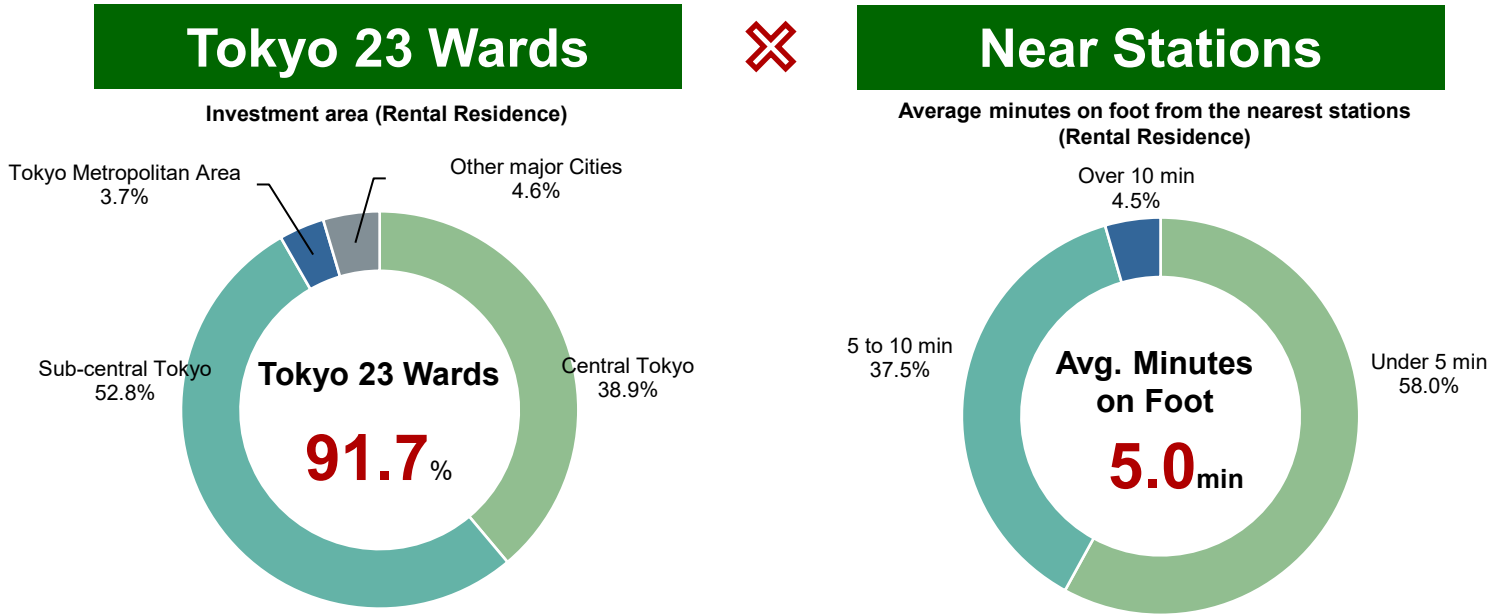
(Note) Investment ratio is based on acquisition price. In terms of land with limited property rights, calculations are based on the area where the parcel exists.



Features and Strengths

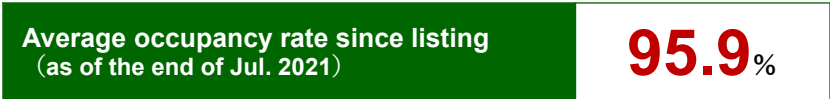
Portfolio focusing on “Tokyo 23 Wards” and “Near Stations”

When investing in properties, CRR selects them carefully, based especially on our location strategy for rental residences, with a focus on Tokyo’s 23 wards where there are strong rental needs. Moreover, we have strategically built up our portfolio by continuing to emphasize properties located near stations, with the closest station just a few minutes away on foot. As a result, 91.7% of the rental residences in our portfolio were located in Tokyo’s 23 wards as of the end of July 2021, and the average time on foot from rental residences to the nearest station was 5.0 minutes.



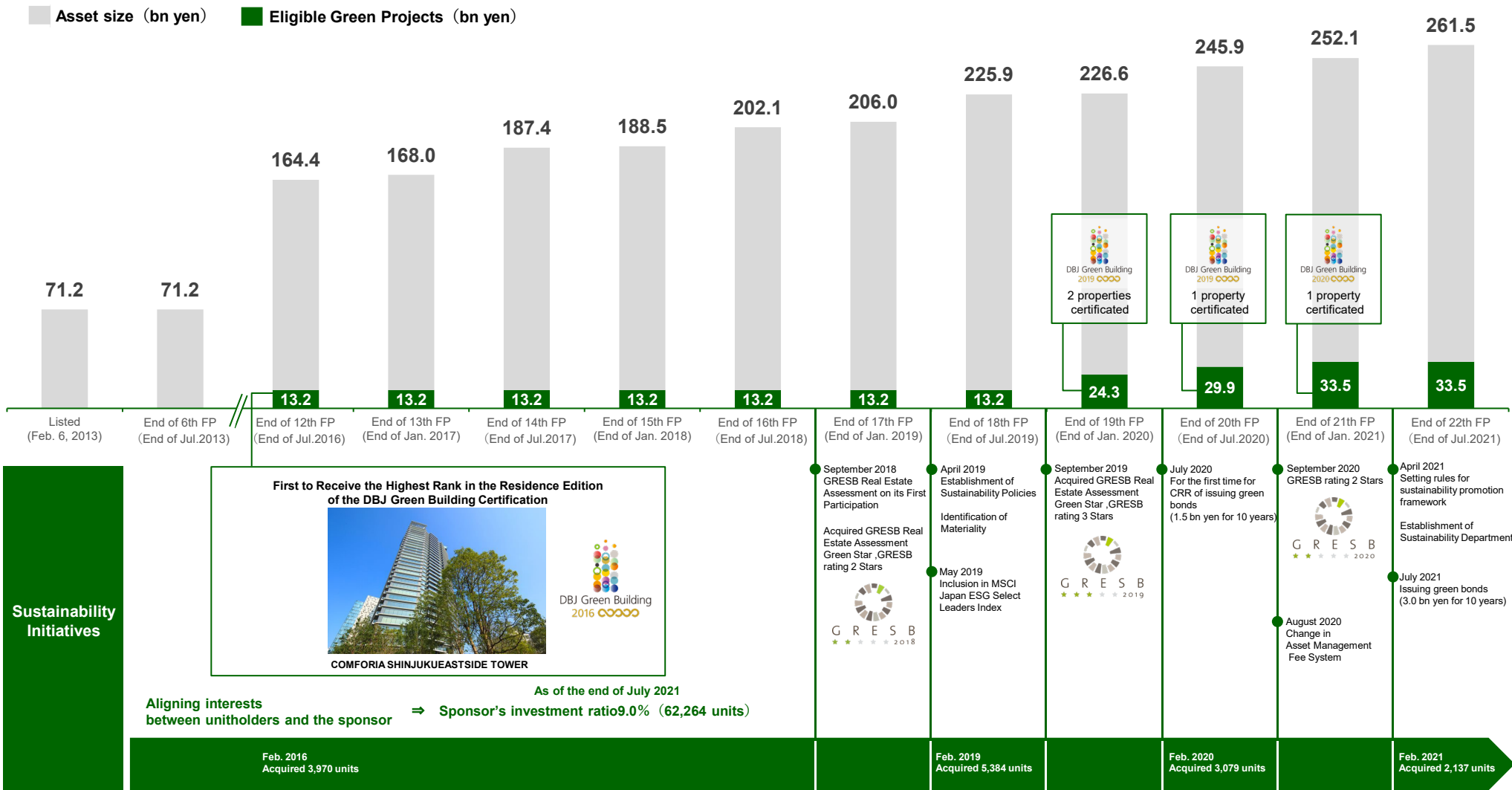
Utilizing Support from TFHD Group

CRR aims to steadily increase our asset size and maintain and improve our asset value by using the support of the TFHD Group. The proportion of our properties acquired from the TFHD Group as of the end of July 2021 was 72.1% (based on the acquisition price). In addition, the average occupancy rate since our listing is 95.9% (as of the end of July 2021).



Continuous expansion in asset size and sustainability initiatives

CRR aims to steadily increase our asset size and maintain and improve our asset value by using the support of the TFHD Group. Furthermore, we have positioned sustainability initiatives as one of our priority strategies and are pursuing various environmental and social initiatives.



Sustainability Initiatives

TRM recognizes the impact of environmental and social considerations, and that of strong governance, and as a member of TFHD Group, shares TFHD Group's Sustainability Vision. TRM believes that tackling these issues is a social responsibility, realizes our management philosophy, and contributes to the development of a sustainable society. The Sustainability Policies are established hereunder to implement the beliefs of TRM.

Sustainability Policies

Established April 1, 2019

1. Environmental Considerations

TRM will consider energy efficiency, decarbonization, water efficiency, and waste reduction as four major items in the operation of each investment corporation, and promote our initiatives by applying these items to each environmental policy.

2. Efforts for Employees

- (1) TRM will improve employees' sustainability knowledge, promote enlightenment activities for that purpose, implement capacity building to allow personnel to act professionally and become more productive, provide training for human resource development, and support the acquisition of qualifications.
- (2) TRM will promote efforts to improve the way employees work in light of the policies and practices of the entire Group and by closely sharing information in TRM.

3. Collaboration with External Stakeholders

- (1) As a member of the local community, TRM will enhance relationships with customers, such as tenants and facility users, and the local community through improvements in disaster prevention and BCP measures, contributing to safety and security.
- (2) TRM will promote programs and procurement with environmental and social considerations through engagement with tenants and suppliers, including property management companies.
- (3) By means of the effective use of the expertise in real estate and other fields owned by TFHD Group's affiliates, TRM will be committed to improving customer satisfaction while continuing to create value through each investment corporation.

4. Legal Compliance and Risk Management

TRM will comply with environmental, social, and governance laws and regulations as well as pay close attention to and appropriately respond to legislative changes. For risk assessment upon real estate acquisition, TRM will work on risk management in an appropriate manner, taking into account environmental and social impacts.

5. Information Disclosure

TRM will strive to disclose information on our sustainability efforts to investors and other stakeholders.

Promotion System

To enhance TRM’s efforts towards the issues related to environmental or societal consideration, etc. based on its Sustainability Policy, the rules on the Sustainability Promotion System require that the President & CEO to be the Chief Sustainability Officer and each department appoint one responsible person from the department. The Sustainability Promotion Council is to be held with the President & CEO as chairperson. Sustainability Department was established as of April 1, 2021 to expand the functionality of the Sustainability Promotion System. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.

Sustainability Promotion Council

The Sustainability Promotion Council meets regularly with President & CEO as the Chief Sustainability Officer who assumes the ultimate responsibility, and other members from across the organization of company and among members, we share relevant information and examine and promote the efforts. External experts are invited to the Council to consult opinions when needed.

Members of the Sustainability Promotion Council	Chairperson	President & CEO
	Regular members	Director, Chief Division Officers of the Comforia Management Division, Activia Management Division, and Broadia Management Division, Corporate Management Division, General Managers of Environmental Engineering Department, and Sustainability Department, Compliance Officer
	Organizer	Sustainability Department
Meeting frequency	Every quarter in principle	
Main issues to be discussed	<ul style="list-style-type: none"> · Amendment and abolishment of the Sustainability Policy · Amendment and abolishment of the Materiality · Matters related to, and common to TRM and CRR · Annual activities planning, report on status 	

Materiality

As a member of TFHD Group, TRM recognizes the key issues (the "Materiality") identified by TFHD Group and has identified its own materiality by extracting significant medium- to long-term societal issues based on the tasks which CRR has been working on such as environmental issues. The Materiality has been shared with CRR.

Identification process

Materiality was identified by select cross-divisional members of TRM.

Step1 Awareness and organization of societal issues

In preparing discussions for Materiality, societal issues related to CRR and TRM were extracted by referencing TFHD Group Integrated Report; materiality; GRI Standards; relevant SDGs; ESG assessments for the real estate sector; and issues recognized by the industry association.

Step2 Integration and consolidation of issues

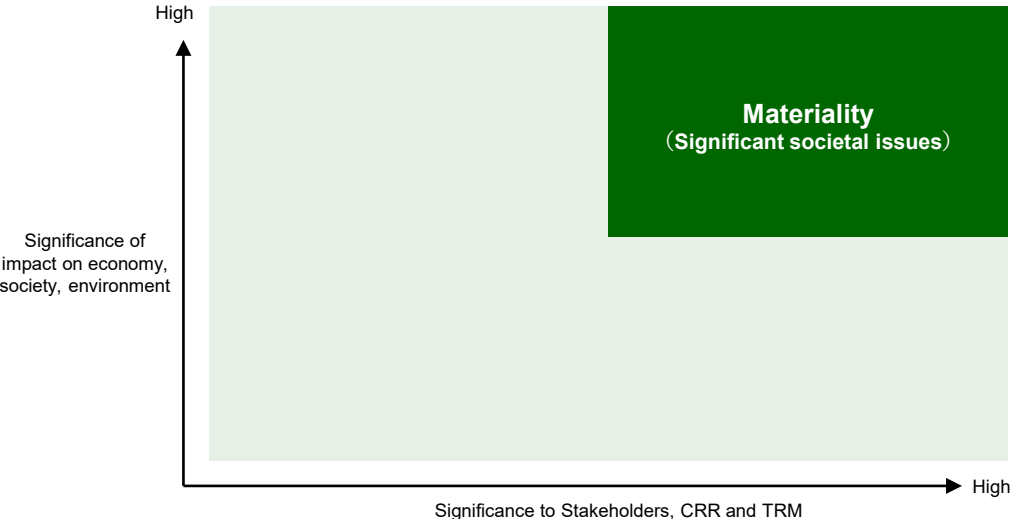
With respect to the above stated societal issues, a materiality short list was created after summarizing the tasks which CRR and TRM has been working on, and discussing topics that should be given higher significance, with additional consideration to risks and opportunities regarding each issue.

Step3 Reflection of opinions from officers and employees

All officers and employees were asked to offer opinions as stakeholders of TRM, and preliminary interview was conducted with executive officer and supervisory directors of CRR.


















Step4 Identification of materiality

Based on the interview results, significance of each issue to be addressed by CRR and TRM was reviewed for appropriateness. Materiality was identified by the Sustainability Promotion Council and reported to the board of directors of TRM and CRR.












SDGs with close relevance to the Materiality

The Materiality, which is shared between CRR and TRM, is identified by considering the impact from a view of risks and opportunities, and the significance for us to address. Our aim is to contribute to the SDGs (Sustainable Development Goals) through our commitment to the Materiality.

Materiality	Risks (Impact of not addressing materiality)	Opportunities (Business opportunities expected by addressing materiality)	Relevant SDGs
Reducing environmental impact	Increased physical risk from escalation of climate change (human damage, property damage, economic damage)	<ul style="list-style-type: none"> Share clear commitment to ESG investment with officers and employees, providing opportunity for implementation and incorporation in our business strategy Increased demand for leasing properties focused on environmental performance 	   
Human capital development as a group of professionals	Lack of sufficient skilled resources may hinder business operation, leading to stagnant or lower unitholder value	Each employee's effort to further realize their abilities and maintain mental health and stable living while fulfilling the fiduciary duty required of asset management business and working towards our goal of maximizing unitholder value and enhancing our presence will create a positive cycle and improve our performance.	   
Contribution to the region	<ul style="list-style-type: none"> Breakdown of communication with local community at times of emergency such as disaster may cause reputational risk Risk of loss of liveliness due to the image of the invested region becoming obsolete or due to population decrease 	Show presence by contributing to the safety and security of the region and vitalization of local economy as a member of a corporate group committed to urban development	  
Health and well-being of tenants	Facilities with inferior ESG considerations may risk losing support from tenants	Contract renewal and repeated selection for relocation by tenants can be expected by creating safe, comfortable and pleasant space for tenants	 
Supplier engagement	Impact on management operation and deteriorated credit in case significant violation against sustainable procurement such as discrimination, exploitation, destruction of nature, contamination and violation of laws by suppliers are recognized	Collaborate with suppliers to satisfy fiduciary duty required of asset management business and contribute to becoming the REIT of choice by the investors	 
Management framework corresponding to multifaceted social demand towards sustainable society	Inappropriate response to multifaceted social demands may risk fall in trust concerning sound and effective management business and affect market development	Enhanced commitment to environment and society will further promote establishment of medium- to long-term business platform, and improvement in financial value can be expected	 



CRR’s initiatives towards to each Materiality

Environment (E)

Materiality	Policy	Status/Initiatives									
<p>Reducing environmental impact</p>	<p>1. Energy use: Medium- to long-term target of 1% average annual reduction in energy use intensity. 2. Energy-related CO2 emissions: Medium- to long-term target of 1% annual average reduction in greenhouse gas emissions intensity.</p>	<ul style="list-style-type: none"> • Implementation of energy efficiency retrofits • Acquisition of environmental certifications/assessments, etc. • Efforts to improve waste management • Introduction of green leases • Monitoring by Sustainability Promotion Council • Promotion of environment-friendly procurement through “Green Procurement Standards” 									
<p>Relevant SDG Targets</p>	<table border="0"> <tr> <td data-bbox="464 686 551 772">  </td> <td data-bbox="576 705 623 729">7.3</td> <td data-bbox="665 705 1384 729">By 2030, double the global rate of improvement in energy efficiency</td> </tr> <tr> <td data-bbox="464 819 551 905">  </td> <td data-bbox="576 819 623 843">12.5</td> <td data-bbox="665 819 1715 843">By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</td> </tr> <tr> <td data-bbox="464 858 551 905">  </td> <td data-bbox="576 886 623 911">12.8</td> <td data-bbox="665 872 1935 925">By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</td> </tr> </table>		7.3	By 2030, double the global rate of improvement in energy efficiency		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.		12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	
	7.3	By 2030, double the global rate of improvement in energy efficiency									
	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.									
	12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.									



CRR's initiatives towards to each Materiality

Society(S)

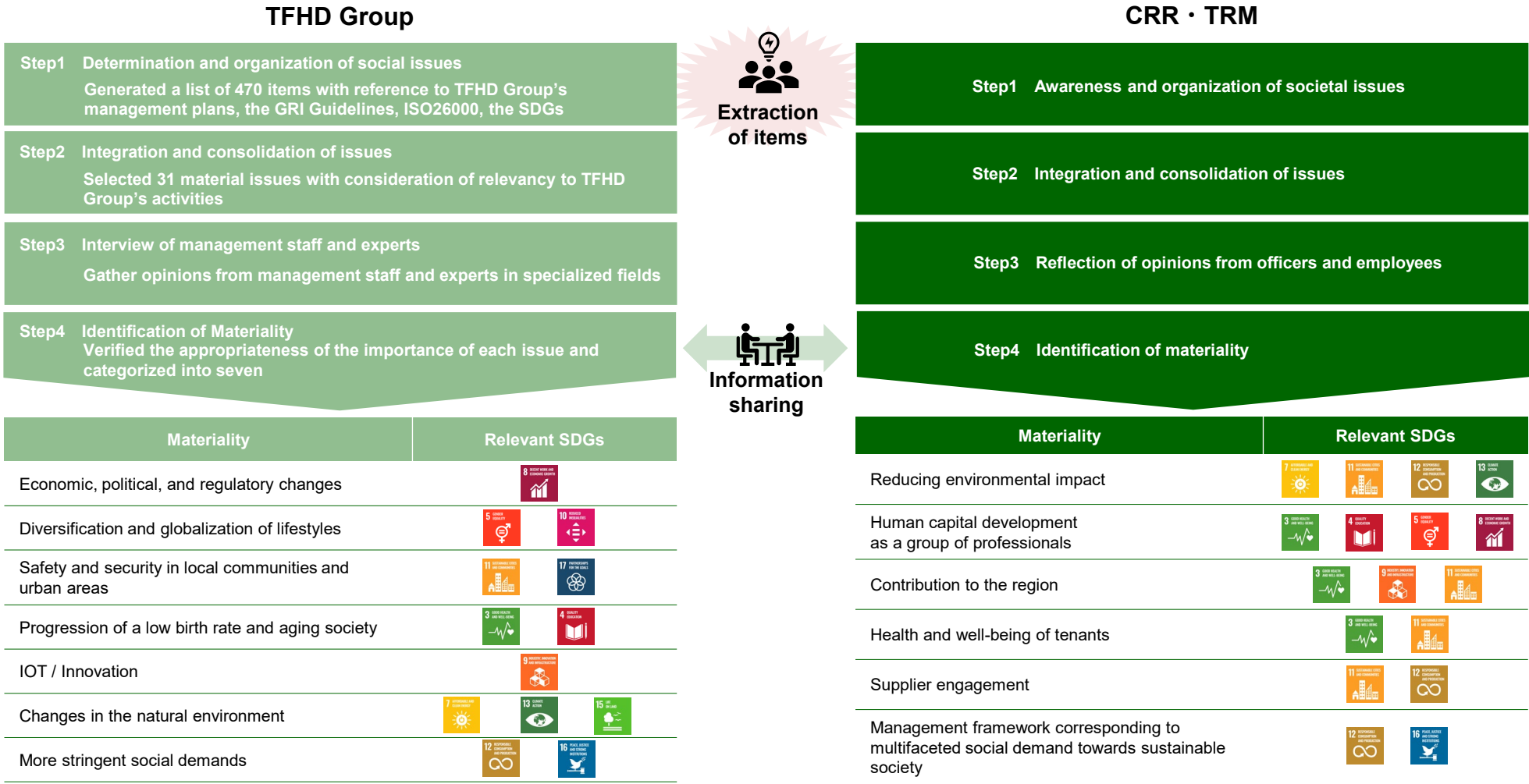
Materiality	Policy	Status/Initiatives
Human capital development as a group of professionals	<ul style="list-style-type: none"> Promote human resource strategy that indicates the requirements of desirable resources and facilitate development Commitment to health and well-being of each employee Deployment of measures based on Group KPIs (work-style reform, promotion of diversity) 	<ul style="list-style-type: none"> Disclosure of key employee data to present our human resources strategy and status of efforts on employee health and well-being (ratio of female employees, number of female directors and managers, turnover ratio, stress check participation ratio, etc.) Support acquisition of business knowledge, skills, qualifications, and implement various trainings Promote career development through periodic performance evaluation/feedback Periodic Health Committee Introduction of various support systems leveraging on Tokyu Group membership, etc.
Contribution to the region	<ol style="list-style-type: none"> Further improvement in disaster prevention functions Prompt recovery of assets under management Educational activities on fire and disaster prevention and disaster response Enhanced cooperation with local community 	<ul style="list-style-type: none"> Capital expenditure from disaster prevention perspective Public disclosure of evacuation sites/emergency reserves, etc. Relationship with local community (Corporation with local events, local disaster prevention, disaster response and infectious disease prevention etc.)
Health and well-being of tenants	<ul style="list-style-type: none"> Improve tenant satisfaction 	<ul style="list-style-type: none"> Check satisfaction via tenant survey and respond to comments by tenants Distribute guide map on managed facilities Deploy tenant service leveraging on group resources Hold tenant participation events
Supplier engagement	<ul style="list-style-type: none"> Aim for smooth property management by utilizing expert know-how of Tokyu Housing Lease, Tokyu Community, and other support agreement counterparties in TFHD Group. Share information and actively work on environmentally friendly procurement with PM/BM 	<ul style="list-style-type: none"> Build and promote collaborative structure through periodic monitoring Promote collaboration with all stakeholders through "Green Procurement Standards"
Relevant SDG Targets	 <p>11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>  <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	

CRR’s initiatives towards to each Materiality

Governance(G)

Materiality	Policy	Status/Initiatives
<p>Management framework corresponding to multifaceted social demand towards sustainable society</p>	<ol style="list-style-type: none"> 1. Express statement on governance of the investment corporation 2. Express statement on investment decision making body and the risk management system for investment 3. Establish framework for promoting implementation of the Sustainability Policy 	<ul style="list-style-type: none"> • Governance of the investment corporation • Investment decision making body and the risk management system for investment • Establishment of Sustainability Promotion Council for TRM
<p>Relevant SDG Targets</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div data-bbox="464 672 551 758">  </div> <div data-bbox="576 704 627 729"> <p>12.8</p> </div> <div data-bbox="665 689 1935 743"> <p>By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p> </div> </div> <div style="display: flex; flex-direction: column; gap: 10px; margin-top: 10px;"> <div data-bbox="464 789 551 875">  </div> <div data-bbox="576 821 627 846"> <p>16.7</p> </div> <div data-bbox="665 821 1624 846"> <p>Ensure responsive, inclusive, participatory and representative decision-making at all levels</p> </div> </div>	

Relevance of the Materiality of CRR and TRM to that of TFHD Group



(Note)TFHD Group's Materiality is those at the time of identification of Materiality for CRR and TRM

TFHD Group's Code of Conduct, etc. that TRM shares as a member of TFHD Group

As a member of TFHD Group, TRM does not only leverage TFHD Group's comprehensive value-chain and expertise, but also shares the Code of Conduct and other policies of TFHD Group.

Topics

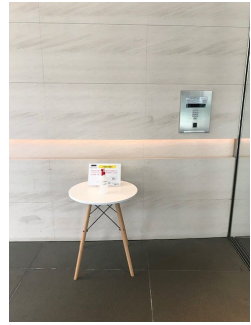
Preventive measures against COVID-19(CRR)

Implemented measures of putting posters of infectious disease measures to raise tenants' attention, and setting alcohol-based hand sanitizers in common spaces, etc.

■ Infections disease measures posters



■ Alcohol-based hand sanitizer



Donation to Hokkaido pref. through regional revitalization support tax system (TRM)

Through the regional revitalization support tax system, TRM made a donation to a fundraising program in order to support medical staff in Hokkaido pref. where CRR owns a property. This donation is a part of efforts to “contribution to local communities”, one of the Materiality that CRR shares with TRM.



Change in Asset Management Fee System(CRR)

Incentives have been introduced for further improvement of and growth of unitholder value and enhanced linkage with the interests of unitholders.

Calculation method(Applicable from Aug.2020)

Management fee I (fee linked to total assets)	Total assets at the end of previous fiscal period × 0.2% (annual rate)
Management fee II (fee linked to profit)	Ordinary CF × 5.4%
Management fee III (acquisition and disposition fee)	Property acquisition/disposition price × 1.0% (0.5% in the case of transactions with related parties(excluding warehousing))
Management fee V (incentive)	Ordinary CF × growth rate of ordinary CF per unit × 10% However, no fee will occur when the value is negative

Additional ownership acquisition by the Sponsor

In the public offering conducted in February 2021, the Sponsor acquired an additional 2,137 units of the new investment units issued by CRR. Going forward, we expect to receive strong Sponsor support through the further aligning of our interests.

	Before issuing units	Issuing units	After issuing units
Number of units issued and outstanding	671,624	21,370	692,994
Number of units held by Sponsor	60,127	2,137	62,264
Percentage of units held by Sponsor	9.0%	10.0%	9.0%

External Certifications / International Initiatives

GRESB Real Estate Assessment

CRR has participated in the GRESB Real Estate Assessment since 2018. We will continue to promote sustainability initiatives through the participation, and aim to further improve its rating in the assessment.



Successive Selection in MSCI Japan ESG Select Leaders Index

CRR was selected for “MSCI Japan ESG Select Leaders Index” provided by MSCI in May 2019, and has been continuously included in the index even after the rebalancing in June 2020. The Government Pension Investment Fund (GPIF) has also selected the Index as one of their ESG indices for their passive investment.

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

International initiative (UNGC)

TFHD has been a signatory to the United Nations Global Compact since December 2016 and TRM supports the UNGC’s 10 principles as a member of TFHD Group. (For the UNGC 10 principles, please refer to page 35.)

TRM shares the Human Rights Policy of TFHD Group announced in January 2020 (Cf. page 34) and conducts business in belief that the respect for the human rights of all its stakeholders is essential. We also believe that all the companies should hold such respect.



Environment

A photograph of a modern, multi-story building with a courtyard. The building has a blue and white facade with large glass windows. In the foreground, there is a water feature with large, light-colored rocks and a bed of colorful pebbles. The courtyard is lush with green trees and plants. The image is partially overlaid with a semi-transparent green filter on the left side.

Our View on Environment

We are implementing sustainable property management through various initiatives, including reducing energy usage and acquiring environmental certifications.

Relevant SDG Targets



7.3 By 2030, double the global rate of improvement in energy efficiency



12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Environmental Performance

Reduction targets

Among the various problems relating to the environment, CRR views climate change as the main risk, and we have specified the reduction of our environmental footprint as a target in our materiality. We are aiming to reduce our energy consumption and CO₂ emissions by 1% per year on an intensity basis over the medium to long term. Recognizing that reducing our environmental footprint and contributing to the mitigation of medium-to long-term climate change risks, such as extreme weather and sea level rise, will support the maximization of medium-to long-term unitholder value, which is CRR's priority issue, we are striving for sustainable growth through initiatives targeting the environment and the realization of a recycling-oriented society.

Item	Reduction targets (Intensity basis)
Energy consumption per year	Medium-to long-term target of 1% average annual reduction
CO ₂ emissions per year	Medium-to long-term target of 1% average annual reduction
Water consumption per year	avoid increase in intensity
Waste generation per year	avoid increase in intensity

Actual Figures (Note1)

		2018	2019	2020 <small>(Note4)</small>
Energy consumption <small>(Note 2)</small>	Actual (Mwh)	9,024	9,693	8,420
	Intensity (Mwh/m ²)	0.102	0.113	0.091
CO ₂ emissions <small>(Note 3)</small>	Scope 1 (t-CO ₂)	297	304	260
	Scope 2 (t-CO ₂)	3,505	3,720	3,121
	Total (t-CO ₂)	3,802	4,024	3,381
	Intensity (t-CO ₂ /m ²)	0.043	0.047	0.036
Water consumption	Actual (m ³)	38,232	39,089	40,122
	Intensity (m ³ /m ²)	0.413	0.426	0.406

(Note1)As a rule, the actual figures for common areas of rental residences in the portfolio are indicated. Intensity is calculated with the following formula: total consumption for a given year ÷ floor area of common areas (in the case of water usage, some private areas are included in the results).

(Note2)The actual figures for fuel (gas, kerosene) and electricity consumption in common areas are indicated, but the electricity consumption for 2018 and 2019 includes the amounts used by some retail tenants.

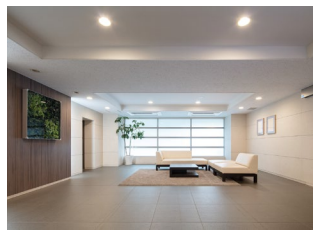
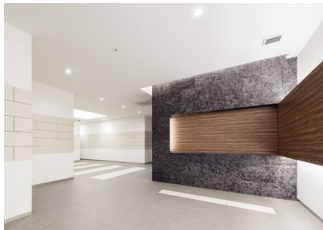
(Note3)CO₂ emissions were calculated using the Ministry of the Environment's "Calculation Method and Emission Coefficient List for the Calculation, Reporting, and Disclosure System" and "Emission Coefficient List by Electricity Provider."

(Note4)The actual figures for FY2020 were assured by a third-party organization. Since the water consumption amounts indicated in the assurance report (Cf. page 72) include the consumption amounts for operational rental residences, the values differ from the actual results above.

Environmental Considerations

Switching to LED lights in common areas

For environmental conservation, CRR has been switching to LED lights in the common areas of properties. This will help reduce power consumption and environmental impact.



Replacing air conditioners in private areas

For environmental conservation, CRR has been replacing air conditioners that have reached a certain number of years since installation in the private areas of properties. This will help reduce power consumption and environmental impact.



Installation of electric power measuring system

In order to increase the actual electric power consumption coverage rate at owned properties, electric power measuring systems have been installed at 2 properties (equivalent to 15.3% of the portfolio) as of the end of July 2021. The installation makes it possible to measure power consumption at exclusive areas. Furthermore, activities to raise awareness for energy saving among tenants are being carried out.



Green-lease provisions

From the perspective of environmental friendliness, to reduce environmental load in collaboration with residents, we insert green-lease provisions in lease agreements, which are related to energy use and appropriate disposal of waste.

Green Procurement Standards

CRR will promote the reduction of the environmental load in cooperation with suppliers, etc. by establishing the Green Procurement Standards which are related to the procurement of environment-friendly materials, etc. (Cf. page 42)

Considerations for recycling-oriented society

Separate management of waste



CRR reduces environmental impact at properties through separate disposal of waste in cooperation with the management company. It is also making effort to improve resident satisfaction by taking measures to reduce odor at garbage collection points.

Use of Renewable Energy

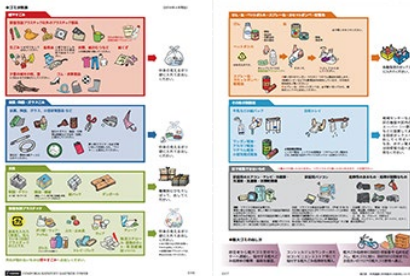


CRR utilizes renewable energy from solar power

Annual power generation of the solar power facilities in COMFORIA NAKAOCHIAI

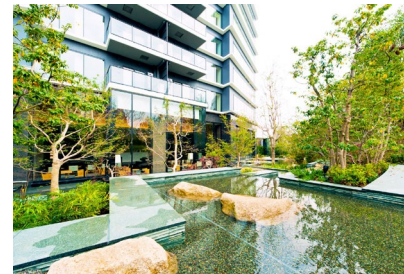
3,990.5kwh
(Feb.2020~Jan.2021)

Providing garbage disposal guides



For environmental conservation, Comforia Shinjuku Eastside Tower offers guidance on separate disposal of garbage in the user guides for residents to raise environmental awareness.

Increasing Greenery and Biodiversity



With a site area of more than 1,000 square meters, Comforia Shinjuku Eastside Tower has developed a greening plan in accordance with the Ordinance for the Conservation and Restoration of Nature in Tokyo, based on which it offers a lush space filled with natural features.

Efficient use of water



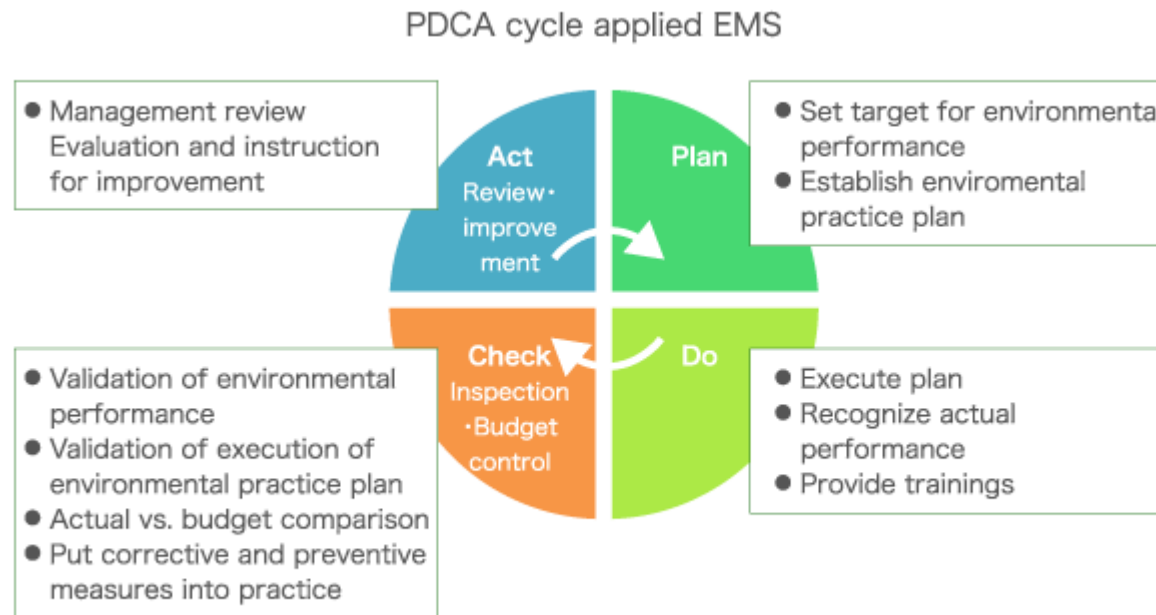
We comprehend owned properties' equipment using water and their function and consider introducing water-saving equipment at properties that have yet to employ said equipment where possible. We promote efficient use of water resources by changing to products that save hot/cold water.



At Comforia Kinshicho DEUX, we have alleviated the heat island effect and implemented energy-saving measures by planting vegetation on the rooftop.

Establishment the Environment Management System(EMS)

TRM established a unique environment management system (EMS) which applies PDCA cycle to continuously approach to environmental challenges. We are working to continuously reduce environmental impacts in the management operation for CRR, through the cycle of four steps; set targets (Plan), assess performance (Do), analyze budget vs. actual (Check), and implement countermeasures for a better performance (Act). The Asset Management Department of Comforia Management Division reviews actual performances in its monthly meeting and reports the results to the management at least once a year, then receives feedbacks and instructions for further improvement for the following year, from the management.



Urban Site Investment Criteria

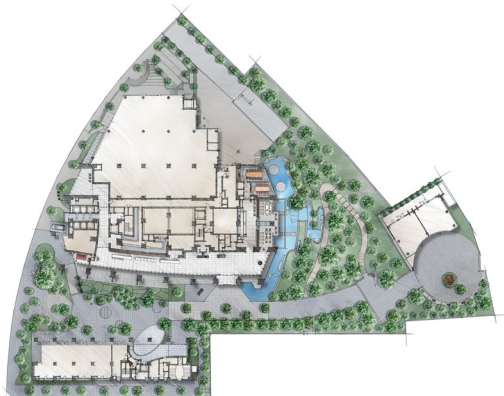
Undeveloped Sites Commitment

CRR aims to secure stable income and achieve steady growth of our assets under management from a medium-to long-term perspective. When acquiring assets developed on undeveloped sites, we give ample, rigorous consideration to the impact that development activities have on the natural environment and ecosystems, as well as considering compliance with environmental laws, the acquisition of environmental certifications, etc. before investing in them.

Investments Towards Urban Revitalization and Redevelopment Properties

As a rule, CRR does not invest in unoccupied properties that have not been completed yet, such as new development projects, but we actively invest in properties developed based on redevelopment projects. Through the acquisition of such properties, we contribute to the revitalization of communities by improving convenience for local residents.

COMFORIA SHINJUKU EASTSIDE TOWER



Investments in Flexible / Mixed Use Properties

CRR owns a number of mixed-use properties. By investing in mixed-use properties that house facilities such as convenience stores and clinics, we contribute to improving the convenience of daily living for tenants and nearby residents, reducing the environmental footprint by reducing the travel distance between various facilities, and the revitalization of communities.



Investments Towards Existing Urban Brownfield Redevelopment

Through investing in existing development areas, especially in Tokyo's 23 wards, CRR invests in properties that utilize existing infrastructure, such as roads, water and sewer lines, schools, and hospitals.

By making use of existing infrastructure, we are engaged in investment that prevents urban sprawl and leads to a decrease in energy consumption associated with shipping/traffic and the loss of green areas, which causes the heat island effect.

Green Building Certification

Believing that establishing a portfolio with a small environmental footprint will result in improved unitholder value in the medium-to long-term , CRR has targeted the acquisition of environmental certificates for 1 or 2 properties per year (approx. 3 to 6 properties in 3 years).

Aim to obtain environmental certification 1 or 2 properties per year (approx. 3 to 6 properties in 3 years)	Performance (as of the end of Jul. 2021) 5 properties · 19.2% (based on gross floor area)
--	--

DBJ Green Building Certification

DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. (DBJ) for the purpose of supporting the properties which give proper care to environment and society (Green Building).The program evaluates, certifies and supports properties which are required by society and economy. It makes comprehensive assessment of properties, while evaluating various factors which range from properties' environmental features to their communication with stakeholders, such as disaster prevention and proper care for surrounding communities. Furthermore there are 5 levels, "five stars", "four stars", "three stars", "two stars", "one star" as the certification ranks. CRR has acquired the DBJ Green Building Certification for the following property.

Five Stars		Four Stars			
 DBJ Green Building 2021 	 DBJ Green Building 2020 	 DBJ Green Building 2019 			
 COMFORIA SHINJUKU EASTSIDE TOWER	 COMFORIA TOYOCHO	 COMFORIA SHIBUYA WEST	 COMFORIA KAMATA	 COMFORIA HIGASHISHINJUKU STATION FRONT	 COMFORIA HIGASHISHINJUKU STATION FRONT

Green Bonds

As part of its efforts to contribute to the development of sustainable society, CRR has issued the Green Bonds. CRR aims to further promote its sustainability initiatives through issuance of the green bonds, and invite new investors to its investment corporation bonds by stimulating their demand who have interest in ESG investment.

Green bond Framework

1. Use of Proceeds

The proceeds of the green bond will be allocated to acquire the existing or new buildings that meet the following Eligibility Criteria A ('Eligible Green Projects'), or refurbishments that meet the following Eligibility Criteria B or to refinance the existing loan/investment corporation bonds which have been allocated to Eligible Green Projects or refurbishments.

2. Eligibility Criteria

CRR shall apply one or more of the following criteria to allocate the proceeds into Eligible Projects:

A. Eligible Green Projects

Buildings that have achieved the following top three levels of third-party green building certification/recertification within 36 months prior to the payment date of green bonds or will achieve:

- ① B+, A or S Rank under CASBEE
- ② 3, 4 or 5 Stars under DBJ Green Building Certification Program
- ③ 3, 4 or 5 Stars under BELS

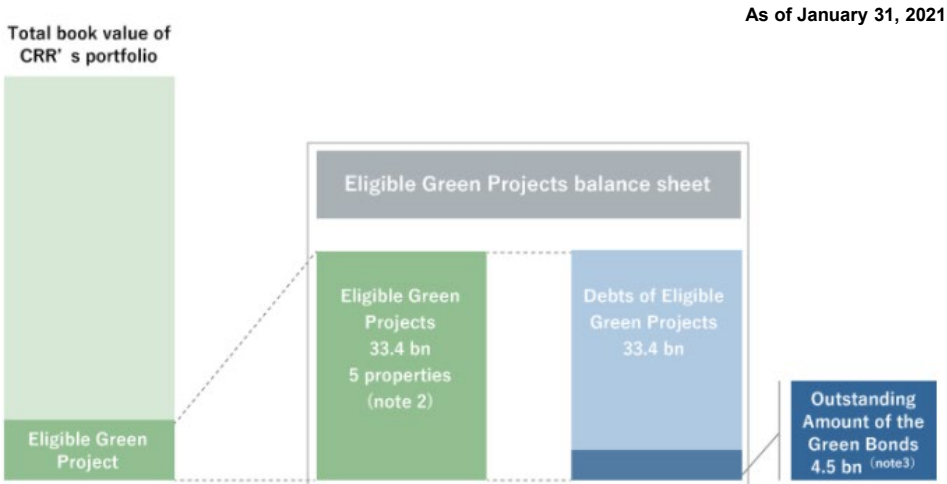
B. Refurbishments

Refurbishments with a primary purpose of achieving one of the following criteria and are completed within 36 months prior to the payment date of green bond or will be completed:

- ① Refurbishments with more than 20% reduction in energy consumption and water consumption
- ② Newly achieve the top three levels of green building certifications listed above Eligibility Criteria A or more than one level of star/rank improvement in the green building certification

3. Management of Proceeds

CRR extracts the Eligible Green Projects out of CRR's portfolio and uses the calculable total book value of the Eligible Green Projects as of the end of the latest fiscal period prior to the date of each bond issuance (note 1) as the Debts of Eligible Green Projects. As long as the Green Bond is outstanding, we will monitor once a year, to ensure that the total amount of outstanding green bonds does not exceed the sum of Debts of Eligible Green Projects and green bond proceeds allocated to refurbishments.



(Note1) "Eligible Green Projects as of the end of the latest fiscal period to the date of each bond issuance" refers to the buildings that have achieved the top three levels of one or more of the third-party green building certifications/recertifications within 36 months prior to the end of the financial period immediately preceding each date of bond issuance.

(Note2)The amount of Eligible Green Projects is calculated based on the book value at the end of January 2021.

(Note3)Outstanding amount of the green bonds is calculated as of July 8, 2021.

4. Reporting

CRR will disclose on its website the amount of Eligible Green Projects and/or refurbishments financed/refinanced, allocation status, including the amount of unallocated proceeds, schedule of allocation and managing method, of the net proceeds of green bonds as of end of every January until the proceeds are fully allocated. In the event of major change in situation, such as the accrual of unallocated funds as a result of the sale of relevant assets, such facts will be disclosed in a timely manner. CRR will also disclose that the total amount of outstanding green bonds does not exceed the sum of Debts of Eligible Green Projects and green bond proceeds allocated to refurbishments. Furthermore, after issuance, for as long as the green bonds are outstanding, it will annually report on the book value of all the Eligible Green Projects and the total amount of outstanding amount of the green bonds as of the last day of January in each year.

5. Impact Reporting

As long as there is an unredeemed balance of the relevant green bonds, CRR will annually disclose on its website summary and the progress and levels of certifications of Eligible Green Projects. Additionally, CRR will annually disclose the following indicators of Eligible Green Projects where CRR has energy control authority:

- ① Energy consumption
- ② Water consumption

As for the refurbishments that have been funded by the green bonds, the environmental benefits brought by each project will be disclosed. CRR will indicate an estimated rate of reduction (%) of energy consumption and water usage before and after the refurbishment.

Green Bond Summary

	Total issue amount (¥ million)	Interest rate	Offering date	Redemption date	Description
The 8th unsecured investment corporation bonds (green bonds)	1,500	0.550%	July 30, 2020	July 30, 2030	Unsecured non-guaranteed
The 10th unsecured investment corporation bonds (green bonds)	3,000	0.460%	July 8, 2021	July 8, 2031	Unsecured non-guaranteed
Total	4,500	—	—	—	—

Impact Reporting

	Energy consumption per year (kWh/m ²)	Water consumption per year (m ³ /m ²)
2019	41.68	0.2503
2020	38.48	0.2083

(Note) Results in the above table are actual figures for the common areas in the Eligible Green Projects of CRR.

List of CRR's Green Eligible Projects

Property no.	Property name	Received ranks			Book value at the end of the period (¥ million)
		DBJ Green Building Certification	Certification for CASBEE for Real Estate	BELS Certification	
98	COMFORIA SHINJUKU EASTSIDE TOWER	★★★★★	—	—	12,721
107	COMFORIA KAMATA	★★★★★	—	—	5,742
125	COMFORIA SHIBUYA WEST	★★★★★	—	—	5,469
135	COMFORIA HIGASHISHINJUKU STATION FRONT	★★★★★	—	—	5,681
145	COMFORIA TOYOCHO	★★★★★	—	—	3,796
Total Eligible Green Projects					33,411

(Note1) Listed are the buildings that have achieved the top three levels of one or more of the third-party green building certifications/recertifications within 36 months prior to January 31, 2021.

(Note2) "Book value at the end of the period" is calculated based on the book value at the end of January 2021.

Society

Our View on Society

We are continuously maximizing unitholder value and fulfilling our social responsibilities through efforts to build favorable relationships between CRR and its stakeholders.





11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

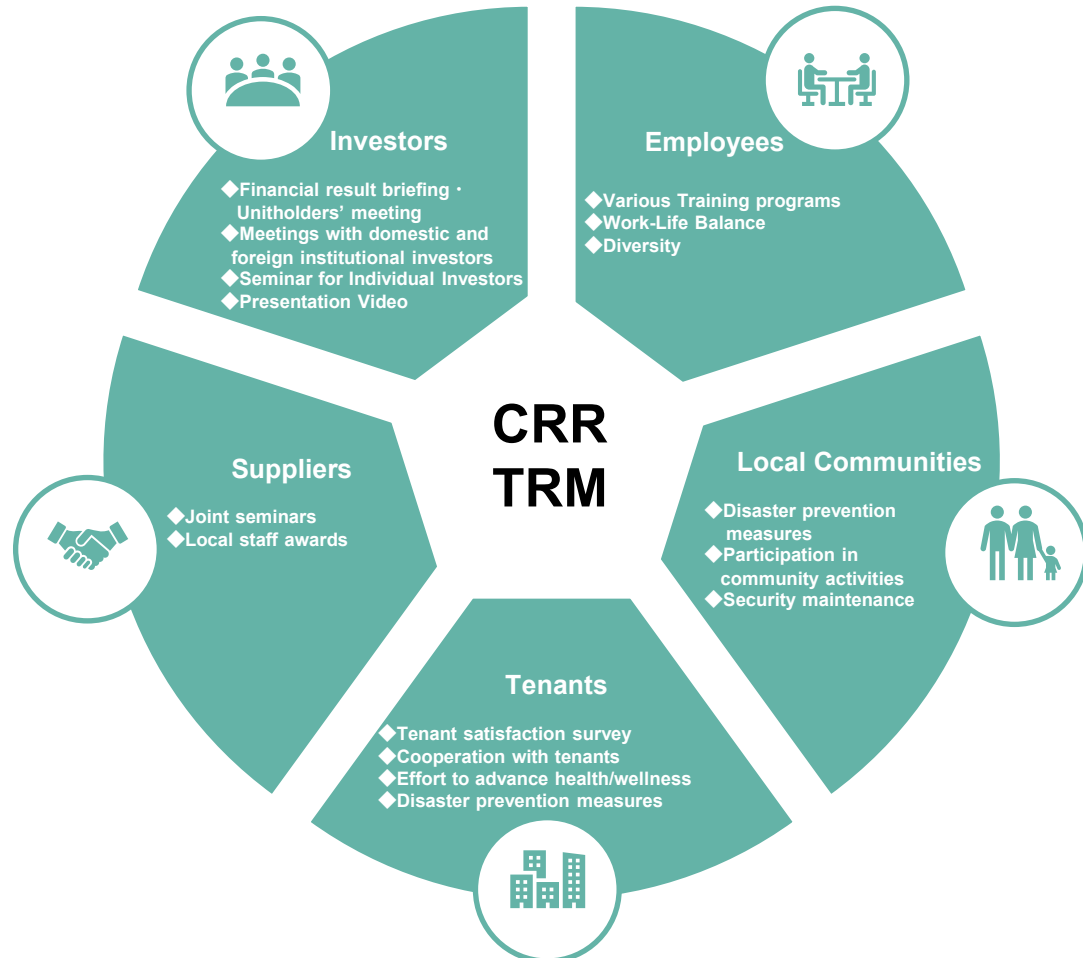


12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Relevant SDG Targets

Stakeholder Engagement

In the pursuit of CRR's and TRM's business, our relationships with investors and various other stakeholders, including employees, local communities, tenants, and suppliers, are absolutely vital. We also recognize that building favorable relations with these stakeholders in the medium-to-long-term is an essential factor in our aim of maximizing unitholder value, which is CRR's priority. We will continue to pursue our business as a member of society and work to further strengthen our relationships of trust with all stakeholders involved with CRR's and TRM's activities.



Employee Engagement

As a group of experts in real estate management, TRM provides high-quality asset management services with objective to maximize the value of its shareholders, and to that ends, we promote our own human-capital strategy in view of the importance of human capital development. TRM is making continuous effort to have various systems to form a working environment and organization enabling to realize and promote the health and comfort of employees.

Strategy of Human capital development & retention

■ Employee skill development (Utilization of external training institutions)

As a professional group involved in real estate management, TRM aims to maintain the quality of its services and further develop its operations. We promote and support the acquisition of specialized qualifications by our employees, and throughout the year, on a voluntary and planned basis, We hold training and seminars to share practical knowledge and industry trends or adapt to laws and regulations and implements a range of position-based training programs and personal development activities.

» Training program examples (Representative efforts)

Position-based trainings	Examples include orientation training for mid-career hires on wide range of knowledge on asset management business and understanding of regulatory compliance; management training for senior management and medium level employees; business skills training and anti-harassment seminar for all employees with utilizing of external training institutions.
ESG training	As part of awareness program on ESG investment, we invite external experts to provide employees with periodic training for their deeper understanding of ESG and introduction to new trends.

Courses to improve computer skill, English conversation and other lessons are also provided.

» Training attendance record

Item	FY2020
Training hours per employee	27.3hours
Training expenses per employee	¥44,906

» Support for acquiring business related qualifications

We support acquisition of necessary qualifications by employees in various measures including financial aid for examination fees and class fees. We also hand in monetary reward once employees pass specified examinations.

Status of employee qualification (As of June 30, 2021)

Qualification	Number of employees	Use of Qualification Support System (FY2020)
Real Estate Broker	93	14
ARES Certified Master	66	24
Certified Building Administrator	24	4
Certified Property Manager	12	3
Chartered Member of the Securities Analysts Association of Japan	2	–
Real Estate Consulting Master	5	–
Real Estate Appraiser	7	–
First-Class Architect	8	–

■ Training programs of Sponsor

The Sponsor offers HR training programs that enable each employee to exercise and develop their skills.

Desired human resources image		Position-based trainings	
Employee class (New employee ~ Ninth year employee)	<ul style="list-style-type: none"> • Self-management • Enhancement of organizational strength • Expansion of self-capacity 	New employee	<ul style="list-style-type: none"> • Training of New employee introduction • Joint training of TFHD Group New employees • Training of Accounting • Training of Critical Thinking
		Second year employee	<ul style="list-style-type: none"> • Training of Hypothesis Thinking • Training of Communication • Training of Finance
		Third year employee	<ul style="list-style-type: none"> • Training of Negotiation • Training of Facilitation • Training of Strategy/Marketing
		Fourth year employee	<ul style="list-style-type: none"> • Training of Legal/Compliance
		Ninth year employee	<ul style="list-style-type: none"> • Training of Career Design
Chief class	<ul style="list-style-type: none"> • Leader-ship skill • Management skill • Expansion of self-capacity 	<ul style="list-style-type: none"> • Strategy · Marketing (Advanced) 	
Management class		<ul style="list-style-type: none"> • Training of New Group-leader 	
		<ul style="list-style-type: none"> • Training of New Group-leader Coaching 	
		<ul style="list-style-type: none"> • Training of Executive Manager 	

(Note) Employees temporarily assigned to TRM from the Sponsor are included in the above training.

■ Personnel system

TRM has regular communication opportunities with employees including one-on-one session with the direct supervisor and review staff's performance based on the objective of career development set by each. We encourage each staff to have their own career plan and to acquire skills that are competent inside and outside of the company. ESG-related efforts and relevant items are included in the annual target to set. Based upon the fact that the number of employees of TRM had increased to a certain size, partly because of the merger happened in 2017, we decided to conduct shuffling of employees among different divisions in order to raise career development of our employees. Meanwhile when conducting such occupational relocation, we pay close attention to the information firewall between the different business divisions.

For work-life balance & health of employees

■ Working-style reform

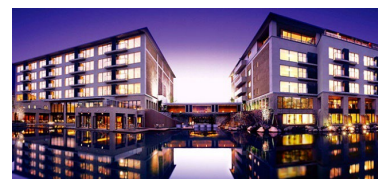
Recently, under the working-style reform trend including rectifying the practice of working long hours, TRM actively takes approaches to introduce more flexible working style of employees with objective to improve their work-life balance.

Paid-leave usage encouragement	Every year, employees are required to set up so-called “commitment holidays”, a seven-day paid leave (five days in a row + two days immediately before or after that week) and to share such committed calendar within the teams they belong to. TRM is also creating business environment for the employees to digest their allocated paid leaves, by proactively setting up recommended days to use paid leaves.
Flex-time work system	We have introduced a flex time working system for all employees. Core time is set between 11:00 and 15:00, and employees are free to set start and finish of their work hours around the core time to support more flexible working style considering the wide variety of living environment of each individual.
Work-from-home system	The Covid-19 outbreak pulled the need for introduction of work-from-home, and we are working to improve productivity with reducing commuting time to workplace. Use of serviced office space is also allowed under preset rules.
Effort to reduce overtime	In order to prevent excessive long working hours, TRM is taking necessary measures. The employees are required to set an upper limit of overtime working hours at the beginning of the fiscal year, and such objectives are regularly monitored and reminded. In certain cases, we intentionally raise them as a meeting agenda if the working hours are excessively long.

■ Welfare programs

TRM values its employees, their well-beings, and healthy performance in work, and provides all staff with various welfare programs to improve their satisfaction as below.
(Excludes contract/dispatched employees for some Welfare programs)

Cafeteria plan	To support self-support and independence of permanent employees, we provide them with financial aid for medical fees, subsidies for use of sports facilities, studying, volunteer activities, employee shareholding program, and use of the facilities Tokyu group companies operate.
Welfare programs	Various systems are in place to provide support for employees at each stage of life, such as maternity leaves, childcare leaves, child medical leave, nursing-care leave.
	We support asset formation by permanent employees, by inviting external financial planners to offer introductory sessions on topics including defined contribution pension matching program which TRM offers and the insurance system by the Tokyu group.
	Through our employee stock ownership plan and cumulative REIT investment program, we provide financial incentives for purchasing fixed amounts of TFHDs stock, Comforia Residential REIT investment units, and Activia Properties investment units.
	We increased the number of available facilities to enable more employees to use the popular exclusive resort membership “Tokyu Harvest Club.”





Internal communication

TRM periodically organizes employee satisfaction surveys and explanatory sessions on the corporate annual objective and medium- to long-term vision, for a more profound understanding between the company and employees, expecting to develop the productivity of our organization where employees can deliver their best performance.

Employee study groups	Younger employees have led voluntary organization of cross-divisional study groups to share information on businesses unique to each division, and on necessary knowledge/skills.
Support for company circle activities	Financial support is provided to employees for company club activities.
Luncheon	To enhance communication among employees, regular luncheons by groups of a small number of staff have been organized.

Employee health & comfort

TRM is making effort to maintain the workplace healthy and comfortable, encouraging employees to show the best performance.

Working environment	<p>Workplace of TRM is in Shibuya, an exciting and innovative city where the areas people live and play are closely connected. Employees can take beverages for free and use individual spaces, and a space for refreshment is created with green on the terrace of the building where TRM is located, Shibuya SOLASTA. The building earned the CASBEE Wellness Office, a recognition of the building's ability to promote health and comfort of people work in the building.</p> 
	<p>Also, as a preventive measure against COVID-19, the workspace of TRM is equipped with protective panels on the desks in office space and meeting rooms, as well as air purifiers at the elevators.</p> 
Healthcare	Employees are obliged to take annual medical checkups. There is also a mental health consultation desk.
Health Committee	Health Committee is established to improve employees' occupational health. The Committee examines labor-related problems occurred in the company, reports the results of investigation on comfort and safety in the workspace, and takes measures to increase awareness for mental and physical health by poster, etc. Lectures by industrial physicians on related themes are held.
One-on-one session with HR	Once a year, employees have one-on-one session with HR department, where they can discuss and share their career development plan and explain their troubles and expectations related to the relationship with supervisors and colleagues. The confidentiality of employee information is guaranteed.
Whistleblower system	TRM established the Compliance Helpline Counter as a contact point to report and consult on compliance matters including when harassment and bullying is experienced or observed, enabling all officers and employees to directly report to the Compliance Officer of TRM, General Manager of Legal Affairs Department of TLC, General Manager of Group Legal Affairs Department of TFHD, or external attorneys. Moreover, we pledge to maintain the confidentiality of personal information or investigation-related information about the individual who reported or consulted on the matter and the subject of the report or consultation, which shall not be disclosed internally or externally without good reason.

■ **Employee satisfaction survey (Survey with a third-party)**

Every year, TRM conducts an employee satisfaction survey with a third-party partner. Based upon the results of the survey, we are taking variety of means to improve employee satisfaction level.

Item	FY2019	FY2020
Employee engagement level	62.6	60.8(Note)
Nb. of responses / Nb. of eligible employees	95 / 95	96 / 98
Participation rate	100%	98%

(Note) The figures are in high level among Japanese companies, and the engagement status is overall good.

Diversity

TFHD Group accepts the difference in a variety of attributes such as gender, age, nationality and handicap and brings about innovation by showing individual ability to the maximum and continues to create value through its business activities. TRM is working to make a workplace without any discriminatory treatment and compensation due to different attributes, where all employees can rely on.

■ **Human Right Policy**

TRM shares the Human Right Policy published in January 2020 by TFHD Group and carries out its business in belief that respect the human rights of stakeholders of the group including employees is essential and it is what all companies are expected to do.

TFHD Group Human Rights Policy

Tokyo Fudosan Holdings Group Human Rights Policy

Tokyo Fudosan Holdings Group (hereinafter, "the Group") solves social issues through our business activities and works with stakeholders to realize a sustainable society and growth. The Group recognizes that respecting the human rights of employees and all stakeholders involved in its businesses is an essential requirement of a company with global operations.

1. Adherence to International Human Rights Standards

The Group upholds and respects human rights as outlined in the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the ILO Declaration on Fundamental Principles and Rights at Work. It promotes responsible management according to the UN Guiding Principles on Business and Human Rights, as well as the principles of the UN Global Compact. Whenever there is a conflict between internationally recognized human rights standards and the laws of a country in which it operates, the Group seeks ways to uphold global human rights principles.

2. Importance of this Policy

The Group states "Respect human rights" in its Code of Conduct and encourages individual employees to give due consideration to human rights in their activities. In addition to respecting basic human rights in compliance with the local laws and regulations implemented in the regions where it has bases, it takes steps to prevent discriminatory behavior and speech, sexual harassment and power abuse while making efforts to respect the diverse values, individuality, and privacy of individuals. The Tokyo Fudosan Holdings Group Human Rights Policy (hereinafter, "this Policy") serves as a detailed explanation concerning the requirement to respect human rights in the Group Code of Conduct.

3. Scope

This Policy applies to all Group officers and employees, and the necessary education and training is provided. The operating officer in charge of human resources is responsible for the application of this Policy. Business partners of the Group are expected to support this Policy and to work with the Group to protect human rights.

4. Human Rights Due Diligence and Remedies

The Group carries out human rights due diligence to identify any actual or potential impacts that business activities may have on human rights, and the Group then prevents or mitigates them. Whenever it is discovered that the Group's activities have caused or contributed to adverse impacts on human rights, the Group will work to remedy the situation. The Group will make efforts to rectify any business or service that may be linked to adverse impacts on human rights through the actions of business partners or other relevant parties. A mechanism will also be established that allows internal and external stakeholders to report and consult on Group activities that may affect human rights.

5. Stakeholder Dialogue

As the Group's wide-ranging business areas, including real estate, largely affect communities and society, it is essential to work closely with a variety of stakeholders. With this in mind, the Group engages in dialogue with its stakeholders, including employees, local communities, business partners, and customers. It also shares the progress of its efforts on its website and in its integrated reports.

6. Priority Human Rights Issues

In order to avoid any infringement of human rights as a result of business activities, the Group will maintain a close dialogue with stakeholders and external experts concerning social and environmental changes and its business direction, and it will identify priority human rights issues as they arise.

December 25, 2019

Yuji Okuma
President & Chief Executive Officer (CEO)

大隈 郁仁

Respecting basic labor rights and aiming at coexistence and co-prosperity with employees, TFHD Group supports and respects the OECD Guidelines for Multinational Enterprises, international labor standards and Guiding Principles on Business and Human Rights. In December 2016, the Group stated its support for the UN Global Compact. In accordance with the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption, we promote responsible management and contribute to a sustainable society. TFHD Group's support for UN Global Compact shall apply to all group companies including TRM

Fundamental rights in hiring and employment of TFHD Group

TFHD Group will respect the following matters as a set of fundamental rights in hiring and employment in order to achieve co-existence and co-prosperity with employees

1. Prohibition of discrimination: We will eliminate all discriminatory actions based on nationality, race, religion, beliefs, gender, age, sexual orientation and/or disability and will strive to maintain equal opportunity and treatment in hiring and employment.
2. Prohibition of harassment: We will never engage in sexual harassment, power harassment, or any other form of harassment toward people in the workplace. We will also never tolerate language or actions related to harassment.
3. Prevention of forced labor: We will strive to eliminate and prevent all forms of forced labor.
4. Curtailment of overwork and reduction of overtime: We will establish a fundamental policy on work management to curtail overwork and reduce overtime work giving consideration to employees' work-life balance and their health maintenance/improvement. In Japan, we will comply with the "Article 36 Agreement."
5. Prevention of child labor: We will support and practice the effective abolishment of child labor.
6. Respect for freedom of association and the right to collective bargaining: In recognizing that the freedom of association and the right to collective bargaining are fundamental human rights that must be respected by a company, in countries and regions where the formation of labor unions is allowed we fully recognize employees' right to organize, right to collective bargaining and right to strike in labor agreements. In addition, even in countries and regions that do not allow the formation of labor unions due to laws or practice, we will effectively promote conflict resolution through dialogue involving management and labor with the purpose of securing the freedom of association and the right to collective bargaining.
7. Payment of wages above and beyond the minimum wage: We will comply with labor laws and regulations and adopt a fundamental policy on labor management in which we will pay wages to employees above and beyond the minimum wage for acceptable living conditions.

The 10 Principles of the UN Global Compact

Human rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses</p>
Labour	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour:</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>
Anti-corruption	<p>Principle 10: Businesses should work against all forms of corruption, including extortion and bribery</p>

Key Employee Data

Item	The end of April 2019	The end of April 2020	The end of April 2021	KPI target for FY2030	TFHD Group FY2030 KPI (Note8)
Number of Employees (Note1)	93	97	106	—	—
Male	55	55	59	—	—
Female	38	42	47	—	—
Of which full-time	41	47	53	—	—
Male	21	25	30	—	—
Female	20	22	23	—	—
Of which contract employees	12	12	14	—	—
Male	2	1	1	—	—
Female	10	11	13	—	—
Of which contract employees from convert temporary employees	6 (Note2)	2	1	—	—
Of which seconded (Note3)	40	38	39	—	—
Male	32	29	28	—	—
Female	8	9	11	—	—
Ratio of female employees	40.9%	43.3%	44.3%	50.0%	over50%
(Reference)Temporary employees	3	7	8	—	—
Male	0	1	2	—	—
Female	3	6	6	—	—
New Hire (Note4)	10	6	6	—	—
Male	3	4	5	—	—
Female	7	2	1	—	—
Of which full-time employees from contract employees (Note5)	2	1	0	—	—
Number of Directors (Note6)	4	4	4	—	—
Of which female directors	1	1	0	—	—
Ratio of female directors	25.0%	25.0%	16.6% (Note9)	50.0%	—
Number of senior management (Senior Manager or above)	27	29	31	—	—
Of which female senior management	4	3	5	—	—
Ratio of female senior management	14.8%	10.3%	16.1%	40.0%	over20%
Turnover ratio (Note7)	0.0%	1.0%	0.0%	1.0%	—

(Note1) Full-time, contract and seconded employees (Note2) Number of Persons as of end of April 2019 is the total number from FY2017 (Note3) Tokyu Land Corp. and Tokyu Community Corp.

(Note4) Full-time employee (Note5) Implemented from FY2018 (Note6) Including part-time staff (Note7) Full-time

(Note8) Shared Group-wide criteria for TFHD Group FY2030 KPI (Note9) Only this item shows the figures as of June 2021

Status of Work-Style Reform and Diversity Promotion

Item	FY2017	FY2018	FY2019	FY2020	KPI target for 2030	TFHD Group FY2030 KPI (Note3)
Health check participation	97.7%	100%	96%	94.7%	100.0%	100%
Stress check participation	94.3%	97.8%	100.0%	98.9%	100.0%	—
Annual paid leave per person	11.5days	10.8days	11.5days	9.9days	—	—
Ratio of disabled employees	0.0%	0.0%	1.2%	1.0%	2.3%	—
Number of employees aged 60 or above	1	1	1	3	—	—
Foreign employees	0	0	0	1 (Note4)	—	—
Monthly average overtime	22.5hours	29.4hours	21.2hours	19.4hours	—	—
Number of workers' injuries/death incident	0	0	0	0	—	—
Absentee rate	0.5%	0.3%	0.5%	0.4%	—	—
Ratio of employees on leave	0.0%	0.0%	0.0%	0.0%	—	—
Childcare leave users	0	0	0	3	—	Ratio of male childcare leave 100%
Childcare short working hour/childcare off-peak commuting users (Note1)	1	2	1	0	—	—
Nursing-care leave users	0	0	0	0	—	—
Home Office utilization rate	—	—	100% (Note2)	100%	—	—

(Note1) A system that allows flexible work hours corresponding to lifestyle (example: 8:00-16:30 work) (Note2) Utilization rate of work-from-home between March and April 2020

(Note3) Shared Group-wide criteria for TFHD Group FY2030 KPI (Note4) Only this item shows the figures as of June 2021

Initiatives to Local Communities

CRR and TRM believe that contribution to local communities lead to the improvement in value of the CRR's owned properties and ultimately by the unitholder value. We make a variety of efforts in the owned properties to enhance communication with the local communities with an expectation that our business operation is to serve an important role for the society.

Security of the local community



There is a police box on the premises of Comforia Shinjuku Eastside Tower, contributing to the security of the local community.

Installation of donation-type vending machines



To improve the safety and sense of security of residents and the local community, we have installed disaster response vending machines at some of the properties owned by CRR. These machines can provide drinks as relief supplies to victims of strong earthquakes, typhoons, and other natural disasters.

Contribution to the region



TRM periodically participate in "town cleaning" sponsored by green bird (specified non-profit corporation).

Corporate version Hometown Tax Payment



Through the regional revitalization support tax system, TRM made a donation to a fundraising program in order to support medical staff in Hokkaido pref. where CRR owns a property. This donation is a part of efforts to "contribution to local communities", one of the Materiality that CRR shares with TRM.

Disaster provision warehouse and manhole toilets



At Comforia Shinjuku Eastside Tower, we have established a disaster provision warehouse designated by the Shinjuku ward and manhole toilets for neighboring residents and workers in preparation for a disaster. We have also entered into an emergency mutual assistance agreement with three neighboring town councils to strengthen partnerships.

Initiatives to Tenants

CRR believes that its owned properties should always meet tenant preferences to enhance the medium- to long-term value of our unitholders, and therefore tenant satisfaction serves an essential role for that. To that end, we consistently communicate with them to understand their needs and reflect them for our asset management operation.

Conduct Tenant satisfaction survey

Every year we carry out a questionnaire survey of the residents of the Comforia series, which are operated by CRR, on the Comforia brand as well as residents' satisfaction and requests regarding management and operation. Based on the opinions and requests of residents, we take actions with the aim of providing better services. An example of how we have improved tenant satisfaction is the increase in the number of delivery lockers in response to the opinion that there were not enough lockers due to the recent rise of e-commerce.

Survey		2017	2018	2019	2020
Building Cleaning (Common Areas)	Satisfied	73%	68%	72%	73%
	Neutral	14%	18%	15%	13%
	Unsatisfied	13%	14%	13%	14%
Building Management & Service	Satisfied	68%	67%	69%	68%
	Neutral	26%	22%	24%	24%
	Unsatisfied	6%	11%	7%	8%



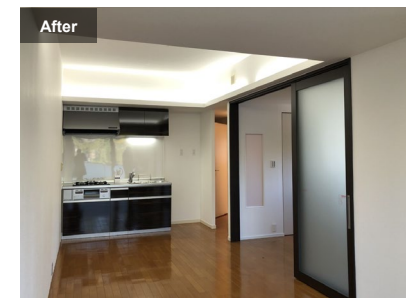
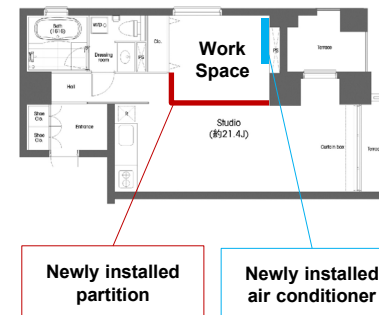
COMFORIA WELBOX



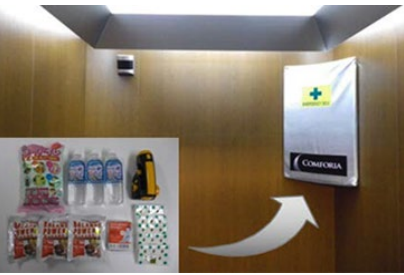
COMFORIA WELBOX provides a wide range of services to the residents of the Comforia series, which are operated by CRR. In addition to various discounts using the Group's resources, we offer preferential rates for moving to another property in the Comforia series and we carry out resident satisfaction surveys using the COMFORIA WELBOX platform in an effort to improve resident satisfaction with the aim of encouraging longer periods of residence.

Value Enhancement Work(COMFORIA MINAMIAOYAMA)

Implemented value enhancement work to divide one room into two based on workplace needs amidst the COVID-19 pandemic.



Supply of emergency kits and evacuation map



After the Great East Japan Earthquake, to enhance the safety and the sense of security of our residents, we provide emergency kits (emergency food and goods) in the elevators of every property, we also post evacuation maps in common space of all properties to inform residents of area for evacuation in preparation for an earthquake or other disaster.

Effort to advance health / wellness



Comforia Itabashi Nakajuku provided running lessons for tenants which were organized by Tokyu Sports Oasis, Inc.

Cooperation with tenants

<ご入居者様向け サステナビリティガイド>

当物件管理会社は東武不動産ホールディングスグループの一員として、グループのサステナビリティビジョンを共有化し、家賃での環境負荷削減を推進しております。入居者の皆様にもサステナブルな社会の実現に向けてご協力をお願いしております。

〔省エネガイド〕

家賃にある家電、機器も毎日エネルギーを消費しています。家賃全員が環境意識を持って省エネを実践すると、家賃全体で大きな効果が見られます。家電製品もガス機器も自動車も、上手に減らして上手に使いましょう。8年を過ぎた家電製品の数値的なエネルギーを削減、一人ひとりの自分ができる省エネに取り組みたいと思います。

照明

- ・電球を省エネ型に替えましょう。
- ・無駄な灯りは必要に減らしましょう。

エアコン

- ・夏の外気温の室温は28度を目安に。
- ・冬の室内温度は18度を目安に。
- ・フィルターを月に1回か2回清掃しましょう。

テレビ

- ・見ていないテレビは、ごまかして減らしましょう。

冷蔵庫

- ・暑い日はまぎやかで保冷しましょう。
- ・無駄な霜はほじかない。

風呂

- ・シャワーは必ず必要にしたときだけにします。

洗濯機

- ・お風呂の残り湯を利用しましょう。
- ・すすぎは必ずすすぎより、ためすすぎにしましょう。

〔3R推進ガイド〕

3R活動とは、下の3つのRに取り組むことでゴミを減らさず、そのことでゴミの発生や燃焼処分による環境への悪い影響を軽減すること、残りある資源を有効に減らし使う社会（＝循環型社会）をつくらうとするものです。

Reduce (リデュース)

- ・マイバッグを持って無駄な包装は減らしましょう。
- ・節約品や詰め買い、詰め買いの品を選びましょう。
- ・お風呂は水が溜まる入浴剤や洗剤は減らしましょう。
- ・お風呂の残り湯は洗面やトイレの洗浄などに利用しましょう。
- ・耐久性の高い製品や省資源化設計の製品を選びましょう。

Reuse (リユース)

- ・リサイクル用品の製品を選び、使い終わったら、リユース回収に出しましょう。
- ・フリーマーケットやリサイクルショップを覗いて、不要品の再使用に努めましょう。

Recycle (リサイクル)

- ・資源ごみの分別回収に協力しましょう。
- ・資源ごみの分別的な分別回収を促しましょう。
- ・リサイクル製品は積極的に利用しましょう。

As part of our initiatives in collaboration with tenants, we created and distributed a Sustainability Guide. This guide promotes reduction of households' environmental footprint, primarily through energy saving and the 3 Rs, and tenants are pursuing various efforts aimed at the realization of a sustainable society.

Initiatives to Suppliers

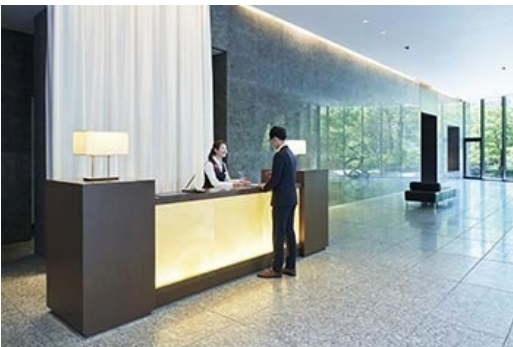
TRM recognizes the importance of cooperation with its suppliers, as stated in the Sustainability Policy, that it provides initiatives and procurement with consideration to the environment and society, through engagement to suppliers such as PM, BM, Appraisal companies and Engineering Report companies etc. As part of the initiatives, TRM established the Green Procurement Standard and monitors ESG consideration in the operation of its important suppliers including PM and other companies.

Joint seminars



We work to foster a culture that ESG initiatives are to be taken by our entire supply chain, not limited to the officer and employees of TRM. To that end, ESG training sessions are co-organized by TRM and PMs. In FY2020, TRM organized also virtual seminars themed ESG trend, Materiality and application of the Green Procurement Standard.

Local staff awards



At Comforia Shinjuku East Side Tower, we provide awards for concierge staff. In addition to increasing the motivation of these staff members, we believe this helps to establish an operating structure with a feeling of togetherness between asset management and building management personnel.

Green Procurement Standard

As a member of TFHD Group, TRM shares the Group’s “Sustainable Procurement Policy” published on January 31, 2020 and works on challenges to environmental crisis such as climate change. Our objective is to work on this goal, together with all the stakeholders including our suppliers. In line with the Group’s procurement policy, TRM established the “Green Procurement Standard” to translate the policy into practical measures. This standard broadly states to suppliers that environment-friendly procurement is to be carried out, and together with them, TRM works to promote more sophisticated efforts based on the Policy. The scope of application of this standard includes direct or indirect transactions related to products, services, raw materials, and design/construction procured by TRM and CRR.

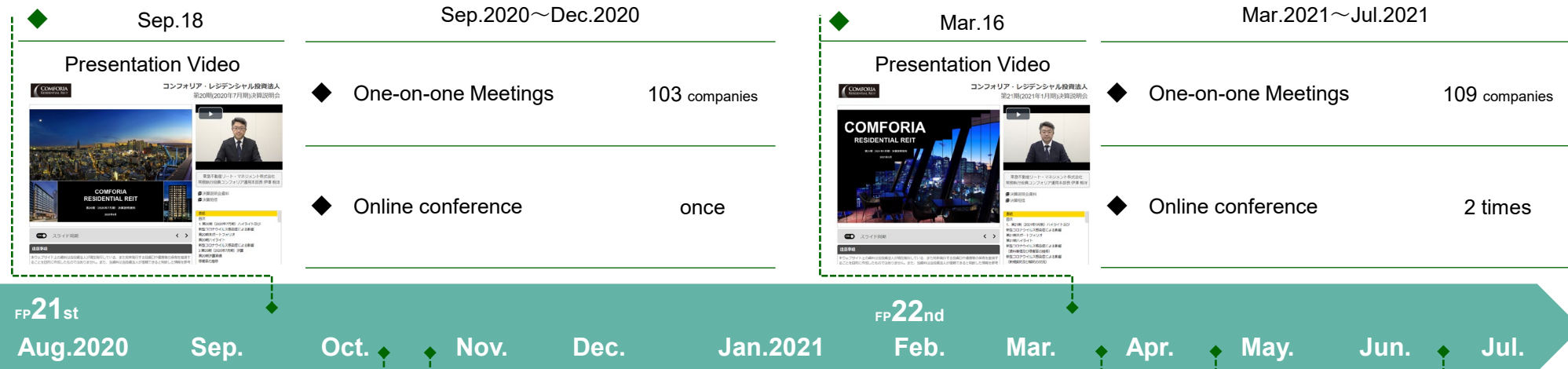
TFHD Group Sustainable Procurement Policy Articles

1)Legal compliance	1)-1 Total compliance with relevant laws and regulations	4)Ensuring proper business ethics	4)-1 Preventing corruption 4)-2 Preventing contact with organized crime 4)-3 Ensuring fair trade practices 4)-4 Appropriate response to conflicts of interest 4)-5 Responsible political involvement 4)-6 Protection of intellectual property rights 4)-7 Maintaining confidential information and disclosure 4)-8 Compliance hotline and whistleblower protection
2)Respect for human rights	2)-1 Compliance with and respect for international human rights and labor standards 2)-2 No tolerance of discrimination 2)-3 No tolerance of harassment 2)-4 Respect for local residents 2)-5 Respect for minority rights		
3)Ensuring a work environment based on safety,health and well-being	3)-1 Freedom of association, collective bargaining rights 3)-2 No tolerance of forced labor 3)-3 No tolerance of child labor 3)-4 Fair wages 3)-5 Elimination of excessive working hours 3)-6 Workplace health and safety measures 3)-7 Emergency preparedness 3)-8 Prevention of occupational accidents and illness 3)-9 Industrial Hygiene measures 3)-10 Measures for physically demanding work 3)-11 Proper sanitary facilities, meals and housing 3)-12 Protection of foreign and migrant worker rights	5)Environmental measures	5)-1 Combatting climate change 5)-2 Biodiversity protection 5)-3 Protection of pollution 5)-4 Effective use of resources 5)-5 Proper water use 5)-6 Ensure appropriate use of forest resources
		6)Improving service and quality	6)-1 Ensuring safety 6)-2 Quality control and quality assurance systems 6)-3 Proper information disclosure for products and services
		7)Proper information management	7)-1 Proper information management
		8)Business Continuity Planning	8)-1 Business Continuity Planning
		9)Contributing to local communities	9)-1 Contributing to local communities
		10)Extension of the Sustainable Procurement Policy	10)-1 Extension to business partners 10)-2 Cooperation for monitoring

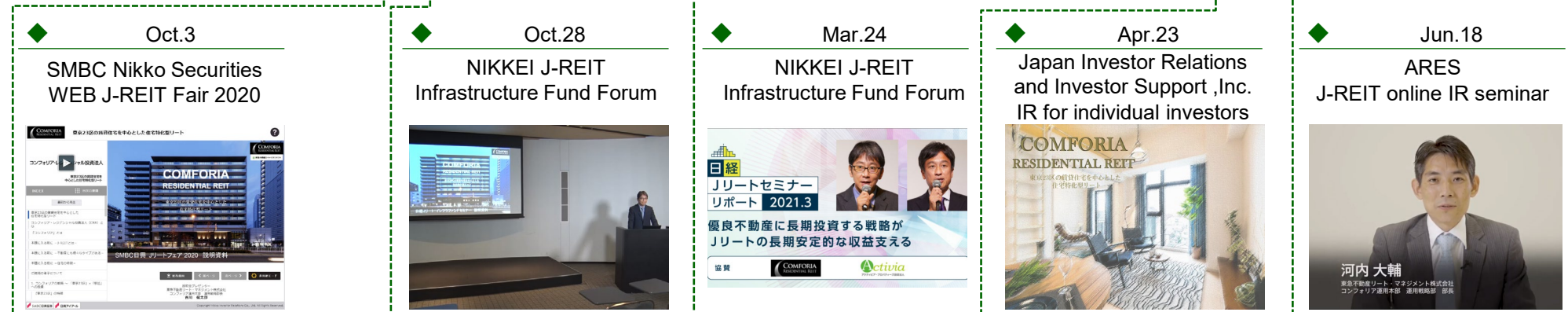
Initiatives to Investors

CRR and TRM view appropriate information disclosure to and proactive dialogue with investors as essential tasks. Based on the policy described above, TRM holds regular meetings with institutional investors in Japan and from abroad (Europe, North America, Asia, etc.). In addition, it is engaged in proactive information disclosure by holding briefings for individual investors, participating in events and online seminars aimed at individual investors, publishing presentation videos of financial result briefings, and more.

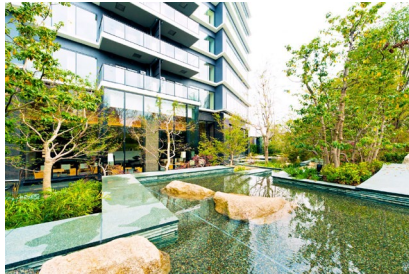
IR activities for domestic and foreign institutional investors



IR activities for individuals investors



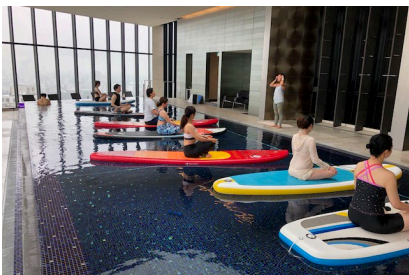
Initiatives at COMFORIA SHINJUKU EASTSIDE TOWER



With a site area of more than 1,000 square meters, Comforia Shinjuku Eastside Tower has developed a greening plan in accordance with the Ordinance for the Conservation and Restoration of Nature in Tokyo, based on which it offers a lush space filled with natural features.



An open space is used as a walkway for neighboring residents and commuters.



Monthly pool events (SUP YOGA, swimming clinic, water aerobics, etc.) are held exclusively for residents.



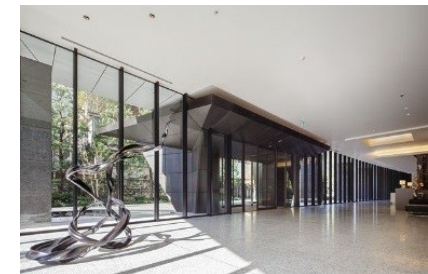
Energy-efficient glass is used in the windows to reduce the amount of sunlight and heat that enters, in this way alleviating the burden on the air-conditioning systems.



Artworks of our Shinjuku 6-chome Plan Art Project are exhibited on the premises and inside the building.

Pamphlets in Foreign Languages

To further improve user satisfaction, user guides for residents from overseas are provided at Comforia Shinjuku Eastside Tower. The guides are prepared in English, Chinese, and Korean.



A large windowed entrance allows the use of natural daylight.



AEDs (automated external defibrillators) are installed in the disaster control center and at the pool on the 32nd floor.

Resident Satisfaction Surveys

A questionnaire survey of residents is carried out once a year and the issues identified are then improved.

Improvements :

- Room temperature adjustments in each facility
- Cleaning of gym equipment
- Enhancement of lounge menus, etc.



Governance



Our View on Governance

We have established a comprehensive corporate governance and compliance management structure and conduct ourselves in a highly ethical manner in order to meet the expectations and earn the trust of society.

Relevant SDG targets

	12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
	16.7	Ensure responsive, inclusive, participatory and representative decision-making at all levels

CRR's Corporate Governance

Pursuant to the Act on Investment Trusts and Investment Corporations ("ITA"), CRR entrusts its asset management operations to TRM.

■ CRR's governance structure

CRR's organization comprises a unitholders' meeting, a board of directors currently comprised of executive director and supervisory director, and an independent auditor. It is stipulated that CRR shall have at least one executive director and at least two supervisory directors (however, the number of supervisory directors must be at least one more than the number of executive directors). As of the end of July 2021, there were one executive director and two supervisory directors.



■ Unitholders' meeting

Matters and issues on CRR, that are originally stipulated at ITA and other relevant laws & regulations, are to be resolved at a unitholders' meeting.

■ Executive Director and Supervisory Directors

The term of office for directors and supervisory directors based on regulations are two years.

Position	Name	Number of Units Held
Executive Director	Takehiro Izawa	—
Supervisory Directors	Koji Yamamoto	—
	Masamichi Ohshima	—



■ Eligibility requirements

Candidate for directors must not fall under any disqualification clause as defined in the ITA. Such candidates shall be examined and appointed at a unitholders' meeting.

■ Compensation

The maximum compensation amounts for the executive director and supervisory directors are stipulated in the articles of incorporation, and compensation is determined by the board of directors.

Position	Name	Concurrent positions	Compensation received (¥ thousand / fiscal period)
Executive Director	Takehiro Izawa	Executive Director, Chief Division Officer of Comforia Management Division, TLC REIT Management Inc.	—
Supervisory Directors	Koji Yamamoto	Partner, WAKABA PARTNERS Law And Accounting Office	1,800
	Masamichi Ohshima	Kataoka & Kobayashi	1,800

■ Board of Directors

At the meeting of the board of directors, the executive director reports on the performance of its duties and the supervisory directors supervise to ensure that CRR operates the asset management in compliance with legal and regulatory requirements. The meeting frequency of the board should be at least once in three months as stipulated under internal regulations of CRR. However, it is held every month with a 100% attendance of directors in FY2020.

■ Independent auditors

The independent auditor shall audit the financial statements of CRR and report to the supervisory directors any improper activity of the executive director. The term of office of the independent auditor comes to an end at the first unitholders' meeting held after the first financial period closed after one year or more from the appointment date. The auditor shall be reappointed except as otherwise resolved in a unitholders' meeting.

Excerpt from the semi-annual report for the fiscal period ended July 2021

Position	Name	Compensation (¥ thousand / period)
Independent auditor	Ernst & Young ShinNihon LLC	17,138 ^(Note)

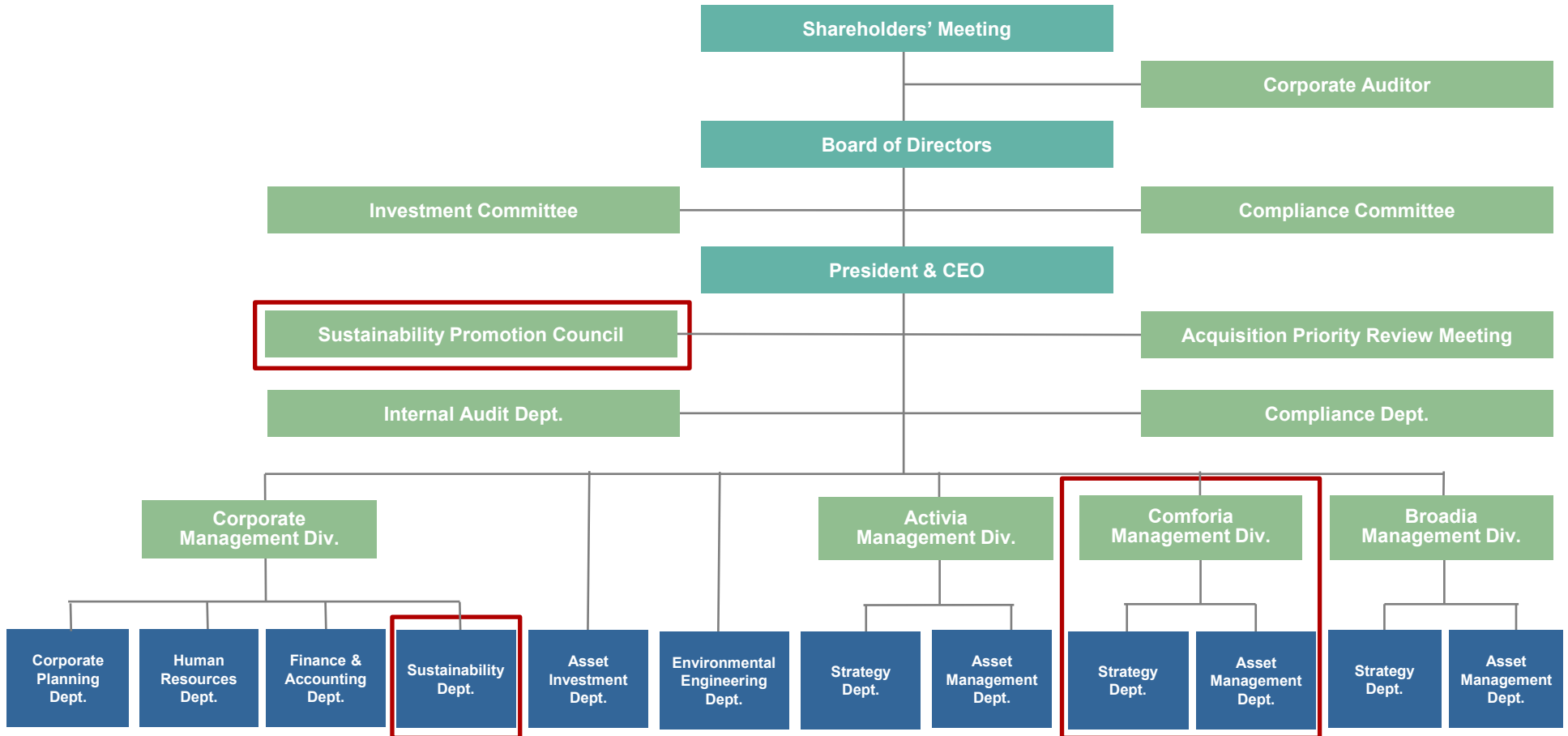
(Note) The amount includes the fees pertaining to the production of an "Auditor's Comfort Letter to Lead Underwriting Firm" related to the issuance of CRR bonds conducted in July 2021.

TRM's Corporate Governance

TRM works to enhance corporate governance to exercise a fiduciary duty and a duty of loyalty to CRR as stipulated in the asset management agreement.

■ TRM management organization

Under the management organization shown below, TRM exercises its asset management operation, and the Comforia Management Division undertakes the management of assets of CRR. TRM has established the Investment Committee and the Compliance Committee to deliberate matters related to asset management and compliance, and the Acquisition Priority Review Meeting to determine the order of priority for consideration. In April 2021, TRM established the rules on the Sustainability Promotion System to strengthen the system and expand the functionality of measures. Following this, the Sustainability Promotion Council obtained a more accurate position in the organization. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.



■ Compliance

<p>Compliance Policy</p>	<p>TRM has established a Compliance Department and Compliance Committee, which ensure that compliance checks are implemented. The Compliance Committee is a body that discusses and makes resolutions regarding conflicts of interest, transactions with related parties, internal compliance, and compliance readiness. Compliance management is implemented in adherence to the TFHD Group Code of Conduct.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>Key points of “TFHD Group Code of Conduct”</p> <ol style="list-style-type: none"> 1. Ensure compliance with laws and regulations applicable to our business activities 2. As TFHD Group employee, treat our customers sincerely to maintain their trust 3. Generate a corporate culture that enables frank communication on difficult issues involving work 4. Enhance solidarity of TFHD Group and promote mutual understanding with stakeholders 5. Enforce proper management of information 6. All employees will understand and focus on ethical conducts and be a reasonable professional 7. Make efforts to create safe workplace and be considerate of the environmental conservation </div>
<p>Compliance Committee</p>	<p>(Members) General Manager of Compliance Department (Chair), representative directors, directors (if consecutively serving as General Manager of the Investment Management Division, cannot attend Council meetings concerning REITs that the director is not in charge of), and external expert (attorney) on compliance appointed by the board of directors.</p> <p>(Agenda) The Council shall resolve the following matters. With respect to 1 to 5 , agenda shall be restricted to transactions with related parties and matters deemed necessary by the General Manager of Compliance Department.</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <ol style="list-style-type: none"> 1. Establishment and amendment of basic investment policy concerning asset management by each REIT 2. Determination and change in acquisition or disposal of assets by each REIT and the terms and conditions thereof 3. Establishment and amendment of asset management plan by each REIT 4. Establishment and amendment of basic policy concerning asset management by each REIT 5. Establishment and amendment of basic policy concerning funding, capital policy and dividend policy for each REIT 6. Matters related to transactions with related parties (provided, however, excluding transactions defined as not requiring prior approval by the Compliance Council) 7. Preparation and amendment of the Compliance Manual and Compliance Program 8. Deliberation and resolution on improvement measures concerning inappropriate acts in terms of regulatory compliance and preventative measures, etc. 9. Matters for which the General Manager of Compliance Department deems deliberation by the Compliance Council is necessary </div> <p>(Date and place) As a general rule , the committee meets at the head office at least once every three months.</p>

■ Measure taken to enhance compliance awareness

Divisional Compliance Staff	Each year, divisional compliance staff are appointed from each division to perform periodic monitoring on compliance matters. The officers report compliance status in his/her division and share related information.
Compliance training	In order to ensure compliance and increase awareness, we provide over twice compliance trainings each year to all officers and employees focusing on the enforcement of the compliance basic policy and standards, and learning applicable laws and regulations, etc., and provide orientation and follow-up (for employees new to the financial instruments business, after six months have passed since hiring).

■ Internal Auditing and Monitoring System

In its internal auditing regulations, TRM has formulated an internal auditing plan, which stipulates that internal auditing shall be conducted for all departments each fiscal year, with the exception of the Internal Audit Department. As an asset management company, with a view to investor protection and fair market formation, it audits whether tasks related to readiness in the areas of legal compliance, internal control, risk management, crisis management, etc. are being carried out appropriately and efficiently. Furthermore, with the support of external professionals, it audits a wide range of items for all departments, such as the appropriateness of information management, compliance with internal rules, and adherence to the Act on Prevention of Transfer of Criminal Proceeds, and reports the audit results to TRM's representative directors and board of directors. Matters detected by an audit are communicated to the audited department via a "Directive for Improvement," and the head of the audited department that was notified implements improvement actions and reports on the status of the improvements to the representative directors and the head of the Internal Audit Department without delay. The department in charge of auditing also periodically verifies the status of improvements.

■ Prevention of Corruption

Corruption creates significant obstacles against sustainable development and corrodes the social structure. TRM recognizes that commitment to prevention of corruption is an important issue for the society and has established rules on identity confirmation for transaction with customers, etc. in accordance with the Act on Prevention of Transfer of Criminal Proceeds.

TFHD is a signatory to the United Nations Global Compact (UNGC), and as a Group member, TRM supports the ten principles of UNGC. (Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.)

Supporting International Initiatives

The TFHD Group supports and respects the OECD Guidelines for Multinational Enterprises, international labor standards, and the UN's Guiding Principles on Business and Human Rights. Moreover, it declared its support for the UN Global Compact in December 2016. It is pursuing responsible management based on the 10 principles of the UN Global Compact, which is composed of "human rights," "labour," "environment," and "anti-corruption," and contributing to the realization of a sustainable society.

The 10 Principles of the UN Global Compact

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: the elimination of all forms of forced and compulsory labour: Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

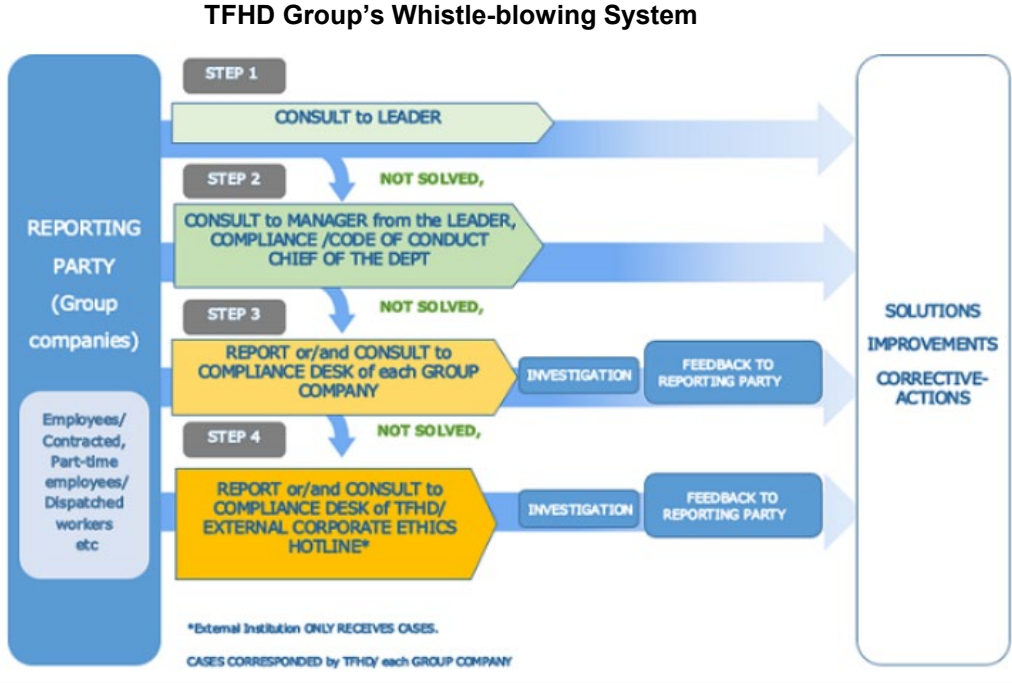
■ Official Policy Against Antisocial Forces

In order to safeguard the propriety of its business activities and ensure that we are able to meet our social responsibilities and fulfill our public mission, TRM abjures dealings of any kind with antisocial forces.

Working with legal and law enforcement bodies and other third parties, TRM is in a position to respond firmly to all improper demands. TRM’s Compliance Manual and Rules for Responding to Antisocial Forces has established specific safeguards and procedures for responding to the actions of antisocial forces. TRM also promotes a thorough awareness of these issues among management, employees, and other pertinent parties and provides the training needed to ensure a specific and appropriate response.

■ Establishment of whistle-blowing system

TRM established the Compliance Helpline Counter as a contact point to report and consult on compliance matters including when harassment and bullying is experienced or observed, enabling all officers and employees to directly report to the Compliance Officer of TRM, General Manager of Legal Affairs Department of TLC, General Manager of Group Legal Affairs Department of TFHD, or external attorneys. Moreover, we pledge to maintain the confidentiality of personal information or investigation-related information about the individual who reported or consulted on the matter and the subject of the report or consultation, which shall not be disclosed internally or externally without good reason.



Item	FY2017	FY2018	FY2019	FY2020	TFHD Group FY2030 KPI
Adherence with Compliance Code of Conduct	100%	100%	100%	100%	100%
Awareness of Compliance Helpline Counter	89%	90%	87%	90%	—

(Note) Shared Group-wide criteria for TFHD Group FY2030 KPI

■ Risk Management

<p>Basic Policy on Risk Management</p>	<p>TRM established a basic policy on the strategic targets, as well as risk management rules to implement appropriate management of risks.</p> <div style="border: 1px solid black; padding: 10px;"> <p>(Basic Policy on Risk Management)</p> <ol style="list-style-type: none"> 1. In accordance with our management principles, we aim to secure long-term stable revenue and maximize unitholder value by establishing a management system in accordance with these Rules and implementing appropriate risk management against various risks involved with engaging in investment management business. 2. Officers and employees, etc., shall recognize the importance of risk management, each be aware that they are the agent of risk management, understand these Rules and internal rules, etc., and strictly comply with the same . 3. Risk management shall be executed with necessary and appropriate rules, detailed rules and standards, etc., being established; organizational and resource measures implemented; and responsibilities clarified. 4. Necessary and appropriate management and supervision shall be implemented for business outsourcing partners as well as to officers and employees, etc. 5. Risk management training, etc., shall be conducted to promote thorough awareness by officers and employees, etc., and to maintain/improve effectiveness of the Basic Policy. 6. Basic Policy stated in this Article shall be reviewed periodically or as necessary such as when changes occur to strategic targets. </div>
<p>Risk management framework</p>	<p>TRM conducts sophistication of its risk management framework with a certain support from external experts. Risk management function falls under the responsibility of the Compliance Department supervised by the Compliance Officer. The Compliance Department is a stand-alone department, independent from business operating divisions. It performs a series of risk assessment including operational risk, etc.</p>
<p>Risk management training</p>	<p>TRM provides periodical risk management educational session with all officers and employees by external lecturers and works to improve risk management ability of each department's members.</p>
<p>Information security</p>	<p>In order to enhance security of information assets and appropriate use of them, TRM has set forth basic rules on information security management which stipulates principle matters related to information protection with clarifying the responsibility for information management. TRM has also established the rules on IT management to stipulate appropriate management of information asset by each officer and employee according to the level of their roles and responsibilities.</p>
<p>Business continuity planning</p>	<p>To strengthen its resilience, TRM sets a business continuity plan, related rules and manuals, and makes updates when necessary, in preparation for unexpected crisis such as disaster and social disruption. In accordance with these rules, we work to prevent and mitigate impact from crisis including recent natural disasters and COVID-19. We also pay close attention to the materials and equipment used in the properties of CRR and make every effort to prevent incident by staying well informed of defect products and carrying out research.</p>

Initiatives for Governance Emphasizing Unitholders' Value

While leveraging the TFHD Group's value chain, CRR and TRM have developed a comprehensive governance structure aimed at maximizing CRR unitholders' value by ensuring objectivity in the asset management-related decision-making flow, aligning our interests with unitholders and sponsor, and implementing a management fee structure that includes management fees linked to the dividend per unit.

Securing objectivity in decision-making process

With a view to protecting the interests of unitholders, TRM has established a structure that ensures objectivity in the decision-making process for acquiring assets under management by including third-party real estate appraisers as members of the Investment Committee.



(Note1) Deliberation and resolution by the Compliance Committee as well as prior approval by CRR's board of directors will be required for acquiring assets, etc. In case of related-party transactions and other necessary cases.

(Note2) If the candidate acquisition asset is a healthcare facility, advisory from external experts related to healthcare facilities shall be sought. Furthermore, discussions shall be held upon receiving a report on the content of reports, etc. created by external experts related to healthcare facilities and, if necessary, the Investment Committee shall be attended by the concerned external experts as observers and their opinions shall be heard.

Aligning Interests Between Unitholders and the Sponsor

In the Sponsor Support Agreement, TLC has made it clear that if and when CRR decides to issue additional units, a subscription of a part of such issuance shall be sincerely considered.

In the public offering held in Feb.2021, the sponsor acquired 2,137 units, which is 10% of the number of issuing units. Even in terms of capital relationship, CRR aims to make a strong relationship with the sponsor and to achieve mutual interests improvement by aligning the interests of unitholders to that of the sponsor.

Sponsor's investment ratio

9.0%

(as of July 31, 2021)

Change in Asset Management Fee System

Under the asset management fee structure that has been applied since August 1 , 2020, Incentives have been introduced for further improvement of and growth of unitholder value and enhanced linkage with the interests of unitholders.

Before change		Current		
Management fee I (fee linked to total assets)	Total assets at the end of previous fiscal period × 0.3% (annual rate)	Total assets at the end of previous fiscal period × <u>0.2%</u> (annual rate)		Enhancing the linkage between the interests of unitholders and asset management fees
Management fee II (fee linked to profit)	Ordinary CF × 3.0%	Ordinary CF × <u>5.4%</u>		
Management fee III (acquisition and disposition fee)	Property acquisition / disposition price × 1.0% (0.5% in the case of transactions with related parties)	Property acquisition / disposition price × 1.0% (0.5% in the case of transactions with related parties <u>(excluding warehousing)</u>)		Strengthening incentives for growth of AUM and distributions
Management fee V (incentive) <i>Newly established</i>	—	<u>Ordinary CF × growth rate of ordinary CF per unit × 10%</u> <u>However, no fee will occur when the value is negative</u>		

GRI Content Index

GRI 100 : Universal Standards

Disclosure		CRR Location or reason for omission	TRM Location or reason for omission
102: General Disclosures 2016			
1. Organizational Profile			
102-1	Name of the organization		
a	Name of the organization	https://www.comforia-reit.co.jp/en/about/profile.html Profile	https://www.tokyu-trm.co.jp/en/profile/ Profile
102-2	Activities, brands, products, and services		
a	A description of the organization's activities.	https://www.comforia-reit.co.jp/en/features/index.html Basic Policies	https://www.tokyu-trm.co.jp/en/profile/ Profile
b	Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	https://www.comforia-reit.co.jp/en/features/index.html Basic Policies	https://www.tokyu-trm.co.jp/en/index.html Home
		https://www.comforia-reit.co.jp/en/portfolio/index.html Portfolio List	https://www.tokyu-trm.co.jp/en/profile/ Profile
		https://www.comforia-reit.co.jp/en/ir/library.html Semi-Annual Report	
102-3	Location of headquarters		
a	Location of the organization's headquarters.	https://www.comforia-reit.co.jp/en/about/profile.html Profile	https://www.tokyu-trm.co.jp/en/profile/ Profile
102-4	Location of operations		
a	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	https://www.comforia-reit.co.jp/en/about/profile.html Profile	https://www.tokyu-trm.co.jp/en/profile/ Profile
102-5	Ownership and legal form		
a	Nature of ownership and legal form.	https://www.comforia-reit.co.jp/en/about/structure.html Structure	https://www.tokyu-trm.co.jp/en/profile/ Profile
102-6	Markets served		
a	Markets served, including:	https://www.comforia-reit.co.jp/en/about/profile.html Profile	https://www.tokyu-trm.co.jp/en/profile/ Profile
i.	geographic locations where products and services are offered;	https://www.comforia-reit.co.jp/en/about/profile.html Profile	https://www.tokyu-trm.co.jp/en/profile/ Profile
ii.	sectors served;	https://www.comforia-reit.co.jp/en/finance/investment.html Structure Capital & Unitholders	https://www.tokyu-trm.co.jp/en/profile/ Profile

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Disclosure	CRR Location or reason for omission	TRM Location or reason for omission
102: General Disclosures 2016		
1. Organizational Profile		
iii. types of customers and beneficiaries.	https://www.comforia-reit.co.jp/en/finance/investment.html	Structure Capital & Unitholders
		https://www.tokyu-trm.co.jp/client/ Customer-first Business Operation Policy (in Japanese)
102-7	Scale of the organization	
a Scale of the organization, including:	https://www.comforia-reit.co.jp/en/about/structure.html	Structure
		https://www.tokyu-trm.co.jp/en/profile/ Profile
i. total number of employees;	Due to legal restrictions, there are no employees in the investment corporation, and management is entrusted to the asset management company, TLC REIT Management Inc.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Key Employee Data
ii. total number of operations;	1(Head Office only)	1(Head Office only)
iii. net sales (for private sector organizations) or net revenues (for public sector organizations);	https://www.comforia-reit.co.jp/en/ir/highlight.html	Financial Highlights
iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;	https://www.comforia-reit.co.jp/en/finance/index.html	Interest-Bearing Debt
		https://www.tokyu-trm.co.jp/en/profile/ Profile
v. quantity of products or services provided.	https://www.comforia-reit.co.jp/en/portfolio/index.html	Portfolio List
		https://www.tokyu-trm.co.jp/en/attention/ About Financial Transactions
102-8	Information on employees and other workers	
	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	
a Total number of employees by employment contract (permanent and temporary), by gender.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Key Employee Data
b Total number of employees by employment contract (permanent and temporary), by region.		The asset management company solely operates at the Head Office, there is no regional difference by region.
c Total number of employees by employment type (full-time and part-time), by gender.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Key Employee Data
d Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.		Not applicable (major part of activities are performed by employees)
e Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).		No significant variations in the numbers reported.

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Disclosure	CRR Location or reason for omission	TRM Location or reason for omission		
102: General Disclosures 2016				
1. Organizational Profile				
102-9 Supply chain				
a A description of the organization’s supply chain, including its main elements as they relate to the organization’s activities, primary brands, products, and services.	https://www.comforia-reit.co.jp/en/features/basic-policy_tokyu-fudosan-hd.html	Value chain of the TOKYU FUDOSAN HOLDINGS Group	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	
	https://www.comforia-reit.co.jp/en/about/structure.html	Structure		
102-10 Significant changes to the organization and its supply chain				
a Significant changes to the organization’s size, structure, ownership, or supply chain, including:				
		https://www.comforia-reit.co.jp/file/en-news-936eab105dbfa5389004f823f8ee219f2830810c.pdf	Notice Concerning Relocation of Headquarters of Investment Corporation	
		https://www.comforia-reit.co.jp/file/en-news-27f291350345913813f1e0345b02f3d309b06ce7.pdf	Notice Concerning Changes in Organizational Structure of the Asset Management Company	
	i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;	https://www.comforia-reit.co.jp/file/en-news-251115e1b5ae3ff5601c20b8439813ed274f9533.pdf	Notice Concerning Changes in Organizational Structure, etc. and Directors of the Asset Management Company	
		https://www.comforia-reit.co.jp/file/en-news-b4100311cc3374acb5d18e397325e1465f59dc18.pdf	Notice Concerning Change of President & CEO and Appointment of Chairman and Directors of the Asset Management Company	https://www.tokyu-trm.co.jp/en/common/pdf/info_2106_en.pdf
ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);	No significant changes		No significant changes	
iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	No significant changes		No significant changes	

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Disclosure	CRR		TRM		
	Location or reason for omission		Location or reason for omission		
102: General Disclosures 2016					
1. Organizational Profile					
102-11	Precautionary Principle or approach				
a	Whether and how the organization applies the Precautionary Principle or approach.	https://www.comforia-reit.co.jp/en/sustainability/index.html	Sustainability Policy	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Sustainability Policies
				https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Risk Management
102-12	External initiatives				
a	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	TLC REIT Management Inc., the asset management company of the Investment corporation, is a GRESB Member, and Tokyu Fudosan Holdings Corporation is a signatory of the United Nations Global Compact. The investment corporation is operated along with the support for these initiatives.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c5	International Initiatives
102-13	Membership of associations				
	A list of the main memberships of industry or other associations, and national or international advocacy organizations.			"The Investment Trusts Association, Japan The Association for Real Estate Securitization GRESB Real Estate"	
2. Strategy					
102-14	Statement from senior decision-maker				
a	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	https://www.comforia-reit.co.jp/en/about/index.html	Greetings	https://www.tokyu-trm.co.jp/en/message/	Message
102-15	Key impacts, risks, and opportunities				
a	A description of key impacts, risks, and opportunities.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality

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Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
102: General Disclosures 2016					
3. Ethics and Integrity					
102-16	Values, principles, standards, and norms of behavior				
a	A description of the organization’s values, principles, standards, and norms of behavior.	https://www.comforia-reit.co.jp/en/features/index.html	Feature & Strategy	https://www.tokyu-trm.co.jp/en/philosophy/	Philosophy
102-17	Mechanisms for advice and concerns about ethics	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Establishment of whistle-blowing system
				https://www.tokyu-fudosan-hd.co.jp/english/about/compliance/	Establishment of Compliance Helpline
4. Governance					
102-18	Governance structure				
a	Governance structure of the organization, including committees of the highest governance body.	https://www.comforia-reit.co.jp/en/about/profile.html	Officers	https://www.tokyu-trm.co.jp/en/profile/	Profile
		https://www.comforia-reit.co.jp/en/about/structure.html	Structure	https://www.tokyu-trm.co.jp/en/organization/	Organization
b	Committees responsible for decision-making on economic, environmental, and social topics.	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
102-19	Delegating authority	https://www.comforia-reit.co.jp/en/about/governance.html	Operational system of the Investment Corporation	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
		https://www.comforia-reit.co.jp/en/about/structure.html	Structure		
102-20	Executive-level responsibility for economic, environmental, and social topics	Due to the organizational characteristics, the responsible officer is appointed in the asset management company.			
a	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
b	Whether post holders report directly to the highest governance body.	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
102-21	Consulting stakeholders on economic, environmental, and social topics				
a	Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	SDGs with close relevance to the Materiality	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c2	Commitment to Environment
				https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Commitment to Society

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Disclosure		CRR Location or reason for omission		TRM Location or reason for omission		
102: General Disclosures 2016						
4. Governance						
102-22	Composition of the highest governance body and its committees	https://www.comforia-reit.co.jp/en/about/structure.html	Structure	https://www.tokyu-trm.co.jp/en/organization/	Organization	
				https://www.tokyu-trm.co.jp/en/profile/	Executive Board	
102-23	Chair of the highest governance body	https://www.comforia-reit.co.jp/file/ir_library_other_file-tmp-WKMYF.pdf	Articles of Incorporation (in Japanese)	https://www.tokyu-trm.co.jp/en/profile/	Executive Board	
102-24	Nominating and selecting the highest governance body					
	a	Nomination and selection processes for the highest governance body and its committees.	https://www.comforia-reit.co.jp/file/ir_library_other_file-tmp-WKMYF.pdf	Articles of Incorporation (in Japanese)		
	b	Criteria used for nominating and selecting highest governance body members, including whether and how:	https://www.comforia-reit.co.jp/file/ir_library_other_file-tmp-WKMYF.pdf	Articles of Incorporation (in Japanese)		
		i. stakeholders (including shareholders) are involved;				
		ii. diversity is considered;				
		iii. independence is considered;				
	iv. expertise and experience relating to economic, environmental, and social topics are considered.					
102-25	Conflicts of interest					
	a	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	https://www.comforia-reit.co.jp/en/about/governance.html	Governance System	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Compliance
	b	Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:	https://www.comforia-reit.co.jp/file/ir_library_other_file-8424ef7042812af3a0c537150cb119209cf3e368.pdf	Report on Management Structure of the REIT Issuer (in Japanese)	https://www.tokyu-trm.co.jp/en/profile/	Profile
		i. Cross-board membership;				
		ii. Cross-shareholding with suppliers and other stakeholders;				
		iii. Existence of controlling shareholder;				

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Disclosure	CRR Location or reason for omission	TRM Location or reason for omission
102: General Disclosures 2016		
4. Governance		
iv. Related party disclosures.		
102-26	Role of highest governance body in setting purpose, values, and strategy	
a Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	https://www.comforia-reit.co.jp/en/sustainability/index.html Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/ Promotion System
102-27	Collective knowledge of highest governance body	
a Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html Performance Evaluation Process
102-28	Evaluating the highest governance body's performance	
a Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html Performance Evaluation Process
102-29	Identifying and managing economic, environmental, and social impacts	
a Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html Materiality
b Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html Materiality
102-30	Effectiveness of risk management processes	
	https://www.comforia-reit.co.jp/en/about/governance.html Governance System	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4 Efforts on Governance
102-31	Review of economic, environmental, and social topics	
a Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	https://www.comforia-reit.co.jp/en/sustainability/index.html Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html Promotion System
102-32	Highest governance body's role in sustainability reporting	
	https://www.comforia-reit.co.jp/en/sustainability/index.html Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html Promotion System

GRI Content Index

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Disclosure		CRR Location or reason for omission	TRM Location or reason for omission
102: General Disclosures 2016			
4. Governance			
102-34	Nature and total number of critical concerns	No critical concerns reported during the reporting period.	No critical concerns reported during the reporting period.
102-35	Remuneration policies		
a	Remuneration policies for the highest governance body and senior executives for the following types of remuneration:	https://www.comforia-reit.co.jp/file/ir_library_other_file-tmp-WKMYF.pdf	Articles of Incorporation (in Japanese)
	i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;		
	ii. Sign-on bonuses or recruitment incentive payments;		
	iii. Termination payments;		
	iv. Clawbacks;		
	v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.		
5. Stakeholder Engagement			
102-40	List of stakeholder groups		
a	A list of stakeholder groups engaged by the organization.	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives
			https://www.tokyu-trm.co.jp/en/sustainability/esg.html Our commitment
102-41	Collective bargaining agreements		
a	Percentage of total employees covered by collective bargaining agreements.	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	100%
102-43	Approach to stakeholder engagement		
a	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives
			https://www.tokyu-trm.co.jp/en/sustainability/esg.html Our commitment Commitment to Society
102-44	Key topics and concerns raised	No key topics or concerns raised	No key topics or concerns raised

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Disclosure		CRR Location or reason for omission	TRM Location or reason for omission
102: General Disclosures 2016			
6. Reporting Practice			
102-45	Entities included in the consolidated financial statements	None	TLC REIT Management Inc. is 100% subsidiary of Tokyu Fudosan Holdings Corporation and subjected to consolidated financial statements.
102-46	Defining report content and topic Boundaries		
a	An explanation of the process for defining the report content and the topic Boundaries.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html Materiality
102-47	List of material topics		
a	A list of the material topics identified in the process for defining report content.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html Materiality
102-48	Restatements of information	Nothing in particular	Nothing in particular
102-49	Changes in reporting	Nothing in particular	Nothing in particular
102-50	Reporting period	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html Sustainability information disclosure and GRI Index	https://www.tokyu-trm.co.jp/en/sustainability/gri.html Sustainability information disclosure and GRI Index
102-51	Date of most recent report	Not applicable	Not applicable
102-52	Reporting cycle	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html Sustainability information disclosure and GRI Index	https://www.tokyu-trm.co.jp/en/sustainability/gri.html Sustainability information disclosure and GRI Index
102-53	Contact point for questions regarding the report	https://www.comforia-reit.co.jp/en/contact/index.html Contact us	https://www.tokyu-trm.co.jp/en/contact/ Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability reporting is prepared with reference to GRI standards	Sustainability reporting is prepared with reference to GRI standards
102-55	GRI content index	GRI Content Index (this table)	GRI Content Index (this table)
102-56	External assurance	None	None

GRI Content Index

GRI 200 : Economic

Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.htm	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
201 : Economic Performance 2016					
201-2	Financial implications and other risks and opportunities due to climate change				
a	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
205 : Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.			
a	Total number and percentage of operations assessed for risks related to corruption.			1 (The asset management company solely operates at the Head Office) , 100%	
b	Significant risks related to corruption identified through the risk assessment.			None	
205-2	Communication and training about anti-corruption policies and procedures	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.			
d	Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Compliance Training
e	Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Compliance Training
205-3	Confirmed incidents of corruption and actions taken	No incidents		No incidents	
206 : Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents		No incidents	

GRI Content Index

GRI 300 : Environmental

Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
307 : Environmental Compliance 2016					
307-1	Non-compliance with environmental laws and regulations	No violations during the reporting period		No violations during the reporting period	

GRI Content Index

GRI 400 : Social

Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
401 : Employment 2016					
401-1	New employee hires and employee turnover	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.			
	a Total number and rate of new employee hires during the reporting period, by age group, gender and region.			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	New Hire
	b Total number and rate of employee turnover during the reporting period, by age group, gender and region.			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Turnover ratio
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Employee welfare programs (representative examples)
401-3	Parental leave	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Status of Work-Style Reform and Diversity Promotion
403 : Occupational Health and Safety 2018					
403-2	Hazard identification, risk assessment, and incident investigation	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Health Committee
	a A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:			Implementation of health committee, feedback through workplace inspections by industrial doctors, confirmation of working hours of all officers and employees, implementation of feedback and lectures based on periodic stress checks, etc.	

GRI Content Index

GRI 400 : Social

Disclosure		CRR Location or reason for omission	TRM Location or reason for omission
403 : Occupational Health and Safety 2018			
	A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.		Lectures by industrial doctors, individual interviews with industrial doctors, and feedback to superiors
403-4	Worker participation, consultation, and communication on occupational health and safety	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	Employees also take part in the health committee disclosed below. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Health Committee
403-5	Worker training on occupational health and safety	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	Carrying out lectures by industrial doctors and planned classes related to harassment. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Various employee training programs Health Committee
403-6	Promotion of worker health	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	Carrying out stress checks and regular health checks. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Our Commitment Status of Work-Style Reform and Diversity Promotion
403-9	Work-related injuries	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Status of Work-Style Reform and Diversity Promotion
403-10	Work-related ill health	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Status of Work-Style Reform and Diversity Promotion
404 : Training and Education 2016			
404-1	Average hours of training per year per employee	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 Various employee training programs (examples of representative cases)

GRI Content Index

GRI 400 : Social

Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
404 : Training and Education 2016					
404-2	Programs for upgrading employee skills and transition assistance programs	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Employee Development
404-3	Percentage of employees receiving regular performance and career development reviews	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		Both contracted employees and regular employees receive performance and career development reviews in the same structure, and aim to set the goals and communicate with superiors. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Performance Evaluation Process
a	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.			100%	
405 : Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees				
a	Percentage of individuals within the organization's governance bodies in each of the following diversity categories:	https://www.comforia-reit.co.jp/en/about/profile.html	Officers	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion
	i. Gender;	https://www.comforia-reit.co.jp/en/about/profile.html	Officers	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion
	ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	https://www.comforia-reit.co.jp/ja/about/profile.html	Officers(in Japanese)	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion
b	Percentage of employees per employee category in each of the following diversity categories:	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.			
	i. Gender;			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion

GRI 400 : Social

Disclosure		CRR Location or reason for omission		TRM Location or reason for omission	
405 : Diversity and Equal Opportunity 2016					
	ii. Age group: under 30 years old, 30-50 years old, over 50 years old;			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion
	iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data Status of Work-Style Reform and Diversity Promotion
405-2	Ratio of basic salary and remuneration of women to men	There is no gender difference for each employee category.		There is no gender difference for each employee category.	
406 : Non-Discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	No incidents during the reporting period		No incidents during the reporting period	
411 : Rights of Indigenous Peoples 2016					
411-1	Incidents of violations involving rights of indigenous peoples	No incidents during the reporting period		No incidents during the reporting period	
413 : Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
	Note: We report information on our properties in consideration of the purpose of this standard.	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Initiatives in local communities	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Contribution to the region
414 : Supplier Social Assessment 2016					
414-2	Negative social impacts in the supply chain and actions taken	No suppliers were screened during the reporting period			
415 : Public Policy 2016					
415-1	Political contributions	No political contributions provided		No political contributions provided	
416 : Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Initiatives to improve tenant satisfaction		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations during the reporting period			
419 : Socioeconomic Compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	No violations during the reporting period		No violations during the reporting period	

GRI G4: Construction and Real Estate Sector Disclosures

Disclosure		CRR		TRM	
		Location or reason for omission		Location or reason for omission	
Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
CRE					
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	https://www.comforia-reit.co.jp/en/sustainability/evaluation.html	Environmental Certification		



Sustainability Accounting Co., Ltd.

Independent Assurance Statement

June 25, 2021

Mr. Takehiro Izawa
Executive Director
Comforia Residential REIT, Inc

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Comforia Residential REIT, Inc ("the Investment Corporation") to provide limited assurance on the Investment Corporation's following data during the fiscal year 2020 (February, 2020 to January, 2021), 8.42 GWh of energy consumption, 0.260 kt-CO₂ (Scope 1), 3.12kt-CO₂ (Scope 2, location-based), 3.24kt-CO₂ (Scope 2, market-based), 72.7thousand m³ of water use (collectively, "the Environmental performance data"). The purpose of this process is to express our conclusion on whether the Environmental performance data were calculated in accordance with the Investment Corporation's standards. The Investment Corporation's management is responsible for calculating the Environmental performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out include:

- Interviewing the Investment Corporation's responsible personnel to understand the Investment Corporation's standards and reviewing the Investment Corporation's standards.
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Environmental performance data were calculated in accordance with the Investment Corporation's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental performance data have not been calculated in all material respects in accordance with the Investment Corporation's standards.

We have no conflict of interest relationships with the Investment Corporation.

A handwritten signature in black ink, appearing to read "Takashi Fukushima", is written over a horizontal line.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.