

Takara Leben Group's Sustainability Strategies

Sustainability Basic Policy

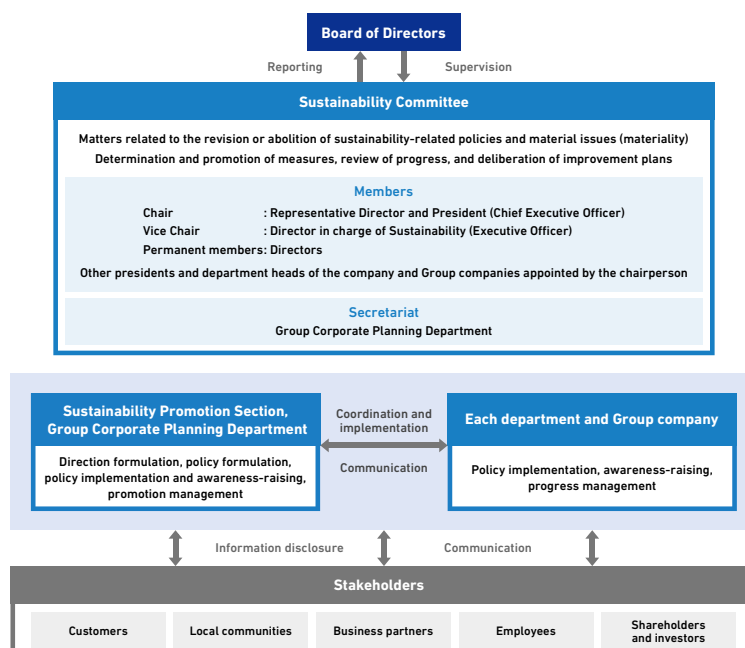
The Takara Leben Group's corporate vision is to "THINK HAPPINESS AND MAKE THE HAPPINESS" and contribute to solving social issues and achieving the SDGs by engaging in sustainability activities through our business, such as the supply of housing and the introduction of natural energy, in order to gain the trust of different stakeholders and society and achieve lasting development.



Sustainability Promotion System

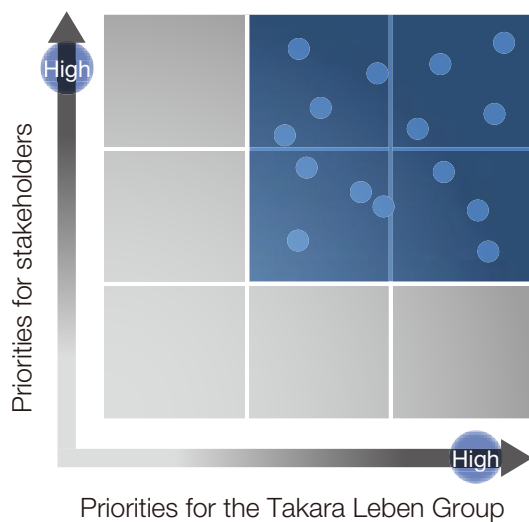
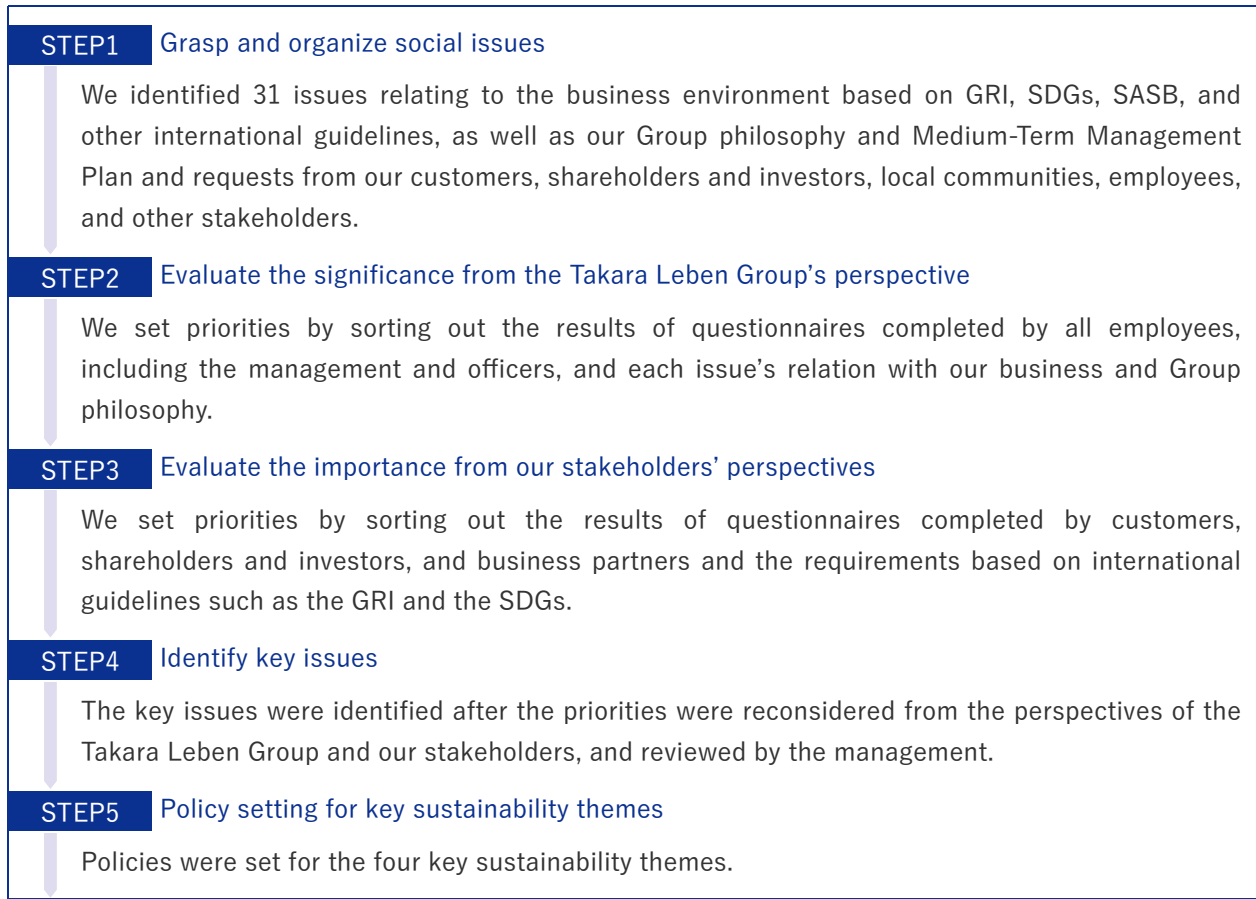
The Group has established a sustainability promotion system based on the recognition that "addressing issues surrounding sustainability, including consideration of climate change and other global environmental issues, respect for human rights, consideration of employee health and the working environment and fair and appropriate treatment of employees, fair and appropriate transactions with business partners, and risk management in the event of natural disasters are important management issues."

The Sustainability Committee, chaired by the Representative Director and composed of internal directors, presidents and division heads of group companies, is responsible for promoting ESG strategies, determining policies and measures concerning sustainability, examining and promoting materiality issues, reviewing progress, and deliberating on improvement plans.



○ Sustainability Key Themes and Key Issue Identification Process

The Group has identified key sustainability themes and critical issues through the following steps.



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 Sustainability Themes	Related SDGs	Policies	Key Issues
<h3>Creating Lifestyles with Value</h3> <p>We contribute to improving the richness of people's lifestyles by reating new value.</p>		<ul style="list-style-type: none"> ● Provide products and services that respond to changing social issues and needs. ● Provide lifestyles that harmonize residents and surrounding environments, such as the LEBEN or NEBEL brands. 	<ul style="list-style-type: none"> ● Support for diversifying lifestyles and globalization ● Responses to changes to business models brought by an ageing society and depopulation
<h3>Forming Communities</h3> <p>We form communities with stakeholders – such as local communities, trading partners, and employees – and aim for growth together.</p>		<ul style="list-style-type: none"> ● Contributing to the revitalization of regional areas through our regional city revitalization business, which connects urban and regional areas. ● Improve our ability to respond to risk through thorough risk assessment and management. ● Provide opportunities and environments where a diverse range of people can work energetically. ● Corporate activities that can respond to social needs with an emphasis on dialogues with our stakeholders. 	<ul style="list-style-type: none"> ● Urban development and creating towns ● Construction and maintenance of a corporate governance system ● Promoting compliance ● Employee health management ● Encouraging employment of diverse human resources
<h3>Providing Comfortable Spaces of High Quality</h3> <p>We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.</p>		<ul style="list-style-type: none"> ● Improve customer satisfaction levels through the use of our proprietary Service Quality Management System (SQMS®). ● Create housing that combines both design and habitability, pursuing the performance of housing. ● Improve building value through regular repairs and renovations to improve building comfort, functionality, and safety 	<ul style="list-style-type: none"> ● Providing safe, secure products and services ● Improving customer satisfaction ● Improving value of buildings
<h3>Developing Environments and Cultures</h3> <p>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.</p>		<ul style="list-style-type: none"> ● Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business. ● Provide seismic-resistant and fire-resistant housing that can withstand natural disasters. ● Provide opportunities for cultural activities to our stakeholders. 	<ul style="list-style-type: none"> ● Providing buildings and spaces that consider the environment and culture ● Responses to global warming ● Initiatives for renewable energy ● Effective use of resources ● Responses to disasters

○ Targets and Achievements

Sustainability Key Themes	KPIs	FY Mar. 2022		FY Mar. 2023
		Targets	Results	Targets
Creating Lifestyles with Value	Propose new lifestyle services	5 projects	15 projects	5 projects
	Supply of new condominiums for sale overseas	3 condos* ¹	6 condos in 2 projects	3 projects* ¹
	Supply of NEBEL series condominiums	3 condos	10 condos	3 condos
Forming Communities	Redevelopment projects undertaken	2 projects	1 project* ²	2 projects
	Community sponsorships	10	14	10
	Conduct the board effectiveness assessments		○* ³	
	Enhancement and strengthening of corporate governance system		○* ⁴	
	Consideration of introducing the clawback provisions		○* ⁵	
	Implement anti-corruption education and training		△* ⁶	
	Promote understanding of human rights issues among officers and employees		△* ⁶	
	Number of cases of adverse treatment	0	0	0
	Survey to confirm the recognition rate of the whistle-blowing system		○* ⁷	
	Percentage of employees receiving health checkups	100%	95.6%	100%
	Stress check examination rate	100%	85.0%	100%
	Percentage of employees taking paid leave	70%	60.1%	70%
	Percentage of employees with disabilities	2.30%	2.7%	2.30%
	Percentage of female managers	9.5%* ¹	7.34%	9.5%* ¹
	Percentage of employees returning to work after maternity or parental leave	100%	100%	100%
	Training hours per employee	24 hours	17.9 hours	24 hours
Satisfaction rate of sales staff survey	90%	89.3%	90%	
Providing Comfortable Spaces of High Quality	Number of nonconformities related to business processes and quality standards	10 or less	6	10 or less
	Implementation of preventive action sharing meetings	5 times or more	4 times	5 times or more
	Training of SQMS® masters	2 or more persons	4 persons	2 or more persons
	Acquisition rate of housing performance evaluation certificates	100%	100%	100%
	Rate of accidents and lost time injuries (*covered: employees)	0%	0%	0%
	Number of lost workday injuries (*covered: employees)	0	0	0
	Implementation of customer satisfaction surveys		○	–* ⁸
	Safety meetings	once a year	not held* ⁹	once a year
	Special patrols (safety checks)	4 times a year	3 times* ¹⁰	4 times a year
	Number of safety and health training sessions (**training targets: employees)	twice a year	twice a year	twice a year
	Results of supplier surveys	A-rank acquisition rate 90%	95.59%	–* ⁸
	Rate of accidents and lost time (**target: suppliers)	1.83% or less	0%	1.83% or less

Sustainability Key Themes	KPIs	FY Mar. 2022		FY Mar. 2023
		Targets	Results	Targets
Developing Environments and Cultures	Establishment of environmental policy		○	– *8
	Acquisition and disclosure of CO ₂ emissions		○	
	Setting CO ₂ emission reduction targets		△ *11	
	Percentage of houses certified for energy efficiency rating (Flat 35)	100% of detached houses	100%	100%
	Sponsorship for culture fostering events	5	7	5
	Acquisition of ZEH condominium certification	1	1	1
	Acquisition of CASBEE certification with A rank or higher	1	1	1
	Newly added generation capacity of mega-solar power plant	20MW	41MW*12	20MW*13
	Total power generation	360MW*1	310MW	360MW*1
	Maximizing effective use of resources and water		– *14	
	Formulation of manuals for BCP measures		△ *15	

*1 Set as a mid-term target for FY March 31, 2025.

*2 Number of new projects participated in. In addition, nine projects are under construction or being promoted.

*3 Analysis based on anonymous questionnaires was conducted by an outside consulting firm, targeting all directors and corporate auditors, including outside directors.

*4 Group company information-sharing meetings were held to share compliance-related issues at each company and to alert employees to such issues. Reviewed rules and regulations, shared compliance training, and deployed it company-wide.

*5 As a result of review by the Compensation Committee, the implementation was postponed. Continued consideration.

*6 Implemented through compliance training.

*7 Conducted interviews with each Group company, and for companies with insufficient recognition rate, reorganized displaying posters in the office and distributed portable cards to employees to enhance the recognition.

*8 No plan to implement in FY March 31, 2023.

*9 Not implemented due to measures to prevent new COVID-19 infection. Awareness was raised through education and the slogan displayed at each site during the Occupational Health and Safety Preparation Month.

*10 The plan was reviewed due to a change in the internal organization.

*11 Under consideration by the Sustainability Committee established in April 2022.

*12 Newly added wind power generation was 2MW.

*13 Revised KPI to “Newly added generation capacity of power facilities using renewable energy sources.”

*14 Internal system is being developed for quantitative data acquisition, and KPI was revised to “quantitative data acquisition and setting reduction targets.”

*15 The manuals are being formulated by the Risk Management Promotion Team.

○ GRESB

For the third consecutive year, Takara Leben participated in the 2021 GRESB* Infrastructure Asset Evaluation. It received an overall score higher than last year's as a result of particularly high recognition of the solar power generation facilities owned by Takara Leben Infrastructure Fund and our various ESG-related policies and target setting, as well as disclosure of our ESG initiatives. We also received a 4-star rating in the GRESB Rating, which is a five-level rating based on global relative rankings, surpassing last year's rating.

Furthermore, Takara Leben Infrastructure Fund participated in the GRESB Infrastructure Fund Evaluation for the third consecutive year and was awarded the highest "5-Star" rating in the "GRESB Rating" as well as being selected as an "Asia Sector Leader."

In addition, Takara Leben Real Estate Investment Corporation received a "Green Star" rating in the 2021 GRESB Real Estate Assessment for the third consecutive year, which indicates that the company received high marks for both management and performance with respect to environmental, social, and governance (ESG) considerations.

* The name of an annual benchmark assessment to measure the ESG considerations of companies and funds that own and manage real assets (real estate and infrastructure) and the organization that administers the assessment, created in 2009 by a group of major European pension funds that spearheaded the Principles for Responsible Investment (PRI).



○ Takara Leben Signs UN Global Compact





In 2020, the Takara Leben Group signed the United Nations Global Compact promoted by the UN and registered as a participating company.

We will continue our efforts to achieve the Ten Principles of the UN Global Compact in four areas: human rights, labor, environment, and anti-corruption.

* The United Nations Global Compact was proposed by then UN Secretary-General Kofi Annan in 1999 at the World Economic Forum in Davos and was launched in 2000.



The Ten Principles of the UN Global Compact

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

Message from the Executive Officer in charge of Sustainability

As a society, we have been changing the way we live even more drastically than we did last year, due to the increasing seriousness of climate change and the outbreak of new COVID-19 infections. I strongly feel that many of our stakeholders are calling for us to change our corporate stance to be flexible and responsive to these changes and to carry out our tasks in a sustainable manner.

We are in the process of promoting ESG management, which is one of the pillars of our new Mid-term Business Plan, announced in May 2021, by dividing it into four key sustainability themes and 15 key issues linked to the SDGs, setting 43 KPIs for each and promoting them throughout the Group. In fiscal year 2021, we promoted initiatives for local communities, acquisition of energy data such as CO₂ emissions, and certification of ZEH condominiums while enhancing and strengthening our corporate governance system and examining effective methods and target values for setting CO₂ emission reduction targets. As the results of these issues accumulate, each employee's awareness of ESG issues rises, and a virtuous cycle is being created within the company in which each employee is encouraged to engage in ESG management.

We will transition to a holding company structure on October 1, 2022, but we will continue to take pride in being "a company that makes people and the Earth happy in the future," and we will work positively to address social issues through our main real estate, energy, and asset management businesses, leading to sustainable growth. We look forward to your continued support.



Kazuyuki Shimizu

Director, COO and Vice President
Executive Officer

Participation in Industry Groups, Keidanren, and Other Organizations

The Real Estate Companies Association of Japan
 National Residential Industries Association
 Real Estate Fair Trade Council
 Keidanren (Japan Business Federation)