

Presentation on ESG Activities

December 14, 2021



DAITO TRUST CONSTRUCTION CO.,LTD.

PURSuing EFFECTIVE USE OF LAND



1. Initiatives Promoting Sustainability Management

2. Environmental Initiatives

3. Social Initiatives

4. Governance Initiatives

Q&A Session



1. Initiatives Promoting Sustainability Management



Daito Group Basic Policy on Sustainability

As a company that supports affluent lifestyles, the Daito Group regards social changes as opportunities for growth, and we work to develop our business activities and realize a sustainable society with our stakeholders.

- 1. Take action on climate risk through business activities.**
- 2. Contribute to a society where no one is left behind.**
- 3. Instill a corporate culture where everyone can grow and take on challenges.**
- 4. Build an industry-leading governance system.**
- 5. Support the most effective use of land and assets.**
- 6. Improve asset value while also resolving social issues.**
- 7. Improve convenience of living and neighborhoods.**



Daito Group's Seven Material Issues

Seven material issues (priorities)

Through our corporate activities, we aim to evolve into "a company that can grow sustainably, entrusted with dreams and the future" by addressing **Management Material Issues** for maximizing the social value we provide and **Business Material Issues** for encouraging the evolution, deepening, and expansion of Daito Group businesses.

Management Material Issues



Business Material Issues



Daito Group's Seven Material Issues and Components: Management Material Issues

Management Material Issues	1. Environment	Taking action on climate risk through business activities	1-1. 100% renewable energy in business activities (contribute to achieving RE100)
			1-2. Increasing energy efficiency (contribute to achieving EP100)
			1-3. Procuring and using wood in a sustainable manner
	2. Society	Contributing to a society where no one is left behind	2-1. Regional revitalization through business activities
			2-2. Revitalizing and creating jobs at local companies
			2-3. Providing work and a place to live for everyone
	3. Talent/ organization	Instilling a corporate culture where everyone can grow and take on challenges	3-1. Providing opportunities for taking on challenges
			3-2. Fostering and securing highly specialized talent
			3-3. Constructing an environment that encourages growth and challenge
	4. Corporate governance	Building an industry-leading governance system	4-1. Strengthening stakeholder engagement
			4-2. Promoting fair and honest corporate management
			4-3. Strengthening Group governance



Daito Group's Seven Material Issues and Components: Business Material Issues

Business Material Issues	5. Land/assets	<p>Support for the most effective use of land and assets</p> 	<p>5-1. Suitable supply and business proposals that meet demand</p> <p>5-2. Expanding and enhancing our services for land and asset utilization</p> <p>5-3. Promoting partial provision of proprietary technologies and expertise</p>
	6. Rental housing	<p>Improving asset value while also resolving social issues</p> 	<p>6-1. Supplying buildings that maintain their asset value over the long term</p> <p>6-2. Supplying a model of housing that responds to environmental and social issues</p> <p>6-3. Renewing/raising value of old and underused buildings</p>
	7. Living/lifestyles	<p>Improving convenience of living and neighborhoods</p> 	<p>7-1. Active participation in and attracting non-residential businesses</p> <p>7-2. Providing services that improve quality of life (QoL)</p> <p>7-3. Promoting accessibility in information retrieval and barrier-free access to services</p>



New Five-Year Plan and Seven Material Issues



Toward management revolving around sustainability, as a company responsible for the social infrastructure of rental housing



2. Environmental Initiatives



Management Material Issues 1: Environment

Taking action on climate risk through business activities

Background to Identifying as a Material Issue

- Stricter environmental regulations such as on greenhouse gas emissions
- Adoption of ESG as criteria for lending
- Worsening working conditions due to environmental degradation
- Fluctuating lumber prices
- Increasing need to promote forest recirculation



Daito Trust Construction Policy

- 1-1 100% renewable energy in business activities
(contribute to achieving RE100)
- 1-2 Increasing energy efficiency
(contribute to achieving EP100)
- 1-3 Procuring and using wood in a sustainable manner



Environmental Management Promotion System

Environmental Management Promotion System



New Environmental Management Strategy: Daito 2050 Environmental Vision



Daito 2050 Environmental Vision

As an environmental leader, we will contribute to building a sustainable society through our business activities

Strategies and measures

Construction

Realize consideration for the environment and reduction of CO2 emissions during construction

- Reduced work, shorter construction period
- Visualization of greenhouse gas emissions
- Decarbonization of construction sites

Lifestyle

Realize zero CO2 emissions while living in Daito buildings

- Reduction of greenhouse gas emissions
- Promotion of ZEH sales
- Development and introduction of energy-saving materials

Waste

Realize recycling of all waste

- Promotion of recycling of waste wood
- Development of construction methods with lower waste emissions on site
- Reduction of waste plastic emissions

Company

Realize zero CO2 emissions in business activities

- Promotion of energy saving
- Promotion of renewable energy
- Reduction of greenhouse gas emissions by vehicles

Nature

Realize a society coexisting with the natural environment

- Promotion of recycling of wood
- Preservation of local forests and consideration of biodiversity
- Promotion of use of domestic wood
- Increased transparency of supply chains

People

Realize environmentally friendly people and organizations

- Strengthening of environmental management systems led by branch offices
- Implementation of environmental training for employees



Promote Efforts Aimed at Realization of Carbon-Free Management Through Participation in International Initiatives, Etc.

Greenhouse gas reduction target

SBT (1.5°C level) certification






Specific reduction approaches (memberships)



Disclosure of status of efforts (membership, response)



Progress in SBT, RE100, and EP100

Initiative	Certification/ Membership	Results			Long-Term Target
		2018	2019	FY2020	
 <p>SBT SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> <p>Greenhouse gas reduction</p>	Scope 1, 2 Recertified in March 2020 (SBT 1.5°C level)	Reduction rate (compared to FY2017)			
		5.5%	14.6%	21%	55% (FY2030)
	Scope 3 Certified in January 2019	5.9%	20.2%	44.3%	16% (FY2030)
 <p>CLIMATE GROUP EP100 Improving energy efficiency</p>	Joined in September 2020	Energy efficiency (compared to FY2017)			
		1.02 times	1.11 times	1.06 times	2 times (FY2030)
 <p>RE100 CLIMATE GROUP Initiative to use 100% renewable energy in business activities</p>	Joined in January 2019	Adoption of renewable energy (electricity)			
		0%	0%	9.7%	100% (FY2040)

Figures indicate domestic results



Efforts to Introduce Renewable Energy, to Meet Greenhouse Gas Reduction Targets

Introducing renewable energy

Head Office, Shinagawa East One Tower

As of November 2021, the renewable energy supplied is derived from 100% domestic woody biomass



Shinagawa East One Tower

Group Companies

Introduced renewable energy at 3 major group companies in 2020

Renewable energy switching rate **47%**

- Daito Trust Construction Co., Ltd. : 14%
- Daito Kentaku Leasing Co., Ltd. : 9%
- Daito Kentaku Partners Co., Ltd. : 24%

As of August 2021, we have also been phasing in renewable energy at other group companies



Switching to renewable energy
83 sites (approx. 60%)



Switching to renewable energy
73 sites (approx. 40%)



Seeking Transparent Disclosure of Climate-Related Risks and Opportunities, Based on TCFD Recommendations

Risks and opportunities (climate risk scenario analysis)

(100 million yen)

Risk Type	Item	Main Details	Less than 2°C Scenario			4°C Scenario		
			Short Term (2023)	Medium Term (2030)	Long Term (2050)	Short Term (2023)	Medium Term (2030)	Long Term (2050)
Transition	Policy/legal	Impact of introducing carbon tax	-31	-44	-45	0	0	0
	Technology	Impact of renewable energy, EV adoption	-2	-12	11	0	0	0
	Market	Market expansion for ZEH and other low-carbon housing	-12	-29	-30	0	0	0
Physical	Acute	Impact of greater storm and flood damage	0	-8	-14	0	-12	-35
	Chronic	Impact of rising temperatures	0	-9	-14	0	-20	-39
		Impact on wood procurement	0	-1	-2	-1	-2	-5
Business loss (total)			-45	-103	-94	-1	-34	-79



Promoting Wooden Buildings for Both Urban Decarbonization and Corporate Growth

Low-rise wooden housing complexes made with two-by-fours

Focused on low-carbon wood construction with two-by-fours



Structural image of a building made with two-by-fours



Example of housing



Example of housing

Ranked number-one in housing supply for 12 consecutive years

Development and sales of CLT products

Development of technologies and products applying CLT, a new wooden construction material

CLT mid-rise housing products



Image of building frame



Exterior image

CLT detached housing products



Pioneering Next-Gen Energy-Efficient Housing, Creating New Housing Markets

Development of LCCM rental housing complexes

We have developed Japan's first rental housing complex for which CO2 emissions are effectively negative over the building life cycle, known as LCCM/life cycle carbon minus housing.



First LCCM building completed in Soka, Saitama

Net zero energy housing (ZEH) for rent with battery storage, for disaster recovery

Sales have begun for disaster recovery housing that equips conventional net zero energy rental housing with energy storage batteries.

There are no initial costs for the solar power generation and energy storage batteries.



Pioneering Next-Gen Energy-Efficient Housing, Creating New Housing Markets

External recognition of LCCM rental housing development



Left: Environment Minister Tsuyoshi Yamaguchi
Right: President Kobayashi

Minister of the Environment's Award for Climate Action, 2021



Left: Director Tate
Right: Eco-Pro Award Jury Chairman (Professor, The University of Tokyo Graduate School) Mr. Umeda

Award of excellence, 4th Eco-Pro Awards



Pioneering Next-Gen Energy-Efficient Housing, Creating New Housing Markets

Start of ZEH-based rental business proposals

Advantages for owners of original ZEH from Daito Trust Construction

1. No initial/maintenance costs
2. Income from roof rental
3. Zero risk of accidents and disasters on solar panels



Image of ZEH rental housing supplied and managed by Daito Trust Construction



Image of ZEH rental housing supplied and managed by Daito Trust Construction

Total units: 784
(as of September 2021)



Target: 10,000 units
As of fiscal 2022, our 49th year in business



Promotion of Rooftop Solar Power Generation, Contributing to Mainstream Use

Roof rental solar power generation business

Approx. 15,000 buildings (current)
Power generation: approx. 208 GWh



Approx. 25,000 buildings
Power generation: approx. 333 GWh



Covering an area equivalent to
23.7 Tokyo Domes



Enough to power **77,000 homes**



Promotion of Rooftop Solar Power Generation, Contributing to Mainstream Use

Green bond issuance

Total amount issued	¥11 billion
Maturity	10 years
Issue date	November 26, 2021
Lead bookrunners	Nomura Securities Co., Ltd. SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Third-party assessment (external assessment)	Third-party assessment obtained from Rating and Investment Information, Inc. (R&I), attesting conformance to ICMA Green Bond Principles 2018 and Green Bond Guidelines (2020 edition) of the Japanese Ministry of the Environment
Structuring agent	Nomura Securities Co., Ltd.
Planned use of proceeds	Funding of capital investment for new installation of solar power generation facilities for selling surplus electricity



3. Social Initiatives



Management Material Issues 2: Society

Realizing a society where no one is left behind

Background to Identifying as a Material Issue

- Declining rural populations and increasing urbanization
- Promotion of sustainable urbanization
- Decrease in and aging of construction workers
- Increasing number of foreign workers
- Increasing number of single-person, dual-income, and dual-income-no-kids (DINKS) households



Daito Trust Construction Policy

- 2-1 Regional revitalization through business activities
- 2-2 Revitalizing and creating jobs at local companies
- 2-3 Providing work and a place to live for everyone



Management Material Issues 3: Talent/organization

Instilling a corporate culture where everyone can grow and take on challenges

Background to Identifying as a Material Issue

- Declining working-age population
- Promotion of diversity
- Promotion of work-style and workplace reforms
- Diversification of life paths and lifestyles
- Balancing work satisfaction and economic growth



Daito Trust Construction Policy

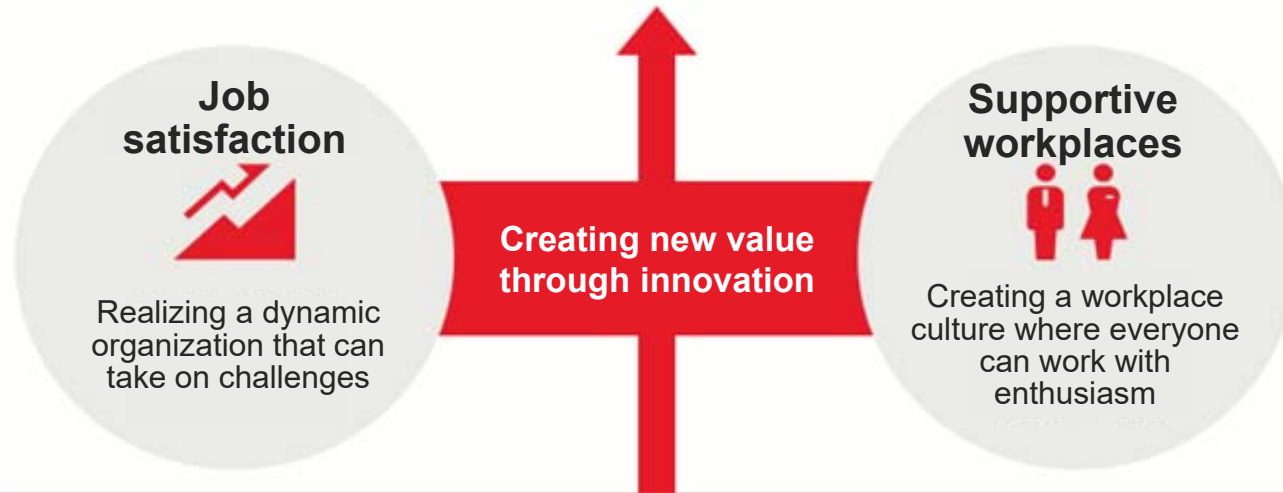
- 3-1 Providing opportunities for taking on challenges
- 3-2 Fostering and securing highly specialized talent
- 3-3 Creating a work environment that encourages growth and challenge



Basic Policy on Diversity and Inclusion

As a total lifestyle support company with a core comprehensive leasing business

Growing as a company entrusted with people's dreams and the future



Diversity and Inclusion

Respecting individuality, appreciating diversity, and maximizing abilities



Specific Initiatives to Promote Diversity and Inclusion

Female advancement – Introduction of female employee development program –

Change in mindset from appointment to development of talented female employees

Seeking out candidates and supporting them, instead of waiting for them to emerge

Quota System

Female Advancement
Promotion Committee

Raising awareness of women themselves; removing barriers to promotion to managerial positions

Education Programs for
Female Employees

Quota System

The following are not targets but requirements in our executive officers' mission

- Select at least three female candidates and ensure that women represent at least 10% of those selected for manager candidate training
- Establish a certain number of female managers; under the responsibility of executive officers, provide training and promote them over the course of three years

Female Advancement Promotion Committee

Regular meetings are held by members in various roles to exchange opinions, focusing on progress in the quota system



Specific Initiatives to Promote Diversity and Inclusion

Education Programs for Female Employees

Level-specific training tailored to female participants

Intended to make it easier to visualize promotion to higher positions where there are fewer role models, as well as to dispel anxiety and raise awareness about promotion

Training designed for women

Training for all



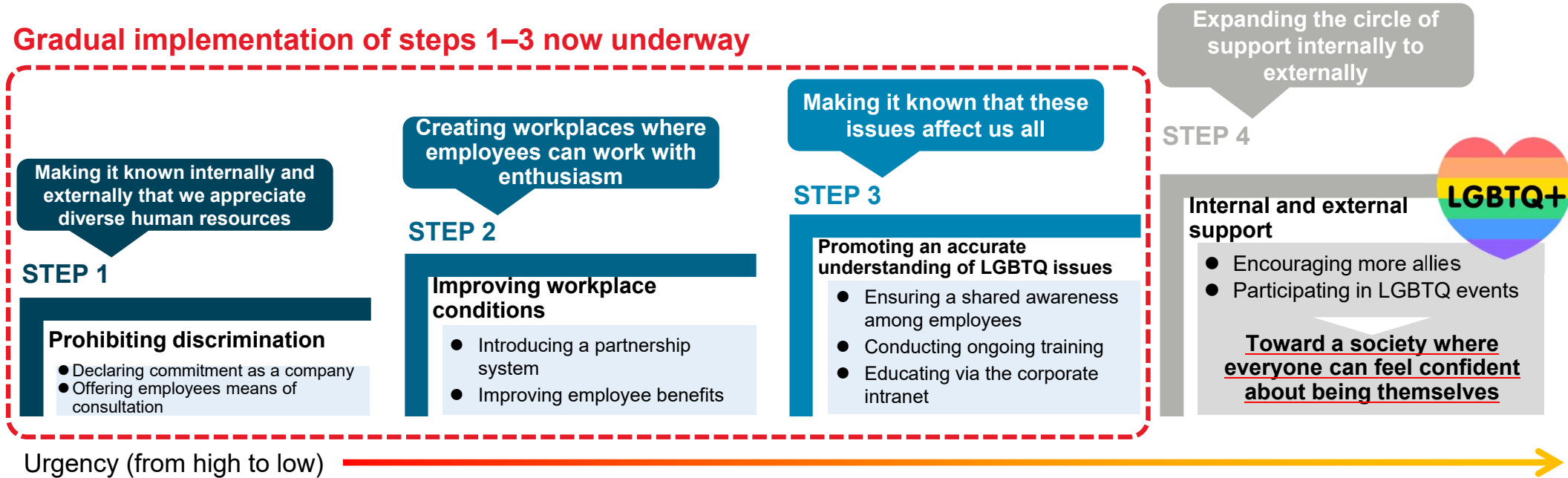
Position Category	Position	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
		Training for all	Training for all	Training for all	Training designed for women	Training for all
Management positions	General Managers	Management Development School (advanced training)	Business etiquette training	Management Development Academy	External training seminars	Attending business school
	Deputy Managers	Training for newly promoted managers	Management skill enhancement training	Management Development Academy	Business etiquette training	Attending business school
Leader positions	Division Managers	Women's leadership seminar	Training for branch manager/other management candidates	External training seminars	New Business Creation Academy	
	Deputy Division Managers	Training for newly promoted division managers	Development training for managers	Management skill enhancement training	Labor management training	New Business Creation Academy
Administrative positions	Chiefs	Women's Academy	Career planning seminar for female employees	Training for manager candidates	Female advancement study sessions	Cross-industry exchange meetings
	Staff	Second-year training	Fourth-year training	Women's Academy		
	Junior Staff	Training for newly hired graduates	Second-year training	Fourth-year training	Women's Academy	



Specific Initiatives to Promote Diversity and Inclusion

Supporting sexual minorities

Gradual implementation of steps 1–3 now underway



- Measure 1: Indicating in the company code of conduct that people are respected regardless of gender identity or sexual orientation
- Measure 2: Establishing means of consultation for employees
- Measure 3: Introducing a "familyship" system that treats same-sex partners as married couples
- Measure 4: Relaxing restrictions on the personal names at work
- Measure 5: Fostering an awareness that all are affected by these issues and should be supporters
- Measure 6: Conducting training

Pride Index
Awarded silver
certification

work with Pride

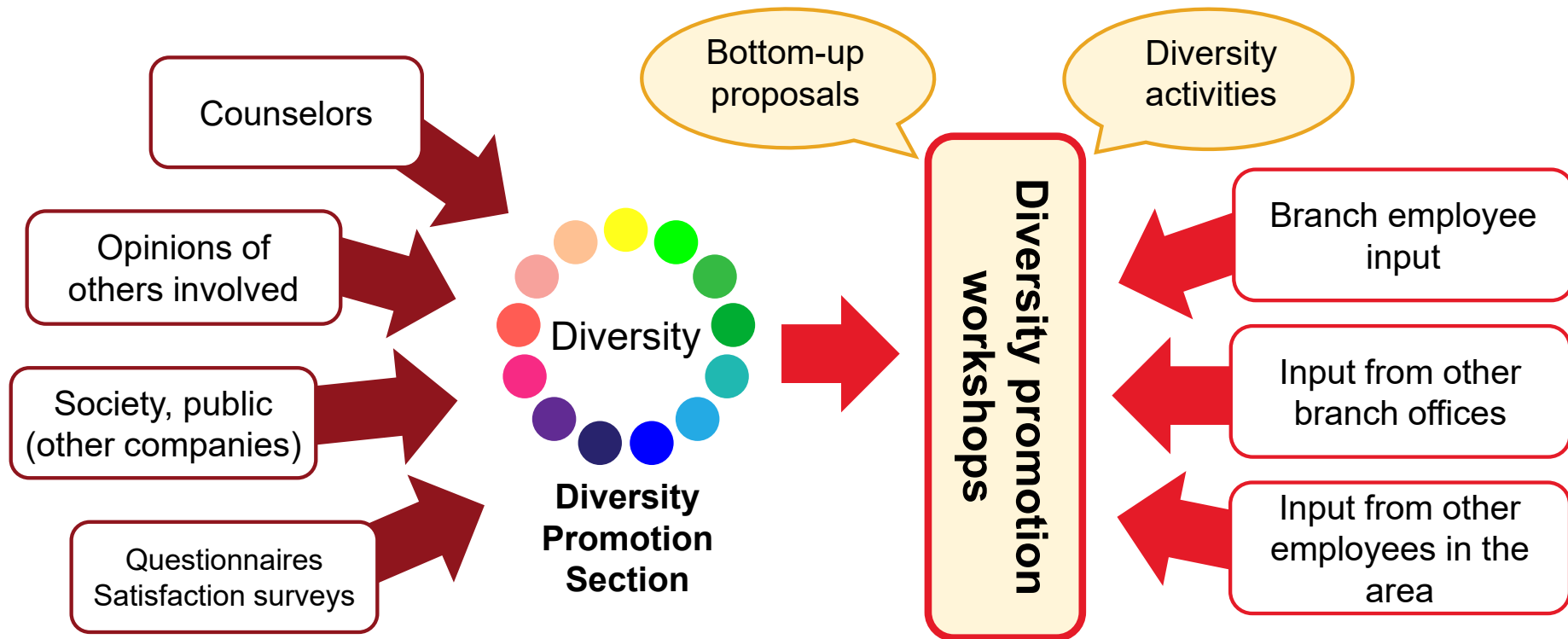


Specific Initiatives to Promote Diversity and Inclusion

Revitalizing diversity promotion – Holding diversity promotion workshops –

Recruitment of members to take on solutions and revitalize efforts in diversity promotion

Collaboration by a project team consisting of head and branch office members, beyond the framework



Employee health management

Daito Group Health Declaration

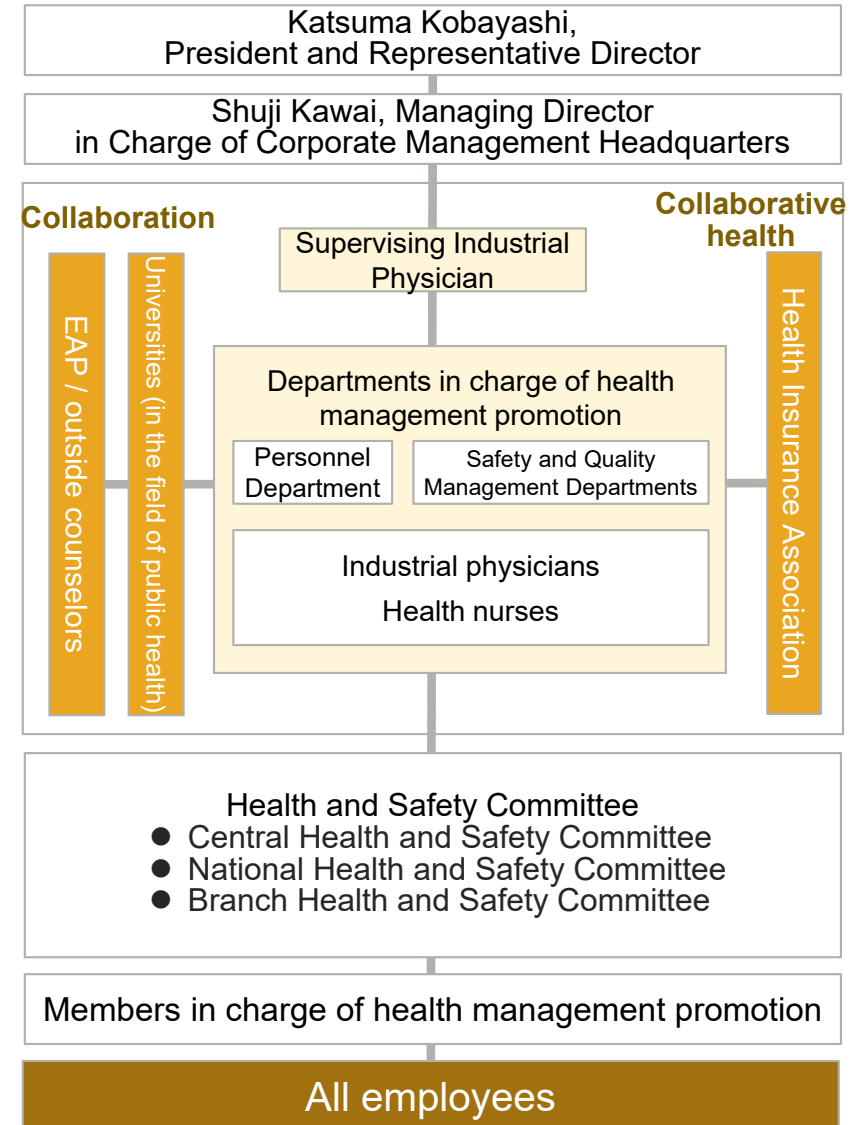
The Group sees the health and happiness of each of its employees as an asset, and will realize workplace environments enabling vibrant work.



Recognized in the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)



Health management promotion system



Employee health management

Overview

Implementing comprehensive measures for employees and their families

General health

For employees

First aid and infectious disease control

- AEDs installed at all branches
- Lifesaving training system
- Measures against infectious diseases (including flu)

Mental health training

- Support from the start of treatment to six months after returning to work
- Conducting mental health training (for newly hired graduates, regular employees, managers, and after promotion)
- Conducting stress checks
- Consultation with professional counselors, etc.

System-building

- Work style reform
- Flexible work hours, etc.

Health checkups

- Percentage of employees receiving regular checkups: 100%
- Percentage of employees receiving secondary checkups: 100%
- Follow-up meetings with industrial physicians and public health nurses
- Establishment of working standards, etc.

Health maintenance promotion

- Breakfast photo contest
- Walking campaign
- Radio calisthenics every morning
- Measures against secondhand smoke, etc.

Internal collaboration

- Industrial physician/public health nurse visits to all branches and the head office; individual appointments
- Assignment of health managers to all branches and the head office
- Head office: Contact person appointed for mental health inquiries

Health Insurance Association

- Health portal site
- Prevention of lifestyle diseases
- Promotion of cancer screening, etc.

Measures against overwork

- Questionnaires to check employees' physical condition
- Guidance from industrial physicians
- Follow-up by public health nurses

Keeping employees informed

- Health information disclosure (via corporate intranet)
- Columns in the company newsletter etc.

Health and Safety Committee (branches, head office)

- Workplace accident prevention
- Attendance management
- Health and safety management
- Prevention of off-site work-related injury

Helping employees take better care of themselves and be more aware of safety obligations

Improving employee health

Promoting health management

Environmental improvements 32



Employee health management

Main health indicators and targets

Initiative Items
Target Value
Previous FY Results

Employee Stress Check Rate
Maintain 90% or more
90.3%

Employees with High Stress
Less than 10%
12.4%

Employee Regular Checkup Rate
Maintain 100%
100%

Employee Breakfast Consumption
60% or more
56.7%

Smoking Rate
Less than 30%
40.3%

Main health measures

- Physical approaches, such as preventing serious illness
- Psychological approaches, such as mental health training
- Work style reform, such as measures against overwork
- Infectious disease measures, such as for COVID-19
- Lifestyle approaches, such as diet and exercise
- Scenario-based approaches, such as first aid or preventing heat stroke



Employee health management

Workplace COVID-19 vaccination

7,636 people completed the second phase of workplace vaccinations

Scope

- Group employees and family members
- Affiliate employees and family members

Tokyo Venue	Osaka Venue
6,881 people	755 people



Workplace vaccinations, staffed by employees

Excellent Presentation Award, Japan Society for Occupational Health



Establishment of working standards for those at high risk

Obesity

Hypertension

Hyperglycemia

- We have established our own standards for high-risk groups, which are closely monitored until improvements are made
- Extremely high-risk employees receive guidance from the supervising occupational physician on work restrictions or suspension; follow-up is conducted until improvements are made



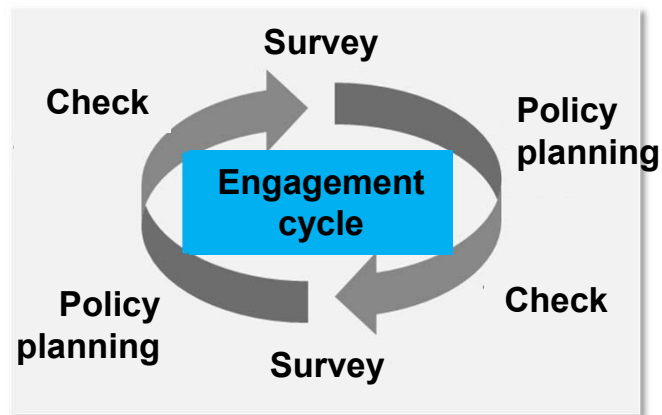
Instilling a corporate culture where everyone can grow and take on challenges

Employee engagement

- First survey conducted in November 2021 ⇒ 12,640 participants (response rate: 96%)
- Research organization: Link and Motivation Inc.
Visualization of employee engagement on an organizational level

Implemented organizational improvement activities with the participation of all employees

- Organizational improvements toward an organization with independent, motivated, and proud employees



The Daito Group aims to be a highly engaged company where each and every employee can feel "independence," "motivation to work," and "pride."



Instilling a corporate culture where everyone can grow and take on challenges

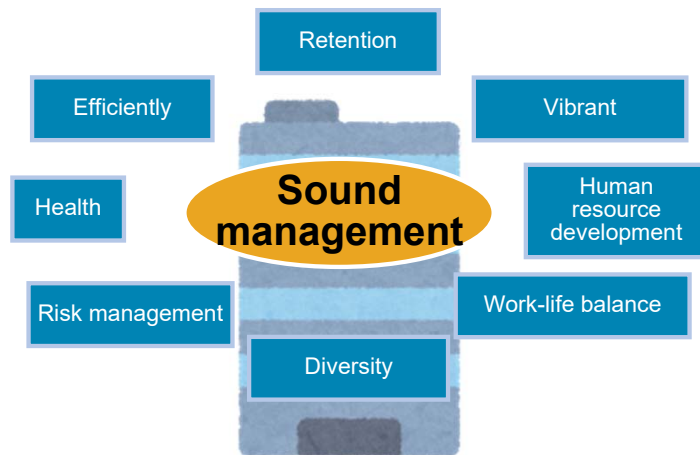
Branch health management ranking

Business performance as well as human resource development, ease of working, and other factors are used as indicators to evaluate branch offices and determine whether they are likely to have **sound branch management** and **sustainable business performance**

Essential to sound branch management:

- Is an organization in place that efficiently produces results?
- Is there a vibrant workplace environment?

Sound management (kind of company sought by society)



Indicators of whether branches have a good balance of these four factors



Instilling a corporate culture where everyone can grow and take on challenges

Mirai-novators (introduced in April 2020)

- In-house venture system to support attainment of the New Five-Year Plan and sustainable group growth
- Pursue initiatives that foster employee entrepreneurialism and willingness to take on new challenges



Those with a passion for work and inspired business ideas can be company presidents

Applications: 822
(total for all three programs)

As of December 14, 2021.

Trials aimed at new business are beginning for 10 projects from proposals that passed the final screening in FY2020

Private room rental:
E-Heya Space room rental business



Launched in Feb. 2021, being tested at five offices

Tailor-made DIY service for rental housing:
CODD



Sales of DIY kits that enhance rental housing



Realizing a society where no one is left behind

Subscription-based disaster preparedness business

- Subscription-based disaster preparedness business that provides extra food and supplies to stock in case of emergencies, as well as information to be prepared
- Regular deliveries of disaster preparedness tips and supplies to build each household's self-reliance



Disaster Prevention & Living Research Project: Bo-Ku Lab

Launched in 2018 to raise awareness of disaster preparedness in rental housing



Main Initiatives

- Nationwide deployment of Bo-Ku Lab Stations, emergency bases stocked with relief supplies and power supply equipment
- Support for groups involved in regional revitalization and disaster recovery
- Posting content online about disaster prevention
- Expansion of rental housing equipped with solar panels for supplying power to a region when disasters occur
- Sales of disaster-related goods to tenants on e-commerce websites
- Development of Bo-Ku Lab Rental Housing designed with flood mitigation in mind



4. Governance Initiatives

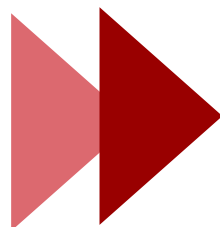


Management Material Issues 4: Governance

Building an industry-leading governance system

Background to Identifying as a Material Issue

- Increased corporate sanctions regarding company scandals
- Increasing needs to respond to work-related injuries, overwork, and mental health
- Increased importance of compliance
- Tightening regulations on subleasing
- Greater importance of stakeholder engagement



Daito Trust Construction Policy

- 4-1 Strengthening stakeholder engagement
- 4-2 Promoting fair and honest corporate management
- 4-3 Strengthening Group governance



コーポレートガバナンス基本方針

Basic Policy on Corporate Governance

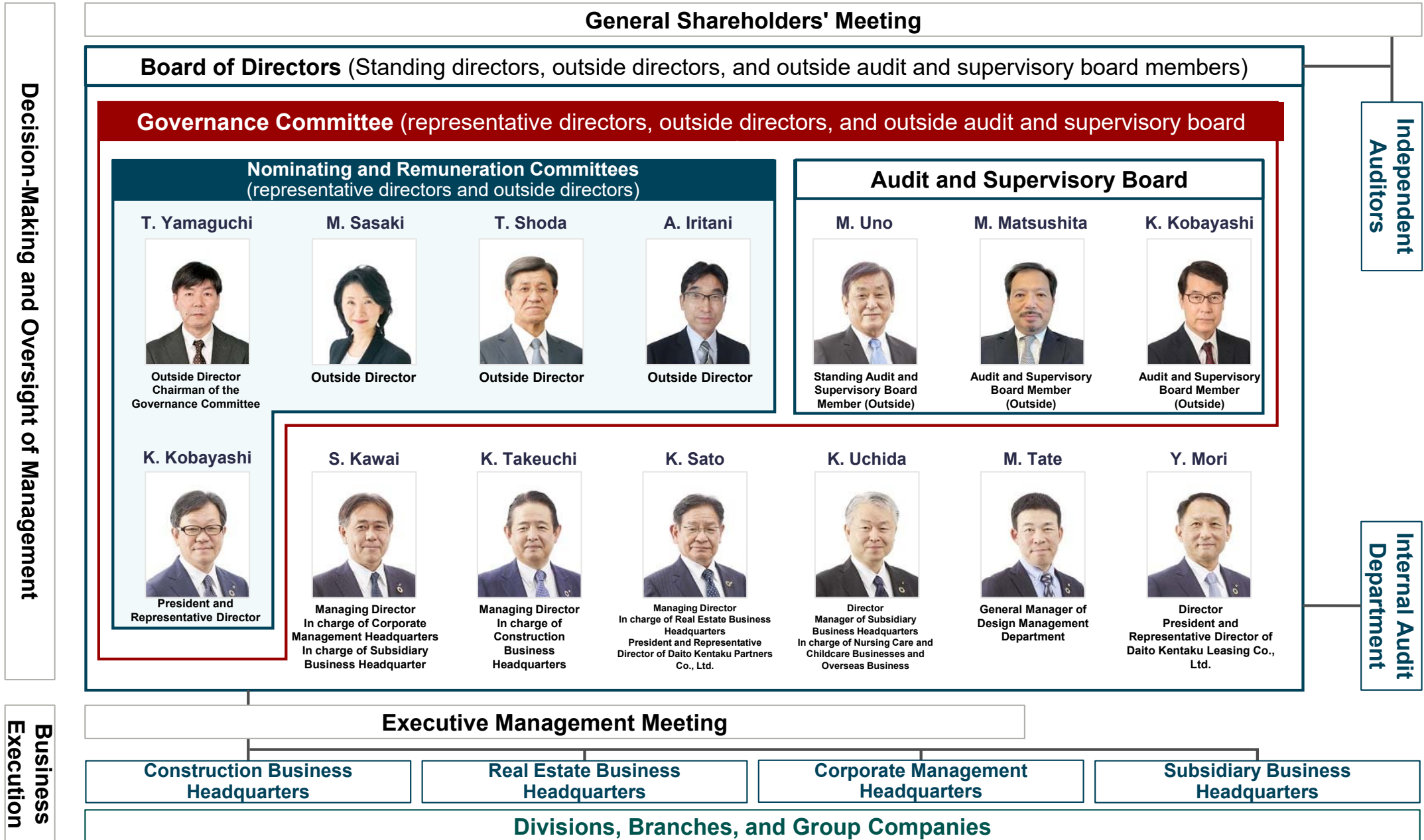
To maximize the corporate value of the Daito Group and for our shareholders and all other stakeholders, our basic policy on corporate governance is making our management more efficient and transparent.

Response to the revised Corporate Governance Code

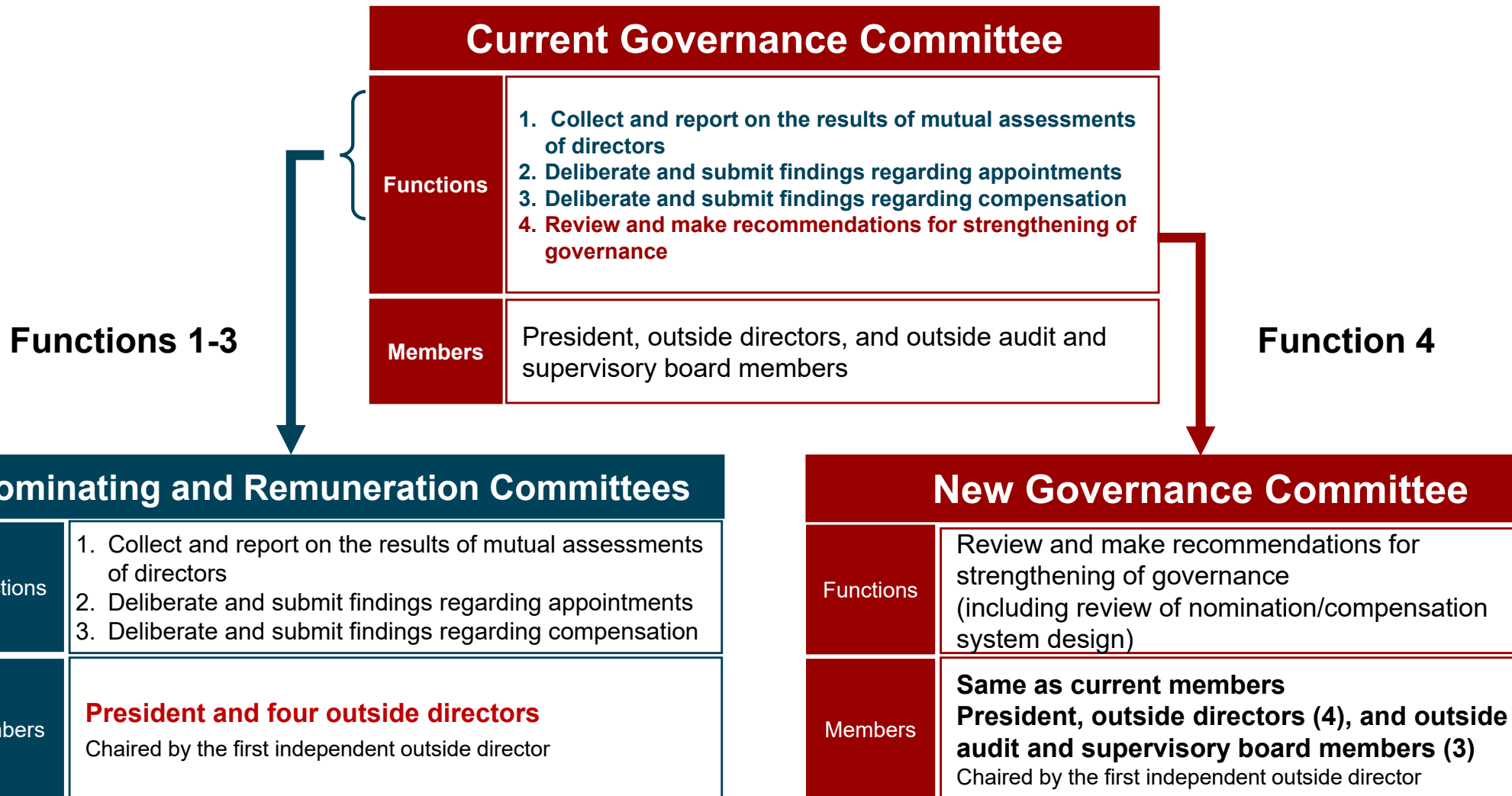
Based on the contents of the "Revised Corporate Governance Code" published in June 2021, we will build a system for strengthening governance and promote reform of overall governance.



Management Structure

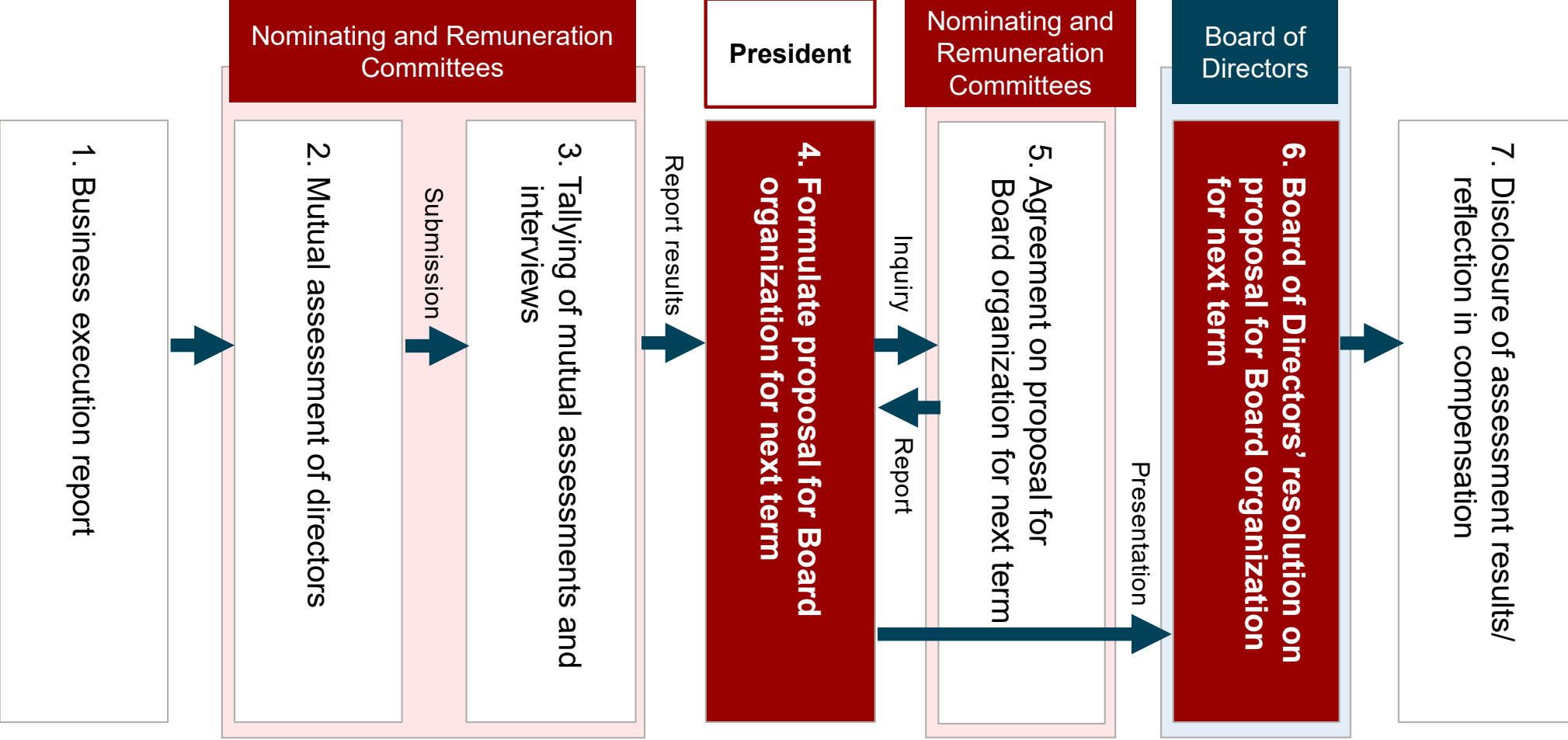


Newly Established Nominating and Remuneration Committees, Review of Governance Committee Functions



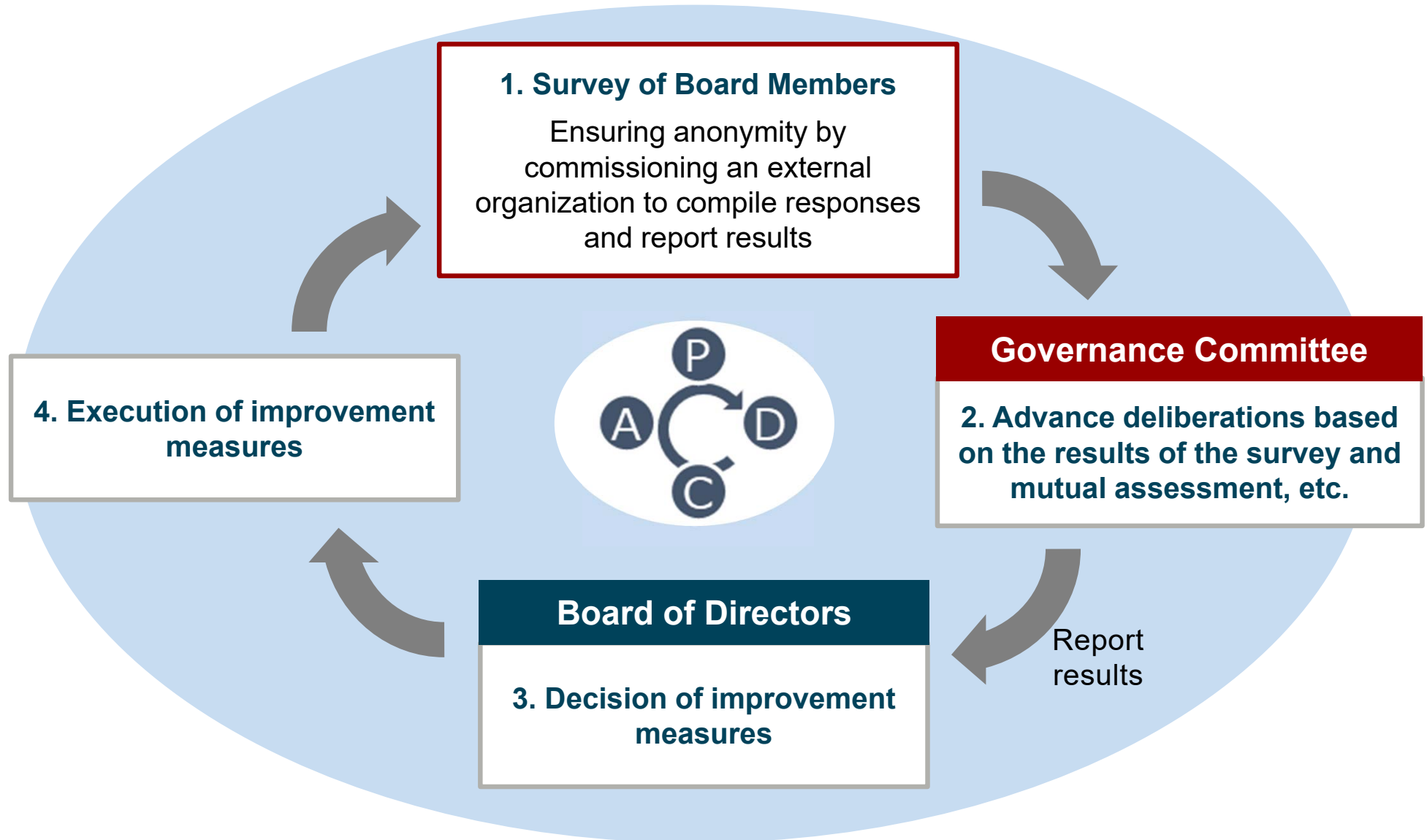
Governance System

Nominating and Remuneration Committee Director Assessment System



Governance System

Evaluating the Effectiveness of the Board of Directors as a Whole



Outside Directors' Views on the Group Governance System

A Board of Directors with free and open discussions

Daito Trust's Board of Directors features a well-rooted style of decision-making built upon a free-flowing exchange of views that has no barriers between the standing directors and the outside directors.

The Company's Board of Directors is said to be highly regarded when it comes to effectiveness. Arguments regarding each proposal are thoroughly discussed by the Board, and even if the proposal was passed by a resolution at the Executive Management Meeting, it may be set aside for further review and re-examination following discussions by the Board.



Outside Director
Governance Committee
Member
M. Sasaki



Outside Director
Governance
Committee Member
A. Iritani

Lively discussions with broad-based advice from outside directors

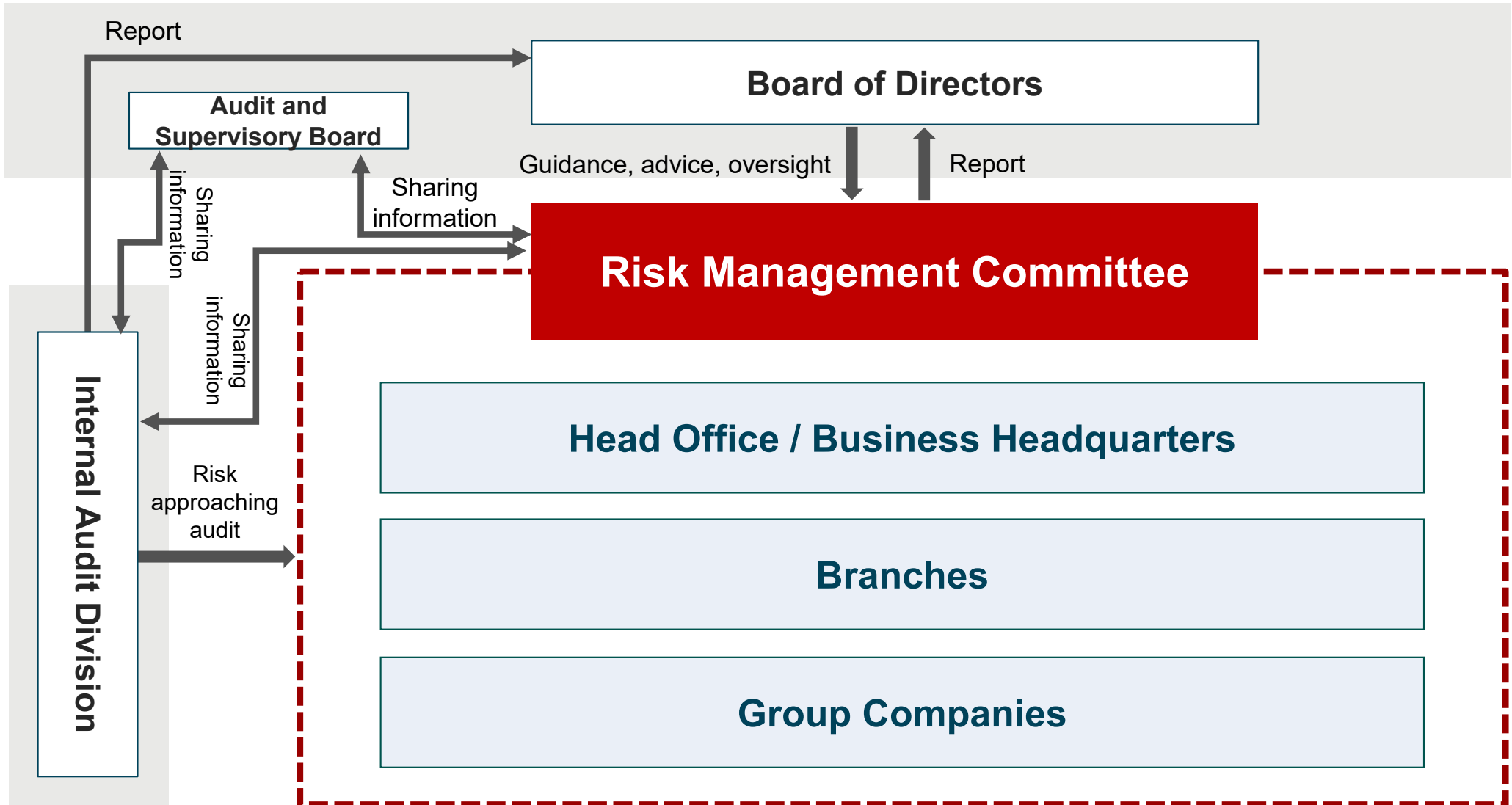
In general, outside directors are expected to have specialized views and advice based on both their academic training and work experience. In the case of the Daito Group, however, this goes beyond the views of a specialist, and advice is expected from a broad perspective of someone outside the Company. It is a well-established atmosphere where directors find it easy to share their thoughts.

For this reason, the outside directors communicate without reservation, and if necessary, issue forth proposals. This makes Board of Directors' meetings quite lively.



Risk Management System

Risk Management Committee



Thank you

