



Takara Leben Group  
**CSR Report 2020**



## Vision

### THINK HAPPINESS AND MAKE THE HAPPINESS

We are most committed to giving thought to the happiness of people and lifestyles, and to realize housing which gives shape to each and every dream.

We think on the happiness of communities and society, and contribute to the development of towns where all people can live at ease.

We are most positive in a happy future, and propose the eco-friendly creation of a sustainable environment.

Think happiness and make the happiness.  
This is what we, the Takara Leben Group, do.

## Mission

### Creating Together

#### With a Rich Heart

Creating together new value for the market by cherishing our customers with a rich heart.

#### With Sincerity

Creating together, safety and peace for people and society with sincerity toward partners.

#### With Power to Act

Creating together perpetual growth into the future, with power to act demonstrated by each and every employee.



Harmonic Circle

The Takara Leben Group's symbol is the Harmonic Circle, which is comprised of three rings, representing customers, partners, and employees and expressing how they are linked to one another and expanding organically to create harmony while supporting each other.

The three rings convey our hope of carrying out our corporate vision to "THINK HAPPINESS AND MAKE THE HAPPINESS" while resonating with one another.

The gradation of striking blue to deep navy expresses the intelligence and sincerity pursued by everyone in the Group.

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#### Editorial Policy

This report has been designed to provide stakeholders with a deeper understanding of the Takara Leben Group's responsibilities and initiatives for building a sustainable society, and at the same time serve as a form of internal and external communication.

The Takara Leben Group has formulated four CSR themes to be undertaken in the medium-to long-term, to enhance our CSR initiatives with the purpose of offering increased, concrete value to society. Based on these four themes, we are creating new value through our businesses to solve various social issues. Moving forward, we will continue to work on the transparent and timely disclosure of information. We hope you can provide us with your opinions and feedback.

#### Disclaimer

This report was generated based on data as of the end of March, 2020. Opinions and forecasts stated in this report are our assessments at the time this report was generated, and thus their accuracy and completeness are not guaranteed.

#### Target Period

While the report covers fiscal year 2019 (April 1, 2019 to March 31, 2020), certain information stated in this report falls outside this time period.

#### Scope

Eleven companies under the Takara Leben Group

#### Date Published

August 2020

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Representative Director, CEO and President  
Executive Officer  
Takara Leben Co., Ltd.

*Kazuichi Shimada*

## Solving Social Issues and Creating New Lifestyles Through Innovation

### Each and Every Employee Plays an Active Role in Value Creation

We adopted “Innovation for a New Lifestyle.” as our Group slogan as we work toward the 50th anniversary of the Group’s establishment in 2022, and have carried out various projects under this slogan. The slogan incorporates our desire to not simply provide places for people to live, but also propose optimal lifestyles to the people who live in those homes, guiding society in a better and more enriching direction.

When we try to predict our society’s future, we are confronted with various social issues related to housing, such as the aging of society, the depletion of energy resources, the decline of rural populations, the hollowing out of city centers in regional cities, and abandoned homes. We are also called on to deal with natural disasters and other threats to safe, secure living. To overcome these and create happy futures for all, we must innovate,

proposing creative and unprecedented lifestyles and community designs. The Takara Leben Group is already developing condominiums that promote regional development and revitalization, providing condominiums with solar power generation systems that contribute to environmental conservation, and engaging in other business focused on ties with the community. Through this, we are creating new lifestyles and developing communities. The ideas from LEBEN LABO ETHICAL ACTION, our internal proposal project led by employees, have been recognized with the Good Design Award, one example of the ways we can truly feel that our Group vision and slogan are being consistently put into practice.

Each and every employee will continue to innovate, and we will strive to achieve sustainable growth as a company that creates happiness for customers and all of our stakeholders.

We look forward to your continued support in the future.

<sup>\*1</sup> ESG refers to environmental, social, and governance issues that should be emphasized when a business enterprise seeks sustainable growth. ESG is garnering attention, primarily from shareholders and investors, as a non-financial measure for assessing businesses, leading to the expansion of ESG investment, which focuses on investment in environmentally- and socially-conscious firms.

<sup>\*2</sup> The Sustainable Development Goals (SDGs) are goals adopted at the United Nations summit in 2015 with the aim of solving issues of international society and leading to the development of sustainable societies. The SDGs are comprised of 17 goals and 169 targets. There are calls for business enterprises to take action for achieving the SDGs such as the Japan Business Federation (Keidanren) revising its Charter of Corporate Behavior, a statement of action guidelines for businesses, indicating that business should incorporate the principles of the SDGs in their business activities.

### Creating Happiness Through Housing

The Takara Leben Group is committed to thinking about the happiness of people and their lifestyles. We want to create housing and communities where everyone can feel at ease. Led by this philosophy, we have defined our corporate vision, “THINK HAPPINESS AND MAKE THE HAPPINESS,” which guides our business.

As we approach the 50th anniversary of the Group’s founding, in order to remain a business enterprise that customers select and can thrive for the next 50 and 100 years, we consider the happiness of customers and all stakeholders and aim to make that happiness a reality.

Since its foundation in 1972, we have consistently provided homes that customers will treasure under the principle of providing ideal, affordable housing that anyone can buy with confidence and peace of mind. With the changing of the business environment, we have ex-

panded our business scope to include stock and fee-based businesses such as real estate management business and electric power generation business, established connections with an even larger number of stakeholders, and increased our focus on corporate social responsibility (CSR). We are currently carrying out CSR activities led by our four key CSR themes of “creating lifestyles with value,” “forming communities,” “providing comfortable spaces of high quality,” and “developing environments and cultures.”

We have created a corporate system that pursues the creation of happiness through housing. Our current Medium-Term Management Plan, announced in May 2018, includes responding to ESG<sup>\*1</sup> as one of its management strategies, and links Sustainable Development Goals (SDGs)<sup>\*2</sup> with businesses. Based on this management plan, we carry out corporate management that balances social value with corporate value.

# Company Profile

## Company Profile

(as of the end of March 2020)

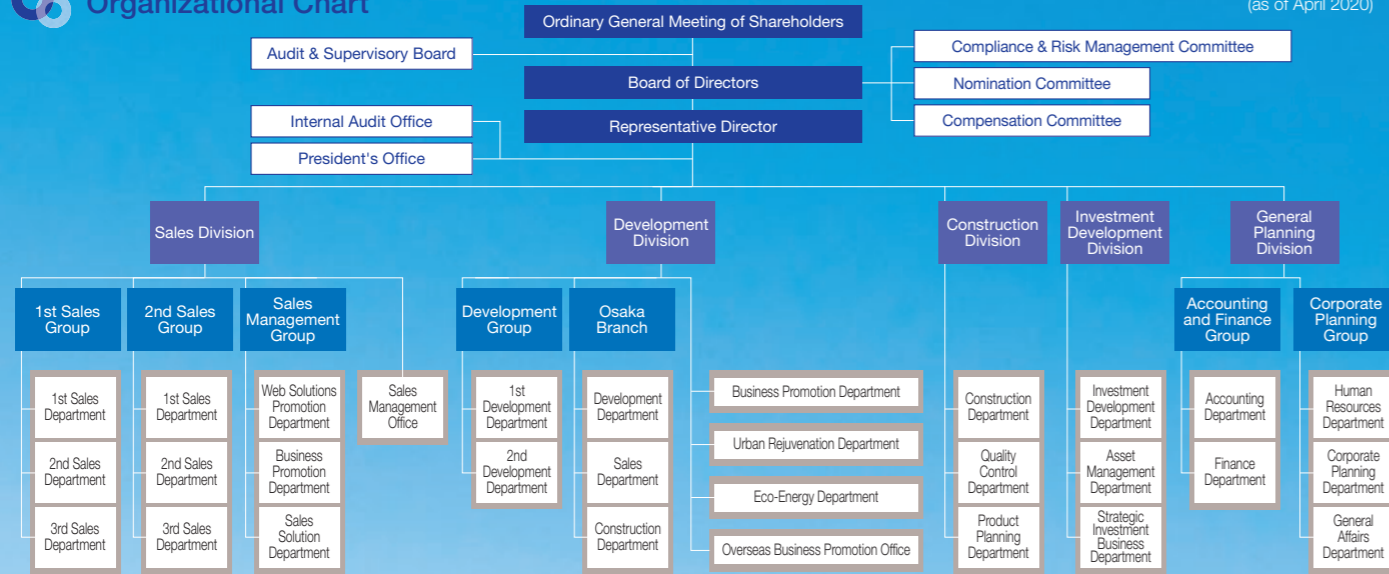
<b>Company Name</b>	Takara Leben Co., Ltd.
<b>Representative</b>	Kazuichi Shimada, Representative Director
<b>Established</b>	September 1972
<b>Listed on</b>	First Section, Tokyo Stock Exchange (Code: 8897)
<b>Capital Stock</b>	¥4,819 million
<b>Net Sales</b>	¥168,493 million (FY2019 consolidated results)
<b>No. of Employees</b>	334 (261 male, 73 female)
<b>Average Age</b>	35.6 years old (36.0 for male, 34.4 for female)

(as of April 2020)

<b>Head Office</b>	TEKKO BUILDING 16F, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
<b>Takara Leben Group</b>	Leben Community Co., Ltd. Takara Leben Tohoku Co., Ltd. Takara Leben West Japan Co., Ltd. Nikko Takara Corporation Co., Ltd. Takara Leben Realnet Co., Ltd. Leben Zestock Co., Ltd. Leben Trust Co., Ltd. Takara Asset Management Co., Ltd. Takara PAG Real Estate Advisory Ltd. Sunwood Corporation

## Organizational Chart

(as of April 2020)



## The Takara Leben Group's Business Segments

**Real Estate Management Business 3.0%**

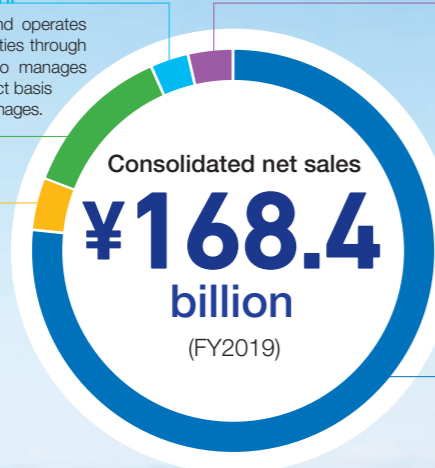
In this business segment, the Group manages and operates properties. In addition to managing our own properties through our unique and detailed services, the Group also manages properties handled by other companies on a contract basis and is steadily growing the number of properties it manages.

**Electric Power Generation Business 12.5%**

The Group generates a stable flow of earnings by selling the electricity it generates to electric power companies. The Group also works diligently to contribute to society by producing renewable energy. In addition to our electricity sale revenue, the Group also sells power generation facilities to Takara Leben Infrastructure Fund.

**Other Businesses 4.1%**

The Group engages in other businesses as well, including work involving commissions derived from other segments, construction contracting, and large-scale repair work. As the assets of infrastructure funds and REITs grow, our management fees increase.



**Real Estate Rental Business 3.5%**

In this business segment, the Group leases Group-owned condominiums, office buildings, hotels, and other real estate. Leveraging the Group's real estate information network to its fullest, we are actively acquiring rental properties throughout Japan. By bringing in rental revenue, this segment is a stable stock business that contributes to both our real estate management business and Group net sales.

**Real Estate Sales Business 76.9%**

This business segment accounts for roughly 80% of the Group's net sales. Here, the Group's activities largely revolve around the planning, development, and sale of new built-for-sale condominiums while addressing the diverse needs of customers. Among a host of other endeavors, we actively engage in the sale of detached houses, as well as the renovation and resale of condominiums and liquidation business of profit-generating real estate in this segment.

# Facts and Figures of the Takara Leben Group

## Number of units sold

New built-for-sale condominiums

**1,955**

(FY2019)

New built-for-sale detached houses

**154**

Cumulative number of units supplied

**32,743**

\* New built-for-sale condominiums (as of the end of March 2020)



Rental revenues

**¥5.9 billion**

(FY2019)

Number of managed housing units

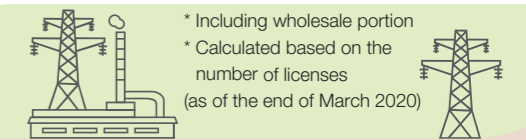
**59,747**

(as of the end of March 2020)



Power-generation facilities nationwide

**48**



\* Including wholesale portion  
\* Calculated based on the number of licenses (as of the end of March 2020)



Power generation (current)

About **125 MW**

\* Including wholesale portion (as of the end of March 2020)



Percentage of women in management

**8.33%** (FY2019) **9.46%**

\* Scope of calculation: Takara Leben (as of the end of March 2020)



Percentage of persons with disabilities employed

**2.06%** (FY2019) **2.19%**

\* Scope of calculation: Takara Leben (as of the end of March 2020)



# Takara Leben Group's CSR Strategies

## CSR Basic Policy

The Takara Leben Group will achieve its corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS" while working to earn the trust of various stakeholders and society. We will contribute to solutions to social issues and achieving the Sustainable Development Goals (SDGs) by undertaking CSR initiatives through our business including supplying housing and introducing natural energy as we strive for continuous growth.

## CSR Promotion Framework

To link CSR activities to the improvement of corporate value for all Group companies, the Takara Leben Group is building a promotion framework which spans across all companies. We are also building a vertical promotion framework unifying management with business activities by making decisions and reporting at our Executive Committee meetings as appropriate. In addition, we are organizing training for executives of all Group companies and staff in charge of CSR. We are also providing opportunities for information sharing and discussion with ground staff. Moving forward, we will further strengthen our activities and create new value by creating environments where employees can take ownership in working on CSR activities, and by reaffirming awareness of critical issues.

## Process of Selecting Key CSR Themes and Identifying Key Issues

At the Takara Leben Group, we have identified key CSR themes and key issues through the following steps.

**STEP 1 Grasp and organize social issues**  
We identified 31 issues relating to the business environment based on GRI, SDGs, SASB and other international guidelines, as well as our Group philosophy and Medium-Term Management Plan and demands from our customers, shareholders and investors, local communities, employees and other stakeholders.

**STEP 2 Evaluate significance from the Takara Leben Group's perspective**  
We utilized questionnaires completed by all employees including management and officers to identify relations between social issues and our business and Group philosophy, and rank them in accordance with priority.

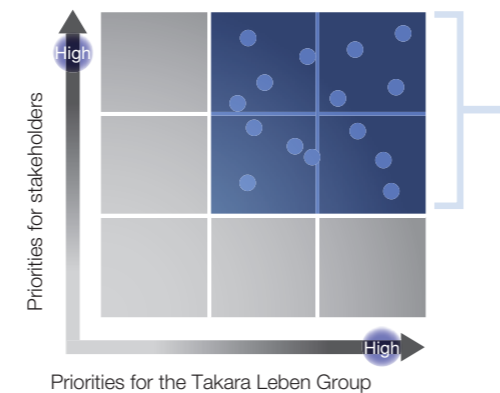
**STEP 3 Evaluate importance from our stakeholders' perspectives**  
We utilized questionnaires completed by customers, shareholders and investors, and business partners and drew on international guidelines such as the GRI and the SDGs to rank issues.

**STEP 4 Identify key issues**  
Priorities were revised from the perspectives of the Takara Leben Group and our stakeholders, a review was conducted by management, and then the key issues were identified.

**STEP 5 Set policies for key CSR themes**  
Policies were set for the four key CSR themes.



<b>Representative Director</b>
<b>Executive Committee</b>
Frequency: Twice each month Participants: Directors, auditors, and executive officers Content: Decision on measures; confirmation of progress
<b>Executive in charge of CSR</b>
<b>CSR Promotion Team</b>
Scope of work: Formulation of direction; proposal of measures; implementation and awareness-raising of measures; progress management
<b>Takara Leben Group CSR staff</b>
Business activities: Execution of policies and progress management



The 15 Issues Identified	
1 Support for diversifying lifestyles and globalization	8 Providing safe, secure products and services
2 Responses to changes to business models brought by an ageing society and depopulation	9 Improving customer satisfaction
3 Urban development and creating towns	10 Improving value of buildings
4 Construction and maintenance of a corporate governance system	11 Providing buildings and spaces that consider the environment and culture
5 Promoting compliance	12 Responses to global warming
6 Employee health management	13 Initiatives for renewable energy
7 Encouraging the strong roles of diverse human resources	14 Effective use of resources
	15 Responses to disasters

Key CSR Themes	Key Issues	Related SDGs	Policies
<b>1 Creating Lifestyles with Value</b> We contribute to improving the richness of people's lifestyles by creating new value.	<ul style="list-style-type: none"> <li>Support for diversifying lifestyles and globalization</li> <li>Responses to changes to business models brought by an ageing society and depopulation</li> </ul>		<ul style="list-style-type: none"> <li>Provide products and services that respond to changing social issues and needs.</li> <li>Provide lifestyles that harmonize residents and surrounding environments, such as the LEBEN or NEBEL brands.</li> </ul>
<b>2 Forming Communities</b> We form communities with stakeholders—such as local communities, trading partners, and employees—and aim for growth together.	<ul style="list-style-type: none"> <li>Urban development and creating towns</li> <li>Construction and maintenance of a corporate governance system</li> <li>Promoting compliance</li> <li>Employee health management</li> <li>Encouraging employment of diverse human resources</li> </ul>		<ul style="list-style-type: none"> <li>Contributing to the revitalization of regional areas through our regional city revitalization business, which connects urban and regional areas.</li> <li>Improve our ability to respond to risk through thorough risk assessment and management.</li> <li>Provide opportunities and environments where a diverse range of people can work energetically.</li> <li>Corporate activities that can respond to social needs with an emphasis on dialogues with our stakeholders.</li> </ul>
<b>3 Providing Comfortable Spaces of High Quality</b> We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.	<ul style="list-style-type: none"> <li>Providing safe, secure products and services</li> <li>Improving customer satisfaction</li> <li>Improving value of buildings</li> </ul>		<ul style="list-style-type: none"> <li>Improve customer satisfaction levels through the use of our proprietary Service Quality Management System (SQMS®).</li> <li>Create housing that combines both design and habitability, pursuing the performance of housing.</li> <li>Improve building value through regular repairs and renovations to improve building comfort, functionality, and safety.</li> </ul>
<b>4 Developing Environments and Cultures</b> We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving quality of life by providing opportunities for mental activities such as learning and practicing the arts.	<ul style="list-style-type: none"> <li>Providing buildings and spaces that consider the environment and culture</li> <li>Responses to global warming</li> <li>Initiatives for renewable energy</li> <li>Effective use of resources</li> <li>Responses to disasters</li> </ul>		<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business.</li> <li>Provide seismic-resistant and fire-resistant housing that can withstand natural disasters.</li> <li>Provide opportunities for cultural activities to our stakeholders.</li> </ul>

## GRESB

Takara Leben Infrastructure Fund took part in the FY2019 Global Real Estate Sustainability Benchmark (GRESB)\* infrastructure assessment, and was rated four out of five stars for both asset and fund assessments. Furthermore, in the fund assessment, it was the first Japanese infrastructure fund to be selected as a Sector Leader in Asia. In the FY2019 GRESB real estate assessment, Takara Leben Real Estate Investment Corporation received a Green Star, indicating high evaluations in both the "Management & Policy" and "Implementation & Measurement" ESG assessments.



\* Global Real Estate Sustainability Benchmark (GRESB) is the name of the benchmarks used to measure the environmental, social, and governance (ESG) performance of real asset (real estate, infrastructure facility, etc.) portfolios, established by a group of major European pension funds that led the Principles for Responsible Investment (PRI), as well as the name of the organization that manages this benchmarking.

### Message from Executive in Charge of CSR

Through the SDGs, the importance of creating a sustainable society is being reaffirmed throughout the world. Faced by increasingly severe environmental issues and economic inequality, the relationships between companies and society are changing significantly. We also face various issues in the environment around our own business sector, housing, such as the aging of the population and the handling of natural disasters. We are being called upon to work on solutions to these problems.

The Takara Leben Group is working to realize its corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS" by engaging in dialogue with all of its stakeholders, maintaining its unique business model while promoting CSR measures in order to sustain steady growth by evolving to meet the changes of our times and environment. As a member of sustainable society, we will continue to promote ESG-oriented business operation and value creation to achieve sustainable corporate growth. We appreciate your continued support.



# Lifestyle

Creating Lifestyles with Value

The Takara Leben Group aims to create lifestyles with value through providing housing pursuing comfort and design under the concept of realizing the optimal form of harmony between occupants and the surrounding environment. Our initiatives to achieve this aim have received recognition from many parties, and several initiatives have received the Good Design Award.



## Regional Development by Linking Regional Communities with Urban Centers

### Premium Markets

Takara Leben's Leben Craft project links the Urban Centers with provincial communities, contributing to regional revitalization. One of the project's activities is the Premium Market. These markets allow the residents of our condominiums to directly see and feel the quality of superb products from outlying areas. These events contribute to regional development and reflect our desire to share moving experiences with as many people as we can through the treasures (both products and experiences) that we have discovered through our condominium development activities across the country. In fiscal 2019, together with Leben Community, we held Premium Markets at Leben Moriya THE BRIDGE and Leben Moriya THE SQUARE (Ibaraki Prefecture) in April and at Leben Takaoka MID RISE TOWER (Toyama Prefecture) in September, promoting exchange between the producers of agricultural products and crafts and the residents of our condominiums.

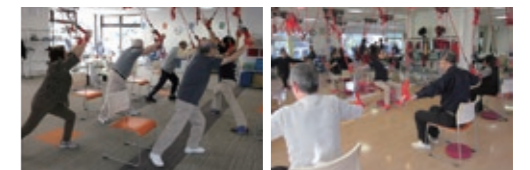


### For Senior Health

### "My Reha" Day Care Service Specializing in Rehabilitation

My Reha, operated by Leben Community, is a day care service specializing in rehabilitation, helping support seniors' independence through easy and fun physical training. This service has been offered in Saitama Prefecture and Chiba Prefecture since 2011, through facilities rooted in the community to those certified as requiring support or nursing. As Japan's society continues to age and the number of people worried about their health in their senior years grows, My Reha focuses on what happiness means for its users, and what My Reha can do for them. It uses unique programs, including Redcord exercises\*, to help extend users' healthy lifespans. In October 2019, the fifth My Reha location, My Reha Misato Rehabilitation Center, was opened in Saitama Prefecture's Misato City.

\* Redcord exercises are training exercises developed in Norway, a rehabilitation pioneer, that uses red cord suspended from the ceiling



## Provision of Condominiums that Embody the Ideals of Diverse Lifestyles

### Urban-Type Compact Condominiums "NEBEL"

The Takara Leben Group offers services that meet diversifying lifestyle needs. As a result of increases in working couple households and single-person households, demand is rising for properties that place greater emphasis on location in a city center or near a station and convenience rather than large size. In response to these changes in customer lifestyles, the Group began supplying the NEBEL series of compact, urban condominiums for single and DINKs households. The NEBEL series maintains in these small condominiums the design characteristics, specifications, and quality of equipment of conventional family condominiums, and so far have been built in the prefectures of Tokyo, Saitama, Osaka, and other areas.



NEBEL



### Meeting Diverse Needs with Leasebacks

Leben Zestock provides leaseback services that allow people to continue living in their homes even after selling them. The Mimamori Leaseback service for people aged 65 and older includes regular wellness checks. The Ultra-Short Term Leaseback service allows customers to continue living in their homes while paying only running costs such as property management fees and repair reserve fund payments. Through various plans, we support the diverse needs of our customers.



My Reha is a day care service specializing in rehabilitation to enable seniors to do what they want to do. We now operate five My Reha sites.

Each rehabilitation center asks its users about their dreams and objectives and provides exercise support led by functional training instructors and exercise instructors, so that using the day care service is not the ultimate goal, but instead a means of achieving those dreams. Many users have said that the service allowed them to accomplish things that they had almost given up on. Feedback such as this further motivates My Reha staff.

Unique My Reha initiatives include the planning of rehabilitation day-trips where users can experience the results of their rehabilitation efforts. From 2019, it has also taken on the challenges of new initiatives, such as introducing oral exercises.

We will continue to expand My Reha and contribute to longer healthy lifespans.

Hiroshi Hoshino, My Reha Department, Leben Community Co., Ltd.



## LEBEN LABO ETHICAL ACTION

LEBEN LABO ETHICAL ACTION is an organization within the Company that was launched to put into practice the various feedback from our customers based on the theme of contributing to society by doing good things. In recognition of our sincere efforts to increase the happiness of people and their lifestyles, led by our corporate vision of “THINK HAPPINESS AND MAKE THE HAPPINESS,” we have been awarded the Good Design Award for four consecutive years. Four of the organization’s projects were selected in fiscal 2019.

<p><b>GOOD DESIGN AWARD 2013</b></p>	<ul style="list-style-type: none"> <li>• “LUIC” Project</li> <li>• “Solar Power” Project</li> </ul>	<p><b>GOOD DESIGN AWARD 2018</b></p>	<ul style="list-style-type: none"> <li>• “Working Point” Project</li> <li>• “Good Working” Project</li> <li>• “SOCOTAKU” Project</li> </ul>
<p><b>GOOD DESIGN AWARD 2016</b></p>	<ul style="list-style-type: none"> <li>• “JIJO KYOJO (Self-Help Mutual Assistance)” Project</li> <li>• “KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project</li> <li>• “MOTTO ATTARA IINA (We Wish to Have More)” Project</li> </ul>	<p><b>GOOD DESIGN AWARD 2019</b></p>	<ul style="list-style-type: none"> <li>• “SMART TORISETSU (SMART MANUAL)” Project</li> <li>• “USE OF MODEL ROOMS AND SALES CENTERS AS DISASTER RESPONSE SITES” Project</li> <li>• “SMART GARBAGE STORAGE” 6M Project</li> <li>• “MODIFIABLE DESIGN CONDOMINIUM COMMON AREA” Project</li> </ul>
<p><b>GOOD DESIGN AWARD 2017</b></p>	<ul style="list-style-type: none"> <li>• “MOTTO ATTARA IINA (We Wish to Have More)” Project</li> <li>• “SOCOPOS” Project</li> <li>• “LEBEN CRAFT” Project</li> </ul>		<ul style="list-style-type: none"> <li>• “Brillia Shonan Tsujido Kaihin Koen” Project <a href="#">See p. 14</a></li> <li>• “ART BIOTOPE “WATER GARDEN”” Project <a href="#">See p. 27</a></li> </ul>

### “SMART TORISETSU (SMART MANUAL)” Project

When people buy built-for-sale condominiums, they receive various instruction manuals for installed residential equipment. They are a tremendous amount of material in total, making them difficult to use—they can be difficult to find when needed, and it can be difficult to find contact information within them. This service digitizes these instruction manuals so they can be viewed on smartphones and centrally managed. This idea helps reduce the number of inquiries to property management companies, saves resources by making the manuals paperless, and helps preserve the asset value on resale through appropriate document management.



**GOOD DESIGN AWARD 2019**

### “USE OF MODEL ROOMS AND SALES CENTERS AS DISASTER RESPONSE SITES” Project

The model rooms created when selling built-for-sale condominiums show customers what completed built-for-sale condominiums will be like and serve as sales negotiation sites. However, they are frequently built for individual condominiums and torn down after all units are sold. In this project, we outfitted model rooms with supplies and equipment needed in the event of a disaster; water, a living essential; charging facilities for mobile phones, etc., using in-house generators, and the like, and opened them to the general public as disaster response sites. As of the end of March 2020, we have begun operating two of these sites, and plan to increase that number to seven. We will actively use our expertise in efforts such as supplying condominium unit buyers with disaster kits, and will further expand these sites.



**GOOD DESIGN AWARD 2019**

### “SMART GARBAGE STORAGE” 6M Project

This project reconceptualized garbage pickup areas in condominiums as common areas, like entrance halls, using environmental design to change their negative image and help reduce the amount of garbage disposed of. Condominium garbage areas, parts of peoples’ living environments, are seen as smelly, scary, and dirty. We thought about what Takara Leben could do about this, and introduced beautiful “Garbage Stations” in our new condominiums. We have made further advances in this effort, carrying out a “6M” Project with the aims of promoting garbage volume reductions and spurring individual action to reduce garbage disposal to as close to zero as possible.

\* 6M: “Mottainai” (wasteful), “motto kurikaeshi tsukau” (use articles more times), “mo ichido tsukau” (use articles again), “mo niowanai” (no longer smelly), “mo kowakunai” (no longer scary), “mo kitanakunai” (no longer dirty)



**GOOD DESIGN AWARD 2019**

### “MODIFIABLE DESIGN CONDOMINIUM COMMON AREA” Project

The usage rates of common areas such as lounges and children’s rooms have a tendency to fall as residents’ lifestyles change over time. To address this, Takara Leben has developed two-stage modifiable condominiums that adapt to growth stages, with future renovation plans built in from the very start. By renovating condominium common areas and facilities based on customer requests after a fixed period of time, we not only meet customer needs, but also help revitalize communities and maintain condominium asset values.



**GOOD DESIGN AWARD 2019**

### “10 for All” Safety Assurance Service and “KIT+” Personal Disaster Kits

As one of our efforts to ensure that residences are not supplied as mere “boxes,” and to progress from “material wealth” to “qualitative wealth,” we have begun providing the “10 for All” safety assurance service and “KIT+” personal disaster kits. “10 for All” offers customers support so they can live with peace of mind, through extended warranties for residential facilities and equipment; 24 hour emergency response and maintenance support for water leaks, key issues, and glass breakage; inspections of private areas and repair services; and other services, for 10 years after property handover. “KIT+” are not kits of disaster response goods for entire households, but instead a concept focused on

individual needs. They were the winner of a Good Design Award 2016. Each consists of a compact, A4-sized folder file-like package which individuals supplement with what they specifically will need in the event of an emergency, to be kept close at hand at all times.



**GOOD DESIGN AWARD 2016**

- 1 Residential Facility and Equipment Extended Warranty (10 Years)**  
Malfunctions and breakage of articles included within the warranty scope are repaired free of charge every time for the entire duration of the warranty
- 2 24-Hour Emergency Response + Maintenance Support**  
In addition to on-site dispatch and initial response for water leaks, trouble with keys, and glass breakage emergencies, service personnel are also dispatched to handle problems with fixtures, entry doors, sashes, and the like
- 3 Private Area Inspection + Repair Services (5 Years / 10 Years)**  
Dedicated staff visit customer residences and perform interviews and inspections, repairing any issues that can be immediately addressed (for 5 or 10 years after property handover)

# Community Forming Communities

The Takara Leben Group works on regional revitalization—such as participation in redevelopment and local events—and the strengthening of communications with customers, employees, and shareholders. We build ties with stakeholders, and contribute to the formation and growth of communities.



## Relationships with Stakeholders

Main Stakeholders Definition	Expectations and Requests	Major Responses of the Group (FY2019)
<b>Customers (corporations and individuals)</b>  Contracting parties and tenants of condominiums and detached houses Users of tenant buildings Users, etc. of various services	<ul style="list-style-type: none"> <li>Supply of valuable products and services</li> <li>Improvement of customer satisfaction in all areas, including quality and cost</li> <li>Supply of environmentally friendly products</li> <li>Provision of accurate and appropriate information concerning products and services</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of inquiry desks</li> <li>Implementation of customer satisfaction surveys</li> <li>Operation of CLUB LEBEN, a member organization for friends of Takara Leben</li> <li>Use of websites and social media</li> <li>Holding of seminars for customers</li> <li>Publication of “Smilax” quarterly</li> </ul>
<b>Local communities</b>  Local communities, residents, local governments, etc. related to Takara Leben Group business	<ul style="list-style-type: none"> <li>Prevention of accidents and disasters</li> <li>Collaboration and coordination in solving social issues</li> <li>Securing of employment</li> <li>Participation in social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Participation in and sponsorship of local events</li> <li>Holding of community events at managed properties</li> <li>Implementation of social contribution activities</li> <li>Regional revitalization through rebuilding and redevelopment business</li> </ul>
<b>Trading partners</b>  Construction contractors Businesses, etc. related to the provision of various services	<ul style="list-style-type: none"> <li>Fair and evenhanded transactions</li> <li>Information sharing and collaboration with the aim of ensuring customer satisfaction and CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>Fair and evenhanded transactions</li> <li>Collaboration and coordination in operations</li> </ul>
<b>Employees</b>  Takara Leben Group employees and their families	<ul style="list-style-type: none"> <li>Creation of prosperous lives for employees and their families</li> <li>Human resource utilization and development</li> <li>Appropriate evaluation and compensation</li> <li>Respect for human rights, personality, and individuality</li> <li>Creation of workplaces in which diverse personnel can thrive</li> <li>Attention to occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Holding of internal events for employees and their families</li> <li>Implementation of training programs</li> <li>Implementation of human resource and evaluation interviews</li> <li>Establishment of help line desks</li> <li>Introduction of a Telework System</li> <li>Establishment of a Health Committee</li> </ul>
<b>Shareholders and investors</b>  Individual and institutional investors	<ul style="list-style-type: none"> <li>Maintenance and improvement of corporate value</li> <li>Securing of stable profits and appropriate return of profits</li> <li>Enhancement of corporate governance system</li> <li>Creation of risk management systems</li> <li>Appropriate disclosure of corporate information at appropriate time</li> </ul>	<ul style="list-style-type: none"> <li>Holding of financial briefings and General Meetings of Shareholders</li> <li>Holding of individual meetings and overseas investor relations events</li> <li>Implementation of shareholder questionnaires</li> <li>Participation in investor relations fairs</li> <li>Disclosure of investor information on websites</li> <li>Acquisition of external certification</li> </ul>

## Together with Local Communities

### Yokohama Model Regional Contribution Company Certification

The Takara Leben Group contributes to the revitalization of local communities. In 2018, Nikko Takara Corporation was certified by Yokohama City, Kanagawa Prefecture, as a Yokohama Model Regional Contribution Company. The company aims to further develop together with the community as a company that is managed with a focus on the community, as can be seen in its active hiring of Yokohama residents and its emphasis on doing business with companies in Yokohama, and that contributes to the local community through environmental conservation and volunteer efforts carried out through its main business and other activities.



### Winner of Kids Design Award for “Yajirushi” Emergency Shelter Guidance Signs

As a developer that sells new built-for-sale detached houses and takes part in community development, Nikko Takara Corporation realized the need for emergency shelter guidance signs that were clear and easy to understand for everyone, including small children, in residential areas with few landmarks. This is why it manufactured and installed “Yajirushi” evacuation shelter guidance signs. In order to contribute to the disaster preparedness education of children throughout local areas, these signs were installed in street-facing locations such as the garbage stations of Nikko Takara Corporation’s subdivisions. When the signs were installed, members of the surrounding were informed of the objectives and significance of these signs, gaining their widespread approval. In the future, if requested, we will also supply these signs to other companies’ subdivisions, government agencies, and other organizations, contributing to the overall disaster preparedness of local communities. These “Yajirushi” signs contain only essential information to make them easier to understand for children, and use highly creative expressive approaches. In recognition of this, they were awarded the Encouragement Prize in a Kids Design Award 2019.



### “Brillia Shonan Tsujido Kaihin Koen” Project

Brillia Shonan Tsujido Kaihin Koen, is a built-for-sale condominium developed in conjunction with the Tokyo Tatemono Co., Ltd. and located in Fujisawa City, Kanagawa Prefecture. An administrative system was used to build a tsunami evacuation facility (roughly 400 m<sup>2</sup>, with a capacity of roughly 660 people) on the roof for use by both residents and members of the local community. The area around the condominium is a wonderful environment for enjoying seaside life, but causes the assumption of suffering tsunami damage in the event of a major earthquake, so expectations were high for the contributions the condominium could make to mutual assistance. The unveiling of the facility was attended by roughly 200 members of the community, and afterwards efforts aimed at ongoing community revitalization began, including discussions regarding the use of the facility for disaster preparedness drills involving the city of Fujisawa and members of the community. This initiative was the recipient of a Good Design Award 2019 in recognition of its groundbreaking nature as a new approach for the development of built-for-sale condominiums that contribute to disaster preparedness, as well as the high effectiveness and versatility of the facility.



Entrance of emergency stairwell leading to the roof (1F, north side)



## Together with Our Customers

### Sales Staff Questionnaire

Takara Leben administers questionnaires to model room visitors to gauge their impressions of sales staff and the company, with the aim of building stronger relationships. This questionnaire seeks to evaluate sales staff service from all perspectives, such as whether they discussed things that met customer needs, whether their explanations were clear and of appropriate length, and whether they were considerate and polite. The tabulated results are provided back to administrative staff at each model room, used to improve customer service, and will be reflected in sales department training.



### VOICE



Our sales staff questionnaire was introduced with the aims of assessing sales staff skills and improving their knowledge and customer service capabilities with the goal of increasing customer satisfaction. We sometimes get negative feedback from customers, but we also receive a great deal of praise, such as praise for making recommendations to customers based on what they truly need, instead of using hard sell tactics. These questionnaires are an excellent opportunity for both sales staff and us back office employees to hear directly from customers, so we try to feed the results back to employees as quickly as possible. In fiscal 2019, based on the results of these questionnaires, we began preparing and using sales materials regarding our post-move-in management system. The sales back office, which provides support to sales staff, will continue to develop and communicate measures that increase customer satisfaction.

**Ayano Ichihara**, Web Solutions Promotion Department, Sales Management Group, Sales Division

### Leben Community's Community Activities

The Great East Japan Earthquake of 2011 prompted us to reassess the importance of community formation in condominiums. Leben Community believes that building direct personal relationships with condominium residents as part of everyday life not only produces greater livability, but also helps prevent crime and fosters greater assistance and support in times of need. This is why it provides support for the creation of communities of condominium residents.



#### Resident Get-Togethers

As part of our community building support efforts, we actively assist with the holding of "resident get-togethers" for individual condominiums.

We hold various types of events that bring adults, children, and whole families together while enjoying snacks and games, such as "resident mixers" where residents of new condominiums can get to know each other.



#### Summer Festivals

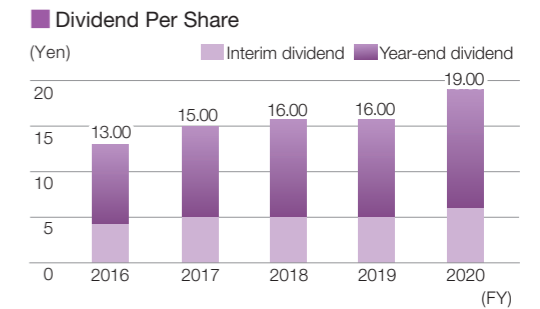
In condominiums made up of multiple buildings, we provide support for joint summer festivals with games, food stalls and other stalls, and workshops for children that will be lifelong summer memories.



## Together with Our Shareholders

### Policy and Past Performance Regarding Dividends

Our basic decisions on dividends are not biased toward dividend payout ratio, but are comprehensive and take into consideration factors such as dividend on equity (DOE) and dividend yield. We seek to be an appealing company so that our shares can be held stably not in the short term but in the long term, and can be held for long without being affected by fluctuations in share prices.



### Corporate Briefings for Individual Investors

We seek to actively communicate with individual investors. In fiscal 2019, Takara Leben conducted six corporate briefings for individual investors in various regions, including Tokyo, Osaka, Sapporo, Kagoshima, and Yamagata. In August 2019, we exhibited at the NIKKEI IR Fair, Japan's largest event for individual investors. At the fair, we provided an overview of our business activities and explained our medium- and long-term strategy to a wide range of fair attendees.



### Shareholder Privilege Program

Returning profits is positioned as one of the most important issues for Takara Leben. Our basic policy is to stably and continuously give out appropriate dividends while securing internal reserves necessary for expanding our businesses and strengthening our management foundation. At the same time, we give out rice coupons to all shareholders possessing at least one unit (100 shares) stated or registered in our shareholder registry or substantial shareholder list as of March 31 each year.



### Disclosure Policy

Takara Leben discloses information to the public in accordance with the following disclosure policy.

#### 1 Disclosure Standards

Takara Leben Co., Ltd. (JAT) discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the rules for timely disclosure and so on of corporate information included in the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) (hereafter collectively referred to as the "Timely Disclosure Rules.") At the same time, Takara Leben will proactively disclose information that is deemed to be important or valuable for stakeholders to understand the company, even when it is not subject to the Timely Disclosure Rules.

#### 2 Method of Disclosure

Information subject to legal disclosure statutes is promptly disclosed in accordance with the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities via the Timely Disclosure Network (TDnet) operated by Tokyo Stock Exchange. In addition, the information is also released to the media and disclosed in accordance with procedures established by laws and regulations without delay. Disclosed information is also promptly posted on our website.

#### 3 Limitations on Disclosure

In principle, Takara Leben is not allowed to selectively disclose management-related information to specific third parties. In order that important information which has not been announced is not disclosed to specific parties and ensure fairness to everyone, including the media, investors, and securities analysts, private meetings will only touch on past historical facts, facts which have already been announced, etc.

#### 4 Quiet Period

In order to ensure fairness to all stakeholders, Takara Leben has defined a quiet period from the day after the end of each quarter until the day of our earnings announcement for that quarter. During this period, Takara Leben will refrain from responding to or making comments on questions related to our account settlement and earnings forecast. However, if a large discrepancy from the earnings forecast is found during the quiet period, information will be disclosed in an appropriate and timely manner in accordance with the Timely Disclosure Rules. Note that during the quiet period, Takara Leben will continue to respond to questions and inquiries about information that has already been disclosed.

#### 5 Prevention of Insider Trading

Takara Leben has established an internal regulation to suitably manage important information and prevent insider trading from occurring. Takara Leben has been striving to educate all employees in our Group on these issues and foster their understanding.

#### 6 Spread of Third-Party Information and Rumors

Takara Leben is not responsible for any forecasts or comments about the Takara Leben Group made by third parties. In addition, Takara Leben does not in principle respond to inquiries regarding market rumors. However, if it is deemed that not responding could have serious ramifications for the Company, Takara Leben may respond to a rumor, etc. by taking swift action to determine the cause and take appropriate actions as necessary.

## Together with Our Employees

### Employee Health and Safety Management

In accordance with its fundamental policy on health and safety, the Takara Leben Group strives to manage the health and safety of employees and takes measures to create work environments where all employees can work with peace of mind.

#### ● Fundamental Policy on Health and Safety

The Takara Leben Group provides proactive support to ensure the safety of employees and maintain and enhance their health. We strive to create work environments where diverse human resources can work to demonstrate their full capabilities. We established the Health Committee to implement these measures and undertake comprehensive employee health and safety management.

#### ● Health Committee

The Group strives to create work environments where all employees can work with peace of mind, led by its Health Committee, established as stipulated in Article 18 of the Industrial Safety and Health Act.

The Health Committee meets regularly, positioning traffic accidents, occupational accidents, and overtime work as major risks that threaten the health and safety of workplace employees, reports on the conditions of these risks, and engages in deliberations with the objective of resolving these issues. The committee's members are representatives of different workplaces, and they point out specific problems with workplace environments and customs that impede efforts to reduce overtime hours and encourage the taking of holidays. Measures for addressing these problems are deliberated together with members of management and successively implemented.

#### ● Periodic Medical Examinations

We encourage employees to undergo periodic medical examinations as specified by laws and regulations, and the Human Resources Department actively reaches out to employees to raise examination rates. We also take measures to establish work environments at each business location that are conducive to undergoing medical examinations. In order to discover various medical conditions at an early stage, those age 30 and above are able to undergo medical examinations for prevention of lifestyle diseases, female employees are able to undergo gynecological examinations, and those age 35 and above can go for a complete medical checkup.

#### ● Stress Checks

We conduct stress checks as a form of stress management to prevent mental health issues among employees, and the results are shared at Executive Committee meetings. Also, employees can anytime receive free counseling from an independent, third-party organization without the Company's knowledge.

#### ● Safe Driving Courses

Takara Leben conducts safe driving courses at the time of entry-level employee training. The courses explain that making an effort to prevent accidents is a part of our corporate social responsibility and an aspect of corporate activities. Information on accident trends is presented, group work in the form of risk prediction training is conducted, and various other measures are taken to prevent accidents.

### Various Training Systems

#### ● Expansion of Educational and Training Programs

Takara Leben conducts a variety of educational and training programs to develop our employees and improve our overall strength as an organization. In fiscal 2019, system reforms were implemented with the aim of developing an educational environment that promotes employee growth and attracts talented personnel. These reforms were based on the themes of "systematic

training systems for all levels of employees," "training systems linked to the evaluation system," and "individual development motivation." We expanded training programs for mid-level employees and management-level personnel, formulated skill and competency training programs appropriate for the company, provided corporate vision training to all employees, and more.

#### ● Job Rotation

We are revitalizing our job rotation system, in which employees regularly change workplaces and duties. By having young employees experience job moves across division and department lines, we are promoting greater overall understanding of the company, the pursuit of employees' full potential, and adaptability to different working environments. We are also supporting

cross-departmental reassignments when requested by mid-level employees. This not only further supports their individual spirit of challenge, but also helps cultivate generalists with broad-ranging knowledge and skills, deepening bonds between departments and enhancing the power of the organization as a whole.

### Strengthening Communication with Employees

#### ● Exciting Family Day

Takara Leben holds various events for the families of employees to express our gratitude for the support they offer our employees every day and to provide them with a better understanding of the company. The "Exciting Family Day" event held in our head office in August 2019 was attended by 84 people from 24 families. At this fun summer event, they enjoyed a program including festival stalls, a picture frame-building workshop, business card exchanges, and more.



#### ● Shimanto River Swimming Marathon and Matsuyama Ojoka Relay Marathon 2019

The Takara Leben Group collaborates in regional revitalization and creates opportunities for interaction between employees by participating in regional sports events. Employees of Takara Leben West Japan took part in the Shimanto River Swimming Marathon, held on July 28, 2019. In this marathon, competitors swim down the Shimanto River, Japan's last clear stream, immersing themselves in nature and considering the importance of nature conservation. In the Matsuyama Ojoka Relay Marathon 2019, held on October 12 and 13, 2019, competitors ran a relay race with colleagues through a circuit in the central part of Ehime Prefecture's Matsuyama City. The team of executives and employees ran 42.195 km, the length of a full marathon.



### Creating Workplace Environments that Facilitate Work

#### ● Cleaning Time

The Takara Leben head office has "cleaning times" twice per month for personnel to clean and organize their offices, improving their working environments and contributing to greater work efficiency. Spending just five minutes a day looking for documents and materials in cabinets and desks represents a tremendous loss of time of the course of a year. Also, the less cluttered desks are and the less that is within one's range of vision, the greater one's concentration becomes.

When cleaning time starts, an announcement is played in the workplace, and all personnel stop working and spend 15 minutes cleaning and organizing the key areas specified for the day.



#### ● Introduction of a Telework System

From April 2019, Takara Leben introduced a telework system, supporting more diverse employee work styles. Employees who meet specific conditions, such as conditions related to the contents of their work, or employees who have given birth, are parenting, or who provide nursing care, can work remotely, without coming to the office, up to three times a week, after implementing information leakage countermeasures and other measures. We plan to further promote this telework system with the aims of becoming an even more alluring company with flexible work styles that are not fixated on specific locations or times and contributing to our business continuity planning (BCP).

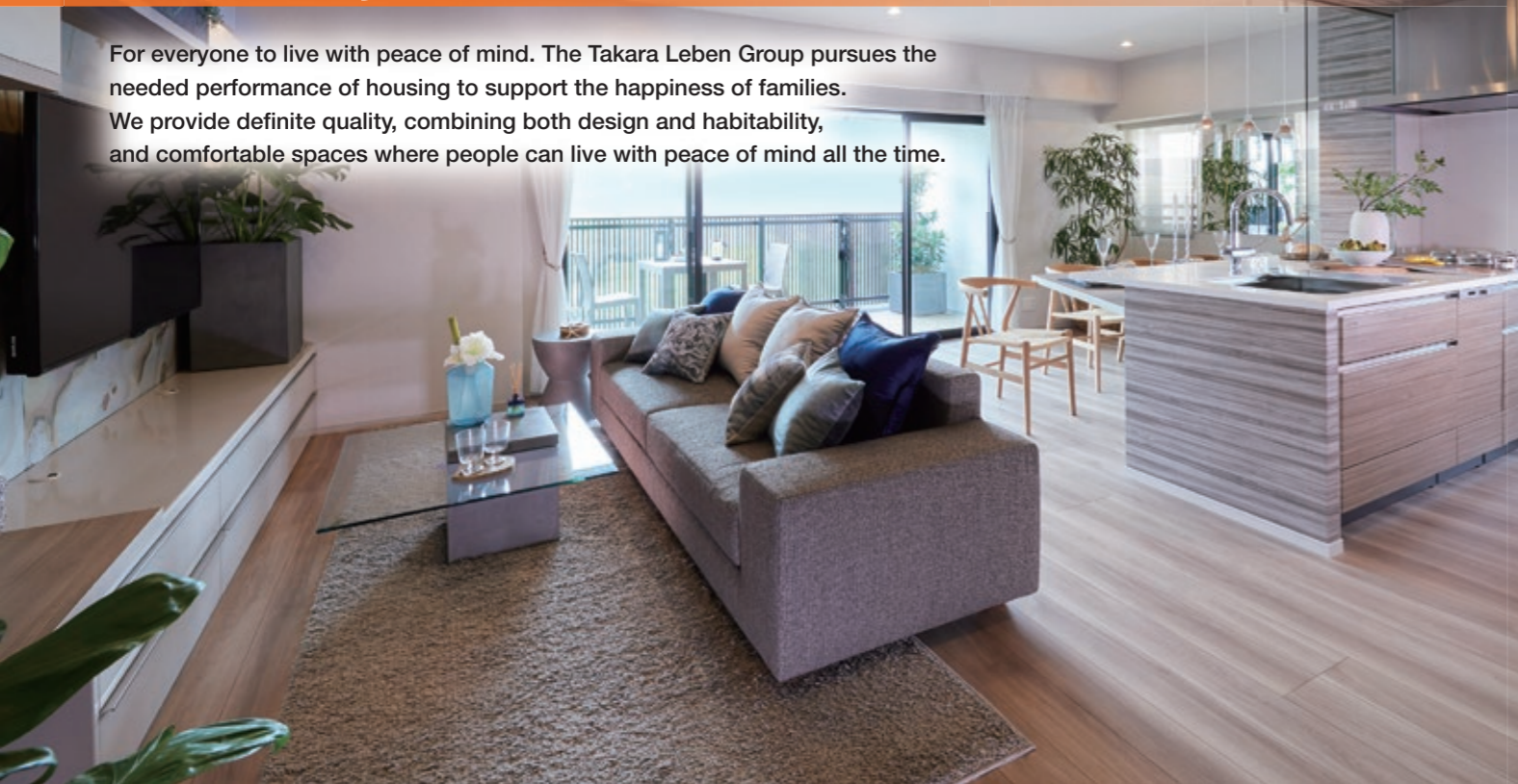


(Image)

# Quality & Comfort

Providing Comfortable Spaces of High Quality

For everyone to live with peace of mind. The Takara Leben Group pursues the needed performance of housing to support the happiness of families. We provide definite quality, combining both design and habitability, and comfortable spaces where people can live with peace of mind all the time.



## Providing Comfortable Spaces of High Quality

### Initiative to Improve Quality Through Obtaining ISO 9001 Certification

For the purpose of improving the quality of our comprehensive support to customers in building comfortable living environments, Leben Community and Nikko Takara Corporation have constructed quality management systems in accordance with ISO 9001, the international standard for quality management systems formulated by the International Standards Organization, and obtained this certification.

#### Details of Leben Community's Initiative

<b>Comprehensive condominium management</b>	<ul style="list-style-type: none"> <li>Administrative management</li> <li>Association accounting</li> <li>Management and repair of buildings and equipment</li> <li>Management staff operations</li> </ul>
<b>Condominium repair work</b>	<ul style="list-style-type: none"> <li>Repair of condominium common areas</li> </ul>

#### Details of Nikko Takara Corporation's Initiative

- Make clear legal requirements, and validate conformance of processes which must be observed
- Give clarity to the risks and opportunities that have the chance of affecting capacity for customer satisfaction improvement, and address them appropriately
- Encourage the conduct of PDCA on stakeholders' requirements



## Condominium Management Quality Improvement Measures

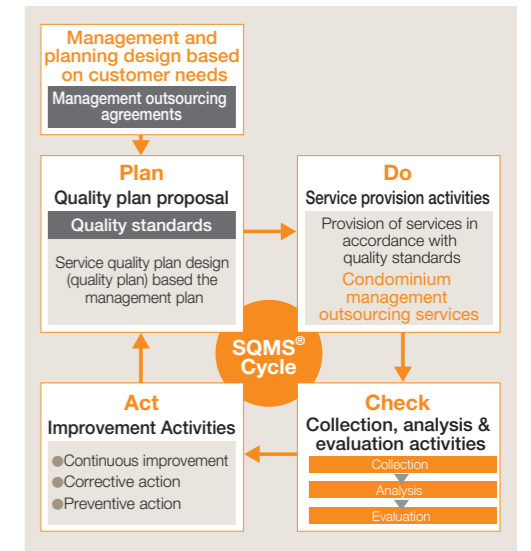
### Service Quality Management System (SQMS®)

We ensure quality using our unique service quality management system (SQMS®) to continue managing our customers' important assets over the long term. SQMS® applies ISO 9001, the international standard for quality management systems, to condominium management. It sees condominium management as consisting of four support services (site management, financial management, asset management, and operation management), and applies the PDCA cycle to each of these to continuously improve quality.

Based on the SQMS® concept and system, we conduct company-wide quality improvement activities. We administer questionnaires to the officers of condominium management associations, collect and analyze opinions and praise, and provide feedback to the corresponding departments. This contributes to improved quality for a wide range of services, from management association operation support to measures for dealing with delinquent residents. We also dedicate ourselves to the development of personnel that understand SQMS® and put it into practice. We implement systematic training, led by our SQMS® Fundamental Concepts Training for junior employees, making SQMS® a part of our corporate culture. After they have accrued actual field experience, employees deemed as having a sufficient level of understanding and knowledge regarding SQMS® are presented SQMS® badges and certified as SQMS® Masters, able to provide SQMS® leadership.

We launched the SQMS® Master system in fiscal 2018. In the first year, we certified three SQMS® Masters, and in the second year, we certified five more.

#### ● SQMS® Process Chart (Service Quality Management)



### Quality-Related Education and Training

#### ● Front man Training

Front men require extensive knowledge as professionals that support the operation of management associations. In order to improve the quality of service they provide, we regularly administer training to all front men. The goal is to provide front men with the skills they require to carry out their duties, through training such as debt recovery operation training led by an attorney, SQMS®-based operation mentality training, and building and equipment training.



#### ● Condominium Management Staff Training

Condominium management staff is responsible for reception, inspections, cleaning, consultation, and other duties. To maintain comfortable condominium living environments, they must not only be able to execute their duties appropriately, but also to do so with a smile on their face, speak politely, and be careful about their personal appearance. By providing them with feedback from residents about their day-to-day job performance, conducting regular management staff training, and periodically testing their understanding of training contents, we work to thoroughly improve the quality of service they provide.



## Pursuit of Safety and Peace of Mind

### Thorough Process Inspections

To provide housing where people can live for a long time with peace of mind, the Takara Leben Group conducts stringent checks at the construction stage. We put efforts into ensuring thorough quality management, with our staff regularly visiting construction sites to inspect building structures and conduct checks within the construction process of hidden areas, foundations, and finishing.

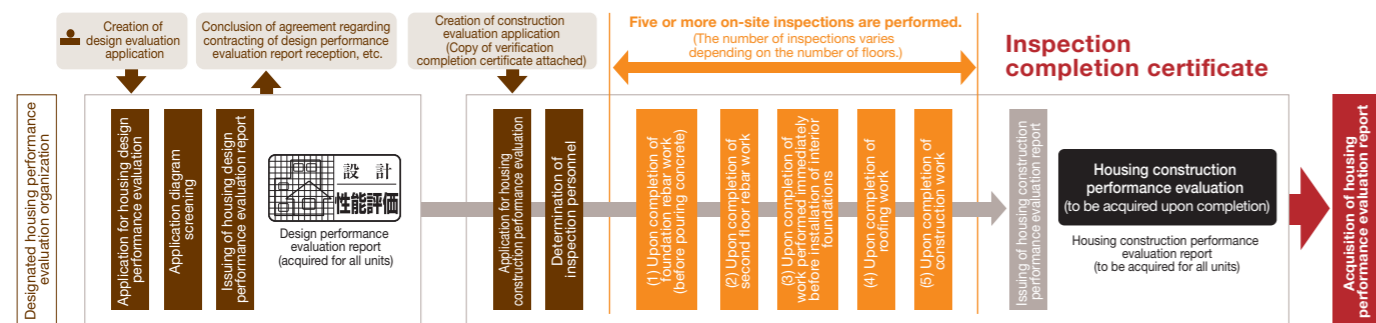


(Image)

### Obtaining Housing Performance Evaluation Reports

Takara Leben obtains housing performance evaluation reports from third parties designated by the Minister of Land, Infrastructure and Transport and Tourism to provide customers with greater peace of mind regarding their residences. Through these evaluations, we obtain housing design performance evaluation reports, which contain evaluations of earthquake- and fire-resis-

tance, degradation resistance, energy consumption, ease of maintenance, and more, as of the time that the housing design was completed. We also plan to obtain housing construction performance evaluation reports when construction work is completed. These reports contain objective evaluations of housing quality.



Structural Stability	Degradation Reduction	Maintenance, Management, and Renovation	Thermal Environment / Energy Consumption
Evaluation of the building's resistance to earthquakes, wind, snow accumulation on the roof, etc.	Evaluation of measures used to improve durability, maintaining initial strength for as long as possible.	Evaluation of the ease with which maintenance can be performed for plumbing, gas pipes, hot water pipes (inspection, cleaning, repair, etc.).	Evaluation of degree of energy saving contributions produced by materials and construction methods used to improve insulation performance.
<ul style="list-style-type: none"> <li>● Seismic grade (prevention of building structure collapse, etc.)</li> <li>● Other (prevention of building structure collapse or damage in the event of an earthquake)</li> <li>● Subsoil or pile load tolerance and installation method</li> <li>● Foundation structure method and form, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Degradation measure grade (building structure, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Maintenance and management measure grade (dedicated pipework)</li> <li>● Maintenance and management measure grade (common pipework)</li> <li>● Renovation measures (common drainage pipes)</li> </ul>	<ul style="list-style-type: none"> <li>● Insulation performance grade</li> <li>● Primary energy consumption grade</li> </ul>

### Earthquake- and Fire-Resistant Structures

#### Robust Earthquake-Resistant Structures

In the construction of condominiums, we improve earthquake resistance by adopting the most appropriate construction method for the characteristics of the subsoil and its capacity to support the foundation. This includes the use of pile foundations, where strong piles are directly driven into the ground to the supporting layer, spread footing foundations, which provide support directly using firm subsoil, and seismic isolators, which disperse earthquake energy and dampen extreme, long-period building swaying.

In the construction of detached housing, we adopt wood-frame

construction, which affords a high degree of design freedom and flexibility when adding to or renovating a structure in the future, together with a panel construction method that offers high durability and safety as well as good earthquake and fire resistance. We also employ as a standard feature a mat foundation method whereby a steel-reinforced concrete slab is laid underneath the entire wood floor to support the building, establishing a strong foundation using a high earthquake resistance and high durability construction method.

#### Exceptional Fire-Resistant Structures and Soundproofing Performance

We use highly fireproof materials when constructing condominiums. Fire-resistant and soundproofing performance standards are stipulated by law, and the thickness of the concrete walls between our condominium units, which require a high level of fire resistance

and soundproofing, is approximately 180 mm. Furthermore, fire-resistant and soundproofing construction is used for the piping within pipe spaces facing residents' rooms.

### Accident Prevention Measures

The Takara Leben Group is working to prevent occupational accidents at workplaces and construction sites.

#### Safety Patrols

At Nikko Takara Corporation, which is responsible for building construction, top management perform safety patrols and strive to create safer worksites. In addition to confirming the implementation of health and safety management, such as monthly and daily inspections and the assignment of certified personnel, they also aim to foster a greater focus on safety through the use of safety briefings and the like.

#### Safety Conferences

During National Safety Week, an initiative of the Ministry of Health, Labour and Welfare whose goal is to promote voluntary occupational accidents in the industrial world, foster more widespread safety awareness, and firmly establish safety activities, Nikko Takara Corporation's offices and worksites work closely together and enhances the company's health and safety management activities such as its measures to prevent the three main types of accidents (toppling and falling accidents, crane and other construction machinery accidents, and collapse accidents).

Before National Safety Week, the company's executives, employees, and partners gather for a Safety Conference that promotes greater health and safety management. The slogan of the FY2019 Nikko Takara Corporation Safety Conference was "Familiarity and Overconfidence Cause Accidents. Let's Work Together to Urge Mutual Caution and Predict Dangers." Participants issued a declaration of their resolve to combine their strengths to create workplace environments with PDCA cycles aimed at eliminating all accidents.

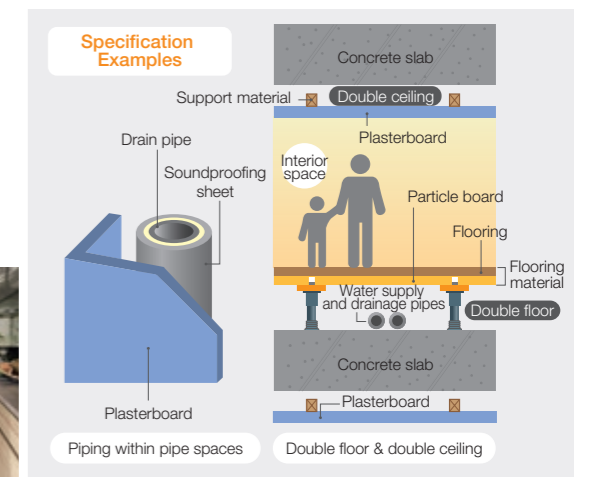


### Selection of Optimal Structures and Equipment

We change specifications for each property—not just the interior designs such as floors, doors, and kitchen/bathroom, but also the internal structure of buildings such as double floors, double ceilings, and piping within pipe spaces—according to the land and customers living there to give the most fitting combination of structure and equipment.



Introducing the most fitting equipment for each property



(Conceptual image)

## Pursuit of Safety and Peace of Mind

### Crisis Management Structures in Leben Community

Leben Community has established solid crisis management structures to protect the safe lives and peace of mind of condominium residents.

#### Safety Management

Remote monitoring systems promptly send notice to a security company via telephone lines in the event of any abnormality in condominium facilities. If necessary, security personnel respond immediately. Through its inspections and staff training, Leben Community has established a system for responding appropriately in the event of an elevator, firefighting equipment, or other emergency.



#### Responses to a Large-Scale Disaster

Following the occurrence of the Great East Japan Earthquake in March 2011, an emergency earthquake countermeasures headquarters was immediately established, and initial measures were promptly taken. During disaster recovery construction, we provided support from the perspectives of a management association, led by our commitment to speed, dependability, and sincerity and based on the expertise and skills we have developed through our equipment and repair experience.



### Disaster Response

#### Disaster Preparedness Drills

Leben Community supports the safety and peace of mind of all condominium resident communities. One representative example of that is the disaster preparedness drills we conduct in conjunction with management associations, especially in large condominiums. It is no easy matter for residents, including senior citizens and children, to properly use condominium firefighting equipment in the event of a fire, or to rapidly evacuate the condominium via its evacuation routes. In the disaster preparedness drills, residents experience not only evacuation from upper level floors via stairs, but also evacuation via ladder trucks, evacuation by breaking partition boards on balconies, and initial firefighting using fire extinguishers. We will continue to conduct disaster preparedness drills tailored to the situations of specific condominiums and enhance the disaster responsiveness of communities.



#### Moriya Disaster Preparedness Event

The Takara Leben Group collaborates with condominium residents and members of the community in promoting activities that heighten the disaster preparedness of community members. In November 2019, we held an Escape Attraction® disaster preparedness event for the residents of Leben Moriya THE BRIDGE, Leben Moriya THE SQUARE, and the members of the Matsunami Nishi Neighborhood Association in Ibaraki Prefecture. This program, created as a new type of disaster preparedness training at the third UN World Conference on Disaster Risk Reduction in March 2015, differs from conventional evacuation drills. A large screen is used to create an immersive simulated disaster experience for participants, who collaborate with each other to complete an evacuation preparation mission and an evacuation mission, seeking to reach the safety gate by the time limit (escaping the disaster safely). On the day of the event, 120 participants enjoyed learning about disaster preparedness and the importance of working with each other.



## Pursuit of Habitability

### Enhancement of Shared Condominium Facilities

By providing shared condominium facilities tailored to the lifestyles and needs of residents, we support the creation of convenient lifestyles and enriching times for residents.

Leben Yamagata Tokamachi THE MID TOWER, located in Yamagata City, Yamagata Prefecture, has shared facilities for use by all generations. The party room is outfitted with tasteful tables made by reusing materials from Shogetsu, a local restaurant that had been in business for over 120 years. It has a bar counter and a kids' room, so young and old alike can enjoy an escape from the everyday. There are also diverse other relaxation and recreation spaces, such as a private garden and a golf simulation room.

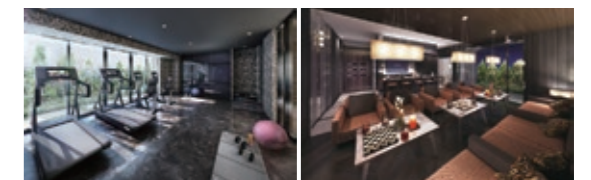
Leben Yokote THE MID RESIDENCE, located in Yokote City, Akita Prefecture, is also enhancing its shared facilities to enrich the lives of residents. It supports the refined lifestyles of residents with its sophisticated and stately entrance lounge; its party room, where families and friends can enjoy birthdays, anniversaries, and other events; a fitness room that contributes to the health of residents; and hotel-like guest rooms for providing hospitality to valued guests.



Leben Yamagata Tokamachi THE MID TOWER  
(Left: Kids' room; Right: Golf simulation room)



Leben Yamagata Tokamachi THE MID TOWER  
(Left: Party room; Right: Private garden)



Leben Yokote THE MID RESIDENCE  
(Left: Fitness room; Right: Party room)

### LUIC Project, A Proprietary Water System

The LUIC Project is a water system, originated by the Takara Leben Group, which makes purified water available for use in all aspects of living. Since the system was launched in 2008, it has been used in all series of our own branded condominiums, changing the lives of many residents by changing water, a fundamental necessity for life. The LUIC Project is constantly adopting new technologies and evolving. Currently, the LUIC Project consists of Takara No Mizu, which provides clean purified water from taps; Takara No Microbubble Tornado O<sub>2</sub>, a bath system that removes grime and dirt simply by getting into the bath without irritating the skin; and Takara No Mirable Ultrafine Mist, which provides water with ultrafine bubbles to keep users' skin and hair in excellent condition. In 2019, Active Micro Waver, which uses a low temperature plasma generator to clean bath water and bathtub walls, was added to Takara No Microbubble Tornado O<sub>2</sub>, and the standard bath television was equipped with new functions, further improving convenience.

## LUIC PROJECT

TAKARA WATER SYSTEM



image photo

Takara No Mizu (Takara Water) & Takara No Microbubble Tornado O<sub>2</sub> & Takara No Mirable Ultrafine Mist



\* In this decoloration experiment, approximately 250 ml were sampled from an aqueous solution consisting of roughly 1,000 ml of mineral water and roughly 0.2 g of methylene blue, and Active Micro Waver waves were generated for approximately 15 minutes.

# Environment & Culture

## Developing Environments and Cultures

The Takara Leben Group not only improves the environment through adopting renewable energy, but also contributes to improving energy self-sufficiency and regional revitalization including the use of idle land. In addition, we work on improving the quality of life for people by providing opportunities for cultural and social activities.



### Completion Ceremony Held for LS Hiroshima Mihara Power Generation Facility

A ceremony marking the completion of construction of the LS Hiroshima Mihara Power Generation Facility in Yamanakano, Kui-cho, Mihara City, Hiroshima Prefecture was held on May 15, 2019. The mega solar power generation facility has 40,788 solar cell modules (rated output: 275 W per module) on the roughly 152,066 m<sup>2</sup> site,

with a generating capacity of 11,216.7 kW. It is expected to generate 11,734,000 kWh of power per year. The site also has three disaster preparedness pools, and provides disaster preparedness functions for the community, such as helping prevent flooding during the heavy rains experienced by western Japan in July 2018.



### New Mega Solar Power Generation Facility Projects Launched

In December 2019, we launched the LS Tottori Daisen Power Generation Facility (tentative name) and LS Miyagi Matsushima power generation facility (tentative name) projects. In both projects, we are contributing to the community by acquiring idle land

and using it as power generation facility lots. The Takara Leben Group will continue to value the relationships of trust it has established with local communities while actively investing in renewable energy such as solar power generation.

## SOLAR POWER

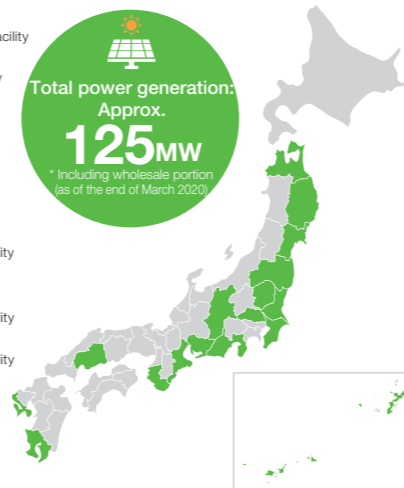
### Electric Power Generation Business

The Takara Leben Group conducts electric power generation business utilizing renewable energy that contributes to reductions in the emissions of CO<sub>2</sub>, a greenhouse gas. We develop mega-solar power facilities at places such as on idle land for large-scale solar power generation. Since entering this business in 2013, we have been in-

involved in developing mega-solar power facilities centered on the Kanto area, and currently operate 48 facilities (calculated based on the number of licenses) as of the end of March 2020. Total power generation is approximately 125 MW, and we aim to achieve 250 MW by the end of March 2021.

#### List of Mega Solar Power Generation Facilities

- Tohoku**
  - Aomori Prefecture**
    - LS Aomori Hiranoi Power Generation Facility
  - Iwate Prefecture**
    - LS Iwate Hirono Power Generation Facility
  - Miyagi Prefecture**
    - LS Miyagi Osato Power Generation Facility
    - LS Miyagi Sendai A & B Power Generation Facility
  - Fukushima Prefecture**
    - LS Fukushima Yamatsuri Power Generation Facility
    - LS Fukushima Kagamiishi 1 and 2 Power Generation Facility
- Kanto-Koshinetsu**
  - Tochigi Prefecture**
    - LS Shioya Power Generation Facility
    - LS Nasu Nakagawa Power Generation Facility
    - LS Fujioka A Power Generation Facility
    - LS Fujioka B Power Generation Facility
    - LS Shioya 2 Power Generation Facility
  - Ibaraki Prefecture**
    - LS Koga Onanuma Power Generation Facility
    - LS Tone A, B, and C Power Generation Facility
    - LS Chikusei Power Generation Facility
    - LS Tsukuba Bouchi Power Generation Facility
    - LS Miho Power Generation Facility
    - LS Mito Takada Power Generation Facility
    - LS Tone Fukawa Power Generation Facility
    - LS Sakuragawa 3 Power Generation Facility
    - LS Kamisu Hasaki Power Generation Facility
    - LS Hokota Power Generation Facility
    - LS Sakuragawa 2 Power Generation Facility
    - LS Inashiki Aranuma 1 Power Generation Facility
    - LS Sakuragawa Nakaizumi Power Generation Facility
    - LS Sakuragawa 4 Power Generation Facility
    - LS Sakuragawa Shimoizumi Power Generation Facility
    - LS Sakuragawa 1 Power Generation Facility
    - LS Inashiki Aranuma 2 Power Generation Facility
    - LS Takahagi Power Generation Facility
  - Nagano Prefecture**
    - LS Nagano Shiojiri Power Generation Facility
  - Tokyo Metropolitan Area**
    - Saitama Prefecture**
      - LS Hanno Misugidai Power Generation Facility
    - Chiba Prefecture**
      - LS Chiba Wakaba-ku Power Generation Facility
      - LS Sosa Power Generation Facility
      - LS Chiba Sannu East and West Power Generation Facility
      - LS Chiba Narita Power Generation Facility
- Chubu**
  - Shizuoka Prefecture**
    - LS Shizuoka Omaezaki Power Generation Facility
  - Aichi Prefecture**
    - LS Aichi Toyohashi Power Generation Facility
  - Mie Prefecture**
    - LS Mie Yokkaichi Power Generation Facility
- Kinki**
  - Wakayama Prefecture**
    - LS Shirahama Power Generation Facility
- Chugoku**
  - Hiroshima Prefecture**
    - LS Hiroshima Mihara Power Generation Facility
- Kyushu and Okinawa**
  - Nagasaki Prefecture**
    - LS Nagasaki Isahaya Power Generation Facility
  - Kagoshima Prefecture**
    - LS Kirishima Kokubu Power Generation Facility
  - Okinawa Prefecture**
    - LS Miyakojima Gusukube Power Generation Facility



#### Overview of the LS Tottori Daisen Power Generation Facility (Tentative Name) Project

This project uses land that was formerly a golf course, located at the base of Mt. Daisen, the highest peak of the Chugoku region. A forestland development permit was secured from Tottori Prefecture in order to carry out construction, and we signed a development agreement with the local town of Hoki.

Facility Overview	Location: 339-2 Fukukane, Hoki Town, Saihaku-gun, Tottori Prefecture, etc.
	Area: Approx. 25 ha
	Power generation capacity: Approx. 14 MW
	Annual power generation forecast: Approx. 16,264 MWh (approx. ¥390 million)
Start of operation: Planned for April 2021	

#### Overview of the LS Miyagi Matsushima Power Generation Facility (Tentative Name) Project

This project is using the former site of a gravel quarry, located on the northern side of the Sanriku Expressway's Matsushima North Interchange. A forest land development permit was secured from Miyagi Prefecture in order to carry out construction, and we signed development agreements with the local town of Matsushima and the Nemawari Water Usage Union.

Facility Overview	Location: 11-1 Nemawari Aza Maesawakami, Matsushima Town, Miyagi-gun, Miyagi Prefecture, etc.
	Area: Approx. 38 ha
	Power generation capacity: Approx. 14 MW
	Annual power generation forecast: Approx. 17,184 MWh (approx. ¥410 million)
Start of operation: Planned for September 2020	

**VOICE**

The Eco-Energy Department manages the development and operation of mega solar power generation facilities in the Kanto region and throughout Japan. Power generation facilities that have been put into operation are transferred to Takara Leben Infrastructure Fund, for which Takara Asset Management, a Group company, has been contracted to perform asset operation, and Takara Leben continues to carry out electric power generation business. In this way, we use a Group-wide integrated system to manage power generation facilities.

We promote development that includes disaster preparedness elements in everything from power generation facility development to operation management, using the services of local businesses, and striving to conduct business operations in a way that contributes to the environment and the local community.

We will continue to use environmentally friendly renewable energy to contribute to local communities through our electric power generation business, while at the same time meeting society's need for a stable supply of electrical power.

**Hiroki Tsuruoka, Eco-Energy Department, Development Division**

## Botanical Garden “Art Biotop”

### A New Form of Resort: Merging Nature and Art

We are collaborating with nikissimo Inc. on the “Art Biotop” botanical garden project as one of symbolic businesses to mark the 50th anniversary of Takara Leben’s founding.

Located in the Yokozawa area at the foot of the Nasu mountains amid abundant nature, the Art Biotop botanical garden project is a new form of resort that proposes a new relationship between humans and nature. In addition to the enormous Water Garden, other facilities include a residence with a pottery studio and glassmaking studio, restaurant μ (Mu), which serves artistic food that stimulates the five senses, a premium villa that blends into the forest, and the café Kantan, whose theme is “25-mile food.” It proposes a model for future resort business that grows by merging nature and art. Besides harmonizing with nature, it seeks to fulfill its role as a platform for cultural and social activities, such as the support for nurturing artists through the Artist in Residence program. As a company that cares about the environment, the Takara Leben Group will continue to promote proposals leading to resorts and business models of the future.



**Overview**

Name: Art Biotop  
 Development facilities: Water Garden landscape art (currently in operation)  
 Premium villa (planned to open in October 2020)  
 Residence (currently in operation)  
 Restaurant μ (planned to open in October 2020)  
 Café Kantan (currently in operation)

### Water Garden Landscape Art Selected for Good Design Award 2019 Best 100

The Water Garden was created in 2018 based on a design by architect Junya Ishigami. It is a new and unique art space created through the carefully calculated arrangement of 318 trees and 160 biotopes (ponds) of varying sizes. In the judging, the Water Garden was evaluated highly for the beauty of the artistic biotopes, which differ from natural biotopes. These artistic biotopes were recognized as embodiments of the living spirit of Japanese gardens. The Water Garden has been introduced by countless media, both Japanese and international, as a special meditation space in which visitors can clear their senses and feel the ties between people and nature. It is already drawing attention from around the world.



#### TOPIC Project Press Presentation

#### Bewitching Night Event

On October 9, 2019, we held a press presentation for our Botanical Garden Art Biotop project. Many members of the press toured the site and we introduced the facilities, whose grand opening was scheduled for October 2020. The visitors were also able to experience a bewitching night event in the Water Garden, a work of landscape art.



## Social Contribution and Recovery Activities

### TABLE FOR TWO



Takara Leben continues to donate to TABLE FOR TWO International, a non-profit organization that seeks to solve the global problem of food inequality. Since November 2018, as part of our diversity promotion efforts, we have been distributing vegetables cultivated at the Leben Village, a farm that employs those with disabilities, to anyone within the company who desires. At the same time, we collect ¥20 for each bag of vegetables. In fiscal 2019, we donated ¥11,870 in June 2019, ¥9,847 in September 2019, ¥18,257 in January 2020, and ¥23,023 in March 2020.



### Tour de Tohoku 2019

Tour de Tohoku, organized by KAHOKU SHINPO PUBLISHING Co. and Yahoo Japan Corporation, isn’t a position- or time-focused race, but a bicycle fun-ride event. Part of the proceeds from this event, together with donations collected through Yahoo! Net Donation, are accumulated in a fund and used to assist with the recovery from the 2011 Great East Japan Earthquake and to prevent memories of the event from fading. Since 2015, the Takara Leben Group has participated in the event, and in the Tour de Tohoku 2019, which was held on September 14 and 15, 2019, three employees from Takara Leben and five from Takara Leben Tohoku entered the event.



### Jingu Gaien Fireworks Festival

For the first time, Takara Leben was one of the sponsors of the Jingu Gaien Fireworks Festival, held on August 10, 2019. Since 2011, the Jingu Gaien Fireworks Festival has donated part of its proceeds to regions affected by the 2011 Great East Japan Earthquake to assist with their recovery efforts, as well as engaging in charity activities aimed at recovery from the Kumamoto Earthquake.

We conveyed Takara Leben’s heartfelt support for disaster-struck regions by supplying 400 of the 10,000 fireworks launched at the festival, broadcasting commercials and displaying our corporate logo at the festival site, and distributing commemorative fans.



### Takara Leben Tohoku Cleanup Activities

The Takara Leben Group aims to be a company that contributes to the development of local communities through real estate. Each of the companies in the Group engages in social contribution activities. Takara Leben Tohoku regularly cleans the Aoba-Dori street in front of its head office and the areas around condominium construction sites in order to beautify the areas where people live.



## Support for Sports and Culture

### Moriya Half Marathon

The Takara Leben development group contributed to regional revitalization by becoming one of the sponsors of the 36th Moriya Half Marathon, held on February 9, 2019, in Ibaraki Prefecture's Moriya City, home to Leben Moriya THE BRIDGE and Leben Moriya THE SQUARE. The weather on the day of the marathon was perfect for running, and a total of 4,919 runners, from elementary school students to seniors, participated in the marathon, which was followed by an award ceremony at Moriya City Hall.



### Kishu Kuchikumano Marathon

The Kishu Kuchikumano Marathon is a full and half marathon held on the first Sunday of February every year in Wakayama Prefecture's Kamitonda Town, over a course rich with nature. Takara Leben Infrastructure Fund, whose asset operation is performed by Takara Asset Management, is the owner of the LS Shirahama Power Generation Facility where the marathon is held. As part of its social contribution and regional revitalization efforts, it has become an official sponsor of the marathon.



### Takara Leben Tohoku Night Game

Takara Leben Tohoku respects the professional baseball spirit of contributing to and serving society through baseball, and, since 2014, has been a sponsor of the Tohoku Rakuten Golden Eagles. In fiscal 2019, the Takara Leben Tohoku Night Game, a game at Rakuten Seimei Park Miyagi on July 5 pitting the Tohoku Rakuten Golden Eagles against the Hokkaido Nippon-Ham Fighters, was attended by 25,282 spectators.



### Hakkiyoi KITTE Grand Sumo Tournament

Since fiscal 2017, Takara Leben has been a sponsor of Hakkiyoi KITTE, a regular summer sumo wrestling event organized by JAPAN POST Co., Ltd. held at the KITTE commercial facility, which is directly connected to Tokyo Station. Participants can enjoy watching the yokozuna enter the ring, rope tying, and powerful matches from up-close. There is also sumo-themed singing, shokkiri demonstrations, wrestler talk show events, and more, enabling audiences from Japan and overseas to experience the appeal of Japan's national sport, sumo wrestling.



### "Eiosen" Shogi Title Competition

Takara Leben sponsored the third through fifth years of "Eiosen" (held by DWANGO Co., Ltd.), contributing to the spread and development of shogi as traditional culture. "Eiosen" are the newest type of title matches (tournaments in which winners are granted titles). Highly-anticipated matches and semi-final and later matches during the preliminary tournament as well as the main tournament and the championship seventh match will be broadcast live on the "niconico" Live Streaming video sharing service to be enjoyed by countless shogi fans.



### Artist in Residence (AIR) Gentaro Yokoyama Exhibition

Art Biotop, a joint project between Takara Leben and nikissimo Inc., operates the AIR Program, which supports young artists by providing them with long-term residential environments to use while they create their artwork. During the one or two months of their residence, artists are inspired by their surrounding environments and the people around them, using that inspiration to create new art. Takara Leben was a sponsor of the support program for ceramic artist Gentaro Yokoyama, and from May 7 to June 1, 2019, held the SOFT TOUCH exhibition to present the works created during the residency.



### grape Award 2019



Takara Leben has been a special sponsor of the grape Award, "Kokoro ni Hibiku" (resonate with the heart) essay contest, since 2018. Among the 567 entries submitted in 2019 on the theme "resonate with the heart," the creator of the work most suited to the Group's corporate vision "THINK HAPPINESS AND MAKE THE HAPPINESS," Takara Leben Award was presented a trophy, a cash prize, and a voucher for accommodation for two at a resort (Art Biotop) as a commemorative gift.



VOICE

We adopted "Innovation for a New Lifestyle." as our Group slogan as we work toward the 50th anniversary of the Group's establishment in 2022. We want to create innovation together with "grape", so we are a special sponsor of the grape Award "Kokoro ni Hibiku" (resonate with the heart) essay contest.

We held a vote within the Group to select the submitted entry that best conveyed a sense of happiness, and awarded its creator the Takara Leben Award. This internal voting enabled all employees to read anecdotes about all different manner of happiness, and provided them with an opportunity to reflect on happiness.

We will continue not only to participate in contests such as these, but, by sponsoring various sports and cultural events, our all Group companies will engage in CSR activities. These activities will lead to the happiness of all stakeholders including customers and will help create greater Group corporate value.

Satoko Wada, Corporate Planning Department, Corporate Planning Group, General Planning Division



### Basic Approach

Rather than simply pursuing profit, Takara Leben strongly believes that it must comply with laws and corporate ethics and carry out its duties as a responsible member of society.

While maintaining close relationships with customers, shareholders, and employees—our core stakeholders—we continuously consider how we can deliver further satisfaction. In addition, we believe that reflecting the feedback received from various other stakeholders in our business while responding in

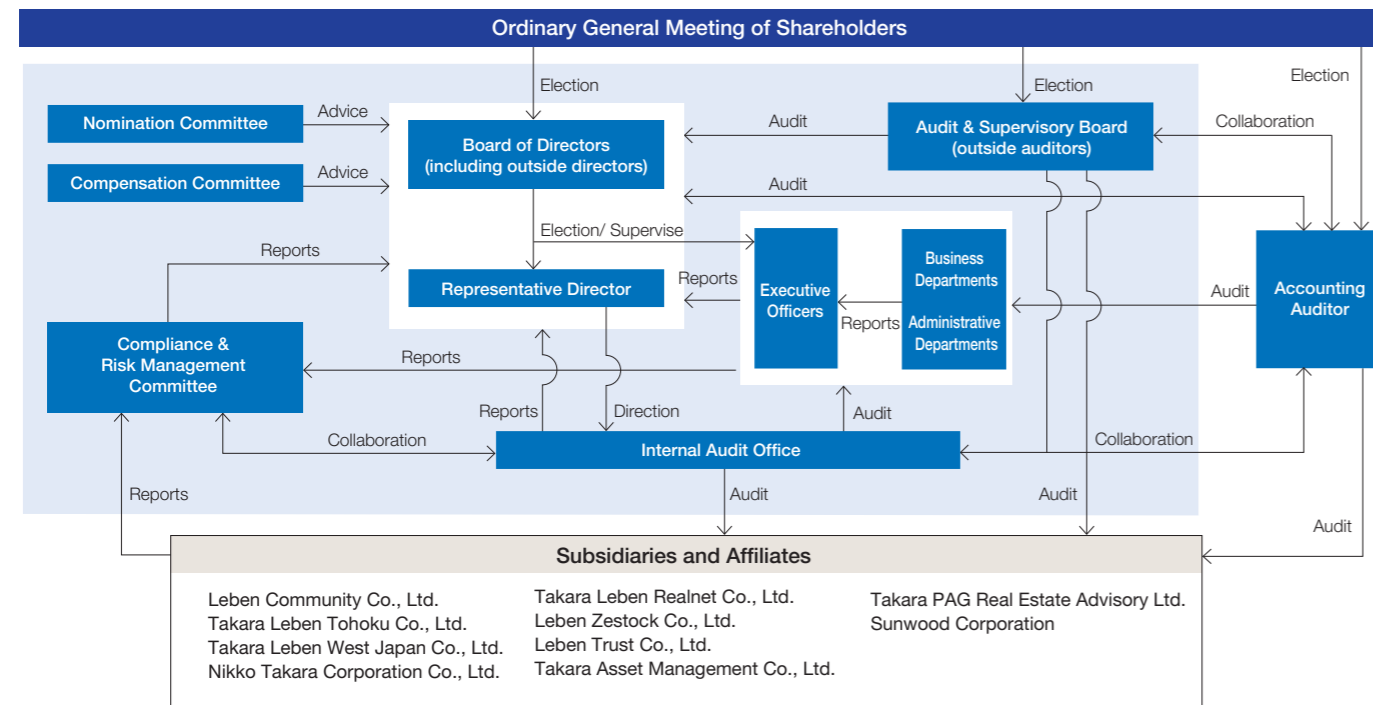
ways that keep in mind what our company should achieve and for whom will lead to sound and efficient business management as a going concern.

Furthermore, by not limiting ourselves to a systematic check and balance function but rather by spreading the roots as indexes or systems, we will work so that the check and balance across the entire company will function in sync with each person's awareness.

### Corporate Governance System

In addition to prudent and swift decision-making by the Board of Directors, Takara Leben has built a system to ensure management proprieties, such as appropriate mutual supervision by directors over the state of business execution, and audit and su-

per vision by auditors over directors' state of business execution. We also introduced an executive officer system to clarify the management supervisory roles of directors and the business execution responsibilities of executive officers.



### Board of Directors

Takara Leben has appointed 13 directors, four of whom are outside directors. All four outside directors have been designated as independent officers. In addition to carrying out prudent and swift decision making, directors mutually supervise the status of business execution at Board of Directors' meetings, which in principle are held once a month, and also at extraordinary board meetings which are held on an as-required basis.

Auditors are always in attendance at the Board of Directors' meetings and state their opinions as necessary. At the same time, auditors work closely with outside directors and, as necessary, audit and oversee the running of the Board of Directors' meetings and the status of business execution. Also in attendance at the Board of Directors' meetings are executive officers,

the head of the Internal Audit Office, and the heads of other departments, who have received requests from the Board of Directors based on internal regulations, and express their opinions on each issue or reporting matter.

The Takara Leben Executive Committee meets twice a month to discuss management issues and a Sales Conference is held once every month to discuss sales progress. In addition to sharing the achievement status of management targets at these and other meetings, the Company gleans information on problem areas and issues in the form of performance reports from each department and deliberates important matters relating to overall management. The content of those reports is raised at the Board of Directors' meetings on an as-required basis.

### Evaluating the Effectiveness of the Board of Directors

All Takara Leben directors including outside directors and corporate auditors complete self-evaluation questionnaires and the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors. With regard to the evaluation of effectiveness in fiscal 2019, each director and corporate auditor suggested that even more vigorous debate be conducted within the

Board of Directors, but expressed the opinion that overall, the Board operates appropriately and effectiveness is achieved. To ensure that adequate deliberations take place within the Board of Directors, we will continue to provide feedback to the Board based on future analysis and evaluation results.

### Executive Remuneration

Directors' remuneration is determined on the basis of the degree of each director's contribution to business expansion and improvement in corporate value towards sustainable growth. The limit of the annual amount of remuneration is deemed to be ¥600 million (not including, however, the employee portion of the sala-

ry), and the limitation of the special stock option remuneration to ¥300 million annually, is decided by a resolution at the Ordinary General Meeting of Shareholders. The remuneration of the Audit & Supervisory Board member is limited to an annual amount of ¥60 million or less.

### Audit & Supervisory Board

As a system for check and balance of decision making, all three auditors of Takara Leben are outside corporate auditors. Each auditor is equipped with adequate background, experience, and mettle to objectively carry out assessments and verifications.

Besides audits for Takara Leben, the auditors are also involved in audits for our Group companies, such as attending their board meetings and interviewing their directors, maintaining firm relationships with these companies. Furthermore, the auditors and the accounting auditor work to further improve the effectiveness and efficiency of audits by understanding and adjusting each other's annual schedules; going together to events such as ground inspections and checks on display homes, and exchanging information as appropriate.

Takara Leben also established guidelines on internal audits and established an Internal Audit Office as an independent organization reporting directly to the representative director to enhance and strengthen internal audits. In the proposal and execution of the internal audit plan, the office coordinates the schedules of auditors and the Accounting Auditor and adjusts the scopes of audits to seek efficient operation of various functions. Auditors accompany and witness operation audits conducted by the Internal Audit Office, and work on building an effective and efficient audit system by means such as verifying the scope of the audit and collecting opinions as appropriate.

### Nomination and Remuneration Committees

With the objectives of increasing objectivity and transparency in decision-making processes relating to personnel appointments and compensation of directors and others and further enhancing and reinforcing corporate governance structures by providing appropriate opportunities for outside directors to participate and give advice, Takara Leben established Nomination and Remuneration Committees as voluntary advisory bodies of the Board of Directors.

Each committee comprises three or more directors selected by resolution of the Board of Directors, of which a majority are independent, outside directors. The chairman of each committee is also selected by resolution of the Board of Directors. The committees deliberate and submit reports primarily on the matters indicated to the rights based on advice from directors.

#### Nomination Committee

- (1) Matters relating to nomination of candidate directors, executive officers, and others;
- (2) Matters relating to nomination and succession of the representative director;
- (3) Matters relating to basic policies and criteria on nomination of directors and others; and
- (4) Other matters referred to the Nomination Committee by the Board of Directors.

#### Remuneration Committee

- (1) Matters relating to remuneration of directors and executive officers;
- (2) Matters relating to basic policies and criteria on remuneration of directors and others; and
- (3) Other matters referred to the Remuneration Committee by the Board of Directors.

Compliance

Compliance Basic Policy

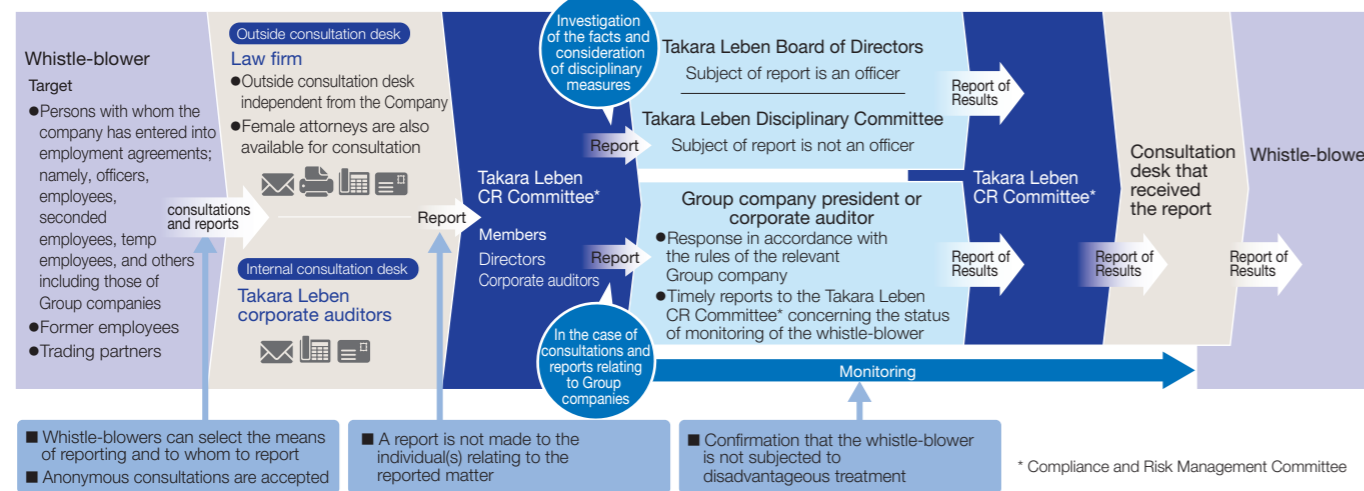
The basic policy provides that in order to carry out our corporate social responsibilities, all organizations, officers, and employees of the Takara Leben Group shall comply with laws, regulations, and social norms as well as separately established ethics rules and shall strive to serve as an example for society.

Internal Whistle-Blowing System (Help Line)

The Takara Leben Group established an internal whistle-blowing system (help line) as a means of reporting or consulting on issues such as harassment and compliance violations. The earlier whistle-blowing system was reviewed in August 2018, and we outsourced responses to inquiries to a law firm with which the Group has not conducted business in the past to serve as an outside consultation desk and also established an independent internal consultation desk that directs inquiries to the corporate auditors. We reinforced the protection of reporting individuals, the subjects of reports, persons who cooperate with investigations and others by establishing a mechanism to prevent access to information concerning consultations and reports by involved directors and took other measures. We are working to strengthen compliance management through the early detection and rectification of improper conduct and other issues.



Pocket-size card



Corporate Governance System Trends

Takara Leben has 13 directors, four of whom are independent outside directors with diverse backgrounds. The terms of office of directors end at the conclusion of the final Ordinary General Meeting of Shareholders held by the end of the fiscal year that ends within one calendar year of the date of the director's appointment. In fiscal 2019, 23 Board of Directors meetings were held.

There are three auditors, all three of whom are independent

outside auditors. Our structure ensures that outside management supervision functions can be fully leveraged. The Audit & Supervisory Board meets so that auditors can share issues and information with each other, request information from directors and departments when necessary, and improve the overall auditing level of the company. In fiscal 2019, 14 Audit & Supervisory Board meetings were held.

FY	Form of Organization	Total Number of Directors	Number of Outside Directors	Total Number of Auditors	Number of Outside Auditors
FY2016	Company with Audit & Supervisory Board	10	2	3	3
FY2017	Company with Audit & Supervisory Board	10	3	3	3
FY2018	Company with Audit & Supervisory Board	11	3	3	3
FY2019	Company with Audit & Supervisory Board	13	3	3	3
FY2020	Company with Audit & Supervisory Board	13	4	3	3

Employee Awareness-Raising

Takara Leben administers compliance education with a variety of themes to employees and strives to create a corporate culture of legal and regulatory compliance and respect for human rights.

Personal Information Protection

We consider the protection of personal information to be part of our corporate social responsibility, and we have established a management system for appropriately protecting personal information. To ensure that all employees handle valuable personal information appropriately while carrying out their business duties, we have created a personal information protection manual, distribute a personal information usage and protection handbook, and make all employees thoroughly aware of basic knowledge and rules. We also provide internal training led by instructors that are legal experts.

Preventing Unfair Business Dealings

We actively carry out specialized training to ensure that all transactions with customers are fair. The training, which addresses conflicts of interest, aims to ensure that basic principles are thoroughly implemented, and introduces numerous case examples to expand the knowledge of attendees. Furthermore, we strive to foster greater understanding of laws such as the Real Estate Brokerage Act, the Consumer Contract Act, and the Act against Unjustifiable Premiums and Misleading Representations.

Harassment Prevention

We promote the creation of a harassment-free corporate culture in which the rights of each and every employee are respected. In 2019, we conducted three training programs for employees at management level and above regarding harassment, with content such as workplace harassment case examples and communication methods that help combat harassment. Furthermore, for members of sales departments, we provided training with the theme of harassment issues that involve subordinates or customers.

Dealing with Anti-Social Forces

The Takara Leben Group's basic policy against anti-social forces is to adopt a firm stance in dealing with them. In addition to actively participating in activities to eliminate organized crime under the guidance from our legal advisor, we also collaborate with external specialized agencies, such as local police stations and legal advisors, establish a system to deal with anti-social forces.

With regard to our trading partners, we are also thorough in implementing measures for the elimination of anti-social forces through steps such as exchanging memorandums on severing ties with anti-social forces, and including clauses on the elimination of anti-social forces in our various contracts and agreements.

Social Media Policy

The Takara Leben Group sees social media as an effective means of strengthening relationships with various stakeholders and formulated a Social Media Policy as a guideline on proper use. We comply with laws, regulations, the Takara Leben Code of Conduct, and rules established by individual Group companies, and as a member of society with good judgment, we use social media with responsibility for our conduct and strive to engage in communications through effective information disclosure.

With awareness and an understanding of our responsibilities regarding the dissemination of information and responses on social media.

With regard to business-related and personal use of social media by employees, we also established a Privacy Policy and Guidelines on the Protection of Personal Information.

Privacy Mark System Contributor

Leben Community received Privacy Mark certification in January 2008, and has repeatedly updated its personal information management and operation measures. In January 2020, in recognition of the company's long years of efforts to maintain and improve its personal information protection management system, and its contributions to the promotion of the Privacy Mark system, JIPDEC presented the company with a certificate of appreciation.



**Risk Management**

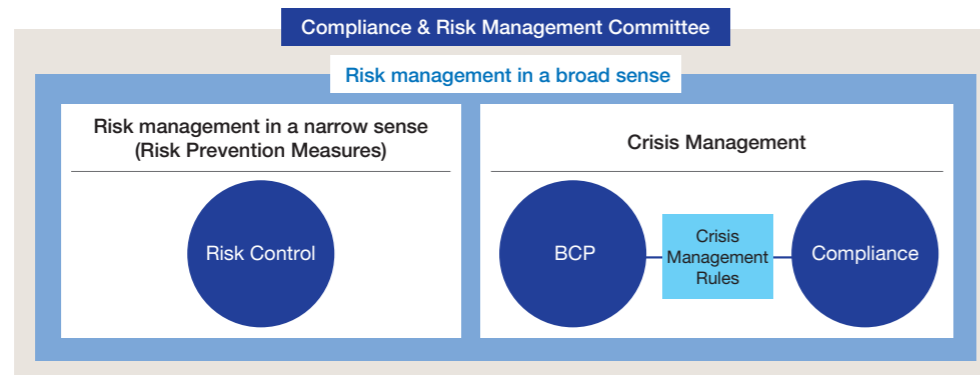
● Policies

The fundamental risk management policies of the Takara Leben Group are to ensure to safety of customers, business partners, officers, employees, and their family members, fulfill our social responsibilities, protect the global environment, maintain ongoing business activities, and raise corporate value. To this end, we identify and manage individual risks. We established the Compliance & Risk Management Committee as a body to carry out these measures, and we implement comprehensive risk management throughout the Group.

● Management Structures

The Takara Leben Group established a Compliance & Risk Management Committee chaired by the president. The Committee verifies and reports on all business-related risks, deliberates and makes decisions on measures and management to avoid or mitigate risks, and takes comprehensive measures to strengthen internal controls and prevent misconduct, non-compliance, and other similar incidents. In addition, subcommittees—such as for business strategy, finance, IT & administration, and compliance—are established as necessary to establish systems that make pro-

active proposals appropriate to management of individual risks. Furthermore, the scope of deliberations within each subcommittee is reported to and verified by the Compliance & Risk Management Committee as appropriate in accordance with the Compliance & Risk Management Committee Rules. These matters are also reported to the Board of Directors as necessary, forming a structure for timely decision-making in preparation for the occurrence of risks.



● Preventive Approach to Risk

In order to respond promptly to the occurrence of emergency situations such as corporate scandals, accidents, natural disasters, administrative action, serious criminal conduct by employees, and so on, the Takara Leben Group has established crisis management structures and adopted Crisis Management Rules and a Crisis Management Manual. The Crisis Management Rules define crises and specify procedures from initial responses to formation and disbanding of response organizations. There are also two sets of detailed crisis control rules regarding crisis responses and disaster countermeasures.

With regard to crisis responses, rules specify crisis management levels, responsibilities and authority, and information sharing lines, as well as responsive measures to be implemented as disaster countermeasures during a disaster.

In addition, each division works with the division responsible for crisis management to formulate risk recovery and prevention plans and makes reports to the Compliance & Risk Management Committee at its monthly meetings. As a part of our business continuity planning (BCP), we adopt a preventive approach to risk management including the preparation of manuals for the continuation and recovery of business operations in the event an emergency situation occurs.

**Business Risks**

- Natural disaster such as earthquake
- Legal restrictions
- Overreliance on borrowed funds
- Effects from purchaser attitudes
- Effects from housing loans
- Effects from supply trends
- Effects from competition, etc.
- Subcontractors
- Opposition by neighboring residents when constructing condominiums
- Possibility of litigation, etc.
- Personal information

**Third-Party Opinion**



Asami Honma  
Outside Auditor

This is the third CSR report issued by the Takara Leben Group.

Over the past three years, the Group has solidified its basic framework, including its CSR promotion system, key themes, and key issues, and the Group is now at a point at which it should greatly accelerate its CSR efforts. The message from President Shimada at the start of this report encapsulates the Group's devout dedication to contributing to society. As an outside auditor, I have been very impressed by the way in which the Group's passion for bringing happiness to its customers and all of its stakeholders, based on the Group's corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS," has become firmly established as part of its corporate DNA over its five decade long history.

Through the Group's CSR Basic Policy, based on this vision, it promises to **contribute to solutions to social issues and achieving the Sustainable Development Goals (SDGs) by undertaking CSR initiatives through its business** including supplying housing and introducing natural energy, and to **earn the trust of various stakeholders and society as the Group strives for continuous growth**. By linking four key CSR themes and 15 key issues with SDGs, the Group has clarified the direction to be taken by all business departments. In the future, the Group must enhance its system in order to define KPIs for objectively evaluating progress and results for each theme and key issue, enrich and dis-

close the quantitative data and qualitative information linked to those KPIs, and manage the CSR activities of each department, including those of Group companies.

Below is a summary of topics related to fiscal 2019 activities, arranged by theme. "Creating lifestyles with value": Customer lifestyles and needs change over the course of their lives. The Takara Leben Group contributes to the creation of happiness for all every year by supplying products and services developed based on employee proposals. "Forming communities": The Takara Leben Group contributes to the creation of happiness of entire communities by dedicating ourselves to disaster countermeasures. Brillia Shonan Tsujido Kaihin Koen, a condominium whose rooftop was designed to serve as a tsunami evacuation facility open to members of the community, is significant as a model for helping in whatever way possible to assist with the disaster preparedness of Japan, which is still healing from the 2011 Great East Japan Earthquake. "Providing comfortable spaces of high quality": The Takara Leben Group's architectural departments acquire housing performance evaluation reports and create exceptionally earthquake- and fire-resistant structural designs, and the Group's management operation departments further enrich its service quality and consulting functions. Through this, the Group provides people with living environments where they can enjoy peace of mind, contributing to the creation of lifelong happiness for its customers. "Developing environments and cultures": As of the end of March 2020, the solar power generation capacity of the Takara Leben Group's operating solar power generation facilities had reached 125 MW (equivalent to the electrical power consumed by roughly 40,000 households). By using solar power in place of thermal power, which emits CO<sub>2</sub>, the Group is contributing to the creation of peoples' happiness. The Group's asset departments, which manage REITs and infrastructure funds, take part in the GRESB assessment, and the Group's ESG measures have achieved a level of recognition.

Unfortunately, the COVID-19 pandemic has placed major constraints on societal activity, and there is rising uncertainty about the future of the global economy. As each company explores new sustainability approaches, CSR initiatives will also need to be redesigned. As President Shimada said at the start of this report, the Takara Leben Group slogan as the Group works toward the 50th anniversary of its establishment is "Innovation for a New Lifestyle," and "we will strive to achieve sustainable growth as a company that creates happiness for customers and all of our stakeholders." The Group has begun formulating its next Medium-Term Management Plan (starting from fiscal 2021) in order to achieve this.

I have high hopes for the Takara Leben Group, which will leverage its true value through the creation of innovation that befits the "new normal" that society will converge on in the post-COVID-19 world.

**Editor's Postscript**



Kensuke Suzuki  
Leader, CSR Promotion Team

This is the third CSR report issued by the Takara Leben Group. The editing process of this report differed from that of previous years, involving, for example, working from home due to the COVID-19 situation. We feel that it is important to rapidly respond to various environmental changes such as these, building a sustainable company.

We will continue to listen to the opinions of all our stakeholders as we actively carry out our CSR activities and aim to achieve continuous growth. We hope you can give us your unreserved opinions and thoughts to serve as future reference.

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