



DAITO TRUST CONSTRUCTION CO.,LTD.

ESG Small Meeting

Wednesday, December 9, 2020



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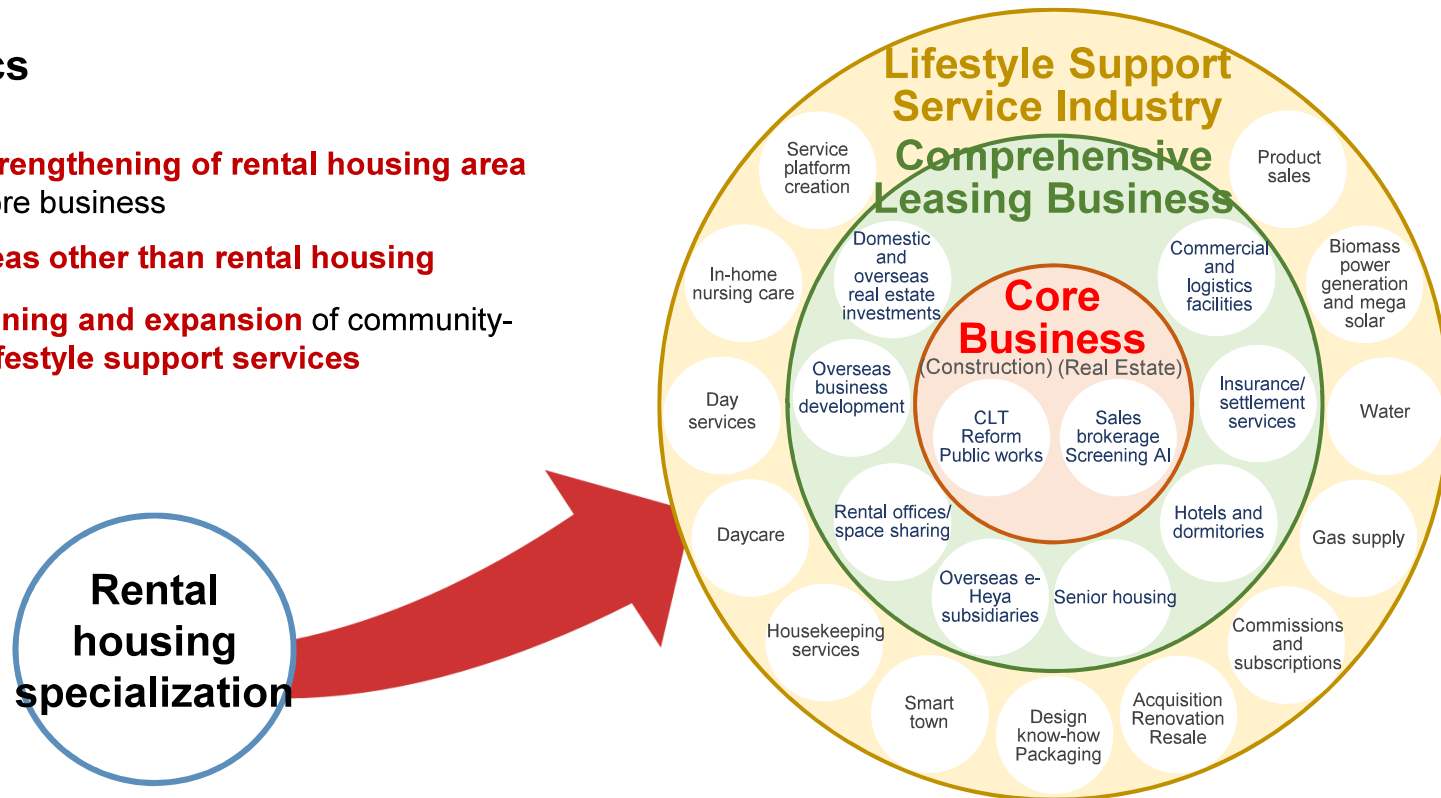


I. New Five-year Plan and ESG

New Five-year Plan and ESG

Key Topics

- Further strengthening of rental housing area that is a core business
- Rental areas other than rental housing
- Strengthening and expansion of community-oriented lifestyle support services

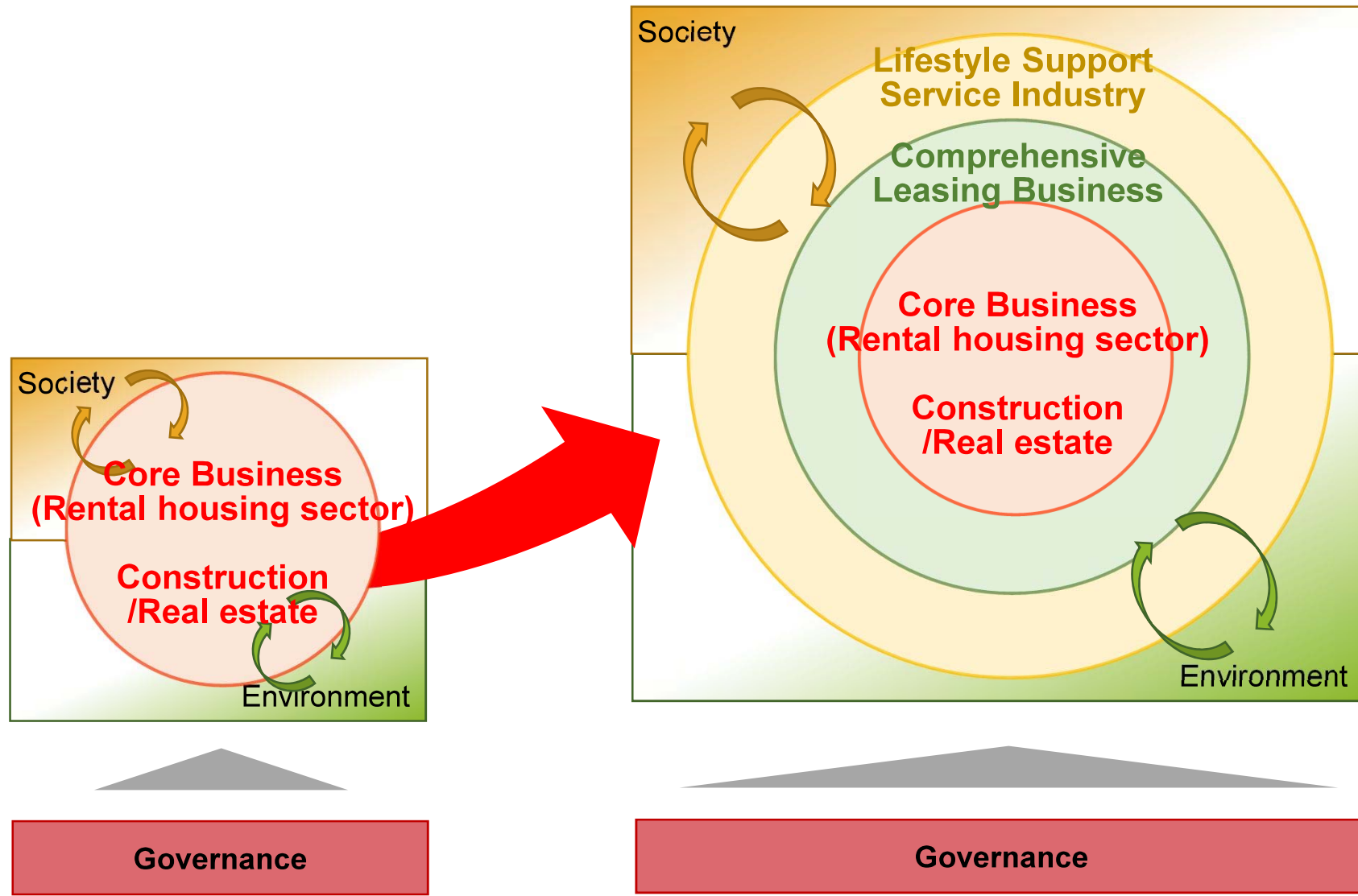


Target for the Year Ending March 31, 2024 (50th Fiscal Year)

“A Company that can Grow Sustainably, Entrusted with the Dreams and Futures of its Stakeholders”

Net sales: 2,200 billion yen Operating income: 180 billion yen

New Five-year Plan and ESG



New Five-year Plan 【KPIs for Stakeholders】

	Values we provide	Index	19 / 3	1st year 20 / 3	Target 24 / 3
For owners	“Entrusted with land that was built on or land to build on,” we constantly pursue value that lasts for generations.	Satisfaction rate per surveys upon completion	82.4%	82.5%	85.0%
For tenants	From housing search to providing support for comfortable living, we offer services that bring the highest level of satisfaction to tenants.	Satisfaction rate per post-move-in Surveys	74.0%	75.9%	78.0%
For shareholders	We promise a stable shareholder return by realizing our business plan.	ROE	29.8%	30.6%	20% or more
		Payout ratio	50%	50%	50%
For business partners	We will build symbiotic partnerships by placing importance on local and human relationships.	Number of cooperative members	10,094	9,882	10,350
		Number of partner real estate companies	13,217	13,214	13,800
For communities	We will contribute to revitalize local economies and local society by anticipating social changes.	Number of community support activities engaged in	165	179社	200
		Number of employees enlisted in the Daito Group Mirai Fund	5,477	5,243	8,000
For environment	We will develop sustainable business activities that are friendly to the global environment.	CO2 emission reduction rate *vs. FY2017	3.29%	13.01%	25.2%
Governance	Improve management efficiency and transparency, and maximize corporate value.	Percentage of outside directors *As a percentage of all directors	27.3%	33.3%	33.3%

New Five-year Plan 【Internal KPIs】

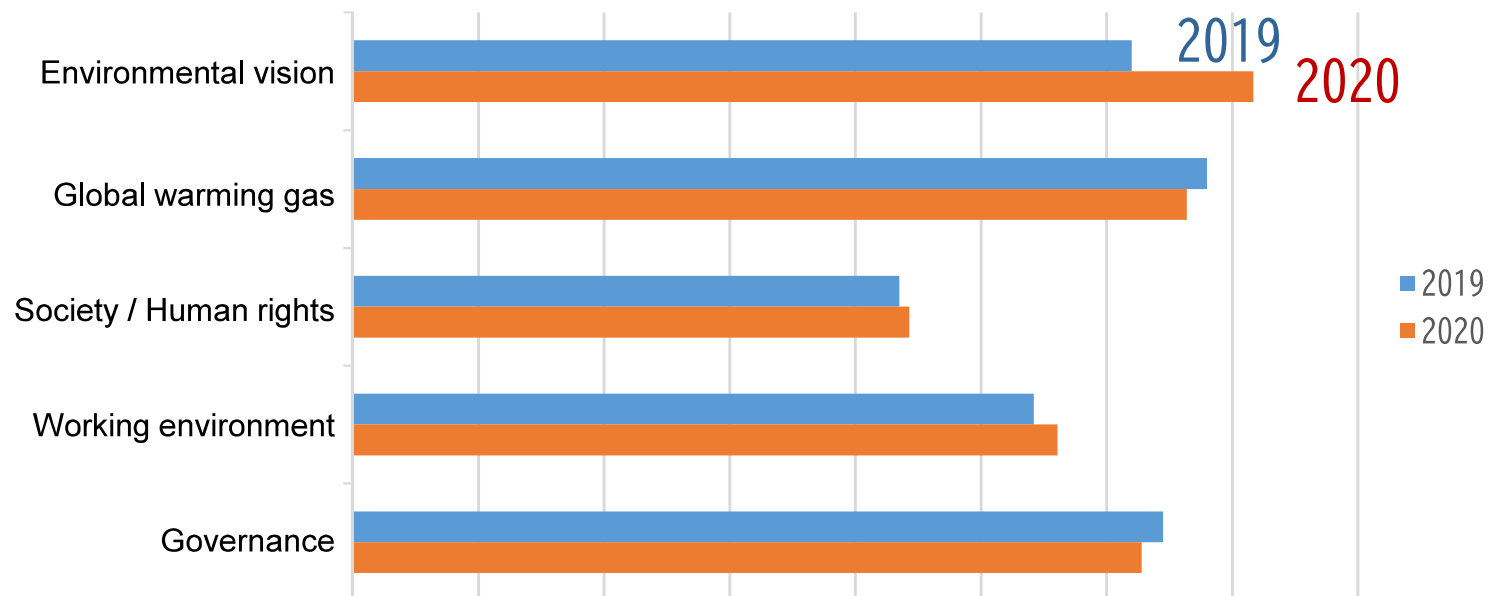
				1st year	Target
	Goal and value	Index	19 / 3	20 / 3	24 / 3
Pleasant workplaces	Fostering a flexible corporate culture	Percentage of female workers	14.2%	14.3%	20.0%
		Percentage of females hired	21.2%	18.1%	33.6%
		Percentage of females in management	3.8%	4.1%	6.0%
		Percentage of paid leave taken	70.2%	77.4%	80.0%
		Average overtime hours	38.7 h	34.1 h	33.5 h
		Percentage of males taking childcare leave	80.0%	100%	100%
		Employment rate of people with disabilities	3.03%	2.87%	3.10%
Rewarding workplaces	<ul style="list-style-type: none"> Improving employee satisfaction Improvement of retention rate Fostering a transparent organizational culture 	Employee satisfaction rate	67.6%	66.2%	75.0%
Evaluation from the outside	<ul style="list-style-type: none"> Increase employee motivation Increase in applicants for joining the company Improvement of corporate value 	Job Hunting Ranking	95 th	117 th	30th
		Corporate Power Ranking	38 th	74 th	20th
		CSR Company Ranking	67 th	59 th	40th

Evaluation of our ESG initiatives

■ Evaluation item

Evaluation item	2019	2020	YoY
Environment	S	S +	1 Rank up
Society	A +	A +	stay
Governance	A + +	S	1 Rank up

■ YoY of each item



ESG Promotion System

Become a company that can take “opportunities” and “risks”

In September 2020, the “ESG and SDGs Management Promotion Project” was launched by members centered on the three main Group companies

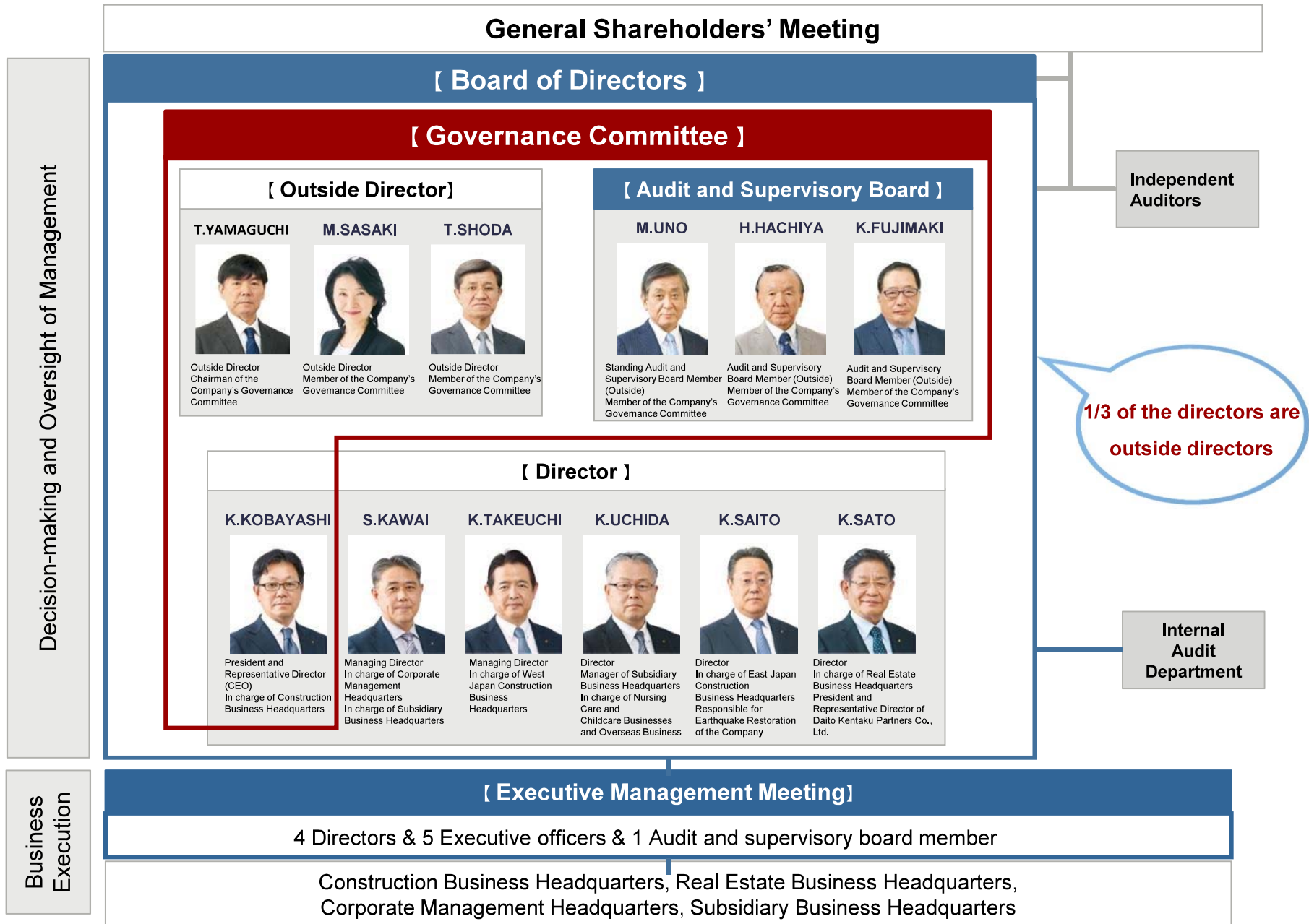


Project members



II. G (Governance) Initiatives

Management Structure



Composition of the Governance Committee

A voluntary committee that assesses director performance, and deliberates on proposals for Board organization for the next term, candidates for director positions and other matters.

Functions

- ① Collate and report on the results of mutual assessments of directors.
- ② Deliberate and submit findings regarding proposals for Board organization for the next term (directors and executive officers) as formulated by the representative directors and director candidates proposal (both reappointments and new appointments).
 Note: The representative director cannot present proposals for Board organization for the next term and director candidates' proposal without the prior deliberation of the Governance Committee.
- ③ Deliberate and submit findings regarding proposals for performance-linked incentive compensation.
- ④ Review and make recommendations for the role of corporate governance.

Corporate Governance Committee Director Assessment System



Role of the Governance Committee

**Relentlessly and appropriately advancing business strategy
to contribute to achieving the New Five-Year Plan**

Role Required of an Outside Director

Making the most of insights as a lawyer and focusing on promoting compliance management.

Role of the Governance Committee

Evaluating directors to increase the effectiveness of the board of directors.

Evaluation and Issues Related to the Effectiveness of the Board of Directors

Necessary to increase effectiveness in response to new challenges.

Toward Achieving the New Five-Year Plan:

The key to success is a flexible approach that brings in outside resources.

Chairman of the Company's
Governance Committee (abstracts)



Toshiaki Yamaguchi

Mar. 1990 : Registered with the Osaka Bar Association, joined Takeuchi and Inoue Law Office

Apr. 1995 : Established Yamaguchi Law Office, Representative Attorney at Yamaguchi Law Office (current position)

Oct. 2008 : Director of Japan Internal Control Association (current position)

Jul. 2012 : Leader of Outside Director Guidelines Study Team of the Judicial System Research Board, Japan Federation of Bar Associations (current position)

Jun. 2013 : Outside Director of the Company (current position)

Aug. 2014 : Director of Japan Corporate Governance Network (current position)

Apr. 2018 : Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd. (current position)

Unique Features of the Daito Group's Governance System

Management Replacement Cycle

Mandatory Retirement at 60 for Directors

- Directors retire from business execution on the last day of the fiscal year (March 31) in which they become 60 years old, becoming non-executive directors (part-time) from April 1.
- At the end of the General Shareholder's Meeting held in the following June, they retire or resign.
- After retirement, they may not serve as an advisor, consultant or any other role.



*The minimum appointment for representative directors is four years (two terms).

Elimination of Hereditary Appointments

- Persons within two degrees of kinship of upper management personnel (assistant manager and above) are not admitted to join the Daito Group, in order to eliminate hereditary appointments.



Daito Group 7 Prohibition Rules

- ① No wining and dining with business partners
- ② No playing for money, such as mahjong, golf, bowling, karaoke, and so on, with internal or external parties
- ③ No drunken driving and dangerous driving including malicious tailgating
- ④ No mid-year or year-end gifts
- ⑤ No personal rewards in connection with company systems
- ⑥ No monetary loans and investment solicitation between employees, customers, or clients
- ⑦ No forgery, falsification, false entry, improper furnishing, or unauthorized use in document



III. E (Environment) Initiatives

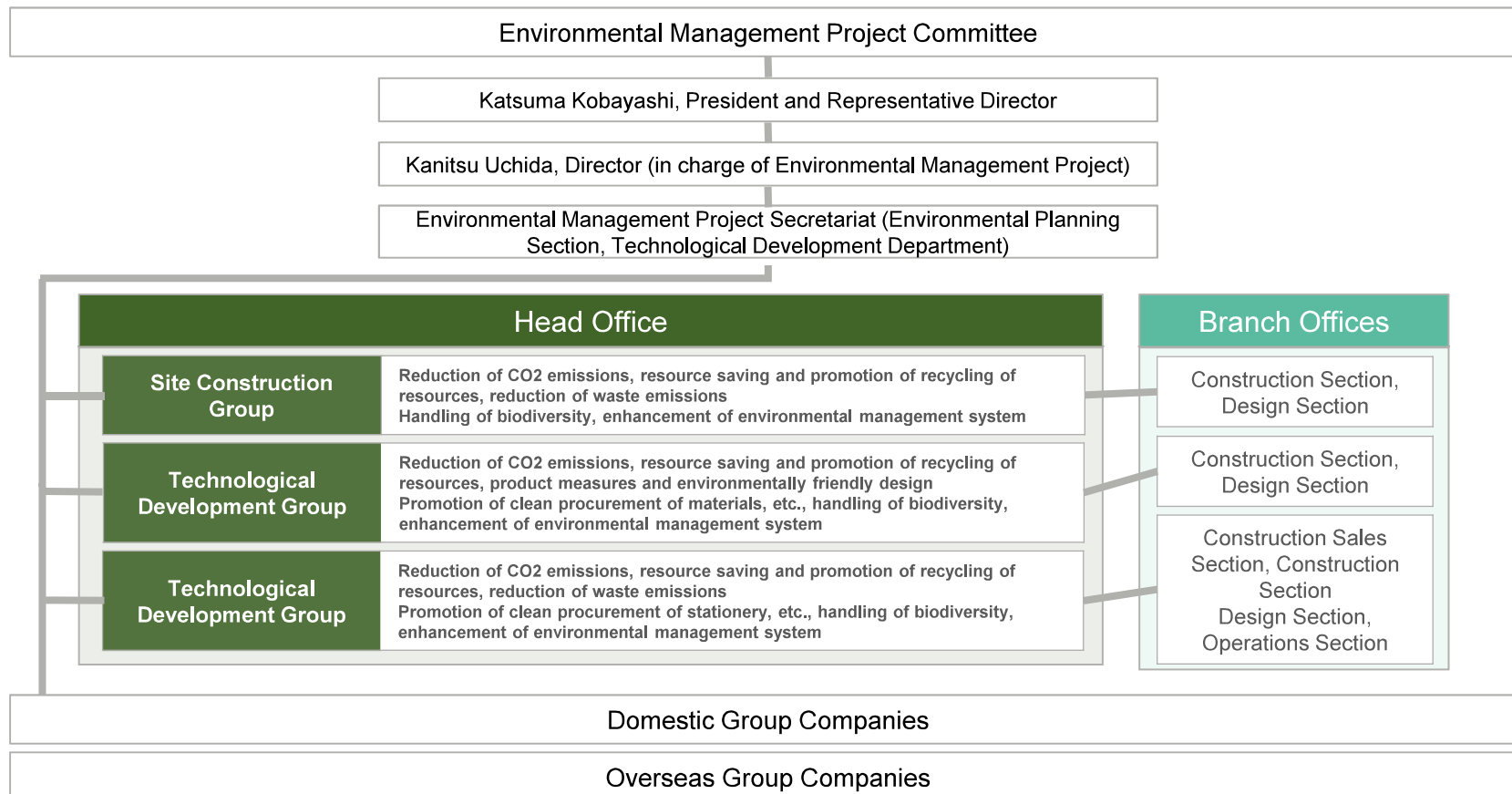
Environmental Management Promotion System

Basic Environmental Policy

We will strive to implement reduce, reuse and recycle (the 3Rs) in all business activities, and will actively engage in conservation of the global environment.

Furthermore, as a leading company in the utilization of land, we will emphasize harmony with local communities and nature and continue to propose good living environments.

Environmental Management Promotion System



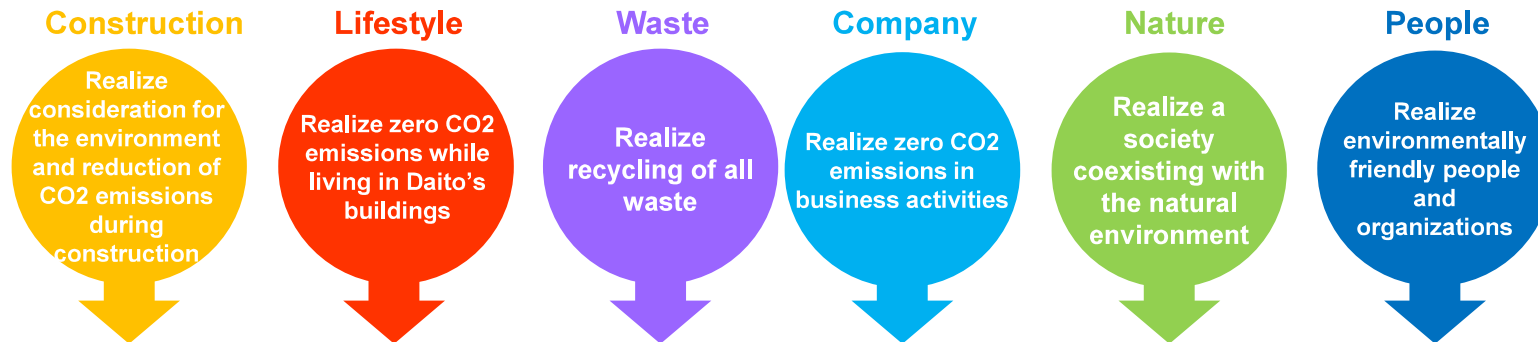
Daito Environmental Vision

Formulation of the Daito 2050 Environmental Vision, a new environmental management strategy

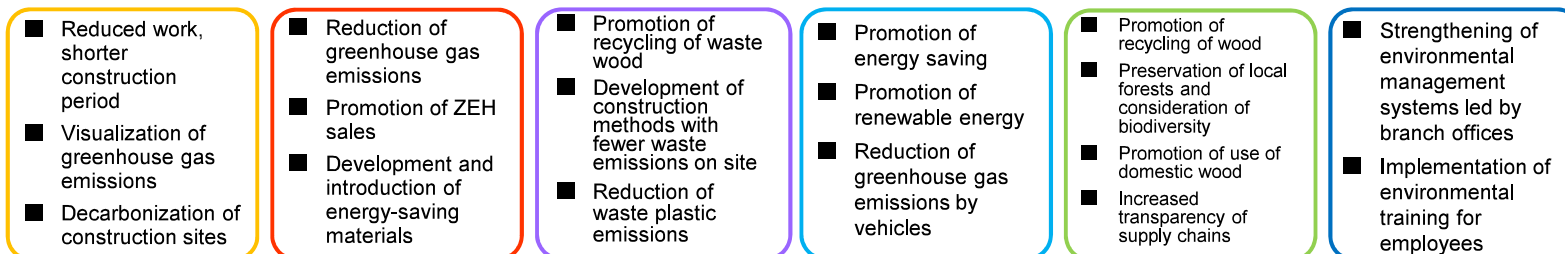
Vision

Daito 2050 Environmental Vision
**Contribute to the realization of a sustainable society
through business activities as an environmental top runner**

Strategy



Measures



Participation in International Initiatives

Promote efforts aimed at the realization of carbon-free management through participation in international initiatives, etc.

Greenhouse gas reduction target

SBT (1.5°C) certification



An environmental initiative recommending companies to be certified with greenhouse gas reduction targets voluntarily set by companies

Specific reduction approaches

Membership in RE100



Participated in by companies that have set targets for using renewable energy for 100% of energy used in business activities

Membership in EP100



Participated in by companies that have set targets for doubling efficiency of energy used in business activities

Disclosure of status of efforts

Support for TCFD



A task force established by the Financial Stability Board (FSB) that advocates the disclosure of information on the impact of climate change on business

Response to CDP



An international environmental NGO that discloses and evaluates companies' efforts such as the reduction of greenhouse gas emissions for institutional investors

introduction of Renewable Energy

Work on introduction of renewable energy to achieve greenhouse gas reduction targets

Efforts to introduce renewable energy

ROOFLAG Communication Facility

Opened in June 2020

Operated using renewable energy derived from 100% domestic wood-based biomass



Offices



(Photo: Tachikawa Branch Office)

Switch to renewable energy was completed in 202 offices, accounting for approximately 30% of offices nationwide was completed in August 2020

Construction sites



The Company's first building constructed with 100% renewable energy was completed in September 2020 (Kitanagoya City)



Development and Sale of CLT Standard Products

New Corporate Growth

Development and Sale of “Forterb” CLT Standard Product



Image of building frame



Image of exterior of building with four floors each containing three units (total of 12 units)



令和元年度
地球温暖化防止活動
環境大臣表彰
技術開発・製品化部門



Certification for “ECO-FIRST Company”

About “ECO-FIRST Company”

The company that promises their own environmental conservation efforts such as global warming countermeasures, and certified as **"advanced, unique and industry-leading business activities"** in the field of the environment.



【Certification ceremony】

Our “ECO-FIRST promises”



Reduction of greenhouse gas emissions from construction sites



Reduction of greenhouse gas emissions from tenants' daily lives



Try for circulation of all waste



Reduction of greenhouse gas emissions in business activities



Try for business activities that coexist with the natural environment



Try to realize an environment-friendly person and organization



IV. S (Social) Initiatives

Human Resource Development

Promotion of various initiatives aimed at the development of human resources able to embody the management philosophy, basic management policies and Daito Trust Code of Conduct

[Human Resource Development System Diagram (Excerpt)]

Target	Qualities, roles and conditions required at each level	Necessary skills	Training
Directors	Governance	Corporate view, management view, ethical view Legal knowledge required for management	Director training
	Corporate management and top decision-making		
Executive officers	Execution of business and accountability for results	Management judgment and financial analytical skills	Executive officer training
	Drafting of management strategy	Strategic thinking and implementation skills Business innovation skills	Management Development Academy
Organizational management in line with management policies			
Leaders	Achievement of targets	Target-oriented capability	New Business Creation Academy
	Development and support of subordinates		
Personnel in charge	Execution of operations based on advanced knowledge	Planning ability, improvement ability, management ability	Assistant manager candidate training
	Execution of operations according to a predetermined procedure	Logical thinking skills	Training upon joining the Company (until fourth year)

Introduction of practical management training for drafting “feasible solutions” for management issues and new businesses

Management Development Academy

- Practical management training for head office assistant general managers and general managers in the three main companies of the Daito Trust Group selected by management
- Development of next-generation management personnel able to create and implement “management strategy and reform” and “new business proposals” that can be executed through the Group’s management

New Business Creation Academy

- Practical management training for managers in the three main companies of the Daito Trust Group selected by self-recommendation and recommendations of others
- Development of next-generation management personnel able to create and implement “management strategy and reform” and “new business proposals” that can be executed through the Group’s management
- Fostering an organizational culture of “autonomy” and “challenge”

[Image of desired personnel]

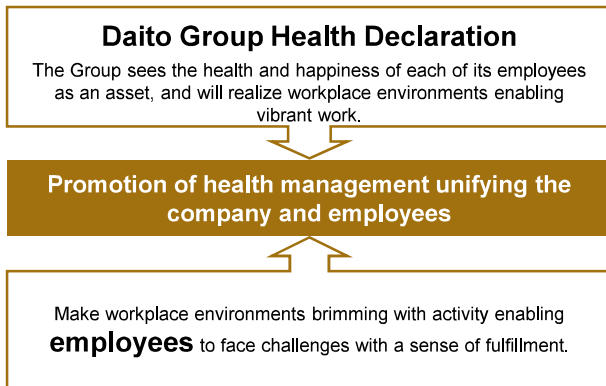
- (1) Want to be involved in management
- (2) Want to face the challenge of the internal venture system and relearn from management knowledge and theory
- (3) Want to create a new business and become president
- (4) Strongly support President Kobayashi’s vision and have passionate ideas

Health Management, and Occupational Health & Safety

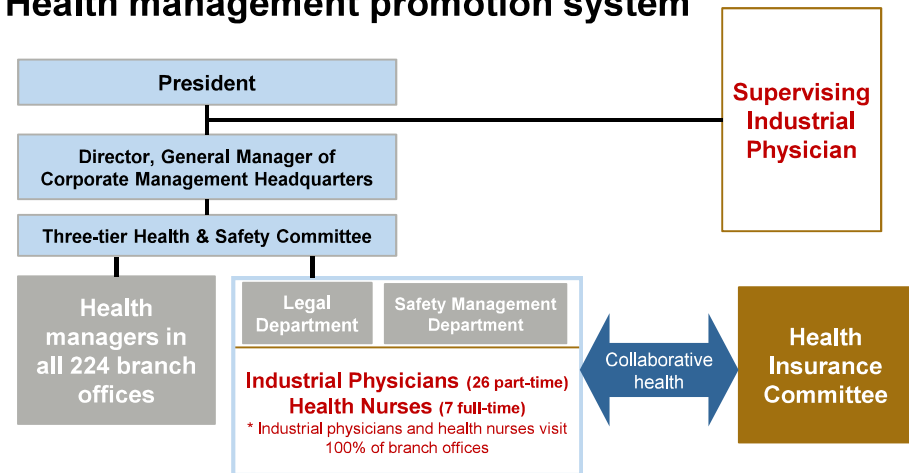
Thoroughly implement health and safety management based on laws, regulations and internal rules, and work to establish a safe and secure labor environment

■ Promotion and system for health management

Values shared by the Daito Group



Health management promotion system



■ Safety management of construction sites

Measures related to safety management of construction sites

- (1) Establishment of Accident Prevention Council
- (2) Safety Manual and Safe Construction Standards
- (3) Utilization of danger prediction activity chart
- (4) Health & productivity management of on-site workers
- (5) Safety management policy



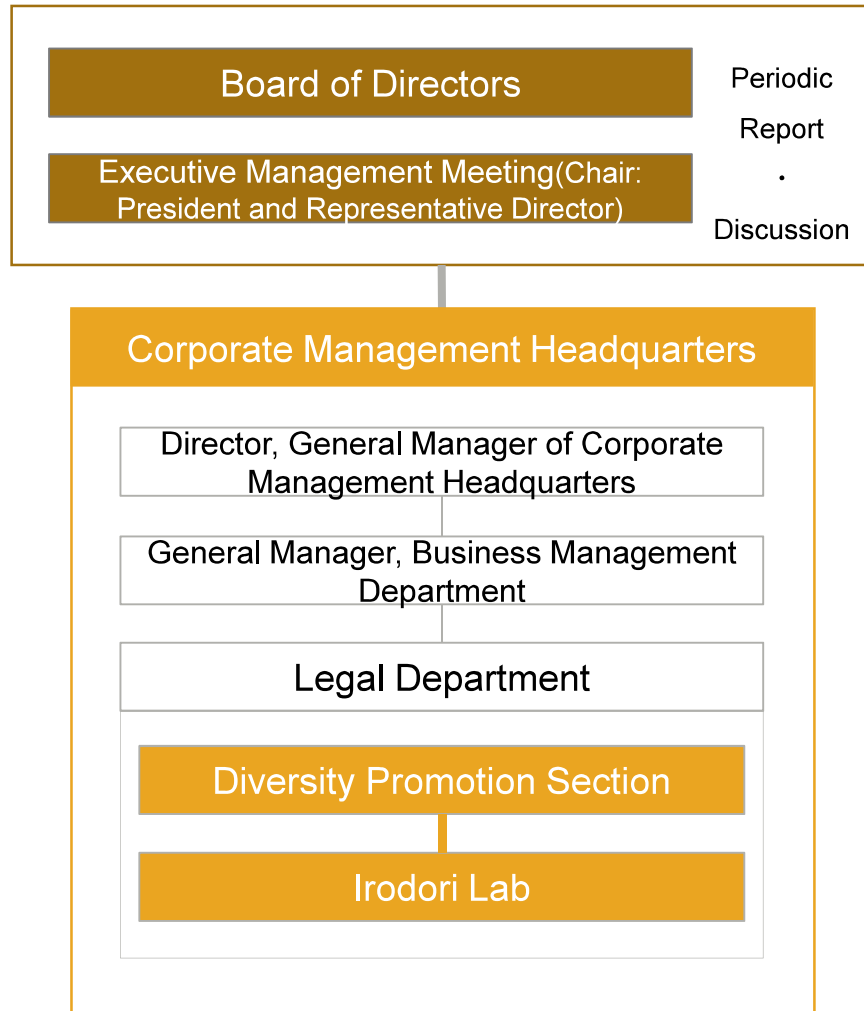
Thorough implementation of dispatched training by business operators and training of new personnel on site

Utilization of live cameras to strengthen real-time safety management



Diversity System

■ The Company's diversity promotion system



Periodic sharing of information on efforts and issues, discussion and exchange of opinions

■ What is the Irodori Lab?



Project aimed at the active participation of all employees sparked by the promotion of active participation by women

[Activity Slogan]

Always by Your Side. A Company that Brings to Life the Phrase "To Each Their Own."

[Vision]

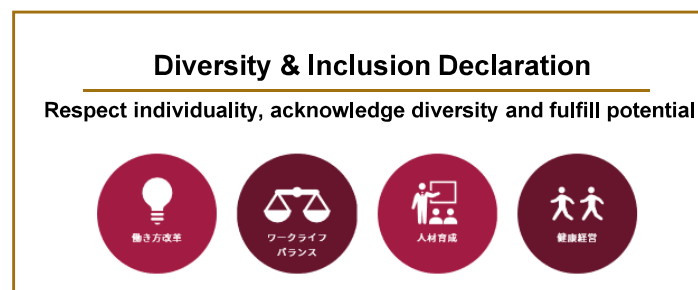
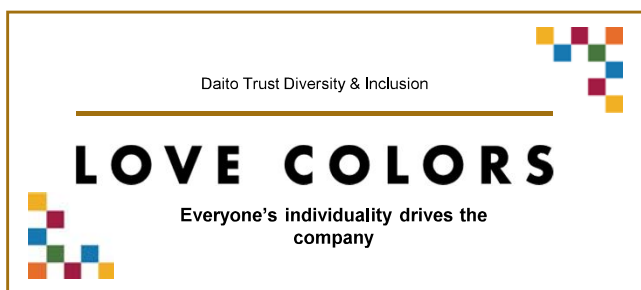
- (1) A company where people can actively work (want to work)
- (2) A company enabling people to realize their own work styles and careers



Project launch members (April 2019)

Objectives

- Communicate to stakeholders that we are a company that continue to grow
- Secure and retain talented personnel by indicating that we are a company that is worker-friendly and fulfilling



Main content

- (1) Diversity management
- (2) Promotion of active participation by women.
- (3) Work style reform
- (4) Work-life balance
- (5) Utilization of diverse personnel



* See the Diversity Website for details.

[Website link](#)

Introduction of benefits system (fertility treatment)



Fertility treatment leave (family leave)

Apart from annual paid leave, five days of paid leave can be taken per year



Fertility treatment subsidy

A subsidy of 20,000 yen per year is paid for up to five years by the employee association



Fertility treatment leave

Apart from annual paid leave, five days of paid leave can be taken per year



Shortened working hours

Shortened working hours and absences are allowed to a certain extent



V. Reference Materials (Integrated Report)

Integrated Report - Objectives of Production

Objectives of Production

- (1) Dissemination of information on various strategies and initiatives aimed at **sustainable growth**
- (2) **Promotion of understanding of Five-year Plan** and dissemination of information on companies with **stable corporate and business foundations** supporting the achievement of plans

Main content

- (1) **Commentary on “Lease Management Trust System” core business**
(Value creation process, competitive advantage, delivered and secured value, etc.)
- (2) **Commentary on market and business environment, and the Group’s awareness**
(Apartment loans, Subleasing Regulation Law, construction quality control, etc.)
- (3) **Progress and evaluation of “New Five-year Plan” medium-term management plan, future strategy**
- (4) **Commentary on corporate governance system** (governance, occupational health and safety, quality assurance, etc.)
- (5) **Disclosure of the Company’s Environmental Management and Environmental Figures**



Integrated Report - Pagination

