

Sustainability Management

Sustainability Basic Policy

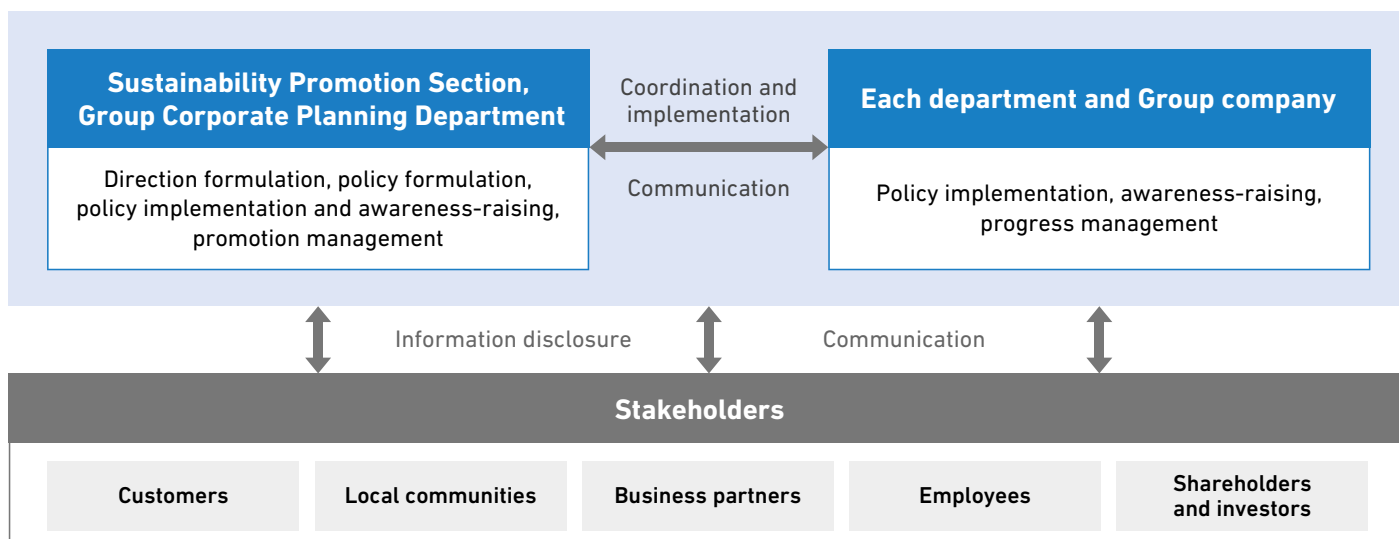
MIRARTH HOLDINGS Group was holds as its purpose: "To design sustainable environments for a happier future for both people and our planet." and contribute to solving social issues and achieving the SDGs by engaging in sustainability activities through our business, such as the supply of housing and the 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 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.





Message from the Director in Charge of Sustainability

Director,
Group CFO and Managing Director
/Executive Officer

Masashi Yamamoto

In recent years, we are faced with major challenges that must be addressed by the entire world as we live on the Earth, including environmental issues such as climate change, the impact of new coronavirus infections, and rising conflicts and tensions in the international community. In addition, as the SDGs, a set of common global goals, become more prevalent, and the role that companies should play and the expectations of their stakeholders rise, we feel that the importance of sustainability initiatives in companies is increasing year by year.

Our Group has been promoting ESG initiatives not only by contributing to urban development and community building through the supply and management of housing, but also by developing businesses in the clean energy field, including the development and operation of mega solar power plants.

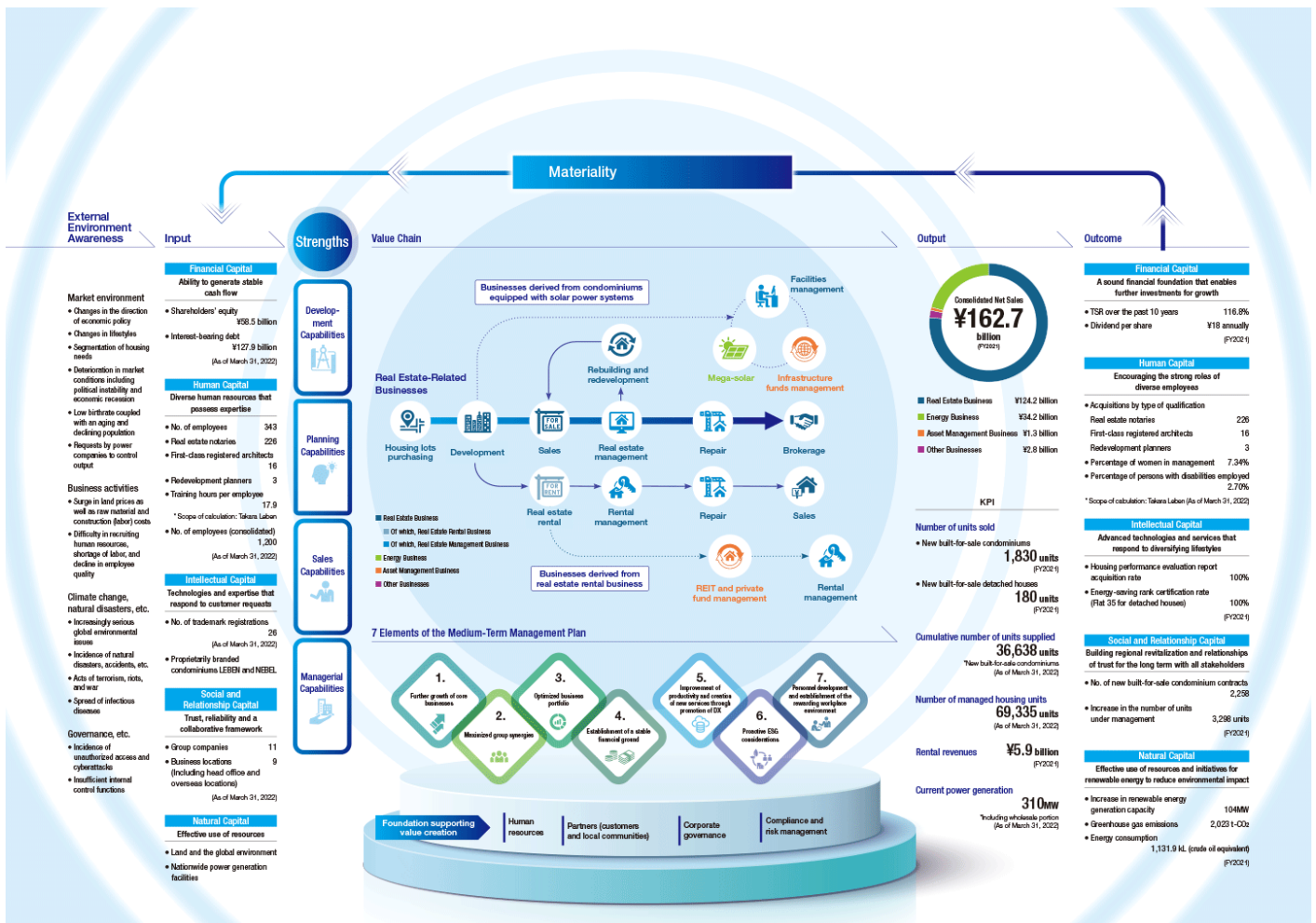
In April 2022, we established the Sustainability Committee with the aim of further strengthening our ESG strategy and building a more cross-functional and agile sustainability promotion system. The Committee meeting was held five times during the last fiscal year, and in addition to deciding on various sustainability-related policies and measures and setting targets for reducing greenhouse gas emissions, the participants discussed various social issues surrounding the Group. In addition, upon transitioning to a holding company structure in October, we are establishing and reorganizing organizations suitable for sustainability-related initiatives and working to unify Group-wide awareness in each of these initiatives.

In addition to implementing various measures to reduce greenhouse gas emissions, we plan to re-identify key issues (materialities) linked to management strategies and review KPIs in line with the Holdings structure. We will accelerate our company-wide, cross-sectional efforts in our group's business activities. Your continued support will be greatly appreciated.

Value Creation & Materiality

Value Creation Process

MIRARTH HOLDINGS Group has achieved sustainable growth by providing products and services that meet diversifying housing needs. With the transition to a holding company structure, we aim to provide new value by leveraging the strengths of the Group that we have built up over the years and by creating group synergies.



• Click here for a larger PDF. [PDF](#) 843KB

Sustainability Key Themes and Key Issue Identification Process

The Group has identified key sustainability themes and critical 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 requests from our customers, shareholders and investors, local communities, employees, and other stakeholders.
- step 2**

Evaluate the significance from the MIRARTH HOLDINGS Group's perspective

We set priorities by sorting out the results of questionnaires completed by all employees, including the management and officers, and each issue's relation with our business and Group philosophy.
- step 3**

Evaluate the importance from our stakeholders' perspectives

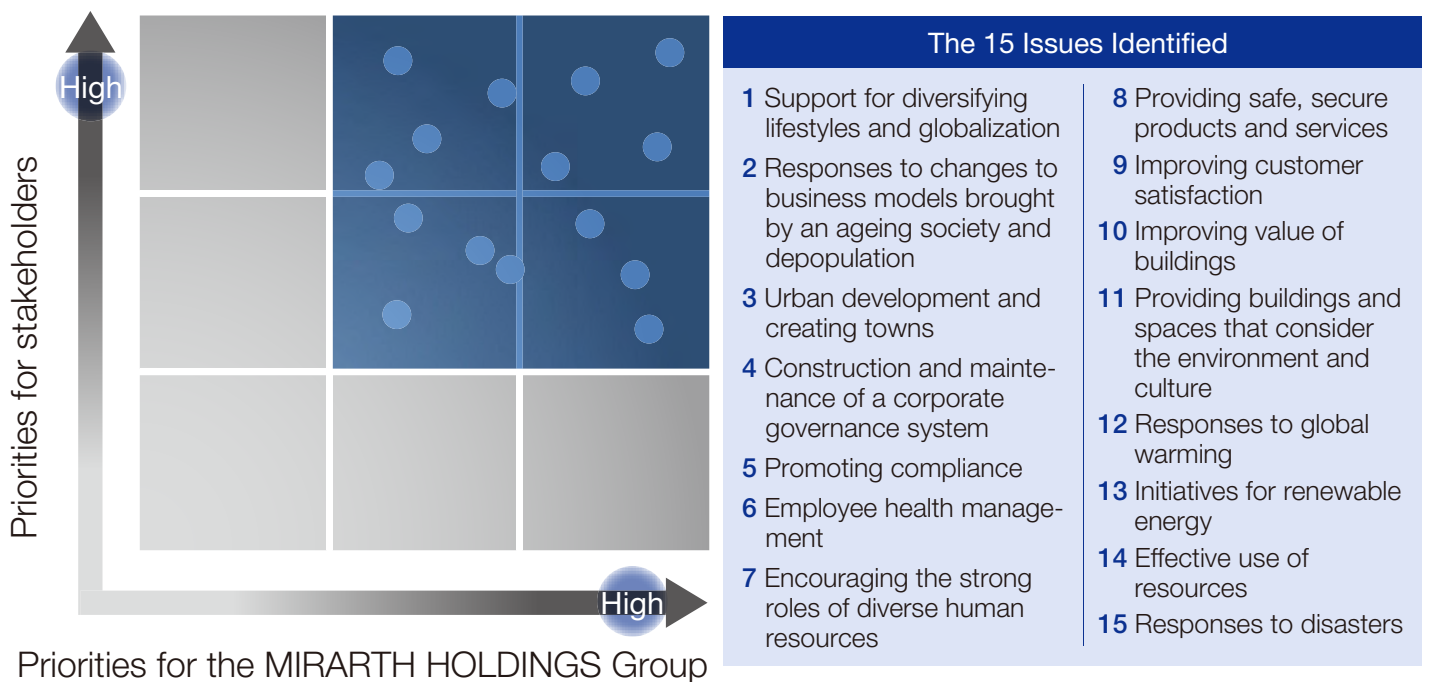
We set priorities by sorting out the results of questionnaires completed by customers, shareholders and investors, and business partners and the requirements based on international guidelines such as the GRI and the SDGs.
- step 4**












Identify key issues

The key issues were identified after the priorities were reconsidered from the perspectives of the Takara Leben Group and our stakeholders, and reviewed by the management.
- step 5**

Policy setting for key sustainability themes

Policies were set for the four key sustainability themes.



| 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. 2023 | | FY Mar. 2024 |
|--|---|--------------------------------------|--------------------------|-----------------------------|
| | | Targets | Results | Targets |
| Creating Lifestyles with Value | Propose new lifestyle services | 5 projects | 13 projects | 5 projects |
| | Supply of new condominiums for sale overseas | 3 condos ^{*1} | 3 condos | 3 projects ^{*1} |
| | Supply of NEBEL series condominiums | 3 condos | 3 condos | 3 condos |
| Forming Communities | Redevelopment projects undertaken | 2 projects | 2 projects ^{*2} | 2 projects |
| | Community sponsorships | 10 | 16 | 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 | | ○ ^{*7} | |
| | Number of cases of adverse treatment | 0 | 0 | 0 |
| | Survey to confirm the recognition rate of the whistle-blowing system | | ○ | |
| | Percentage of employees receiving health checkups | 100% | 99.1% | 100% |
| | Stress check examination rate | 100% | 87.9% | 100% |
| | Percentage of employees taking paid leave | 70% | 68.7% | 70% |
| | Percentage of employees with disabilities | 2.30% | 2.0% | 2.30% |
| | Percentage of female managers | 9.5% ^{*1} | 11.0% | 9.5% ^{*1} |
| | Percentage of employees returning to work after maternity or parental leave | 100% | 88.9% | 100% |
| | Training hours per employee | 24 hours | 28.3 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 | 1 project | 10 or less |
| | Implementation of preventive action sharing meetings | 5 or more times | 7 times | 5 or more times |
| | Training of SQMS® masters | 2 or more persons | 0 ^{*8} | 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 |
| | Safety meetings | once a year | once | once a year |
| | Special patrols (safety checks) | 4 times a year | 3 times | 4 times a year |
| | Number of safety and health training sessions (*training targets: employees) | twice a year | once | twice a year |
| | Results of supplier surveys | No plan to implement in FY Mar. 2023 | — | A-rank acquisition rate 90% |
| | Rate of accidents and lost time (*target: suppliers) | 1.83% or less | 0% | 1.83% or less |

| Sustainability Key Themes | KPIs | FY Mar. 2023 | | FY Mar. 2024 |
|--------------------------------------|--|-------------------------|-------------------------|-------------------------|
| | | Targets | Results | Targets |
| Developing Environments and Cultures | Acquisition and disclosure of CO ₂ emissions | | ○ ^{*9} | |
| | Setting CO ₂ emission reduction targets | | ○ ^{*9} | |
| | Percentage of houses certified for energy efficiency rating (Flat 35) | 100% of detached houses | 100% of detached houses | 100% of detached houses |
| | Sponsorship for culture fostering events | 5 | 8 | 5 |
| | Acquisition of ZEH condominium certification | 1 | 1 | 1 |
| | Acquisition of CASBEE certification with A rank or higher | 1 | 1 | 1 |
| | New operating generation capacity of power generation facilities from renewable energy sources | 20MW | 10MW | 20MW |
| | Total power generation | 360MW ^{*1} | 360MW | 360MW ^{*1} |
| | Obtaining quantitative data on resources and water and setting reduction targets | | △ ^{*10} | |
| | Formulation of manuals for BCP measures | | △ ^{*11} | |

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

*2 Number of new projects participated in. In addition, eight projects are under construction or being promoted.
(Including the Excellent Building Maintenance Project, etc.)

*3 conducted anonymous survey assessments and interviews targeting all directors and auditors, including external directors, utilizing external consulting firms.

*4 In addition to establishing a separate Compliance Committee and Risk Management Committee, and appointing a Group Chief Risk Officer (CRO), the Group implemented measures to strengthen governance within the holding company structure.

*5 Conducted and continued review of the executive compensation system by the Compensation Committee.

*6 Partially implemented through compliance training.

*7 Formulate a group human rights policy and strengthen internal and external dissemination of the policy.

*8 No new recruitment due to promotion of measures by existing members.

*9 Target scope: Scope 1 and Scope 2.

*10 An internal system is being developed to establish data collection and aggregation.

*11 It is being reformulated in line with the holding structure.

Stakeholder & Initiatives

Dialogue with Stakeholders

| Main Stakeholders | Expectations and Requests | Major Responses of the Group |
|---|---|---|
| Definition | | |
| Customers (corporations and individuals) | <ul style="list-style-type: none"> • Supply of valuable products and services • Improvement of customer satisfaction in all areas, including quality and cost • Supply of environmentally friendly products • Provision of accurate and appropriate information concerning products and services | <ul style="list-style-type: none"> • Introduction of online consultation system • Introduction of online condominium show room system • Provision of "clean air and spaces" • Provision of properties with ZEH-M Oriented certification • Administration of sales staff questionnaire • Publication of "Smilax" quarterly |
| Contracting parties and tenants of condominiums and detached houses Users of tenant buildings Users, etc. of various services | | |
| Local communities | <ul style="list-style-type: none"> • Prevention of accidents and disasters • Collaboration and coordination in solving social issues • Securing of employment • Participation in social contribution activities | <ul style="list-style-type: none"> • Participation in and sponsorship of local events • Holding of community events at managed properties • Implementation of social contribution activities • Regional revitalization through rebuilding and redevelopment business |
| Local communities, residents, local governments, etc. related to MIRARTH HOLDINGS Group business | | |
| Trading partners | <ul style="list-style-type: none"> • Fair and evenhanded transactions • Information sharing and collaboration with the aim of ensuring customer satisfaction and CSR procurement | <ul style="list-style-type: none"> • Fair and evenhanded transactions • Collaboration and coordination in operations |
| Construction contractors Business operators etc. related to the provision of various services | | |
| Employees | <ul style="list-style-type: none"> • Creation of prosperous lives for employees and their families • Human resource utilization and development • Appropriate evaluation and compensation • Respect for human rights, personality, and individuality • Creation of workplaces in which diverse personnel can thrive • Attention to occupational health and safety | <ul style="list-style-type: none"> • Implementation of training programs • Implementation of human resource and evaluation interviews • Operation of help line desks • Introduction of a Telework System • Promotion of staggered commuting times and reduced working hours • Establishment of a Health Committee |
| MIRARTH HOLDINGS Group employees and their families | | |

| | | |
|--|--|---|
| Shareholders and investors | | |
| Individual and institutional investors | <ul style="list-style-type: none"> • Maintenance and improvement of corporate value • Securing of stable profits and appropriate return of profits • Enhancement of corporate governance system • Creation of risk management systems • Appropriate disclosure of corporate information at appropriate time | <ul style="list-style-type: none"> • Holding financial results briefings and general meetings of shareholders • Holding meetings with domestic and overseas institutional investors • Conducting individual meetings with domestic and overseas institutional investors • Conducting shareholder surveys • Holding company-introductory sessions and participating in IR fairs • Disclosing IR information on the website • Obtaining external certification |

Initiatives and Participation in Industry Groups

Signing the UN Global Compact

In 2020, Takara Leben (currently MIRARTH HOLDINGS) signed and registered as a participating company in the United Nations Global Compact* proposed by the United Nations. We will continue our efforts to realize the ten principles of the United Nations Global Compact, which comprise the four areas of 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. |

GRESB

Takara Leben (currently MIRARTH HOLDINGS) participated in the 2022 GRESB* Infrastructure Asset Evaluation for the fourth consecutive year. Takara Leben Infrastructure Fund's solar power generation facilities and the Company's policies and performance in addressing ESG issues were evaluated, and as a result, the Company received a higher overall score than last year and was awarded a 3-star rating in the GRESB Rating, a 5-level rating system based on global relative rankings.

Furthermore, Takara Leben Infrastructure Fund received a 4-star rating (the highest being 5-star) in the "GRESB Rating" and was selected as an "Asia Sector Leader."

In addition, Takara Leben Real Estate Investment Corporation received a "Green Star" rating in the 2022 GRESB Real Estate Assessment for the fourth consecutive year, which indicates that the company received high marks for both management and performance with respect to ESG.

* The name of the annual benchmark assessment that measures environmental, social, and governance (ESG) considerations in real estate and infrastructure investments and the organization that administers it, created in 2009 primarily by a group of major European pension funds that led the Principles for Responsible Investment (PRI).



Signing the Principles for Financial Action for the 21st Century

Takara PAG Real Estate Advisory endorses the concept of the Principles for Financial Action Toward a Sustainable Society (the Principles for Financial Action for the 21st Century) and signed on to them in March 2022.

The Principles for Financial Action for the 21st Century were formulated in October 2011 by the "Japanese Environmental Financial Action Principles Drafting Committee," a broad range of financial institutions, based on the recommendations of the Central Environmental Council of the Ministry of the Environment, as action guidelines for financial institutions to fulfill their responsibilities and roles necessary for the creation of a sustainable society.

The company aims to implement initiatives based on the seven principles set forth by the Principles for Financial Action for the 21st Century to help create a sustainable society.



Participation in the Japan Climate Initiative (JCI)

In March 2022, Takara PAG Real Estate Advisory joined the Japan Climate Initiative (JCI) to endorse its declaration, "Japan's participation at the forefront of the global effort to decarbonize."

The JCI was established in July 2018 as a network of Japanese companies, local governments, organizations, and NGOs that are actively working to combat climate change in order to achieve the decarbonized society envisioned by the Paris Agreement.

The company is committed to working with JCI's stakeholders to strengthen the efforts to achieve a decarbonized society.



Participation in Industry Groups and Japan Business Federation, etc.

Member of the Real Estate Companies Association of Japan (a general incorporated association)

Member of National Housing Industry Association (a general incorporated association)

Member of Metropolitan Area Real Estate Fair Trade Council (a local public corporation)

Member of Japan Business Federation (a general incorporated association)

Sustainability Finance


Sustainability Finance Initiatives

MIRARTH HOLDINGS Group aims to further strengthen its power generation business and contribute to achieving the goals of SDGs, including "Goal 7: Affordable and Clean Energy" by utilizing Green Loans, which limit the use of funds to projects that consider environmental factors, and Sustainability Finance, in which funds are raised based on the evaluation of ESG initiatives, information disclosure, and contribution to SDGs achievement, etc.

Green Loan

MIRARTH HOLDINGS has conducted fundraising through the syndication-style "Green Loan" provided by Sumitomo Mitsui Trust Bank. In addition, JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd. awarded us with the highest rating, "Green1," for this transaction.

The funds raised through this Green Loan have been allocated to the acquisition of a solar power generation facility, "Leben Solar Iwate Hachimantai Power Generation Facility (Hachimantai City, Iwate Prefecture)."

| | |
|--------------------------|---|
| Contract Date | January 27, 2022 |
| Arranger/Agent | Sumitomo Mitsui Trust Bank, Limited |
| Origination Amount | 3.8 billion yen |
| Use of Fund | Acquisition of Leben Solar Iwate Hachimantai Power Generation Facility |
| Loaners | The Gunma Bank, Ltd., The San-in Godo Bank, Ltd., The Nanto Bank, Ltd., The Hiroshima Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited |
| Rating for the Company | Green1 (Highest rating) |
| News Release (Jan. 2022) | Fundraising through the Green Loan  297KB |

Outlines of Leben Solar Iwate Hachimantai Power Generation Facility

- Location: 495-1, Daiichi Chiwari, Matsuoyoriki, Hachimantai City, Iwate Prefecture
- Area: approx. 34ha
- Power generation capacity: approx. 9.8MW
- Estimated annual power generation: approx. 9.76 million kWh
- Unit price of electricity sold: 36 yen/kWh



Sustainability Linked Loan

Sustainability Linked Loans are designed to promote environmentally and socially sustainable economic activities and economic growth by setting Sustainability Performance Targets (SPTs)* based on sustainability strategies and linking loan terms to the achievement of SPTs, thereby motivating the achievement of the targets.

Leben Clean Energy, which is responsible for the Group's energy business division, obtained a second opinion from Rating and Investment Information, Inc. (R&I) to express its endorsement to contribute to the achievement of its sustainability strategy through its business activities, and concluded a "Sustainability Linked Loan" financing agreement with Towa Bank, and also raised funds. The funds raised will be used to finance projects related to renewable energy development, etc.

*SPTs (Sustainable Performance Targets): Ambitious targets that allow businesses to measure their level of achievement with respect to the SDGs.


| | |
|--------------------------|--|
| Date of contract signing | December 27, 2022 |
| Company Name | Leben Clean Energy Co., Ltd. |
| Loan amount | 1 billion yen |
| Financing period | 10 years |
| Use of Funds | Project financing for the achievement of SDG targets (project financing for renewable energy development, etc.) |
| SPTs | In the cumulative output (kW) of renewable energy power generation facilities developed in-house and through the acquisition of existing operating properties (1) Increase by 15,000 kW annually (2) Increase the average annual output by 15,000 kW (exceeding the planned cumulative output) |
| Second Opinion | Rating and Investment Information, Inc. |

ESG Management Support Loan

"ESG Management Support Loan" is an ESG evaluation-based financing product provided by Mitsubishi UFJ Bank to support and assist companies in their ESG (Environmental, Social, and Governance) initiatives.

MIRARTH HOLDINGS has raised funds through the "ESG Management Support Loan" provided by Mitsubishi UFJ Bank and received an A rating in the MUFG ESG evaluation conducted for this transaction, indicating that we are "particularly advanced" in our ESG efforts.

The funds raised through this ESG Management Support Loan will be utilized to develop our mega solar power generation business.


| | |
|--------------------------|---|
| News Release (Apr. 2022) | Fundraising through the ESG Management Support Loan  200KB |
|--------------------------|---|

ESG/SDGs Evaluation Syndication

MIRARTH HOLDINGS has raised funds through a syndicated loan based on the "ESG/SDGs Assessment Syndication" provided by Sumitomo Mitsui Banking Corporation under the "ESG/SDGs Assessment Syndication." The "ESG/SDGs Evaluation Syndication" is a loan product that evaluates a company's initiatives and information disclosure on ESG aspects and its contribution to the achievement of the SDGs based on original evaluation criteria developed by SMBC and the Japan Research Institute, and provides a return on the current analysis of the adequacy of initiatives and information disclosure, future issues and examples of initiatives to address the issues.

The results of this evaluation of our company were judged to be of a very high standard in "Corporate Philosophy and Commitment to Sustainability," "Provision of Environmentally Conscious Products and Services," and "Consideration for Local and Global Communities." The evaluation showed that the company has implemented a certain level of ESG initiatives and information disclosure in its corporate management, and that it is highly motivated to contribute to the achievement of the SDGs through its business.

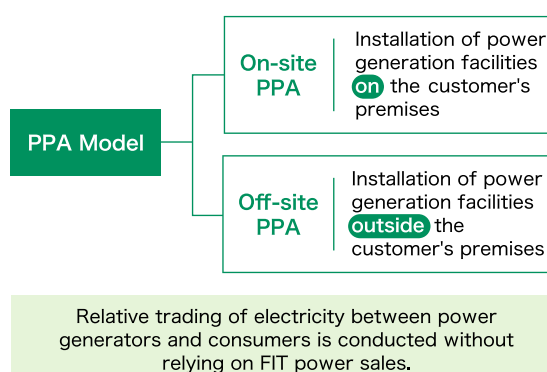
The funds raised will be used for the business development of Leben Clean Energy, which is the energy business arm of our group.

| | |
|--------------------------|--|
| News Release (Oct. 2021) | Fundraising Based on the ESG/SDGs Evaluation Syndication  194KB |
|--------------------------|--|

Business of Leben Clean Energy

Due to the increasing demand for renewable energy in Japan, Leben Clean Energy is developing a business model that is not dependent on the feed-in-tariff (FIT) system, with an eye to promoting on-site and off-site power purchase agreements (PPA) and regional microgrid concepts.

PPA model in brief



Chiba Bank SDGs Friends Loan

Leben Clean Energy, our Group company, has signed a loan agreement for "Chiba Bank SDGs Friends Loan" offered by the Chiba Bank.

The "Chiba Bank SDGs Friends Loan" is a loan program for businesses to apply the Sustainable Development Goals (SDGs) advocated by the United Nations to their own management. The unique "SDGs Check Sheet" enables visualization of the relationship between business activities and management issues and the SDGs.

We aim to further promote SDGs management by utilizing "Chiba Bank SDGs Friends Loan."

| | |
|--------------|---|
| Name | Chiba Bank SDGs Friends Loan |
| Issue Amount | 100 million yen |
| Use of funds | Working capital |
| Lender | Chiba Bank |
| Use of funds | Project financing for the achievement of SDG targets (project financing for renewable energy development, etc.) |

Positive Impact Finance

MIRARTH HOLDINGS has raised funds through "First Positive Impact Finance" provided by the First Bank of Toyama.

First Positive Impact Finance is a financing product designed to increase positive impact and mitigate negative impact in the economic, environmental, and social aspects of corporate activities. The status of achievement of KPIs (Key Performance Indicators) set for these impacts and the status of initiatives will be monitored on a regular basis.

The impact assessment will be conducted on MIRARTH HOLDINGS through the entire group, and the funds raised will be used to fund Takara Leben's core business, the new condominium business.

It has been confirmed by a second opinion of Rating and Investment Information, Inc. (R&I) that the business processes of the implementation system are applied in accordance with the PIF Principles.