

Takara Leben Group

# CSR Report 2019





# THINK HAPPINESS AND MAKE THE HAPPINESS

Making our customers dreams real — Takara Leben was established in 1972 with this aim. Since then, to realize the aim, Takara Leben has repeatedly taken on the challenge of creating new businesses and ceaseless innovation.

With the times, our key business has changed from providing detached houses to newly-built condominiums. Moreover, Takara Leben set up new businesses to meet the needs of the times, and was listed on the Tokyo Stock Exchange in 2001.

Today, Takara Leben's vision is "THINK HAPPINESS AND MAKE THE HAPPINESS." Through embodying this vision, Takara Leben will continue to respond to stakeholders' expectations while increasing our corporate value.

## Contents

### President's Message



Increasing Corporate Value Through  
CSR Initiatives to Remain  
a Corporate Group that is  
Selected by Customers 03

Group Philosophy 05

Company Profile 06

Consolidated Financial Highlights 07

Facts and Figures of the Takara Leben Group 08

Takara Leben Group's CSR Strategies 09

Corporate Governance 11

**ifestyle** Creating Lifestyles with Value 15

**ommunity** Forming Communities 19

**uality  
& Comfort** Providing Comfortable Spaces of High Quality 27

**nvironment  
& Culture** Developing Environments and Cultures 31

Third-Party Opinion/Editor's Postscript 36

### 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 March 2019. 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 2018 (April 1, 2018 to March 31, 2019), certain information stated in this report falls outside this time period.

### Scope

Twelve companies under the Takara Leben Group

### Date Published

June 2019

### For Inquiries

Corporate Planning Department, Takara Leben Co., Ltd.  
TEKKO BUILDING 16F, 1-8-2 Marunouchi, Chiyoda-ku,  
Tokyo, Japan 100-0005  
+81-3-6551-2130





**Increasing Corporate Value Through CSR Initiatives  
to Remain a Corporate Group that is Selected by  
Customers**

### For the Happiness of All Stakeholders

Since the foundation of the Takara Leben Group 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. In response to the major changes that have occurred in the business environment in recent years, we have placed emphasis on expanding stock and fee-based businesses including the real estate management business and the electric power generation business to build a business model that does not rely solely on real estate sales.

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, it is crucial that we consider the happiness of customers and all stakeholders and make that happiness a reality in accordance with our corporate vision: THINK HAPPINESS AND MAKE THE HAPPINESS.

In 2018, the Group specified in the Medium-Term Management Plan announced in May that it will respond to ESG<sup>\*1</sup> concerns and established structures to respond to demands from society through its business including identification of key issues by linking them to Sustainable Development Goals (SDGs<sup>\*2</sup>). I believe that with this as our foundation, the CSR activities of each employee will lead to the happiness of all stakeholders including customers, and in turn, this will lead to increased Group corporate value and our continued existence as business enterprise.

### Solving Social Issues Through Business

In 2017, we adopted "Innovation for a New Lifestyle." as our Group slogan as we work toward the 50th anniversary of the Group's establishment. This slogan incorporates the hope that at the core of our business, we will not simply provide "boxes" in the form of condominiums, but also propose and provide optimal lifestyles to the people who live in those homes, guiding peoples as well as communities and society in a better and more enriching direction.

For example, simply building facilities for city center renewal projects in regional cities is not true urban development. We have positioned regional development and revitalization as a key management issue, and we support condominium construction and community formation through development with the aim of creating enriching lifestyles.

In the electric power generation business, which we entered on a major scale in 2013, we will take further measures to promote solar power generation and other forms of renewable energy to fulfill our corporate responsibilities to continue addressing environmental issues. We are also looking into renewable energy other than solar such as biomass with the aims of reducing environmental impact and supporting regional employment.

We see customer happiness as our mission, and by creating customer happiness, we will remain a corporate group that is selected by customers. When we are selected by customers, we will create happiness for customers and all our stakeholders. The Takara Leben Group will continue to grow in order to achieve this virtuous cycle.

We look forward to your continued support in the future.

Representative Director  
Takara Leben Co., Ltd.

<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.



## 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.

## Company Profile

(as of the end of March, 2019)

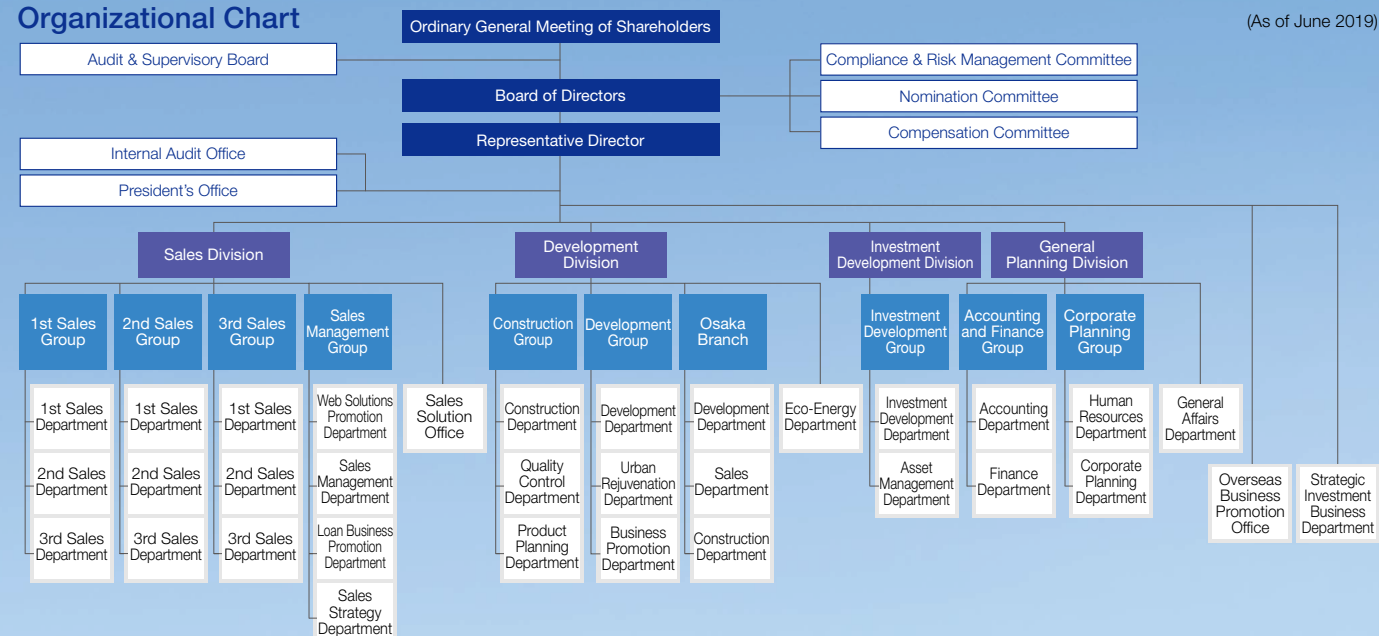
(As of June 2019)

<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>	¥132,005 million (Fiscal year ended March 31, 2019)
<b>No. of Employees</b>	296 (222 male, 74 female)
<b>Average Age</b>	34.7 years old (35.4 for male, 32.8 for female)

<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. Takara Property Co., Ltd. Leben Trust Co., Ltd. Takara Asset Management Co., Ltd. Takara PAG Real Estate Advisory Ltd. Sunwood Corporation

## Organizational Chart

(As of June 2019)



## Main Businesses

### Real Estate Rental Business

In the real estate rental business segment, the Group mainly leases condominiums and office buildings. Rental properties acquired in regions around the country were bundled into a fund, and the Group entered the real estate investment trust (REIT) market in July 2018.

### Real Estate Management Business

In this segment, the Group manages and operates properties. In addition to managing our own properties, the Group also manages properties handled by other companies on a contract basis.

### Flow Businesses

The built-for-sale condominium building business, which targets families, singles, working couples without children, and active seniors across the whole of Japan, and the redevelopment and rebuilding businesses are key revenue sources.

### Real Estate Sales Business

The real estate sales business, which is centered on planning, development, and sale of new built-for-sale condominiums, accounts for approximately 80% of the Group's sales. Among a host of other endeavors, we actively engage in the sale of detached houses as well as the renovation and resale of condominiums in this business segment.

### Electric Power Generation Business

Through its mega-solar power business activities, the Takara Leben Group generates a stable flow of earnings by marketing electricity to electric power companies. The Group also works diligently to contribute to society by producing renewable energy.

### Other Businesses

The Takara Leben Group is active across a wide range of fields, including construction contracting, and large-scale repair work.

### Stock and Fee-Based Businesses

The Takara Leben Group is working to roll out its real estate rental, real estate management, electric power generation business, and other businesses. In particular, we have established Takara Leben Infrastructure Fund Inc. in a bid to promote the effective use of renewable forms of energy, and are also steadily increasing the number of operating facilities.

Statement of Income (Millions of yen)	Rate of increase/decrease (%)			
	2017	2018	2019	2018/2019
Net sales	103,599	110,851	<b>132,005</b>	19.1
Real estate sales business	79,638	79,341	<b>104,823</b>	32.1
Real estate rental business	5,056	5,472	<b>5,829</b>	6.5
Real estate management business	3,665	4,000	<b>4,512</b>	12.8
Electric power generation business	11,108	18,239	<b>10,794</b>	△40.8
Other businesses	4,130	3,797	<b>6,045</b>	59.2
Gross profit	21,869	25,779	<b>26,886</b>	4.3
Operating income	10,349	12,597	<b>10,046</b>	△20.3
Ordinary income	9,496	11,792	<b>9,027</b>	△23.4
Current net income attributable to shareholders of the parent	6,107	7,367	<b>6,426</b>	△12.8

Balance Sheet (Millions of yen)	Rate of increase/decrease (%)			
	2017	2018	2019	2018/2019
Total assets	139,874	177,588	<b>184,893</b>	4.1
Net assets	36,792	42,907	<b>47,734</b>	11.3

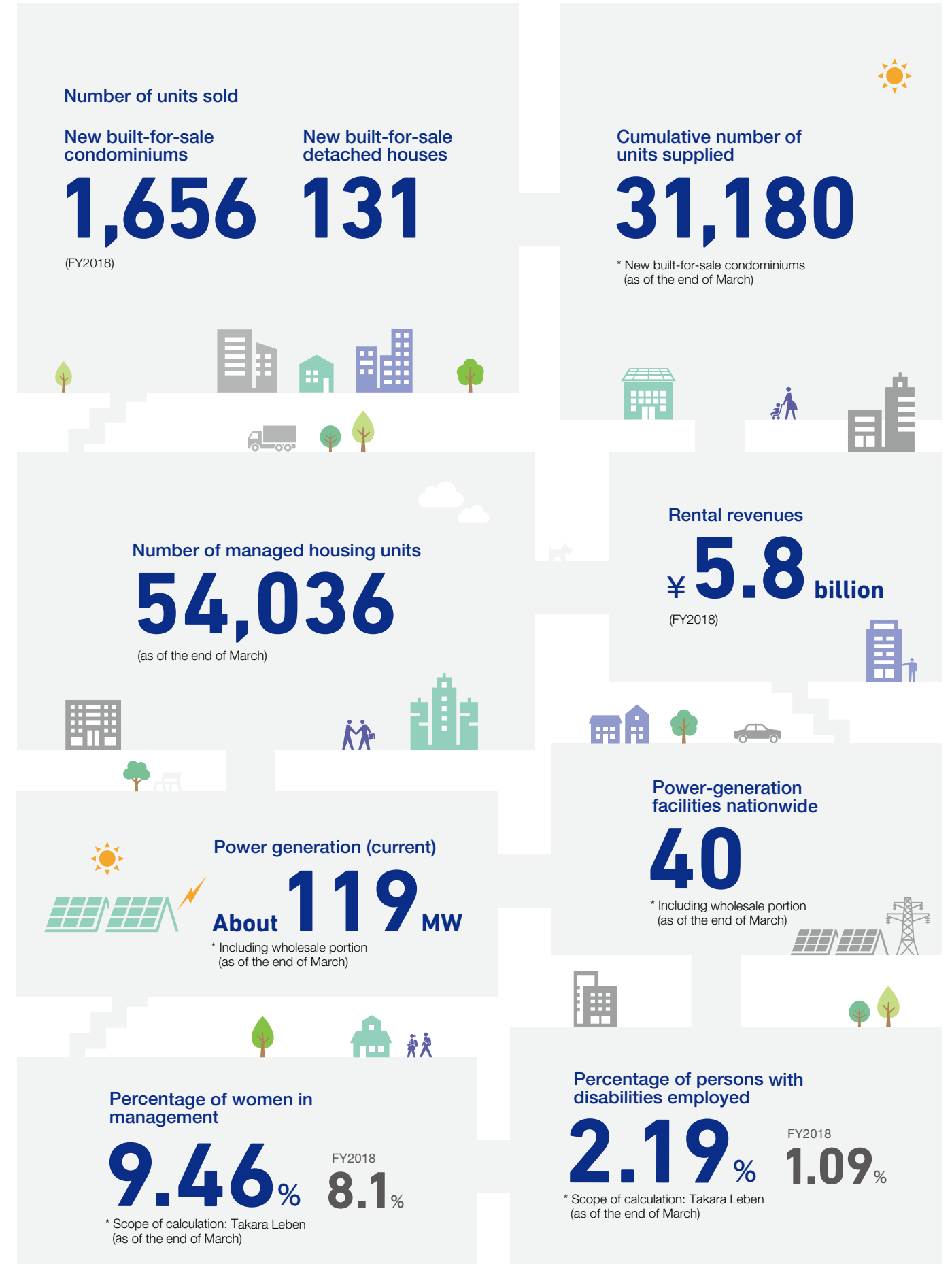
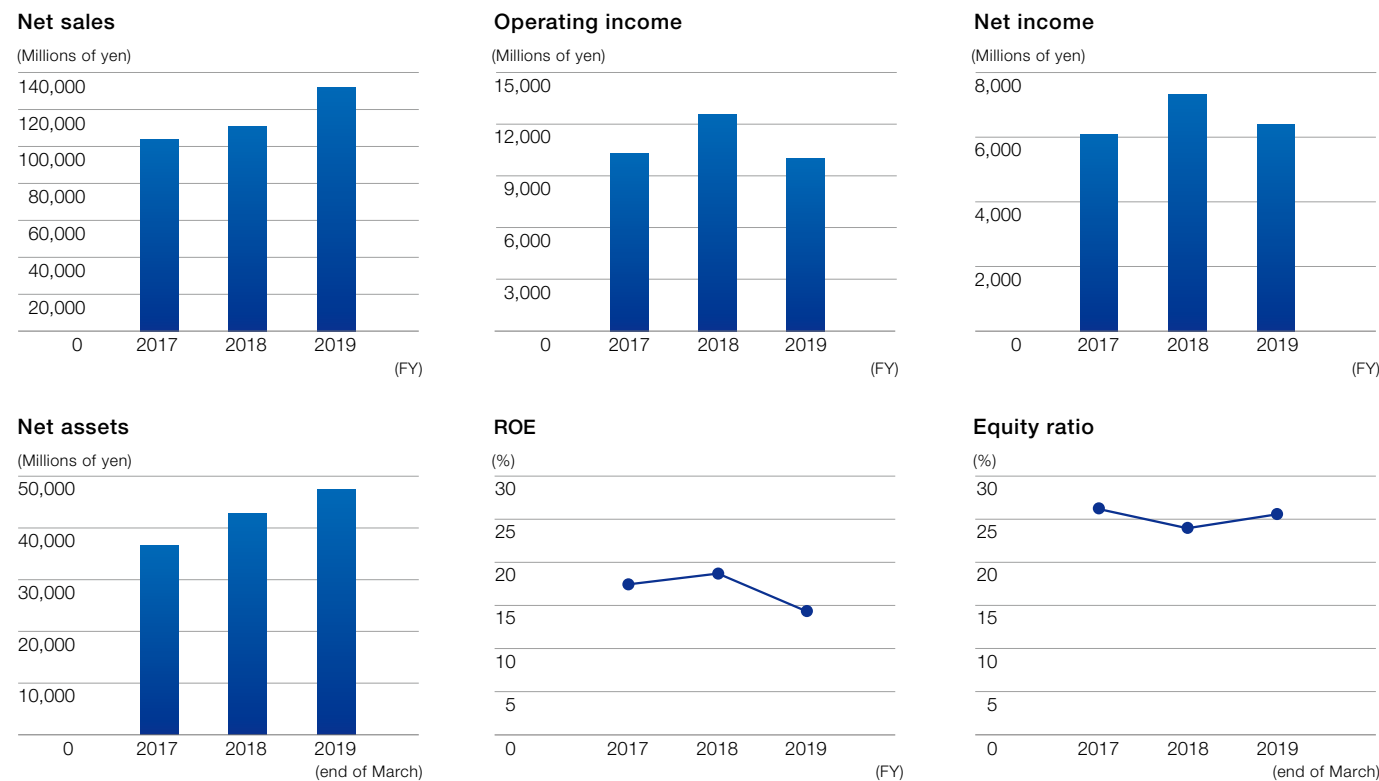
  

Per Share Information (Yen)	Rate of increase/decrease (%)			
	2017	2018	2019	2018/2019
Net income per share	56.14	68.12	<b>59.33</b>	△12.9
Net assets per share	339.29	394.90	<b>436.68</b>	10.6
Dividends per share	15.0	16.0	<b>16.0</b>	—

Financial Indicators (%)	Point of increase/decrease (pt)			
	2017	2018	2019	2018/2019
ROE	17.4	18.6	<b>14.3</b>	△4.3
ROA	4.5	4.6	<b>3.5</b>	△1.1
Equity ratio	26.2	24.1	<b>25.6</b>	1.5
Dividend payout ratio	26.7	23.5	<b>27.0</b>	3.5

Highlights of the Takara Leben Group's Results (Consolidated)





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, Takara Leben 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 considering opportunities for information sharing and discussion with ground staff.

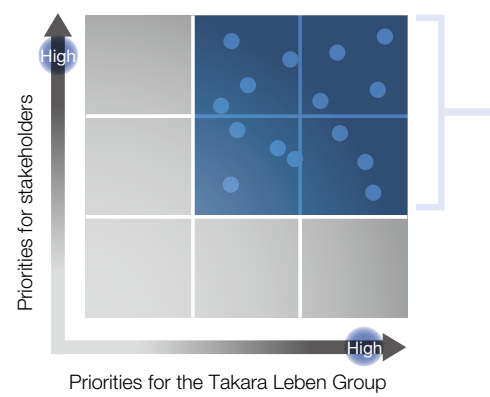
Moving forward, we will create new value by creating environments where employees can take ownership in working on CSR, and further strengthen our activities by reaffirming awareness of critical issues.

<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

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.

<b>STEP1 Grasp and organize social issues</b> We identified 31 issues relating to the business environment based on GRI, the Sustainable Development Goals (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.
<b>STEP2 Evaluate significance from the Takara Leben Group's perspective</b> 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.
<b>STEP3 Evaluate importance from our stakeholders' perspectives</b> 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.
<b>STEP4 Identify key issues</b> 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.
<b>STEP5 Set policies for key CSR themes</b> Policies were set for the four key CSR themes.



<b>The 15 Issues Identified</b>	
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>	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	<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>	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS	<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>	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<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>	4 QUALITY EDUCATION, 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 15 LIFE ON LAND	<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>

Message from Executive in Charge of CSR

The Takara Leben Group set "THINK HAPPINESS AND MAKE THE HAPPINESS" as our corporate vision. We believe that CSR initiatives are essential for achieving this. We also believe that accurately identifying issues for priority action through dialogue with Takara Leben Group management as well as internal and external stakeholders and ranking the priority of management issues is important. We recently identified and organized social issues, assessed them from the perspective of the Group, evaluated their significance from the perspective of stakeholders, investigated priorities from these perspectives, and set 15 priority issues. We are aware that focusing our efforts on solutions to these 15 priority issues and creating a sustainable corporate group will lead to higher corporate value in the future, and we will prioritize implementation of the ESG initiatives identified as key themes in the Medium-Term Management Plan.

Going forward, we will improve the quality of management by always recognizing our social responsibilities as a company while we carry out management and work on the continuous improvement of our corporate value. We appreciate your continued support.



### 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

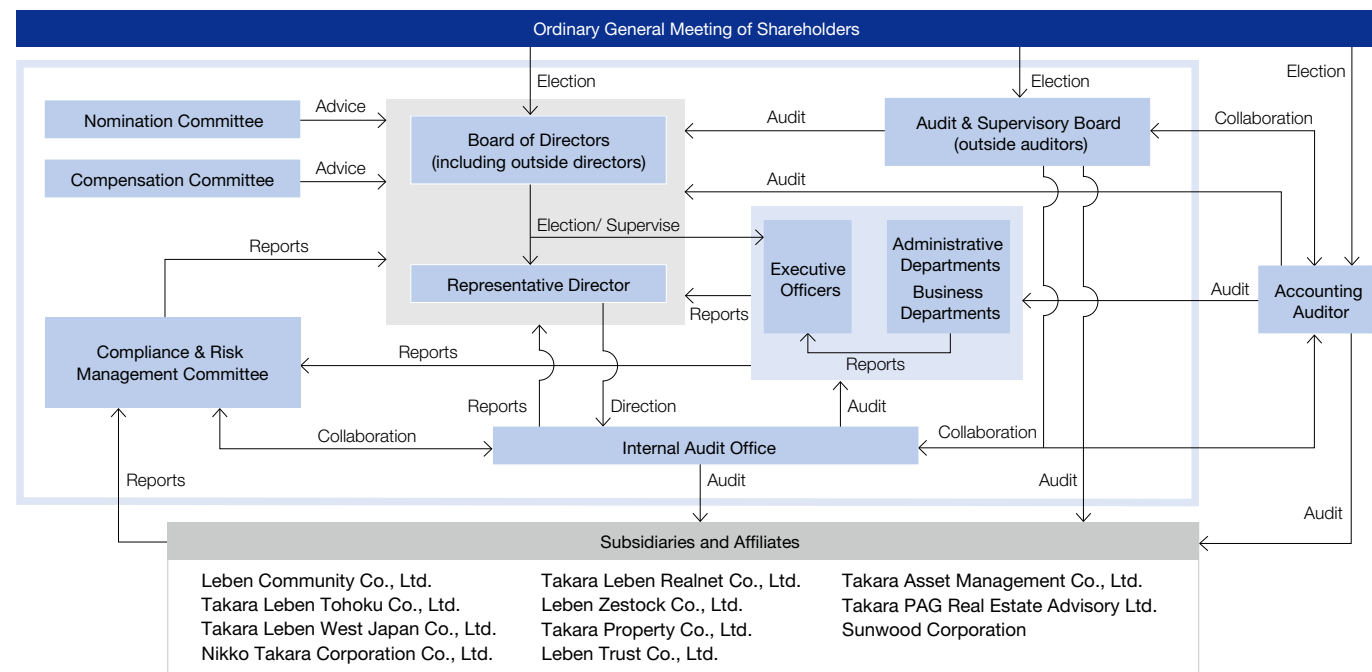
keep in mind what our company should achieve and for whom will lead to sound and efficient business management as a going concern.

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 super-

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, three of whom are outside directors. All three 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 once every two weeks to discuss management issues and a Sales Conference is held once every two weeks 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 during the 47th fiscal term, 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 salary), 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 infor-

mation 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

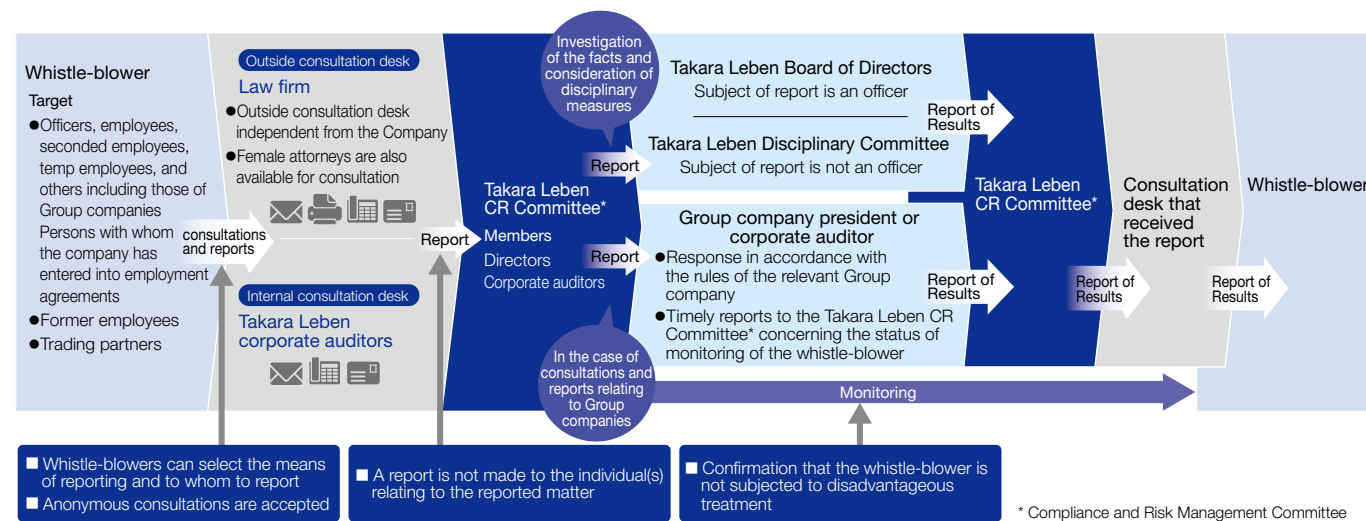
The basic policy provides that in order to carry out our corporate social responsibilities, all organizations, officers, and employees of the Takara Leben Group shall comply with laws, regulations, and social norms as well as separately established ethics rules and shall strive to serve as an example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



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 com-

munications through effective information disclosures 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.

Risk Management

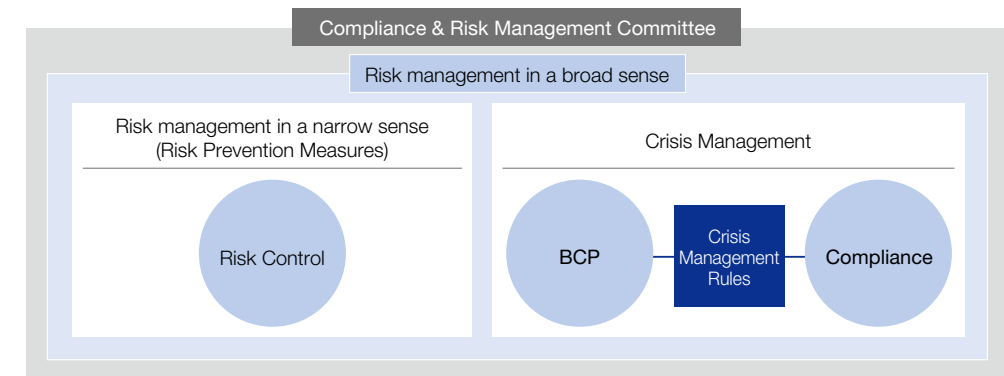
Policies

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 contin-

uation 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



# 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 Good Design Awards.



### Regional Revitalization by Linking Regional Communities with Urban Centers

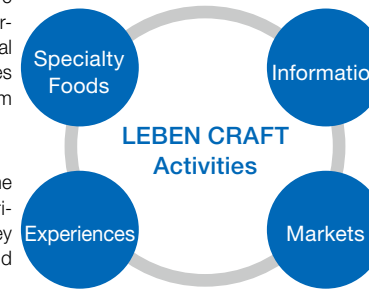
#### “LEBEN CRAFT” Project

LEBEN CRAFT is a program that enables urban condominium residents to purchase specialty products from regions where the Takara Leben Group has developed condominiums using a website just for condominium residents. Linking residents of city centers with regional communities contributes toward regional revitalization. This initiative by the Takara Leben Group, which not only develops urban areas but also works on businesses to revitalize regional cities, is unique even among developers.



These products are available only in certain seasons and are limited in quantity. For this reason, they are not sold in supermarkets. We search for these types of foods. This fundamental thinking is based on the desire to support the healthy lifestyles of customers. We carefully select products that everyone from adults to children can eat safely and with peace of mind.

Customers can actually meet the suppliers they have become acquainted with through markets and so on. They can experience harvesting and eat the foods that they gather. They breathe in the country air deeply and can discover a second home. The concept is previously unexperienced travel.



By sharing information about the production regions, producers, and products located in various areas around Japan and discovered by LEBEN CRAFT and finding new strengths and appeals throughout Japan, we can play a role in the creation of enriching lifestyles.

We hold LEBEN CRAFT Premium Markets with specialty products gathered from different regions of Japan. These markets create opportunities for participants to communicate with producers at enjoyable events.

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

#### Urban-type compact Condominiums "NEBEL"

Demand for housing has changed in recent years as a result of increases in working couple households and single-occupancy households, and demand for properties that place greater emphasis on location in a city center or near a train station and convenience rather than large size is rising. In response to these changes in customer lifestyles, Takara Leben began supplying the NEBEL series of small, urban condominiums for individuals and working couples without children.

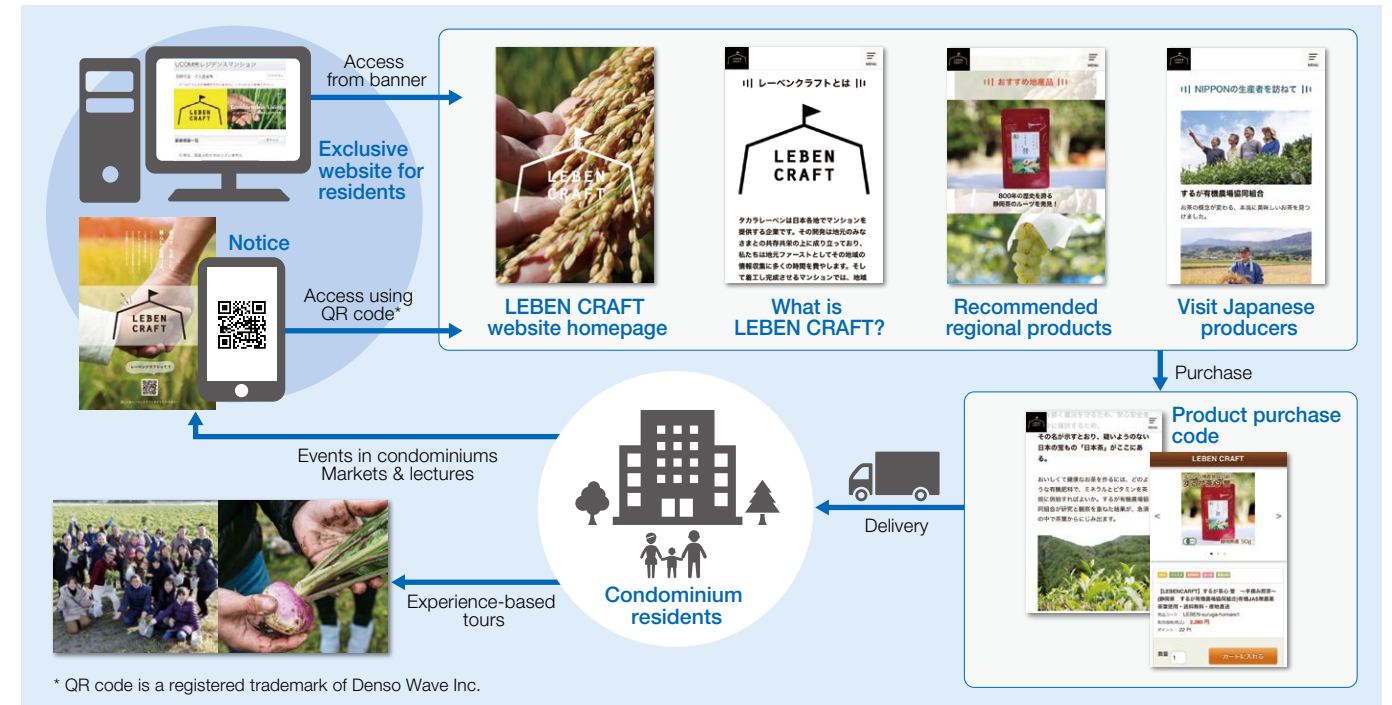
This series makes maximum use of Takara Leben's manufacturing know-how accumulated in the built-four-sale condominium business to embody ideal diverse lifestyles in a small, urban condominium. The NEBEL series maintains in these small condominiums the design characteristics, specifications, and quality of equipment of the family condominiums currently being supplied, and so far have been built in Sugamo, Togoshikoen, Itabashi, Ebisu, and other areas. We will continue to support the enhanced lifestyles of customers by supplying properties tailored to modern lifestyles and other social needs.



#### Permanent Salon Established in Ginza, Chuo-ku Tokyo ▶ SALON DE NEBEL



#### Overall structure of LEBEN CRAFT



\* QR code is a registered trademark of Denso Wave Inc.

#### VOICE



There are many delicious food products in Japan that are not suitable for high-volume retailers because quantities are limited or shelf-lives are very short, and as a result, they are not widely known. By discovering and selling these wonderful regional specialty products with limited quantities and short shelf-lives, we can inform consumers located throughout Japan about the hidden appeals of these regions, and we believe that this will contribute to regional revitalization. LEBEN CRAFT was created to introduce these valuable Japanese products to residents. We are also planning events such as on-the-go markets held in condominiums with the participation of producers as well as hands-on food educational tours so that it is not just goods that are exchanged, but there is also interaction among people.

**Seiko Tsunashima**  
Product Planning Department, Construction Group, Development Division





## 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. Many of the projects created from this initiative have won good design awards.

<b>GOOD DESIGN AWARD 2013</b> <ul style="list-style-type: none"> <li>•“LUJIC” Project</li> <li>•“Solar Power” Project</li> </ul>	<b>GOOD DESIGN AWARD 2017</b> <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>
<b>GOOD DESIGN AWARD 2016</b> <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>	<b>GOOD DESIGN AWARD 2018</b> <ul style="list-style-type: none"> <li>•“Working Point” Project</li> <li>•“Good Working” Project</li> <li>•“SOCOTAKU” Project</li> </ul>

### VOICE



LEBEN LABO ETHICAL ACTION is an initiative that puts into practice our corporate vision of “THINK HAPPINESS AND MAKE THE HAPPINESS.” It is now in its fourth year.

In 2018, one of the programs won the Good Design Best 100 award and was featured in a special exhibition in Tokyo and Kobe, conveying information about our ethical initiatives not just internally, but to society as well.

All of the LEBEN LABO ETHICAL ACTION projects view modern social issues such as the use of intellectual property rights, logistics, disaster preparedness, and local communities from a high perspective and place particular importance on achieving convenience, peace of mind, and satisfaction in the day-to-day lives of each consumer. We will continue to create and actively expand various measures that bring happiness to society and individuals.

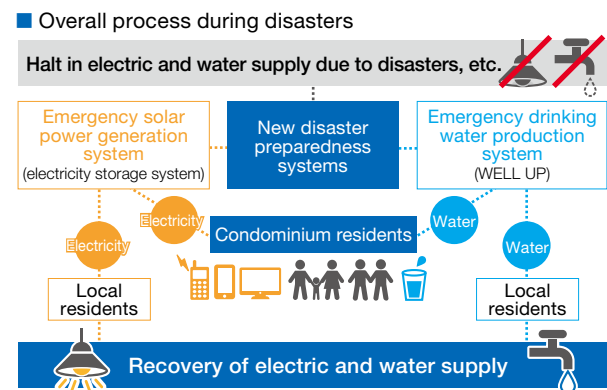
**Takayuki Fukano**

Web Solutions Promotion Department, Sales Management Group, Sales Division

### “JIJO KYOJO (Self-Help Mutual Assistance)” Project



The JIJO KYOJO (Self-Help Mutual Assistance) Project is a disaster water and power supply support system using condominiums equipped with solar power generation systems. Anshin Mizu and Anshin Denki seek to increase electric power and the volume of water stored in water storage tanks with the objective of supplying electricity and water to condominium residents and other local residents as well as enhancing disaster preparedness facilities such as bench grills, portable toilets, and security cameras and other security devices and conducting disaster drills to present the ideal of condominium facilities from the new perspective of a part of social infrastructure.



### “KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project



The KOJIN BOSAI KIT (Individual Disaster Preparedness Kit) Project develops and distributes disaster preparedness kits for individuals that feature both good design and functionality to support disaster preparedness tailored to individual convenience. Disaster preparedness supplies are stored in a compact and lightweight file-type box with a maximum size of an A4 sheet of paper. The customizable boxes are intended for continuous use and can be refilled.

These kits not only enhance safety and security measures within disaster-resistant buildings and residences, but also raise awareness of disaster preparedness in day-to-day life at workplaces and when going out through their design features.



### Measures to Collect and Implement Ideas on Work Styles Good Working Project

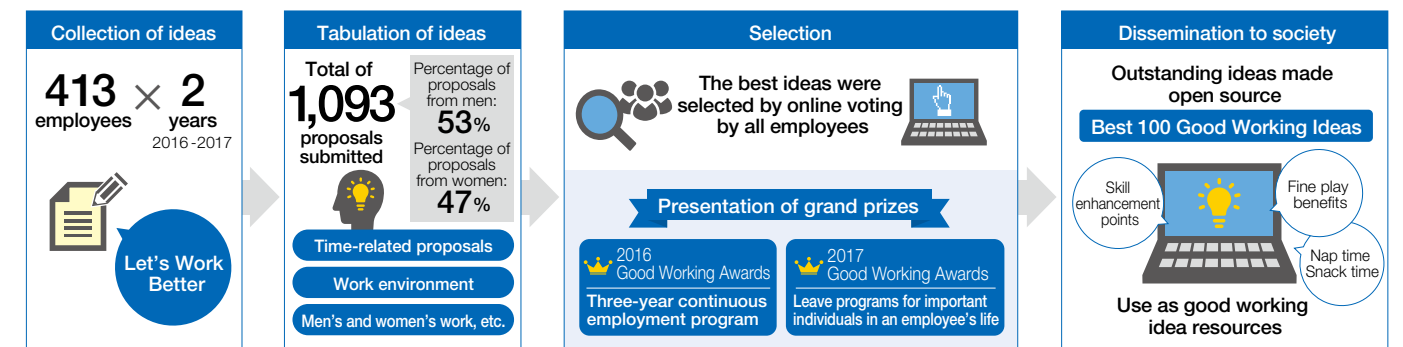


Amidst calls for work style reforms, we are undertaking the Good Working Project with the aims of re-examining what “work” means from the perspectives of the company and employees and implementing feasible improvements and reforms. This is an attempt to practice internal good working derived from various improvement measures relating to work styles.

During 2016 and 2017, we received proposals for improvements

and reforms from the perspective of workers from 413 Takara Leben Group employees (fiscal 2017) and created a database of 1,093 proposals from the submitted ideas. Grand prizes were awarded to the best ideas and were reflected in actual internal operations. We also broadly disclosed the ideas in the form of the Best 100 Good Working Ideas to serve as a resource for good working ideas outside the Group as well.

#### Flow of the Good Working Project



### Condominiums with New Cluster Boxes & Lockers with Mailboxes “SOCOTAKU” Project



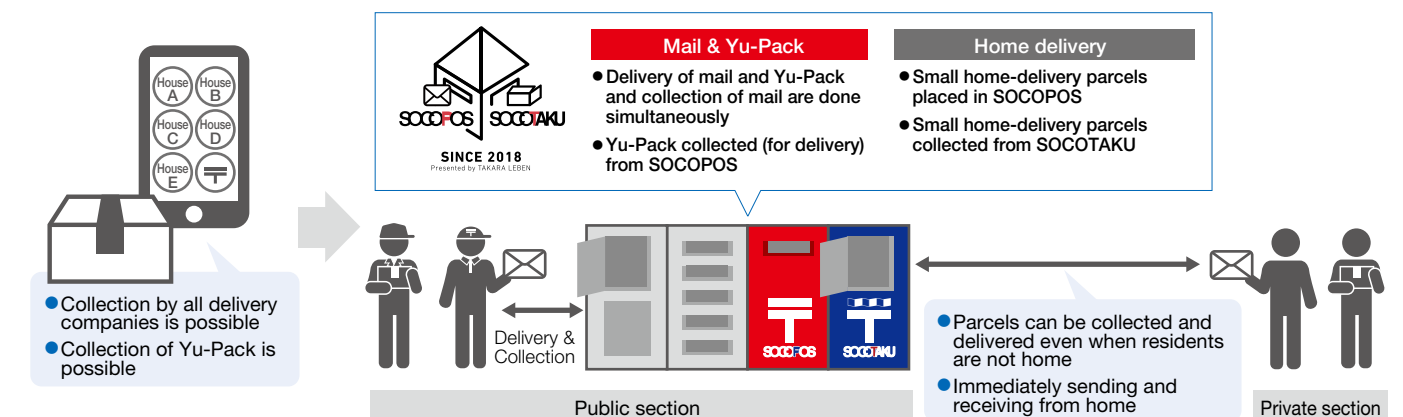
Installing delivery lockers with mailboxes in apartment buildings makes it possible to deliver mail that otherwise would have to be collected at a post office, and SOCOPOS won the 2017 Good Design Award. SOCOPOS has evolved into SOCOTAKU, which allows for collection by all home delivery companies. In addition to automatically sending and receiving mail, it is possible for apartment residents to have parcels collected by all delivery companies including Yu-Pack and for delivered parcels to be held within the apartment building for 24 hours.

Distribution companies are facing the problem of labor shortages, and there are instances they cannot accommodate delivery

volumes, which are increasing as a result of online purchasing, giving rise to a social problem. In light of the inability of existing home delivery boxes to respond to this issue, TAKARA LEBEN proposed SOCOTAKU as a new support system that raises the efficiency of logistics services to solve the problems of both consumers and delivery companies.

We will continue to contribute to higher operational efficiency in the logistics industry and make proposals for the provision of maximum services to customers through flexible ideas adapted to changes in the times.

#### Concept of SOCOPOS & SOCOTAKU





# Community

## Forming Communities

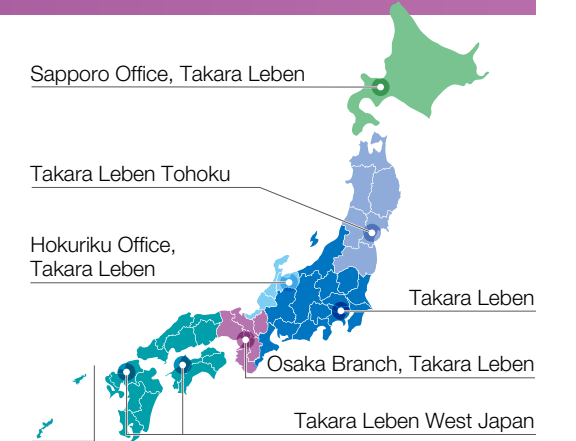
The Takara Leben Group works on regional revitalization—such as participation in redevelopment and local events—and the strengthening of communications with customers, employees, and shareholders. We build ties with stakeholders, and contribute to the formation and growth of communities.



### Together with Local Communities

#### Regional City Strategy

To meet the demand from active seniors who wish to replace—by selling their existing detached houses in suburban areas—or buy condominiums in city centers, as well as singles and households where both partners are working who wish to stay in compact condominiums, the Takara Leben Group actively acquires housing lots and supplies condominiums in regional cities. Acquisition of housing lots in regional cities is carried out as one by Group companies such as Takara Leben Tohoku and Takara Leben West Japan. We will continue to actively acquire housing lots to work toward supplying 1,100 units of housing each year in regional cities.



#### Condominium Development: First Entry into Kyushu

Takara Leben West Japan made the Group's first entry into Kyushu with the start of sales of Leben Sasebo STATION PLACE in Sasebo City, Nagasaki Prefecture in June 2018. Takara Leben has applied "achieving optimal harmony between residents and nearby environments" as a shared concept in Kyushu to provide housing that embodies meticulous care in all aspects.



Case/ Leben Sasebo STATION PLACE

#### Condominium Development: First Entry into Chukyo Region

Takara Leben made its first entry into the Chukyo region with the start of sales of Leben Nagoya Matsushige-cho GRAND AUBE in September 2018. We will continue to pursue convenience and high-quality design in housing in the Chukyo region and undertake various initiatives to provide the styling representative of Takara Leben.



Case/ Leben Nagoya Matsushige-cho GRAND AUBE

#### Regional Revitalization Through Redevelopment Business

Through our redevelopment business, we seek to improve the functionality and habitability of cities while addressing issues faced by regional cities such as shrinking and aging populations and contributing to development of safe and appealing towns that set residents at ease. In March 2019, we completed construction of Leben Takaoka MID RISE TOWER, a large condominium located in the Suehironishi area, a city-center district of Takaoka City in Toyama Prefecture. This 16-story building features apartments as well as commercial and public facilities, creating new points for interaction with local residents.



Case/ Takaoka City's lifestyle reinvigoration project for the western area of Suehiro LEBEN Takaoka MID RISE TOWER

#### Reconstruction Project for the Odawara Ekimae Condominium

Rebuilding apartment buildings such as condominiums and housing complexes that have deteriorated or aged considerably provides a sense of reassurance in the event of a disaster, revitalizes local areas, and encourages young households to move in.

The Odawara Ekimae Condominium Reconstruction Project for rebuilding a 42-year old deteriorated condominium building adjacent to the Odawara Station West Exit Rotary on the JR Tokaido Main Line and the adjacent motorcycle parking area in Odawara City, Kanagawa Prefecture is scheduled to start in 2020 with Takara Leben's participation. The reconstructed building will have 187 residential units as well as stores and a medical facility on the lower floors.



Case/ Odawara Ekimae Condominium (tentative name) (artist rendering)

### Relationships with Stakeholders

Stakeholders	Definition	Examples of Opportunities for Dialogue
Customers (corporations and individuals)	Contracting parties and tenants of condominiums and detached houses Users of buildings and various services	<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 seminars for customers</li> <li>● Publication of Smilax quarterly</li> </ul>
Local communities	Local communities, residents, local governments, etc. related to Takara Leben Group business	<ul style="list-style-type: none"> <li>● Participation in and sponsorship of local events</li> <li>● Holding community events at managed properties</li> <li>● Disaster recovery support measures</li> </ul>
Trading partners	Construction contractors and businesses related to the provision of various services	<ul style="list-style-type: none"> <li>● Implementation of fair and evenhanded transactions</li> <li>● Collaboration through business operations</li> </ul>
Employees	Takara Leben Group employees	<ul style="list-style-type: none"> <li>● Implementation of human resource interviews</li> <li>● Implementation of various educational and training programs</li> <li>● Establishment of a Health Committee</li> <li>● Publication of internal newsletters and operation of the Takara Note intranet</li> <li>● Implementation of 360-degree evaluation questionnaires</li> <li>● Implementation of stress checks</li> <li>● Establishment of help line desks</li> </ul>
Shareholders and investors	Individual and institutional investors	<ul style="list-style-type: none"> <li>● Holding General Meetings of Shareholders</li> <li>● Holding financial briefings</li> <li>● Holding individual meetings and overseas investor relations events</li> <li>● Participation in investor relations fairs</li> <li>● Disclosure of investor information on websites</li> </ul>



**Social Contribution Activities**

**TABLE FOR TWO**



Since November 2018, Takara Leben has been distributing vegetables cultivated at Leben Village, a farm that supports the employment of persons with disabilities, to employees who request them. At the same time, 20 yen per bag of vegetables is collected as a contribution and donated to TABLE FOR TWO International, a non-profit organization that provides school lunches in developing countries. Donation amounts were 2,970 yen in December 2018 and 12,190 yen in March 2019.



**Recovery Support**

**Donations Made to Miyagi Prefecture a Regional Revitalization Support Tax Program**

Coastal disaster prevention forests located in coastal regions of Miyagi Prefecture were first planted during the time of Date Masamune some 400 years ago. They protect fields and homes from tidal and wind damage, provide fuel including pine-wood and needles, and supply mushrooms that grow on pine wood, playing an important role in maintaining the lifestyles of local residents. The tsunami that occurred following the 2011 Tohoku Earthquake, however, destroyed 807 ha of approximately 1,100 ha of privately owned forests. Since December 2018, Takara Asset Management has been using the Regional Revitalization Support Tax Program\* (Enterprise Furusato Tax Payments) to donate to the Miyagi Disaster Prevention Forest Partnership Promotion Project, which seeks to restore the forests, contributing to regional recovery and environmental preservation.



Scene of coastal disaster prevention forest replanting

\* The Regional Revitalization Support Tax Program is a program that allows businesses to receive preferential tax treatment in cases where they give donations to support regional revitalization measures undertaken by local public bodies.

**Tour de Tohoku 2018**

Since 2015, the Takara Leben Group has sponsored and participated in the Tour de Tohoku, a cycling event organized by Kahoku Shinpo Publishing Co. and Yahoo! Japan Corporation that has been held since 2013 for the purpose of supporting recovery from the 2011 Tohoku Earthquake and preserving a record of the disaster for the future. Takara Leben participated in the Tour de Tohoku 2018, which was held on September 15 and 16, 2018, with three employees from Takara Leben and five from Takara Leben Tohoku entering the event. This was the fourth time that Takara Leben has participated in the 65 km course through Miyagi Prefecture.



The starting line

**VOICE**



The Tour de Tohoku is a cycling event first held in 2013 for the purpose of supporting recovery from the 2011 Tohoku Earthquake and preserving a record of the disaster for the future.

Takara Leben Tohoku has participated in the Tour de Tohoku every year since 2015 when it first started business with the aim of supporting residents of the Tohoku region. What we learned through participating is that this will be recovery in the true sense of the word. Even if towns are developed and made to look good again, this does not mean that life has returned to normal. We hope to contribute to the recovery and development of the Tohoku region by sponsoring and participating in not just the Tour de Tohoku, but various other events and through our core business as a developer.

**Kenzo Araki**  
Personnel & General Affairs Department, General Planning Division, Takara Leben Tohoku Co., Ltd.

**Together with Our Customers**

**Omotenashi Standard**

The SALON DE NEBEL, an informational salon for the NEBEL series of small condominiums, received blue, or two-star, certification under the Omotenashi Standard Certification System.

The Omotenashi Standard Certification System is a certification program established by the Ministry of Economy, Trade and Industry to standardize service quality levels and make the quality of services provided by businesses in the domestic service industry visible to customers. Takara Leben uses its own customer contact manuals such as the Omotenashi Handbook and Takara Leben Service Handbook and was recognized for the consistent and high-quality services that it provides to customers.



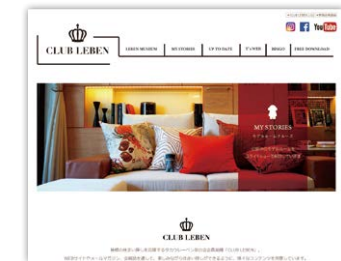
The Two-Star Certification mark indicates that a business is a provider of services that incorporate original creativity and innovation.



The Omotenashi Handbook  
The Takara Leben Service Handbook

**CLUB LEBEN**

CLUB LEBEN, a member organization for friends of Takara Leben, provides various content such as photo albums of completed LEBEN and NEBEL brand properties and information on seasonal spots via a website, email newsletters, club newsletters, and other channels.



The CLUB LEBEN website



Club newsletter "T's POOL"

**Publication of Newsletters**

We publish various newsletters to support customers searching for housing and enhance after-sales service.

**&Leben**

We distribute &Leben, an informational magazine about condominiums, to trading partners and others. It contains information about the Takara Leben Group, properties for sale, and other topics, raising recognition of the Group and helping customers with their house-hunting.



Condominium information magazine "&Leben"

**Smilax**

Smilax is a term coined to convey the meanings of "smile" and "relax." Based on the idea that what people want for their housing is a place where they can relax with family, Smilax is a free newspaper that disseminates ideas, recipes, and other useful information that can make day-to-day living more convenient.



Free newspaper "Smilax"

**VOICE**



Leben Community delivers Smilax quarterly to each resident of the condominiums that we manage.

Smilax not only provides information that is useful for day-to-day living, but it also contains questionnaires that can be returned to the company for the company to receive comments from individual residents regarding our everyday work.

We see our condominium management business as a service business. I hope that the many valuable opinions we received from residents will continue to lead to improvements in the services that we provide.

**Yukihiro Miyashita**  
Director, Leben Community Co., Ltd.



**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.

■ **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. Employees can also 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.

■ **Safety Conferences**

Each year, Nikko Takara Corporation invites guests to a Safety Conference held to prevent accidents during work and raise awareness regarding safety. In fiscal 2018, a target of zero occupational accidents was set, each business site worked to make risks visible as a safety measure, and a declaration was issued to carry out day-to-day work with a strong awareness of not of any accidents to occur.

**Review of Personnel System**

For the sustained growth of a company, it is essential to secure talented people. Takara Leben is revising our personnel system to stably nurture talent required to achieve our management plan.

Under the new system, evaluation targets are set for each grade and type of work based on Takara Leben's promise that employees are expected to fulfill in the day-to-day work. This in-

cludes aligning evaluation standards at an evaluation meeting for work evaluation. Through this, we seek to achieve feedback that can be even more readily accepted by employees, and improve the evaluation skills of those in management positions by promoting understanding of definitions and evaluation standards in the evaluation system.

■ **Basic Policy for Personnel System**

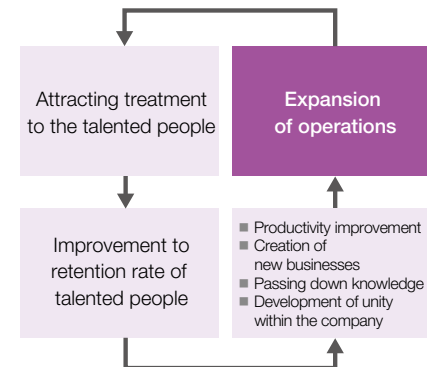
**Personnel system which stably nurture talent required to achieve management plan**

- Clearly state the type of people required by the company to build a framework where employees can set out their career visions
- Review distribution of labor costs to secure and keep talented people as well as improve motivation
- Conduct training and selection to generate talented people for management positions
- Carry out evaluation and treatment that are highly fair and transparent to nurture employees' sense of acceptance and increase their desire to grow

■ **12 Actions for Our Promise**

- 1 Fully engage in work
- 2 Enjoy work from the heart
- 3 Speak truthfully from the heart
- 4 Be serious in each and every task
- 5 Respect each other
- 6 Pursue the right things
- 7 Pay attention to feelings
- 8 Act swiftly
- 9 Take initiative to propose, and carry through actions
- 10 Treat teamwork with importance
- 11 Remove existing barriers
- 12 Never give up

■ **Effects of Personnel System Revision**



**Together with Our Employees**

**Various Training Systems**

Takara Leben conducts a variety of training to develop our employees and improve our overall strength as an organization.

■ **Basic Policy on Education and Training**

- (1) In addition to development based on our corporate vision, nurture human resources who can express pride to stakeholders as members of society
- (2) Implement programs that enable each employee to feel a sense of personal growth and to build career designs
- (3) Enhance organization and work management skills necessary for each job rank including leadership and developmental capabilities, organizational management capabilities linked with personnel evaluation systems
- (4) Support the acquisition of specialized knowledge, skills, and other business skills necessary for the execution of business

■ **Entry-level employee training**

New employees undergo periodic training for three years after joining the Company to foster awareness as members of society, members of an organization, and employees as well as self-awareness of their own work duties and responsibilities within the Company and to acquire the skills to produce results as professionals. In accordance with the New Employee Three-Year Educational Program, new employees undergo training in their first, second, and third years of employment to clarify their roles, targets, objectives, and so on and to foster employees who can exercise initiative.

■ **Support for Acquisition of Real Estate Transaction Agent Qualifications**

Takara Leben encourages employees to obtain registered real estate transaction agent qualifications ("Takken") by making the submission of an educational plan mandatory, purchasing educational materials, and conducting practice tests.

**Strengthening Communication with Employees**

We take measures to address the opinions of employees with the aim of creating even better work environments.

■ **Regulus In-House School**

The Regulus In-House School is conducted about twice on a non-regular schedule each year to reinvigorate employees, raise productivity, and provide opportunities for employees to interact with their colleagues from other divisions. In fiscal 2018, outside instructors were invited to teach courses on smartphone photography and seasonal flower arrangement.



The seasonal flower arrangement course



Completed flower arrangements

■ **Human Resource Interviews of All Employees**

To improve working and workplace environments and create an atmosphere that inspires employees to stay with the Company for their entire careers, human resource interviews of all employees are conducted. The objectives are to collect information for reducing overtime, investigate improvement measures by understanding employee career plans, and build relationships that are conducive to open communications.

■ **Sports Festival**

The Takara Leben Group held its first ever Sports Festival at the Saitama Super Arena on October 25, 2018. More than 750 employees and family members participated in a variety of events including an obstacle course, relay races, and tug-of-war. The event promoted good health and enhanced friendly relations within the Group.



A giant volleyball match

A tug-of-war

**Together with Our Employees**

**Creating Workplace Environments that Facilitate Work**

Takara Leben works to create workplaces where employees can demonstrate their enthusiasm and full capabilities.

**Respect for Human Rights**

The Takara Leben Group acts with respect for the fundamental human rights of all stakeholders including employees while observing laws and regulations, social ethical norms, and matters specified in ethical rules.

**Responses to Work Style Reforms**

Reports on overtime hours and cautionary information are presented at the monthly meetings of the Health Committee. In addition, the Sales Division and Human Resources Department have launched projects to reduce overtime and increase work efficiency

and are investigating means of raising work efficiency and systematization by identifying the details of work. Various systems including simplification of report materials and adoption of robotic process automation (RPA) are being considered.

**Working Point Project**

Takara Leben set a companywide target of limiting overtime to no more than 45 hours, encouraged departments and employees to help one another with their work, and introduced a working point system that enables employees to acquire "break time points" and "vacation time points" that can be used during working hours as an incentive. These new efforts to revitalize work styles and break and vacation times were commended, and the Working Point Project won a 2018 Good Design Award.



**Promoting Diversity**

We take measures to promote diversity with the aim of becoming a business group where diverse human resources can thrive regardless of gender, age, nationality, or disability. Leben Village, a farm located in Chiba City, Chiba Prefecture, employs three persons with disability and one manager and produces a variety of vegetables. In addition to creating an environment where persons with disabilities can gain long-term employment with reassurance, the vegetables that they produce at the garden are distributed to Takara Leben employees who request them.



Leben Village employees

Inside the garden where various vegetables are grown

**Yokohama Good Balance Award Certification**

Nikko Takara Corporation received Yokohama Good Balance Award certification in fiscal 2018, the second time since fiscal 2017. This award certifies and is presented to small and medium business enterprises located within Yokohama city that take active measures to create work environments where men and women can work together and support childcare. As businesses are being called on to take measures to support a good work-life balance against the backdrop of the social advancement of women and an aging population with the declining birthrate, Takara Leben will continue to make efforts to create workplace environments where all employees can work with a sense of reassurance.



**VOICE**



As a part of its efforts to employ a diverse workforce, Takara Leben employs persons with disabilities at the Leben Village farm. The farm was given this name to incorporate the idea of forming a single community like an idyllic village and enhancing unity.

Neither I nor the other employees had any experience with farming, but we are raising vegetables through a process of repeated trial and error. I feel that as a result of this, unity among the employees has increased.

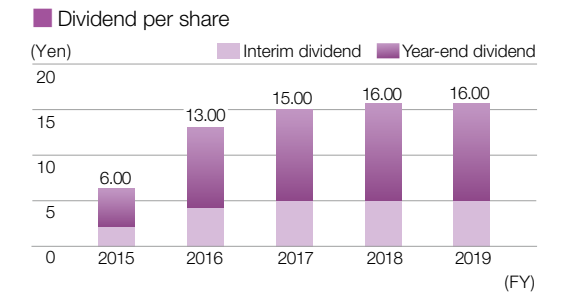
We will continue these efforts, not only to create jobs, but also to create a workplace where employees can perform enjoyable work with a sense of purpose.

**Nobuaki Watabe**  
Human Resources Department, Corporate Planning Group, General Planning Division

**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**

In fiscal 2018, Takara Leben conducted five corporate briefings for individual investors in Tokyo, Sapporo, and other regions. At the briefings, we provided an overview of the company and explained our medium-term management plan and other information. By holding briefings and disseminating information in different areas of the country, we seek to communicate with shareholders and raise corporate value.



A corporate briefing conducted at an investor relations fair in January 2019.

**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 our 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 and facts which have already been announced.

**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 by taking swift action to determine the cause and take appropriate actions as necessary.



# 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.



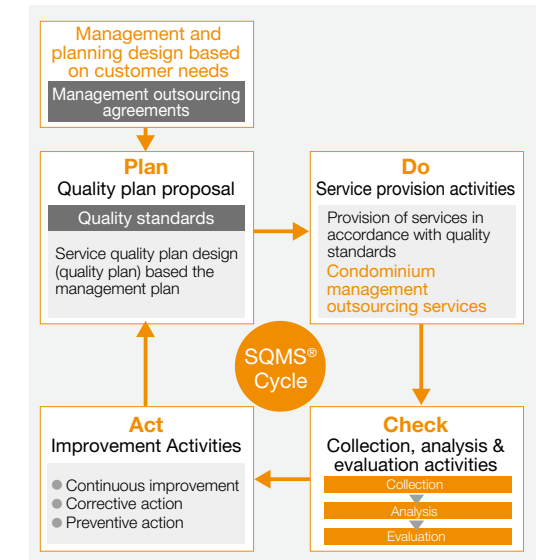
### Service Quality Management System (SQMS®)

Leben Community, which is responsible for our condominium management operation, adopts our unique service quality management system (SQMS®) to continue managing our customers' important assets over the long-term. This system was adapted from ISO 9001, the international standard for quality management systems, and was born from continuously adding feedback from our many years of experience to become an original management foundation of expertise of our Company. Management support service is provided with condominium management being organized into four categories. Quality management and operations management are carried out in parallel, and it is possible to maintain the quality standard of services being provided even when consultants and management staff change.

Leben Community uses this service quality management system (SQMS®) as the foundation for reliability and peace of mind to work as one company together with staff on the ground to improve our level of quality.



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



## Pursuit of Safety and Peace of Mind

### Thorough Quality Management

To provide housing where people can live for a long time with peace of mind, the Takara Leben Group conducts stringent checks starting from 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.



Quality management during the construction stage (rendering)

### 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

Security systems that use remote monitoring 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. In addition, elevators, firefighting equipment, and other facilities are inspected on a daily basis and training is conducted. Leben Community is making preparations to be able to respond appropriately in the event of an emergency.

#### ■ Responses to a Large-Scale Disaster

Following the occurrence of the Tohoku 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 based on our varied renovation construction experience.

#### ■ Responses to Problems

Smilax 24 is a service exclusive to condominium residents that provides convenient lifestyle support. Timely responses are made 24 hours a day, 365 days a year to sudden housing-related problems such as lost keys or clogged drains.

## Pursuit of 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 prepared 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

- Comprehensive condominium management
  - Administrative management
  - Association accounting
  - Management and repair of buildings and equipment
  - Management staff operations
- Condominium repair work
  - Repair of condominium common areas
  - Management of interior renovations within residences

#### ■ 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



### Obtaining Housing Performance Evaluation Reports

Based on Japan's housing performance indication system, which indicates and evaluates housing performance using a certain standard, we obtain housing design performance evaluation reports, which evaluate the design stage, and housing construction performance evaluation reports, which evaluate the completion stage.



Symbol of housing design performance evaluation



Symbol of housing construction performance evaluation



**Pursuit of Habitability**

**Enhancement of Shared Condominium Facilities**

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

Leben Moriya THE SQUARE in Moriya City, Ibaraki Prefecture features a relaxing lounge, a party room with a darts area, an entertainment room where residents can play billiards, a cafe and bar with a bar counter, a karaoke room and music room where friends can enjoy themselves, a library area developed in collaboration with the Aoyama Book Center, and various other facilities. Leben Moriya THE BRIDGE, also in Moriya City, has a cafe lounge with the warm feeling of wood, golf putting area, bouldering wall, a photo studio to record enjoyable times with family and friends, and more, facilitating communication with family and guests.

In addition, the Leben Tsukuba CORIS has common area furnishings from overseas and decorations that evoke images of Morocco, Austria, Sweden, and other countries, creating a feeling of traveling around the world while remaining in the condominium building, something that usually cannot be experienced in day-to-day activities, contributing to the creation of enriching lifestyles for residents.



Leben Moriya THE SQUARE (left: the entertainment room; right: the library area)



Leben Moriya THE BRIDGE (left: the cafe lounge; right: golf putting area)



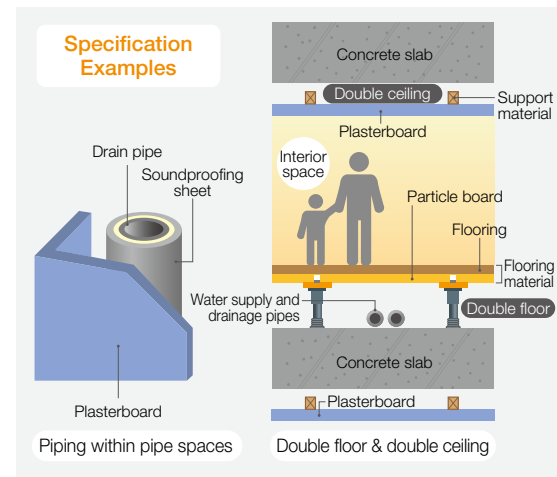
Leben Tsukuba CORIS (left: a guest room with a Moroccan motif; right: the kids room with a Swedish theme)

**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)

**VOICE**



In the Supervisory Construction Group (comprising the Construction Department, Product Planning Department, and Quality Control Department, and) that Product Planning Department participates in projects from site acquisition, identifying design characteristics and regional needs suited to the site to find the best fit for the location.

The features incorporated by the Product Planning Department are taken up by the Construction Department and Quality Control Department, and they work with design firms and construction companies to make them a reality.

Countless inspections and confirmations are conducted during the construction process, and we work hard every day to create products that will achieve customer satisfaction. With "Innovation for a New Lifestyle." as our slogan, we are making progress on a daily basis so that we can always propose new products from the customer's perspective.

**Masanori Nakao**  
Construction Group, Development Division

**Earthquake- and Fire-Resistant Structures**

To maintain comfortable and safe living for families, all housing provided by the Takara Leben Group have earthquake- and fire-resistant structures.

**Robust Earthquake-Resistant Structures**

In the construction of condominiums, buildings are firmly supported 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.

For 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, combined 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-rein-

forced 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. This also prevents intrusion by moisture and termites from the ground.

**Ministerial Semi-Fireproof Structure\* Standards Cleared with Outstanding Fire-Resistant Structures**

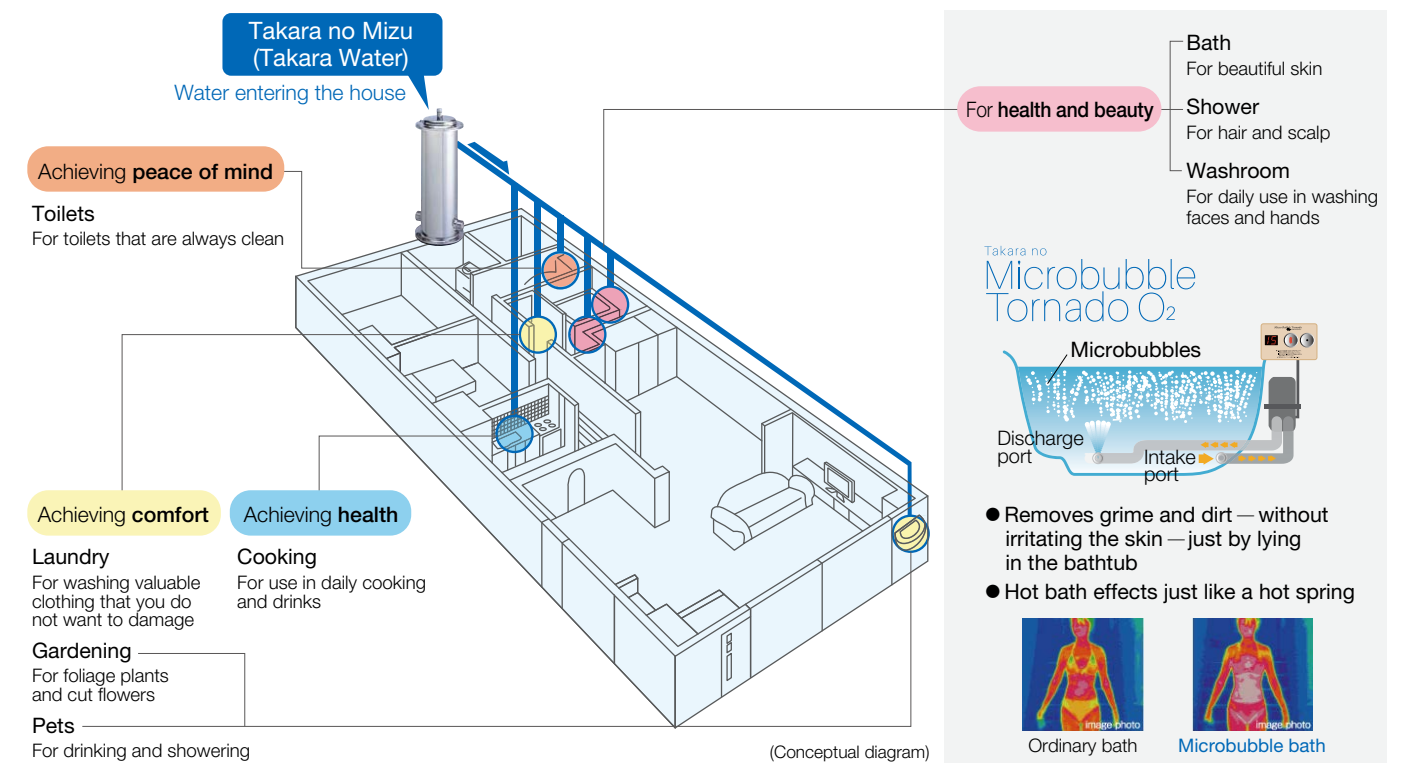
We use highly fire-resistant materials on roofs, exterior walls, eaves, and other areas to prevent the spread of fire from outside a building. In addition, construction that isolates each unit and the use of fire-stop materials in fire routes prevents and delays the spread of fire to other units.

\* Structures with fire-prevention performance in compliance with fire-resistance standards established under the Building Standards Act.

**LUIC Project, A Proprietary Water System**

The LUIC Project is a water system that makes purified water available for use in all aspects of living. Purified water can be used not just for drinking and cooking, but is available from all taps in the residence, creating a household where purified water is readily available for all uses.

The LUIC Project utilizes the following systems: the Takara no Mizu whole-house water purification system creates 12,000 micro-bubbles per milliliter of water at a rate of 18 liters per minutes; Takara no Microbubble Tornado O<sub>2</sub> is a bath system that removes grime and dirt simply by getting into the bath without irritating the skin; Takara no Mix Saver is a water-saving aerator that saves water without changing the force of the flow; and Takara no Nano-Shower uses nano-bubbles to get into the pores and fine areas and thoroughly cleanse the skin. By pursuing comfort, peace of mind, health, and beauty as its four themes, the LUIC Project supports the lifestyles of customers with water, a fundamental necessity for life.



(Conceptual diagram)



# 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.



### SOLAR POWER

#### Providing Condominiums Equipped with Solar Power Generation Systems

The Takara Leben Group provides condominiums equipped with solar power generation systems, which utilize renewable energy that does not emit CO<sub>2</sub>, a greenhouse gas, during the operation of systems.

Solar panels are installed on condominium rooftops, with the optimal system selected for each property (project area) from among systems that sell all power generated, sell excess power generated, or sell power generated individually by each unit.

#### Providing Double Power Generating Condominiums with ENE-FARM\* and Unit-Specific Solar Power Generating Facilities

**Case** LEBEN Moriya THE SQUARE

Takara Leben offered Japan's first (as of December 18, 2018) condominiums with ENE-FARM and solar power generating systems that allow the sale of electric power by each unit. Unit-specific solar power facilities allocate the electric power generated by the facilities to each household so that each household can consume the power it needs and sell the excess. In addition, ENE-FARM household fuel cells extract hydrogen from city gas and react the hydrogen with oxygen in the atmosphere to generate electricity and use the thermal energy created from the electric power generation to heat water, creating a low-waste energy system.

Leben Moriya THE SQUARE in Moriya City, Ibaraki Prefecture, is equipped with these two facilities as standard specifications, and the electric power generated by the ENE-FARM devices is consumed preferentially. If the power generated by ENE-FARM is not sufficient, it is supplemented by solar power, reducing resident costs and environmental impact.

\* ENE-FARM is a registered trademark of Tokyo Gas Co., Ltd., Osaka Gas Co., Ltd., and JXTG Nippon Oil & Energy Corporation.



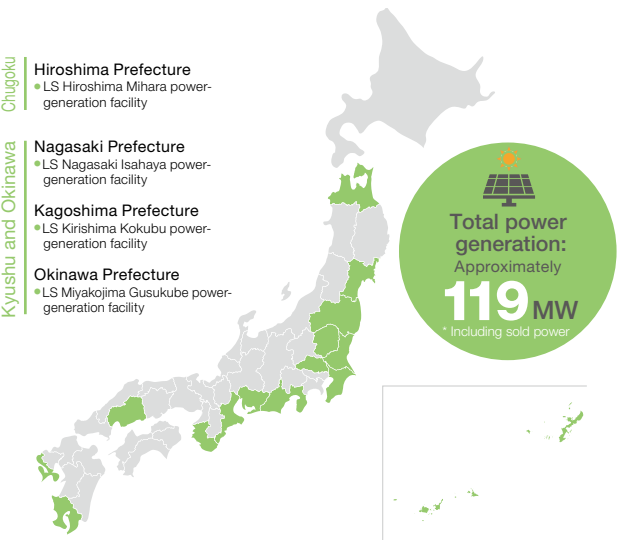
### Electric Power Generation Business

The Takara Leben Group develops mega-solar power plants at places such as on idle land for large-scale solar power generation. Since entering this business in 2013, we have been involved in

developing mega-solar power plants centered on the Kanto area, and currently operate 40 facilities. Total power generation is approximately 119 MW, and we aim to achieve 200 MW by FY 2020.

#### List of Mega Solar Power Plants

- |   |  |  |  |
|---|--|--|--|
| <p><b>Tohoku</b></p> <ul style="list-style-type: none"> <li><b>Aomori Prefecture</b> <ul style="list-style-type: none"> <li>LS Aomori Hirana power-generation facility</li> </ul> </li> <li><b>Miyagi Prefecture</b> <ul style="list-style-type: none"> <li>LS Miyagi Osato power-generation facility</li> <li>LS Miyagi Sendai A &amp; B power-generation facility</li> </ul> </li> <li><b>Fukushima Prefecture</b> <ul style="list-style-type: none"> <li>LS Fukushima Yamatsuri power-generation facility</li> </ul> </li> </ul> | <p><b>Kanto</b></p> <ul style="list-style-type: none"> <li><b>Ibaraki Prefecture</b> <ul style="list-style-type: none"> <li>LS Koga Onanuma power-generation facility</li> <li>LS Tone power-generation facility</li> <li>LS Chikusei power-generation facility</li> <li>LS Tsukuba Bouchi power-generation facility</li> <li>LS Miho power-generation facility</li> <li>LS Mito Takada power-generation facility</li> <li>LS Tone Fukawa power-generation facility</li> <li>LS Sakuragawa 3 power-generation facility</li> </ul> </li> <li><b>Tochigi Prefecture</b> <ul style="list-style-type: none"> <li>LS Shioya power-generation facility</li> <li>LS Nasu Nakagawa power-generation facility</li> <li>LS Fujioka A power-generation facility</li> <li>LS Fujioka B power-generation facility</li> <li>LS Shioya 2 power-generation facility</li> </ul> </li> </ul> | <p><b>Kanto</b></p> <ul style="list-style-type: none"> <li><b>Saitama Prefecture</b> <ul style="list-style-type: none"> <li>LS Hanno Misugidai power-generation facility</li> </ul> </li> <li><b>Chiba Prefecture</b> <ul style="list-style-type: none"> <li>LS Chiba Wakabaku power-generation facility</li> <li>LS Sosa power-generation facility</li> <li>LS Chiba Sanmu power-generation facility</li> </ul> </li> <li><b>Shizuoka Prefecture</b> <ul style="list-style-type: none"> <li>LS Shizuoka Omaezaki power-generation facility</li> </ul> </li> <li><b>Aichi Prefecture</b> <ul style="list-style-type: none"> <li>LS Aichi Toyohashi power-generation facility</li> </ul> </li> <li><b>Mie Prefecture</b> <ul style="list-style-type: none"> <li>LS Mie Yokkaichi power-generation facility</li> </ul> </li> <li><b>Wakayama Prefecture</b> <ul style="list-style-type: none"> <li>LS Shirahama power-generation facility</li> </ul> </li> </ul> | <p><b>Chugoku and Okinawa</b></p> <ul style="list-style-type: none"> <li><b>Hiroshima Prefecture</b> <ul style="list-style-type: none"> <li>LS Hiroshima Minara power-generation facility</li> </ul> </li> <li><b>Nagasaki Prefecture</b> <ul style="list-style-type: none"> <li>LS Nagasaki Isahaya power-generation facility</li> </ul> </li> <li><b>Kagoshima Prefecture</b> <ul style="list-style-type: none"> <li>LS Kirishima Kokubu power-generation facility</li> </ul> </li> <li><b>Okinawa Prefecture</b> <ul style="list-style-type: none"> <li>LS Miyakojima Gusukube power-generation facility</li> </ul> </li> </ul> |
|---|--|--|--|



#### Completion Ceremony Held for LS Shioya 2 Mega Solar Power-Generation Facility

A ceremony marking the completion of construction of the LS Shioya 2 power-generation facility in Shioya-machi, Tochigi Prefecture was held on July 18, 2018. The new facility boasts the second largest generating capacity, 11,469.6 kW, of all power generation facilities constructed by Takara Leben. By adapting compact, distributed power conditioners, initial investment and running costs are reduced. The mega solar power generating facility boasts high efficiency and outstanding economy.



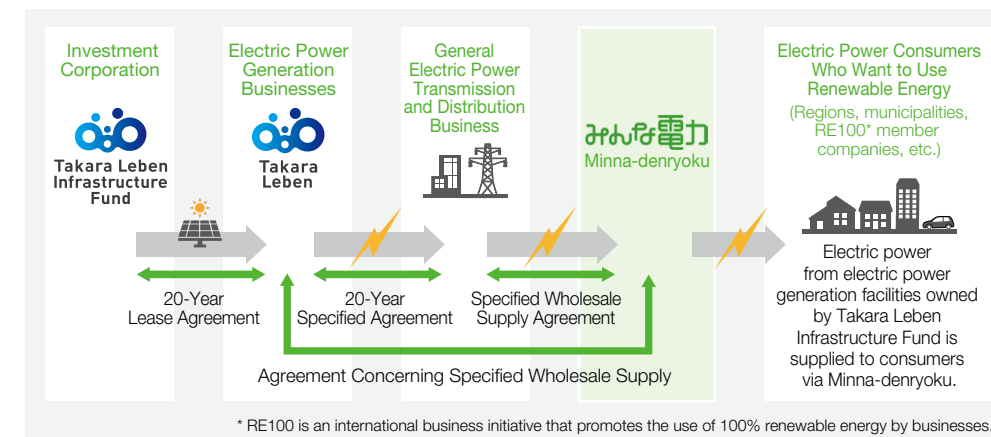
The construction completion ceremony

#### Electric Power Supply to Minna-denryoku Starts

The LS Mie Yokkaichi and LS Shizuoka Omaezaki power-generation facilities began supplying electric power to Minna-denryoku, Inc., a social energy company, in January 2019. Through Min-

na-denryoku, which enables electric power consumers to select their energy power supplier, we are providing electric power to consumers who want to use renewable energy.

#### Minna-denryoku's New Scheme



LS Mie Yokkaichi power-generation facility



LS Shizuoka Omaezaki power-generation facility



**Botanical Garden “Art Biotop”**

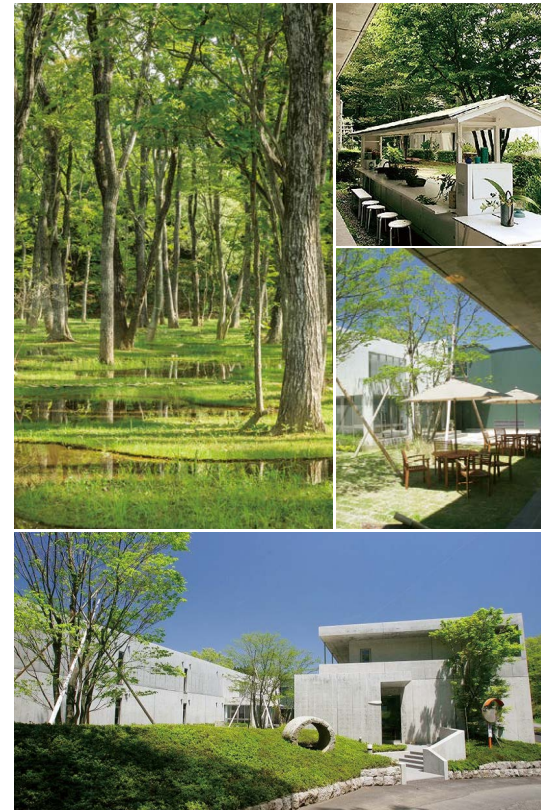
**A New Form of Resort: Merging Nature and Art**

We are collaborating with NIKISSIMO Inc. on the “Art Biotop” botanical garden project as a symbolic business 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 the Art Biotop Nasu lodging facility with a pottery studio and glassmaking studio, a farm restaurant that uses fresh vegetables grown locally, a premium villa that blends into the forest, and a gallery café. It proposes a model for future resorts that grow by merging nature and art.

Besides harmonizing with nature, it seeks to fulfill its role as a platform for social and cultural activities, such as through the operation of a restaurant which uses local produce, and 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.



Resort facilities which merge with the rich natural environment

**Resort Overview**

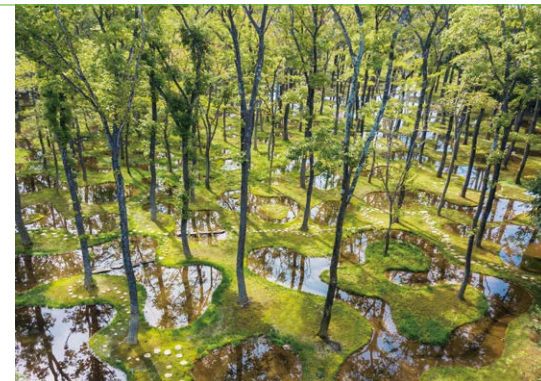
Name: Botanical Garden Art Biotop  
 Facilities developed: “Art Biotop Nasu” (in operation)  
 Water Garden botanical garden (in operation)  
 “Ten to Chi (Heaven and Earth)”  
 Premium Villa (tentative name; planned to open in 2020)  
 Restaurant (planned to open in 2020)

**The “Water Garden” Botanical Garden Uses Nature at the Foothills of the Nasu Mountains**

The Water Garden, a representative feature of the resort, is a piece of landscape art utilizing the natural environment of the Yokozawa area that combines trees, water, and moss. Its design as a garden linking humans and nature evoked a vision of co-existence where people live and learn together with nature.

Unlike traditional farm gardens which prioritize agricultural efficiency, it seeks to be a place where visitors can engage in communications and feel the sense of time flowing as if they are spending time in a garden.

The Water Garden was designed by Junya Ishigami, an architect who has won numerous awards such as the Institute of Architecture Japan Award and the Golden Lion Prize at the 12th Venice Biennale.



**Topic Water Garden Tours**

**Increasing Understanding of and Support for Our Business Through Personal Experiences**

We conducted tours of the Water Garden for employees in November 2018 and March 2019. On each occasion, officers including President Shimada and employees visited the Art Biotop Nasu. They observed the Water Garden, pottery studio, and planned site for the villa, and other locations, deepening their understanding of the company’s business and increasing support for this project.



A Water Garden tour



Employees participated in a workshop at the pottery studio

**Promoting Environmental Management**

**ISO 14001 Certification Acquired**

At Nikko Takara Corporation, we consider proactive initiatives to deal with environmental issues as an important management issue. Therefore, we acquired ISO 14001 certification—the international standard for environmental management systems—in 2008.

The execution of ISO 14001 at Nikko Takara Corporation follows our management manual, and is audited annually by an external agency. For FY 2018, an on-site audit by an external agency was conducted in May, and we have renewed our existing certification.

**Details of Nikko Takara Corporation’s Initiative**

- Separate waste at construction sites and encourage recycling
- Carry out waste separation and reduction at each business location
- Encourage the use of environmentally-friendly and compact vehicles as company vehicles
- Adopt plans, designs, and proposals for saving energy



**VOICE**



Nikko Takara Corporation engages in both the real estate and construction businesses and is called on by society to maintain and preserve natural environments. Against this background, we acquired certification under the ISO 9001 (quality) and ISO 14001 (environmental) international standards and currently undergo continuation or renewal screenings once each year in May and are continuing our activities. We set targets for reducing general waste generated from day-to-day living activities and industrial waste material and have conducted steady reduction and sorting measures up to the present. ISO certification is important for maintaining various permits and continuing sound corporate activities, and today, when global warming is seen as an increasingly serious issue, we are making companywide efforts to preserve the global environment and reduce environmental impacts so that we can pass on a world with abundant greenery to future generations.

**Mitsuhiro Fujita**  
 Representative Director, Nikko Takara Corporation Co., Ltd.

**Creating Value in Living in Regional Areas**

**Local Production for Local Residents x Cultural Heritage**

Based on the two business concepts of local production for local residents and cultural heritage, Takara Leben West Japan helps the deeply-rooted culture and traditional crafts of local communities thrive and be handed down from generation to generation.

The company displays traditional crafts such as Hakata fabric in the common areas of condominiums and takes into consideration local characteristics in unit layouts and designs from the planning stages. In addition, it takes measures to support the con-

tinuation of cultural heritage with local residents such as cooperating with local craft associations to conduct joint planning, leading to increased inbound tourism consumption and the provision of culturally-significant condominiums.



**VOICE**



Takara Leben West Japan supplies for-sale condominiums on Honshu from Okayama to the west and on Shikoku and Kyushu.

Each project relating to application of local production for local residents and cultural heritage is implemented with input from and discussion by all involved employees including managers. At a project currently under development in Kagoshima Prefecture, we are considering using lava rock from Sakurajima for the wall around the intercom in the entrance hall, and for other projects currently being designed, we are looking into installing monuments that use locally-produced tiles in cooperation with local cooperatives.

We seek to create housing with a lot of local flavor and that blends in with local nature rather than forcing something that doesn’t fit in. By gathering information on the local history and cultural aspects from the time of land acquisition, we create mechanisms that enable residents to experience unique local characteristics.

**Atsunobu Kono**  
 Development and Planning Department, Development Division, Takara Leben West Japan Co., Ltd.



Support for Sports and Culture

Tohoku-Miyagi Revive Marathon 2018

Takara Leben and Takara Leben Tohoku were sponsors of the Tohoku-Miyagi Revive Marathon 2018 organized by Sendai Television Inc. and JAAF Miyagi to support recovery efforts in Tohoku. Takara Leben employees participated as runners in the event, which was held on October 13 and 14, 2018 in Miyagi Prefecture, and completed the 42.195 km course.



Runners immediately after the race start



A taiko drum performance boosted excitement at the event

Hakkiyoi KITTE Grand Sumo Tournament

Hakkiyoi KITTE is a regular summer event organized by Japan Post Co., Ltd. and Japan Post Building Management Co., Ltd. held at the KITTE commercial facility. Sumo wrestlers from all of the senior divisions including yokozuna attend, and participants can enjoy watching the yokozuna enter the ring, rope tying, and powerful matches from up-close. There is also sumo-themed singing, hair arrangement, wrestler talk show events, and more, enabling participants to experience sumo wrestling like that at Ryogoku Sumo Hall while still in Marunouchi business district. Takara Leben sponsored the event in fiscal 2017 and 2018, helping to convey the appeals of sumo to many different people including fans, families, and foreign visitors.



The exterior of the KITTE building on the day of the event



A scene from inside the lively venue

Eiosen Shogi Title Competition

Eiosen is a shogi title competition held by Dwango Co., Ltd. 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 video sharing service. Takara Leben sponsored the third and fourth years of the competition, contributing to the spread and development of shogi as cultural heritage.



The venue before a match



grape Award 2018

Takara Leben was a special sponsor of the grape Award 2018 "Kokoro ni Hibiku" (resonate with the heart) essay contest. Among the entries submitted on the theme "resonate with the heart," the creator of the work most suited to the Group Vision "THINK HAPPINESS AND MAKE THE HAPPINESS," Takara Leben Award was presented a trophy, cash prize of 100,000 yen, and a voucher for accommodation for two at a hotel operated by Takara Leben in Kyoto as a commemorative gift.



The grape Award 2018 Awards ceremony

Third-Party Opinion



Makoto Endo  
Outside Auditor

Since its establishment as a small real estate company named Takara Komuten Co., Ltd. in Itabashi-ku, Tokyo in 1972, Takara Leben has established a history of nearly 50 years. In the 1970s, the early days of the company, CSR was not at all a common term, and I believe that the phrase "social responsibility of companies" was used. At the time, the primary purpose of business activities was making a profit, and CSR was secondary, seen as a type of charitable activity to fulfill social responsibility or enhance corporate image. It is said that because of this, companies held the mistaken belief that CSR was something to be pursued only after a profit was generated.

It was during this time that all Takara Leben Group employees worked under the concept of "creating places where people can live at ease by providing ideal, affordable housing that anyone can buy with confidence and peace of mind." I believe that it was this effort that made possible the sustainable growth leading to the Takara Leben of today. There was likely little awareness of the term CSR at that time, but I believe this was possible because the Group pursued the happiness, satisfaction, and development of customers, shareholders, business partners, and employees and overcame these issues on every occasion. To put it another way, Takara Leben may very well have been engaged in CSR activities without being aware of it. In the future, however, understanding the significance of, and undertaking even greater CSR activities than in the past will be more important than ever. This is because CSR activities have become essential for businesses to remain excellent companies, and those activities are a reflection of a company's character. Character is not something that can be seen, but we can sense it at times. To put it into words, character is made up of simple, expected things such as courtesy, justice, courage, feeling shame for baseness, honesty, humility, and consideration, things that adults teach to children.

The Takara Leben Group selected four key CSR topics and identified 15 related priority issues. I believe that to address these issues and achieve targets, by employees working to achieve its vision of "THINK HAPPINESS AND MAKE THE HAPPINESS" while placing particular value on things that are important but are not visible, Takara Leben will not only be an excellent business Group, but will be known as a good corporate citizen with character and achieve growth in the future.

The Group is undertaking overseas business and pursuing global growth by repeatedly and continuously taking on the challenges of new business. It is my hope that by being involved in various business relating to housing, the foundations of people's lives and conducting the CSR activities described in this report, Takara Leben becomes a presence as good corporate citizen with dignity and the power to achieve satisfaction for stakeholders and build the sustainable society of tomorrow with them.

To this end, as an outside auditor, I will act to ensure that CSR activities are appropriate while monitoring the execution of business by the directors with the aim of contributing to the sustainable development of the Group.

Editor's Postscript



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

In fiscal 2018, the Group made significant advances in ESG responses such as the identification of key issues linked to the Sustainable Development Goals (SDGs). Responsible policies have been established for each key issue, and accordingly, we will report on the status and result of those measures in the next report.

We will continue to report the direction and results of our Group's CSR initiatives while listening to opinions from all our stakeholders as we actively carry out our CSR activities. We hope you can give us your unreserved opinions and thoughts to serve as future reference.

Kensuke Suzuki  
Leader, CSR Promotion Team



## **Takara Leben Co., Ltd.**

TEKKO BUILDING 16F, 1-8-2 Marunouchi,  
Chiyoda-ku, Tokyo, Japan 100-0005

TEL.: +81-3-6551-2100 FAX: +81-3-6551-2109

<https://www.leben.co.jp/en/>