June 21, 2022

To whom it may concern,

Company name:	Keihanshin Building Co., Ltd.
Representative:	Tsuneo Wakabayashi, President
Code No.:	8818 TSE First Section
Contact:	Junichi Tada, Managing Executive Officer responsible for Administration (TEL: 06-6202-7333)

Notice Concerning Information Disclosure Based on TCFD Recommendations

Keihanshin Building Co., Ltd. (the “Company”) recognizes the impact of initiatives concerning climate change on the sustainable development of society and the mid- to long-term enhancement of corporate value, and is actively working on measures to combat climate change.

As part of these initiatives, on November 26, 2021, the Company announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In accordance with the above endorsement, the Company hereby announces that the Board of Directors’ meeting held today passed a resolution, as per the appendix, regarding the details of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets,” for which disclosure is recommended by the TCFD.

Going forward, the Company will continue to work to improve its information disclosure concerning climate change and to contribute to the realization of a sustainable society.

June 21, 2022

Keihanshin Building Co., Ltd.

Information Disclosure Based on TCFD Recommendations

Table of Contents

1. The Company's Recognition of Climate Change

As illustrated in the IPCC Report and other publications, advancing climate change is an unequivocal scientific fact, which has had an immense impact in Japan, such as the frequent and massive natural disasters occurring as a result of extreme weather conditions. Furthermore, there has been an increasing social demand on companies to address sustainability issues including decarbonization and climate change, as evidenced by the Japanese government's October 2020 announcement of its commitment to "achieve carbon neutrality by 2050," following the signing of the Paris Agreement in 2015.

In such a social situation, the Company has recognized responses to environmental issues including climate change as an important management issue. With the materiality goals of "strengthening of resilience to climate change" and "sustainable use of resources by measures to reduce the burden on the environment," the Company moves forward with initiatives to contribute to resolving social issues relating to climate change through its business.

2. Endorsement of TCFD

In November 2021, the Company announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD).

In recent years, expanded information disclosure on the impact of environmental issues including climate change on business has been required in order for investors to appropriately make investment decisions.

The Company will assess the impact of climate change on its business and proactively disclose climate change-related information in line with the framework recommended by the TCFD. With a renewed recognition that initiatives against climate change will contribute to the sustainable development of society and the mid- to long-term enhancement of corporate value, the Company will further promote initiatives toward sustainability.

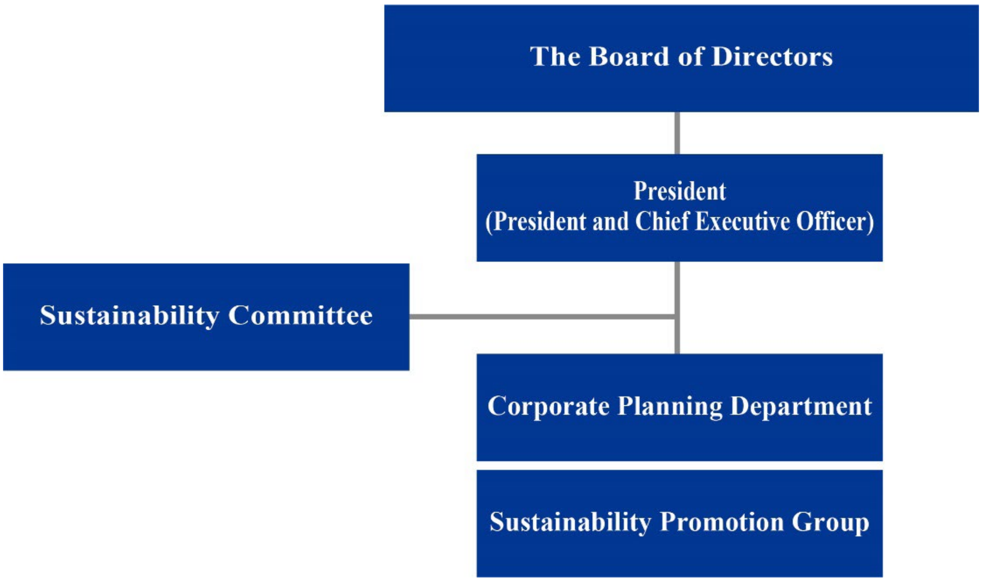
TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

3. Governance

To promote sustainable management across the organization, the Company has established the Rules on Promoting Sustainability based on the Sustainability Policy and has in place a system to promote sustainability in accordance with these Rules.

As regards the system to promote sustainable management including responses to climate change, the President serves as the Chief Sustainability Officer at the Company while the Executive Officer responsible for Administration serves as the Sustainability Executive. In addition, the Company has established the Sustainability Committee to study and formulate various policies, targets and measures, as well as the Sustainability Promotion Group to develop the system and execute various measures. The Sustainability Committee is chaired by the President and comprises members of the Sustainability Promotion Group and members appointed by each department.

As a general rule, the Sustainability Committee meets at least once every three months to study policies and targets for addressing sustainability and manage their progress, as well as cooperate with each department cross-sectionally to work on matters related to climate change including the identification and assessment of the impact of climate change, the management of risks and opportunities, the management of the status of adaptation and mitigation initiatives, and the setting of metrics and targets. The Chief Sustainability Officer engages in decision-making in light of the deliberations and studies of each agenda by the participants of the Sustainability Committee. These activities by the Sustainability Committee are periodically reported by the Sustainability Executive to the Management Meeting and the Board of Directors, and the Board of Directors supervises the sustainability initiatives accordingly.



4. Strategy

The financial impact of climate change on the Company was assessed, and to incorporate such impact into the Company's mid- to long-term business strategies, a scenario analysis was conducted in line with the framework recommended by the TCFD.

(1) Scope of the scenario analysis

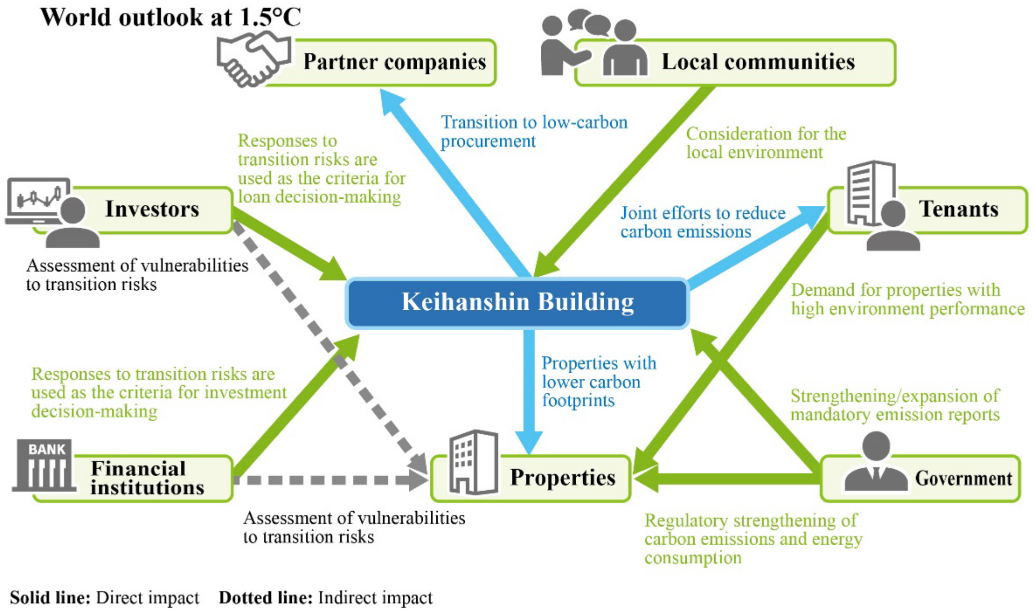
The building lease business, which accounts for the majority of net sales, was subject to the analysis. The Company is engaged in the leasing of office buildings, datacenter buildings, WINS Buildings (off-track betting parlors), commercial buildings, logistics warehouses, etc., and the accompanying building maintenance business.

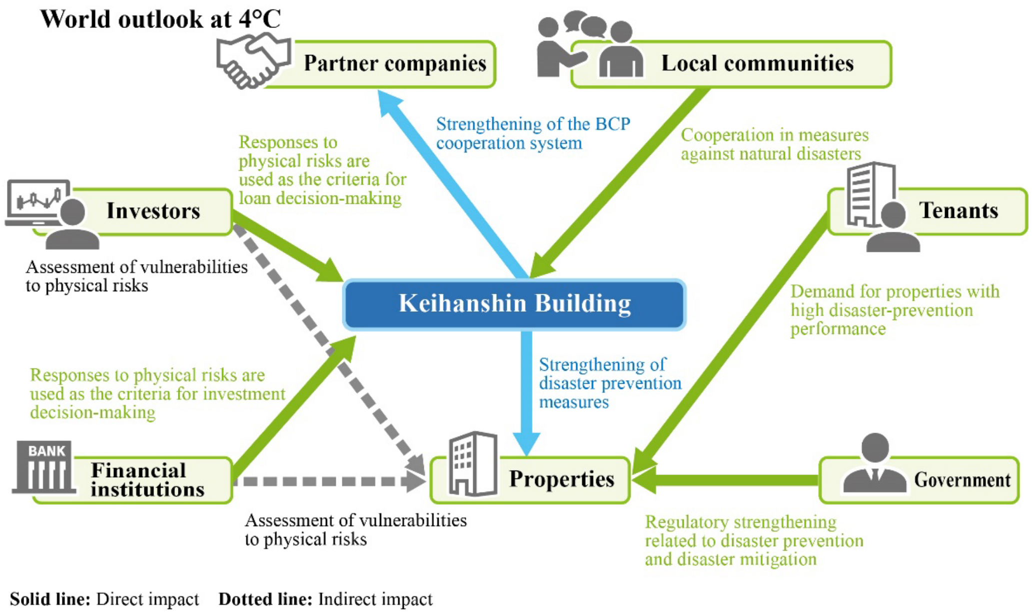
(2) Major reference scenarios

The TCFD recommends explaining the resilience of the organization's strategy based on multiple scenarios including a 2°C or lower scenario. The major scenarios referred to by the Company are as follows:

	Issuer	1.5°C scenario	4°C scenario
Transition risk	IEA (International Energy Agency)	IEA World Energy Outlook 2020 NZE2050	IEA World Energy Outlook 2020 SPS
Physical risk	IPCC (Intergovernmental Panel on Climate Change)	IPCC RCP2.6	IPCC RCP8.5

(3) World outlook based on the scenarios





(4) Identified risks and opportunities

Item			Major financial impact	Degree of financial impact			
				4℃ Mid-term	4℃ Long-term	1.5℃ Mid-term	1.5℃ Long-term
Transition risk	Policies and legislation	Introduction of carbon tax	• Increased tax burden	Minimal	Minimal	Small	Small
		Strengthening of energy-saving regulations	• Increased energy-saving costs • Bans on leasing of properties with low environment performance	Small	Medium	Large	Large
	Technology	Progress and spread of renewable energy and energy saving	• Increased costs for introduction of new technology	Medium	Medium	Medium	Large
	Market	Increased procurement prices	• Increased construction and repair costs	Small	Medium	Medium	Large
		Deterioration of financing conditions	• Increased financing costs	Small	Medium	Medium	Large
		Changes in tenant needs	• Decreased rental income	Small	Medium	Medium	Large
	Reputation	Criticism from stakeholders	• Decline in brand value	Small	Medium	Medium	Large
Physical risk	Acute	Typhoons, floods, and the like	• Increased costs for measures against wind/water damage • Compensation payments to tenants and tenants leaving due to inadequate disaster measures	Medium	Large	Medium	Medium
	Chronic	Rising sea levels	• Flooding due to high tides	Medium	Large	Medium	Medium
		Rising average temperatures	• Lower productivity at construction sites	Medium	Large	Medium	Medium
Opportunities	Efficiency of resources	Use of renewable energy	• Decreased carbon tax burden	Minimal	Minimal	Small	Small
		Energy-saving and manpower-saving building management, remote control	• Reduced maintenance costs in the mid- to long-term	Medium	Large	Medium	Large
	Products and services	Increased demand for occupancy of buildings with high environment performance	• Increased rental income • Rising asset value	Small	Medium	Medium	Medium
		Increased demand for datacenters in conjunction with advances in DX and GX	• Increased rental income	Medium	Large	Medium	Large
		Increased demand for occupancy of disaster-resistant buildings	• Increased rental income • Rising asset value	Medium	Large	Medium	Medium
	Market	Cultivating a new investor base	• Diversified financing • Decreased financing costs	Medium	Medium	Medium	Large
	Reputation	Improving brand power by strengthening resilience	• Improving brand value	Large	Large	Medium	Large

(5) The Company's initiatives based on these risks and opportunities

(i) Initiatives for the 1.5°C scenario

The 1.5°C scenario assumes that the Company will be strongly required by all stakeholders to decarbonize its business toward the carbon neutrality by 2050. To meet societal expectations and aim for the further improvement of corporate value, the Company will cooperate with the stakeholders, strengthen its efforts to promote energy savings, make efforts to use renewable energy, and proceed with achieving decarbonization across its entire business.

(ii) Initiatives for the 4°C scenario

The 4°C scenario assumes that, while not as strong as the demand for decarbonization to curb rising temperatures in the 1.5°C scenario, the social demand for disaster prevention and mitigation will become stronger, as natural disasters intensify. Although the Company has always made efforts to strengthen disaster countermeasures and BCP, it will further accelerate these efforts and also respond to intensifying natural disasters.

Specific responses based on the 1.5°C and 4°C scenarios will be disclosed in the future on the Company’s website and other channels.

5. Risk Management

(1) Process of identifying and assessing risks and opportunities

The Sustainability Executive causes the Sustainability Promotion Group to conduct identification and assessment of climate-related risks at least once a year, and the Sustainability Promotion Group cooperates with the Sustainability Committee and the Risk Management Committee, as necessary, and identifies the presence or absence of related risks and opportunities in accordance with the following frameworks:

(i) “Transition risk”: Impact on business due to the transition to a low-carbon or decarbonized society and economy

a. Policies and legal risks: Risk of stricter regulations due to the promotion of decarbonization in the aspects of policies and regulations
b. Technology risk: Risks associated with the development of new low-carbon and decarbonization technologies and when such technologies become mainstream
c. Market risk: Market-related risks such as fluctuations in energy prices and changes in service demand
d. Reputation risk: Risk of deteriorating reputation among stakeholders including customers, the general public, employees, and investors

(ii) “Physical risk”: Impact on business due to advancing climate change and the ensuing departures from normal climate patterns and normal climate phenomena

a. Acute risk: Risks stemming from sudden natural phenomena such as typhoons and flooding
b. Chronic risk: Risks stemming from long-term changes in climate patterns, such as long-term rising temperatures or falling temperatures

The Sustainability Executive and the Sustainability Promotion Group assess such factors as the feasibility of the risks and opportunities and return on investment, and periodically report on the progress and the results of identifying risks and opportunities to the Sustainability Committee.

The Sustainability Committee, on the basis of the results of the study regarding the confidence levels and the impact levels of the climate-related risks identified by the Sustainability Promotion Group, deliberates the climate-related risks that require priority attention and prioritizes the matters requiring risk management.

(2) Process of risk management

The Chief Sustainability Officer designates departments or persons in charge of responses to the priority climate-related risks and opportunities in terms of the business and finance plans deliberated by the Sustainability Committee and instructs the departments or persons to formulate appropriate measures to address them.

The measures formulated by these designated departments or persons will, depending on their content, be implemented after being deliberated by the Sustainability Committee, the Risk Management Committee, the Management Meeting, the Board of Directors, or an appropriate internal committee or another meeting body.

The Chief Sustainability Officer also instructs the departments and persons to consider the important climate-related risks in terms of the business and finance plans in the existing risk management framework by cooperating with the Risk Management Committee, in an effort to integrate the risk identification, assessment, and management processes.

6. Metrics and Targets

The Company defines key performance indicators (KPIs), conducts monitoring, and sets targets to reduce risks and realize opportunities. As for the status of greenhouse gas (GHG) emissions and per-unit emissions from the properties it owns, the Company monitors the emissions for each Scope and, for emissions of Scope 1 and 2, has set reduction targets and KPIs as shown below. For Scope 3, the Company will cooperate with the tenants and partner companies to continuously reduce emissions going forward. In terms of the progress of the initiatives and KPIs, the Sustainability Executive provides a summary report to the Sustainability Committee at least once a year.

(1) Targets

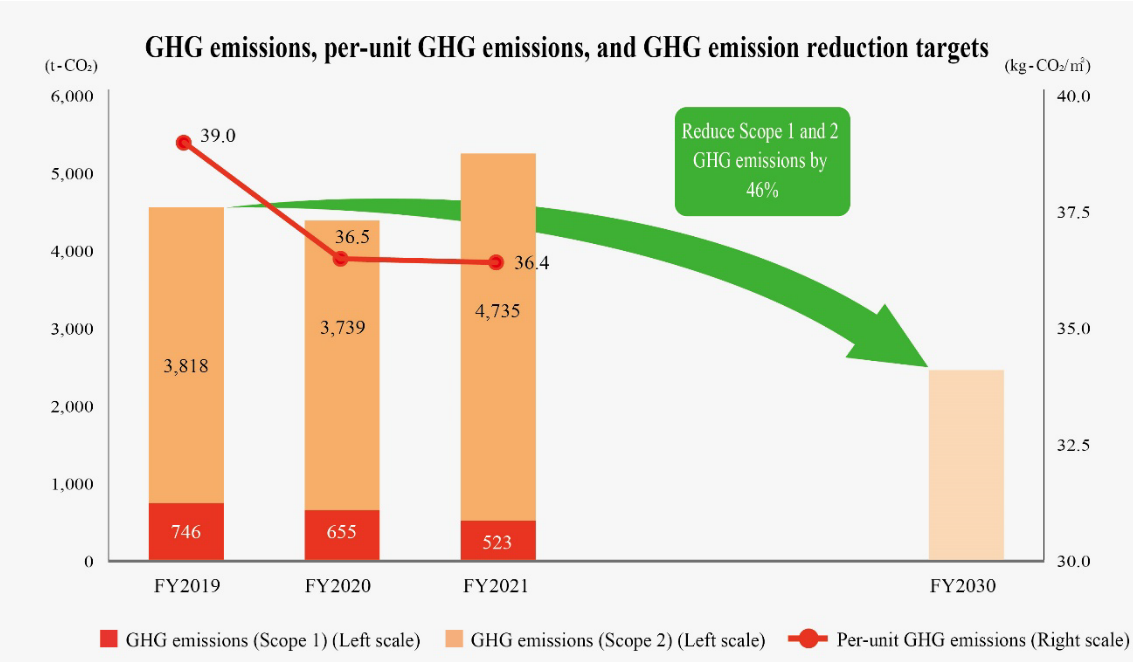
Reduce greenhouse gas (GHG) emissions by 46% (compared to fiscal 2019) by fiscal 2030.

(2) KPIs

(i) Reduce GHG emissions by 10% (compared to fiscal 2019) by fiscal 2030 by reducing energy use through energy-saving efforts

(ii) Use renewable energy

(iii) Raise the ratio of the area of properties with the Green Building Certification to the area of all properties owned by the Company to 50% by fiscal 2030 and acquire Green Building Certification for all newly constructed properties in the future


GHG emissions, per-unit GHG emissions, and GHG emission reduction targets
(t-CO₂)
(kg-CO₂/㎡)
6,000
5,000
4,000
3,000
2,000
1,000
0
40.0
37.5
35.0
32.5
30.0
39.0
36.5
36.4
3,818
3,739
4,735
746
655
523
Reduce Scope 1 and 2 GHG emissions by 46%
FY2019
FY2020
FY2021
FY2030
GHG emissions (Scope 1) (Left scale)
GHG emissions (Scope 2) (Left scale)
Per-unit GHG emissions (Right scale)