

Presentation on ESG Activities

December 6, 2022



DAITO TRUST
CONSTRUCTION CO., LTD.



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.

Initiatives Promoting Sustainability Management

Daito Group Seven material issues (priorities)

Management Material Issues		【Environment】 Taking action on climate risk through business activities 
		【Society】 Contributing to a society where no one is left behind 
		【Talent/organization】 Instilling a corporate culture where everyone can grow and take on challenges 
		【Corporate governance】 Building an industry-leading governance system 
Business Material Issues		【Land/assets】 Support for the most effective use of land and assets 
		【Rental housing】 Improving asset value while also resolving social issues 
		【Living/lifestyles】 Improving convenience of living and neighborhoods 

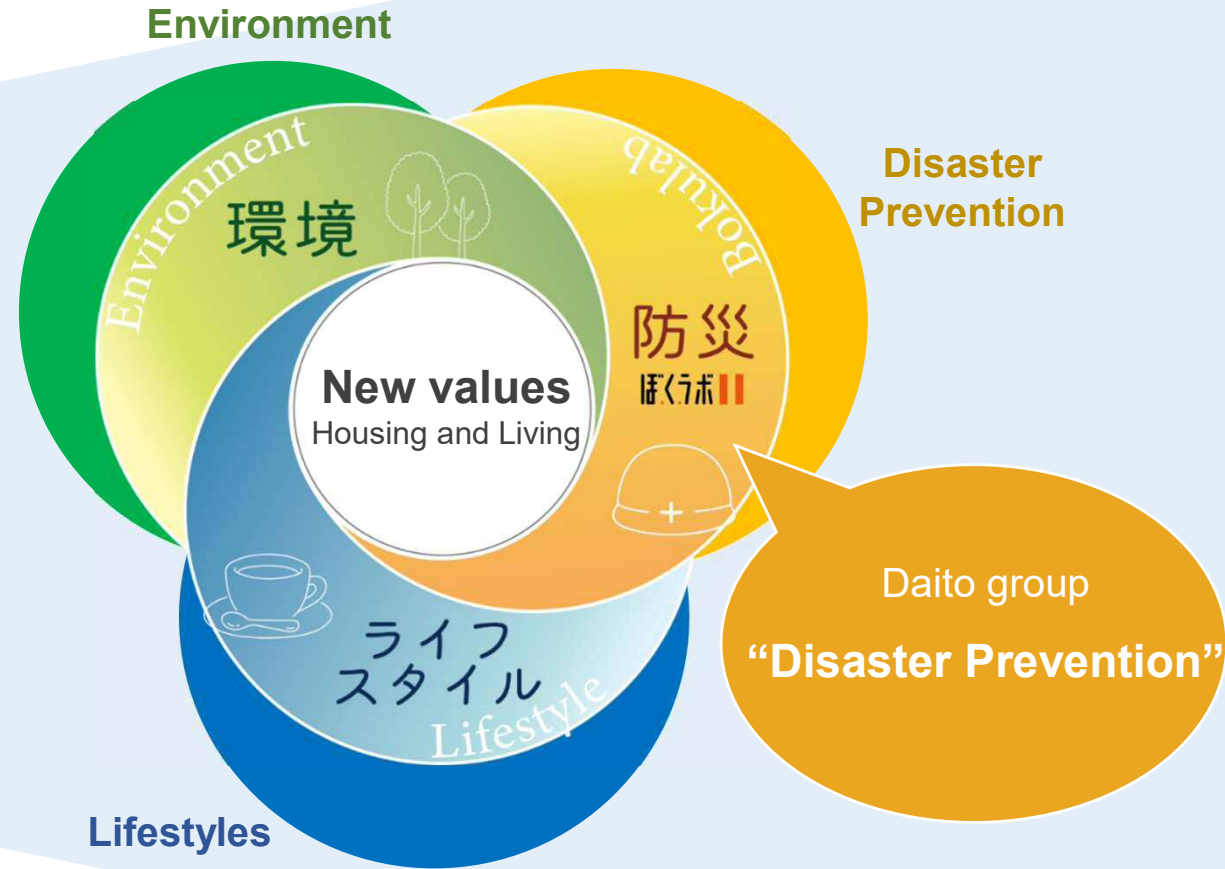
Initiatives Promoting Sustainability Management

Three Perspectives "Environment", "Disaster Prevention", and "Lifestyle"



Seven material issues

Considering the characteristics of the rental housing



3 perspectives

Initiatives Promoting Sustainability Management

Daito group Disaster Prevention Vision 2030

Disaster prevention philosophy

be there for the community if a disaster happens

Through the business activities of the Daito Group, which positions rental housing as infrastructure for daily life and engages in local disaster prevention activities, we aim to be there for the community's "what ifs" and contribute to supporting the community's recovery as soon as possible.

Disaster Prevention Vision focuses



① Provide the usual 'normal' at a time of 'what if'

As a company that supports the community, to maintain the infrastructure for daily life through business continuity.



② Create a circle of mutual help throughout the community in case of "what if" situations

Using rental housing and offices spread across the country, as a starting point for mutual aid in community disaster prevention.



③ Create a next generation that can be relied upon in case of "what if" situations

Support the development of the next generation who will become community disaster prevention leaders themselves.

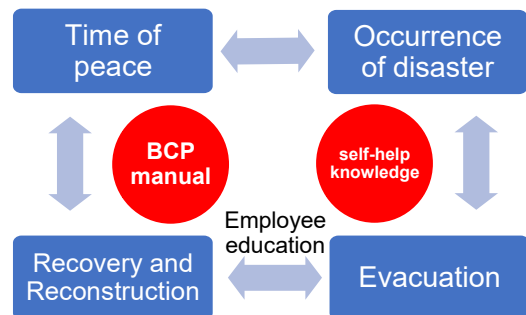
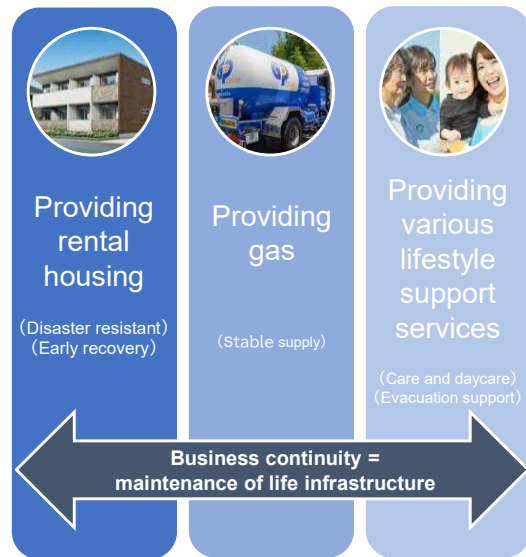
Initiatives Promoting Sustainability Management

Daito group Disaster Prevention Vision 2030

Vision①

Provide the usual 'normal' at a time of 'what if'

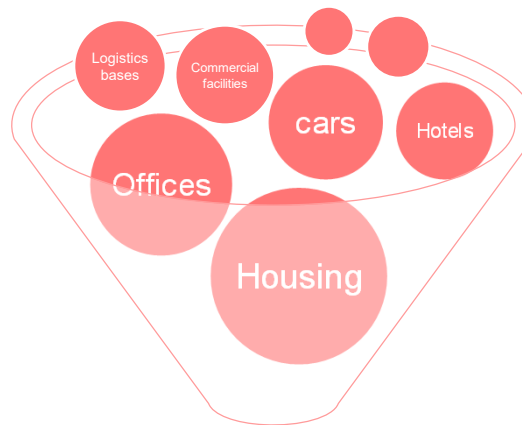
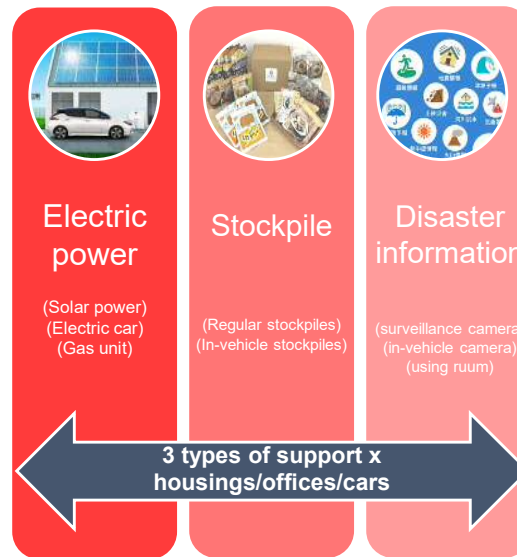
Through BCP formulation and training, we will not stop providing even in the event of a disaster.



Vision②

Create a circle of mutual help throughout the community in case of "what if" situations

Using our assets as a starting point for disaster prevention mutual assistance, we aim to support the early reconstruction of the region.



Vision③

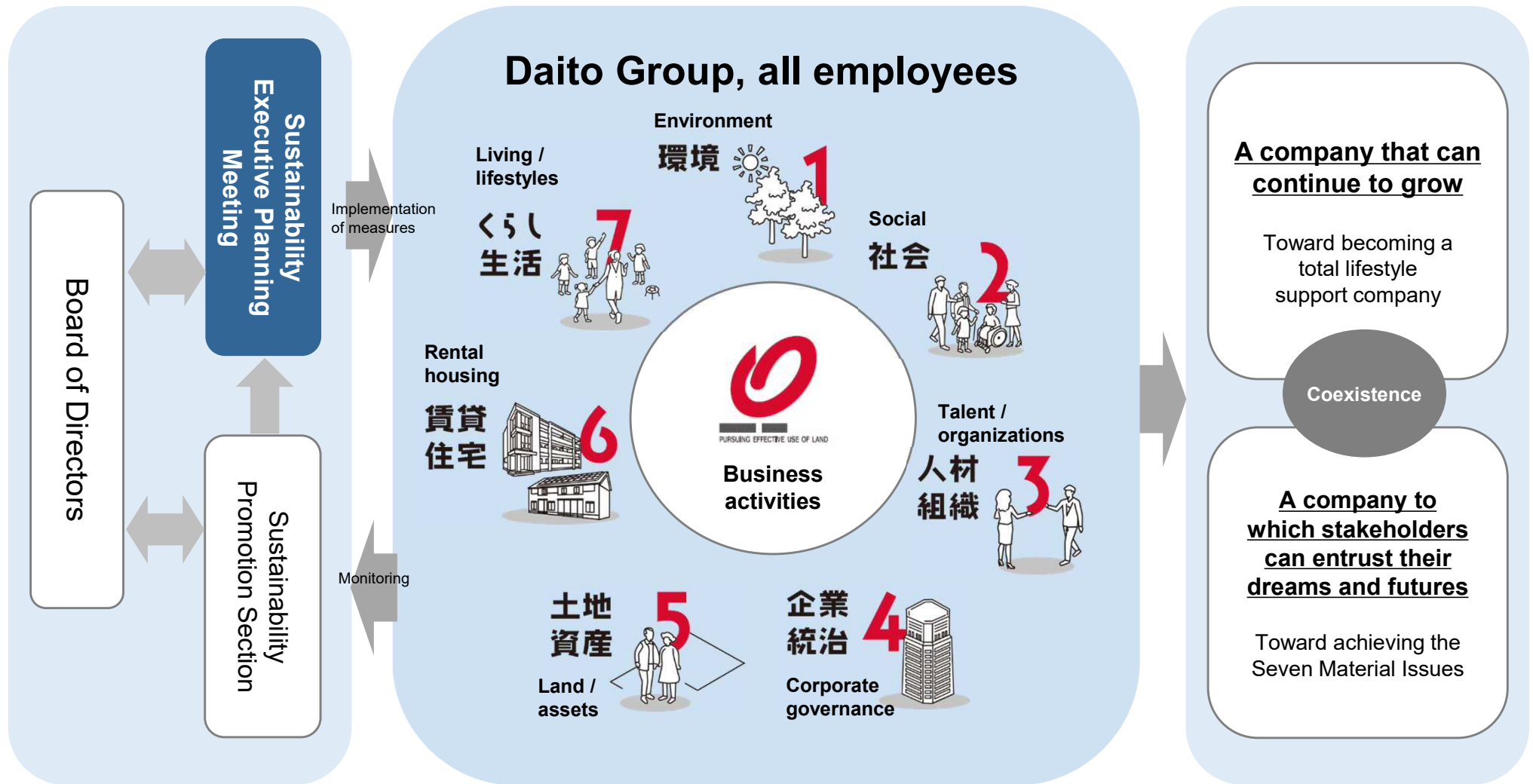
Create a next generation that can be relied upon in case of "what if" situations

Industry, government, and academia x local residents
Everyone is interested in disaster prevention and aims to support the development of the next generation.



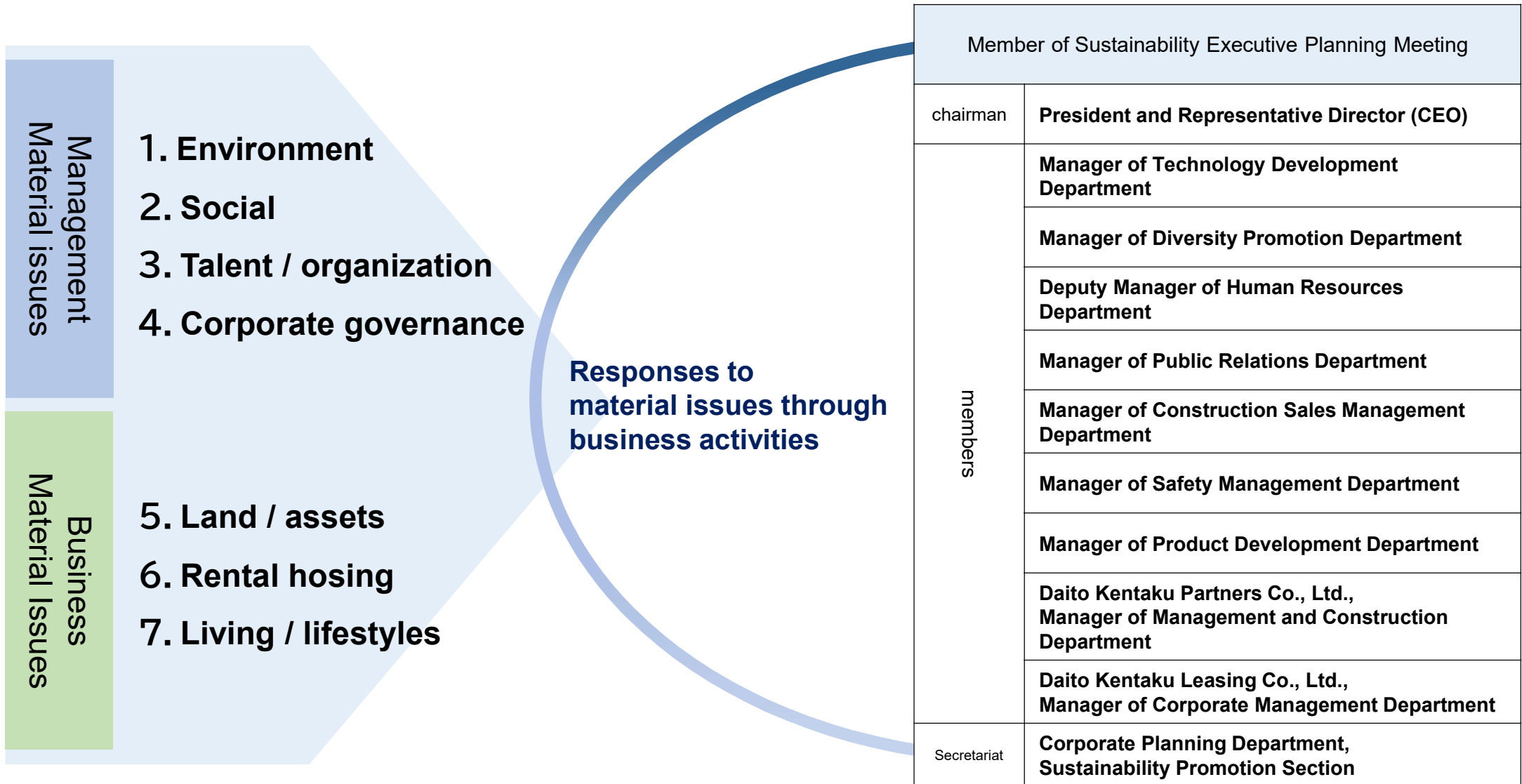
Initiatives Promoting Sustainability Management

Framework for Sustainability Management



Initiatives Promoting Sustainability Management

Sustainability Executive Planning Meeting



Initiatives Promoting Sustainability Management

New Five-Year Plan and Seven Material Issues



**Making sustainability
the core of our management,
we seek to achieve long-term stable management
along with sustainability in the leasing business.**



2. Environment Initiatives

1. Policy and structure

2. Strategy

3. Goal management and progress

4. Specific initiatives

5. Others



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

Environmental Management Promotion System

Environmental Management Promotion System



1. Policy and structure

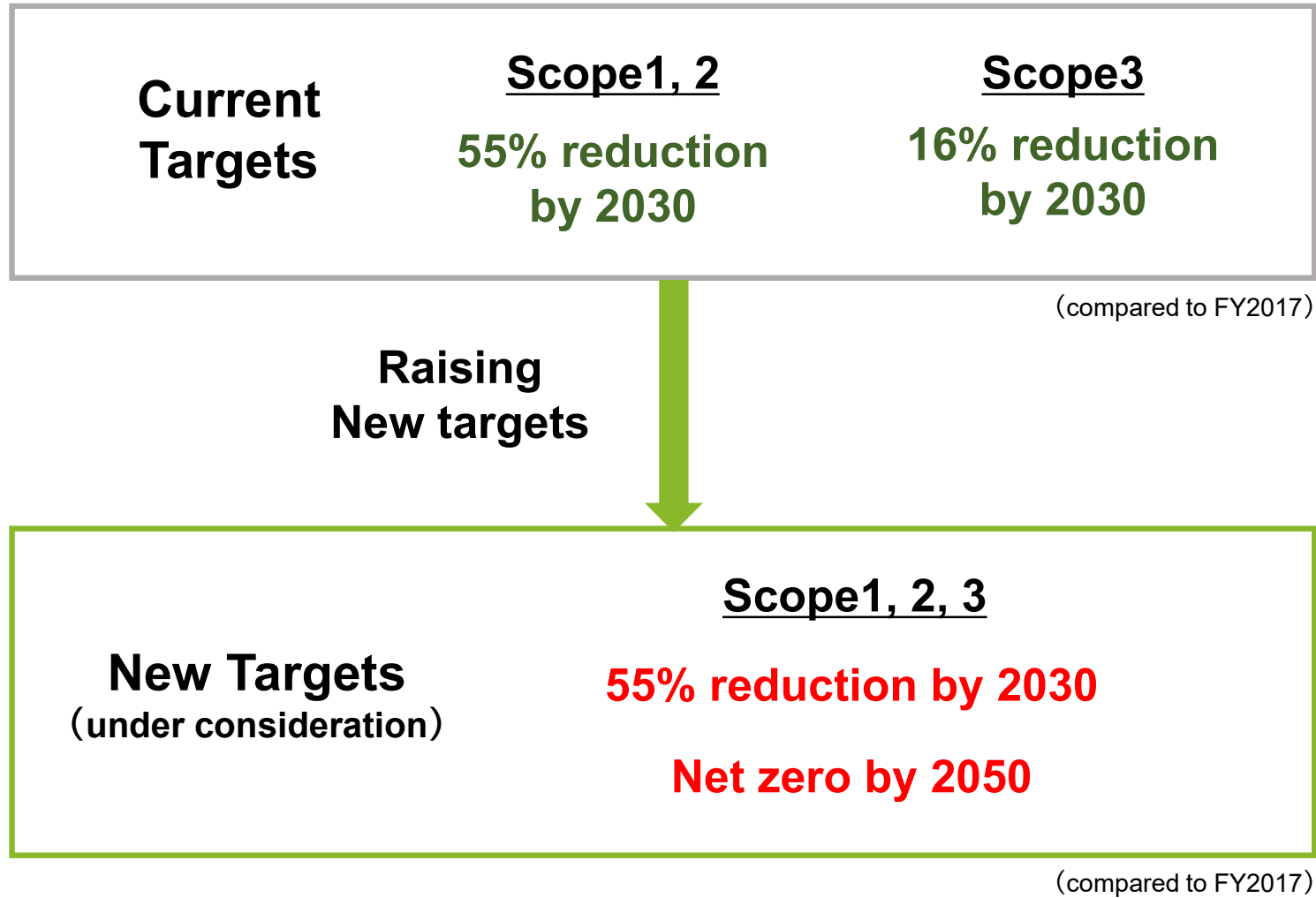
2. Strategy

3. Goal management and progress

4. Specific initiatives

5. Others

Greenhouse Gas Reduction Targets



Greenhouse gas reduction targets

SBT(1.5 °C level) certification



Terms of reduction approaches



Disclosers



1. Policy and structure

2. Strategy




3. Goal management and progress

4. Specific initiatives

5. Others

Progress of SBT·RE100·EP100

※Domestic

Initiative	Certification/ Membership	Long-Term Targets	Results		
			FY 2019	FY 2020	FY 2021
 <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)	55% (by 2030)	15%	21%	20%
	Scope 3 Certified in January 2019	16% (by 2030)	20%	44%	47%
 <p>CLIMATE GROUP EP100 Improving energy efficiency</p>	Joined in September 2020	Energy efficiency (compared to FY2017)			
		2 times (by 2030)	1.11 times	1.06 times	1.00 times
 <p>RE100 CLIMATE GROUP Initiative to use 100% renewable energy in business activities</p>	Joined in January 2019	Adoption of renewable energy (electricity)			
		100% (by 2040)	0%	9.7%	28%

Score of CDP (Carbon Disclosure Project)



Started responding to CDP from 2010 (information disclosure from 2014)

年度	2017	2018	2019	2020	2021
Climate Change	A-	B	A	C	A-
SER*2	-	-	A-	A-	A

*1 Carbon Disclosure Project

*2 Supplier Engagement Rating (Supplier Engagement Rating)

1. Policy and structure

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5. Others

The chart of our low-carbon housing initiative

Daito group's ZEH rental housing

2010~
2016

completed the first ZEH rental housing in Japan

In November 2017, completed the first ZEH rental housing in Japan



2017

Proposing ZEH for all buildings

By November 2021, Standardize proposals for ZEH rental housing



2021

Started sales of products based on ZEH

In May 2022, started sales of products based on ZEH-M Oriented



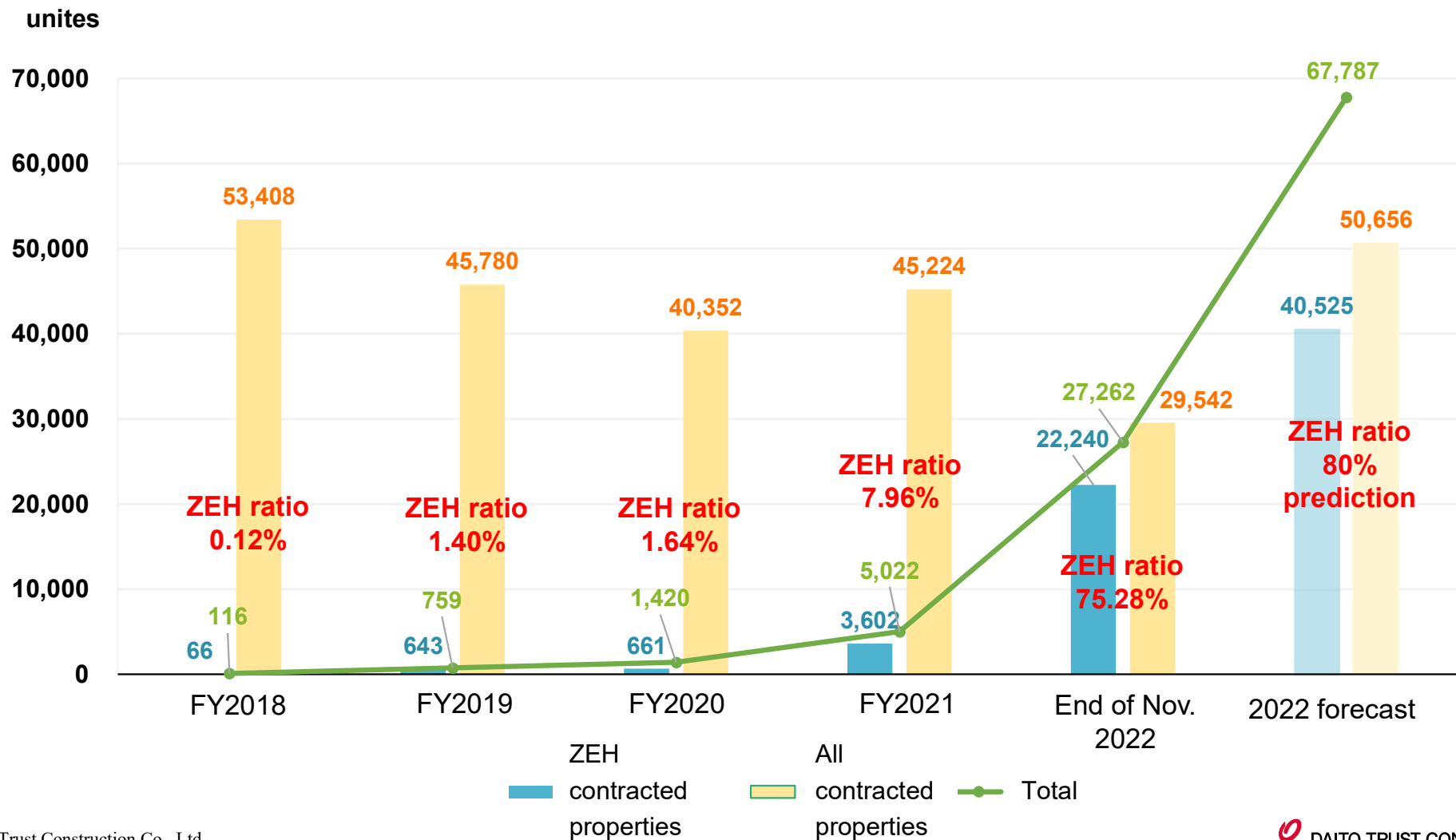
2022

Introduction of low-E double glazing (2010), standard introduction of LED lighting (2015), standard introduction of high-efficiency water heater (2016)
Compliant with the 2016 Energy Conservation Standards (2016)

Promotion of popularization of ZEH

The transition of our ZEH contracted properties

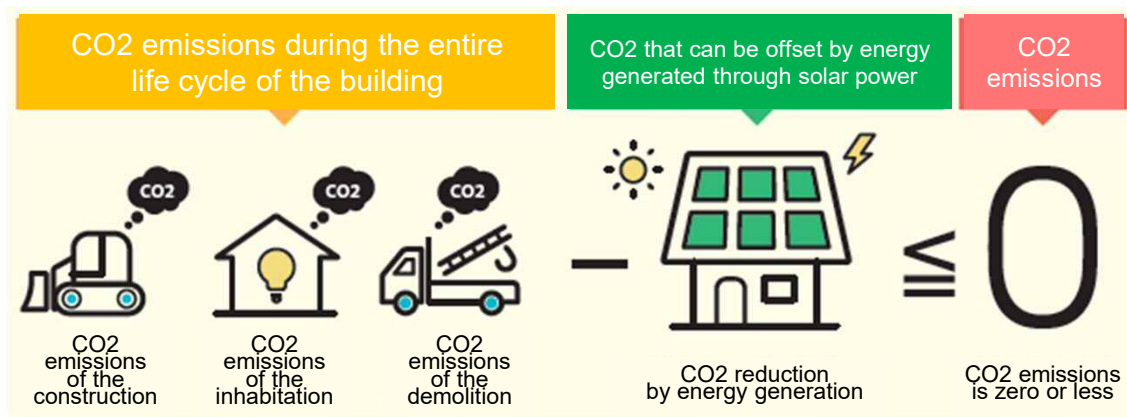
The end of November 2022, the number of ZEH units under contract totaled 22,240 units.



From zero energy to carbon minus (1)

LCCM (Life Cycle Carbon Minus) Rental Housing

The LCCM rental housing complex is a form of carbon-free housing in which the overall amount of CO2 emitted across the entire life cycle of the property (production, transportation, construction, inhabitation, renovation, demolition, and disposal) is offset by renewable solar energy such that the net output is zero or less.



The first LCCM rental housing complexes



- Main structure:
wooden 2x4 construction method
- Number of floors:
2 floors above ground, 6 households
- Total floor area 351.09 m²
- Building area 183.92 m²
- Construction site:
Soka City, Saitama Prefecture
- Amount of solar power generation:
35,618 kWh/year
- Energy-saving performance: BEI 0.40

Commercialization of standardized LCCM rental housing complexes

In October 2022, we have successfully commercialized the first domestic LCCM rental housing complex “NEW RiSE LCCM” and started selling it.



Image of “NEW RiSE”

Specifications of LCCM rental housing complexes - Environmental friendly equipment-



Enhanced insulation performance



Single-sloped roof shape



Storage battery



High efficiency air conditioner

Specifications of LCCM rental housing complexes

Promotion of wooden buildings

2x4 wooden low-rise housing

The main products is the 2x4 construction method that uses low-carbon material “wood”.



Structural image of 2x4 construction method



Product examples

No.1 in the number of housing units supplied for 12 consecutive years

Development and sales of CLT products

Technology and product development using new wooden building material “CLT”.

CLT mid-rise housing



Image of skeleton



Image of exterior

CLT detached house



Promotion of wooden buildings

The first CLT four-story fire-resistant building was completed in Funabashi City

On July 28, 2022, the first standardized and industrialized CLT rental apartment building in Japan, which adopted our unique CLT construction method, was completed in Funabashi City, Chiba Prefecture.



[Building overview]

Use (number of units): Apartment (7units)

Number of floors: 4 floors

Building height: 13.44m

Building area: 81.54m²

Total area: 299.12 m²



Plan view

Development of disaster-prevention-conscious housing

Disaster-prevention-conscious rental housing “niimo”

The “niimo” is the disaster-prevention-conscious rental housing specifically designed to be flood-resistant.

The strong construction of reinforced concrete increases the possibility that it will continue to function as a residence even if the first floor is flooded in the event of a disaster.

The 1st floor has a reinforced concrete (RC) structure

The 2nd and 3rd floor has a two-by-fours structure

Mixed
structure



Image of
Disaster-prevention-conscious rental housing “niimo”

Received the Excellence Award at the Fifth EcoPro Awards

In September 2022, niimo received the Excellence Award at the Fifth EcoPro Awards.

Points of this year's award

- (1) Developing flood-resistant housing from the perspective of “adaptation” to climate change
- (2) Proposals for coping with nature so that people can continue to live even in the event of a disaster
- (3) Quantification of environmental load by LCA and efforts to improve the environmental performance of housing



* With this award, it is the third consecutive year to win the award, following the 2020 CLT initiative and the 2021 LCCM initiative.

Initiatives of introduce renewable energy

Introduced to Head Office Shinagawa East One Tower

From November 2021, we started supplying renewable energy derived from 100% domestic woody biomass.

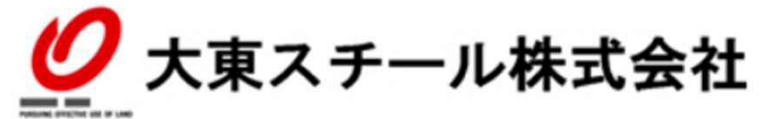
Annual power generation: 14,849,644kwh



Shinagawa Est One Tower

In addition to the three main companies, major group companies have also started introducing renewable energy.

Japan: 28% Overseas: 0%
Consolidated: 18%



Results of roof rental solar power generation business

Solar power generation

301 GW
(End of November, 2022)

Equivalent to the annual power consumption of approximately **69,787 households**

*Calculated from the Ministry of the Environment's "Energy Consumption at Home" The national average for electricity is "4,322 kWh"



Installation situation

Number of solar panels installed on the roofs of new and existing buildings

Installed in **22,644 buildings**
(End of November, 2022)



Scheduled to reach **25,000 buildings**
(End of FY2022)

Number of solar panels installed in ZEH rental housing (DK-ZEH)

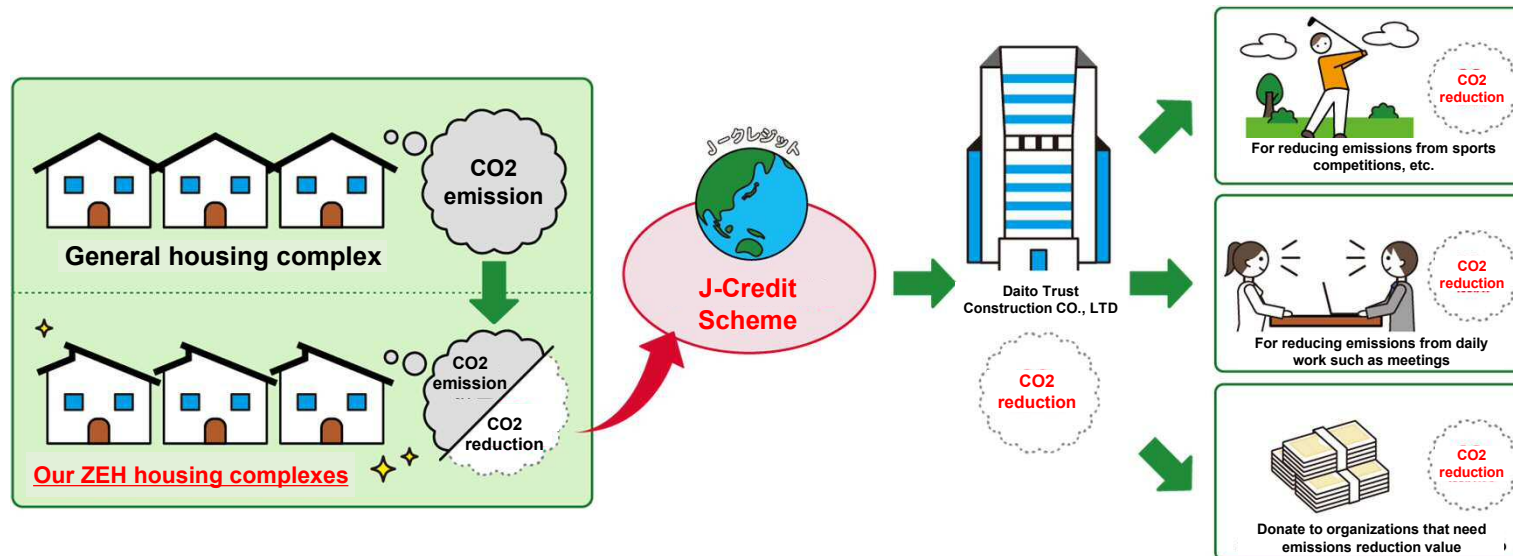
Installed in **223 buildings**
(End of November, 2022)



Scheduled to reach **551 buildings**
(End of FY2022)

Energy-saving value created by our buildings into Credits

The J-credit system is a mechanism that converts the CO2 reduction effects of our buildings into credits and uses them for decarbonization efforts.



Carbon Offsets by E-Heya Net Ladies

At the “Daito Trust E-Heya Net Ladies” held in July 2022, we implemented a carbon offset to offset part of the emitted CO2 with our J credits.



1. Policy and structure

2. Strategy

3. Goal management and progress

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Expressed our commitment to the GX League

The GX League is a place where companies work together with the Ministry of Economy, Trade and Industry to aim for transformation toward carbon neutrality by 2050.

We have announced our support from the beginning of the GX league establishment preparation meeting in April 2022, and plan to participate in the emissions trading trial in 2023.



Participation in the “National Campaign to Create a New, Abundant Lifestyle Leading to Decarbonization”

In October 2022, the company announced its participation in the Ministry of the Environment's "National Campaign to Create a New, Abundant Lifestyle Leading to Decarbonization".

At the inauguration ceremony, President Kobayashi gave a speech about the company's efforts to develop and popularize LCCM rental housing and disaster prevention housing.



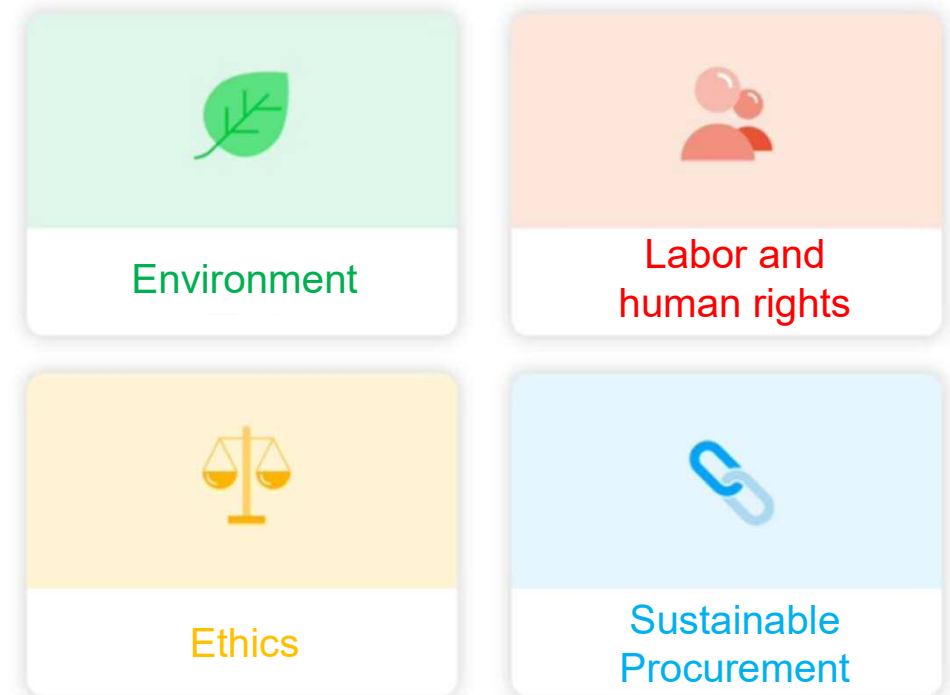
President CEO at the inauguration ceremony

Introduce EcoVadis, a supply chain CSR evaluation system

In August of this year, we became the first company in the construction industry to introduce EcoVadis, a supply chain CSR evaluation system, for sustainable procurement.

ecovadis
Business Sustainability Ratings

- **Company name:** EcoVadis
- **Content:** **Supply chain CSR evaluation system**
- **Numbers of customers :**
 - Buyers: about 760
 - Suppliers: about 90,000
(including about 3,500 Japanese companies)



Four evaluation areas of EcoVadis

Request for cooperation from suppliers

(1) Disclosure of GHG emissions information
(Scope1, 2)

(2) Obtain for EPD

* EPD...Environmental Product Declaration
Products that disclose information on the environmental impact of the product over its life cycle and receive third-party certification.



Refining our understanding of
Scope 3

Toward standardization of LCA (Life Cycle Assessment) of building products

From August 2022, we introduced “One Click LCA,” software for visualizing CO2 emissions, etc. during construction, and started studying toward LCA standardization.



Initiatives for biodiversity (1)

Use of certified forest materials

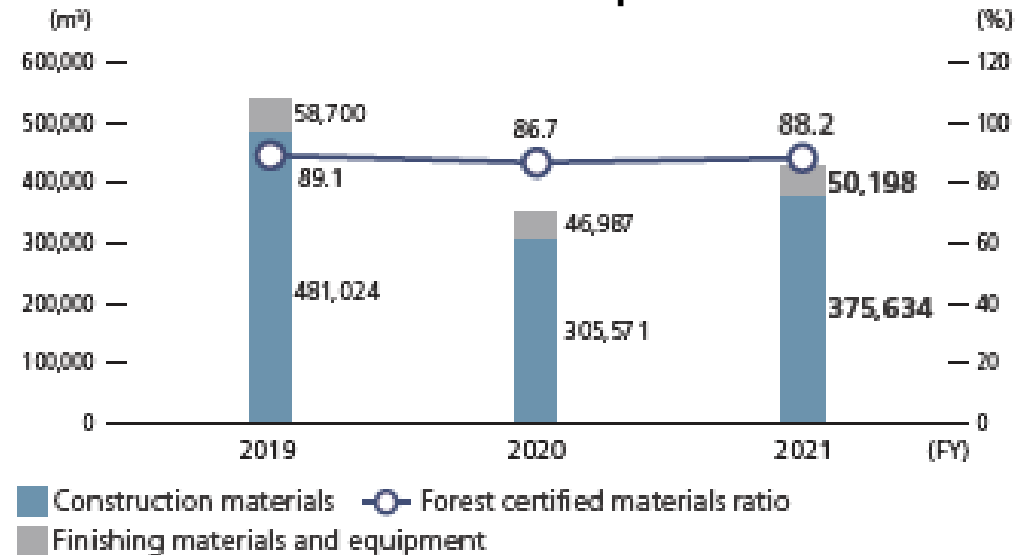
For all structural materials, we use timber certified by each certification system organization (FSC, PEFC, etc.)* in order to prevent deforestation through timber procurement.

* Including legal wood

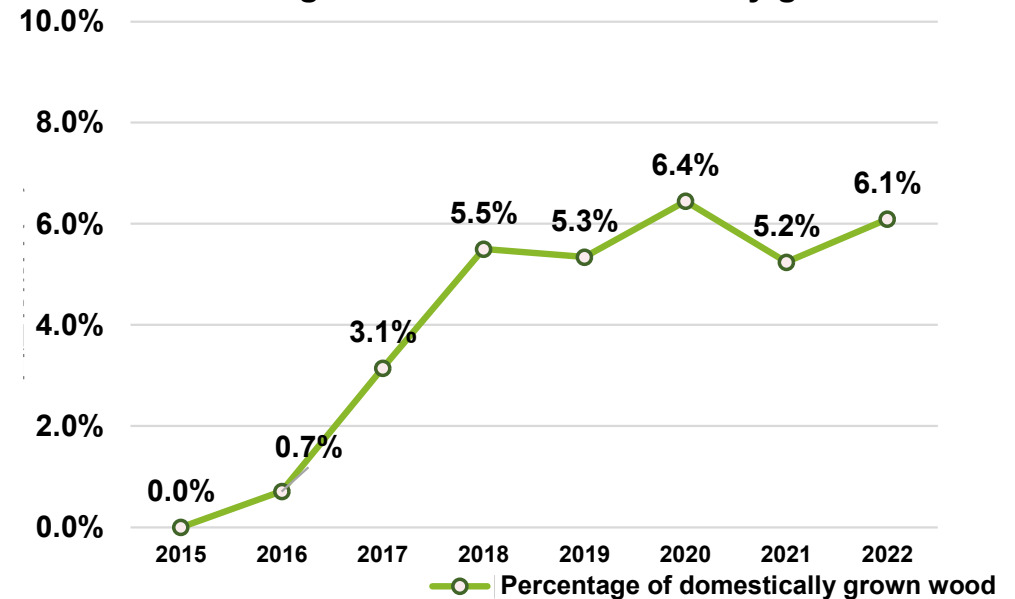
Promoting the use of domestically grown wood

By actively using domestically grown wood, we are contributing to the healthy development of forests and the conservation of biodiversity.

Forest Certification Acquisition Rate



Percentage transition of domestically grown wood



Initiatives for biodiversity (2)

30by30 Alliance for Biodiversity

The 30by30 Alliance aims for the effective conservation of at least 30% of land and sea territories as healthy ecosystems by 2030. Our Group announced its entry into the 30by30 Alliance in April 2022.



Forest conservation hands-on activities

In October 2022, we held a program for learning about tree planting and conservation activities. In the next year, we plan to expand the content and locations of activities such as tree planting and biodiversity conservation.



Donation to Sumita Town, Iwate Prefecture

In November 2022, in Sumita Town, Iwate Prefecture, we donated the cedar planting and forest management costs as the same amount of the timber we used which is made in Iwate Prefecture. This year marks the 9th year of the donation.





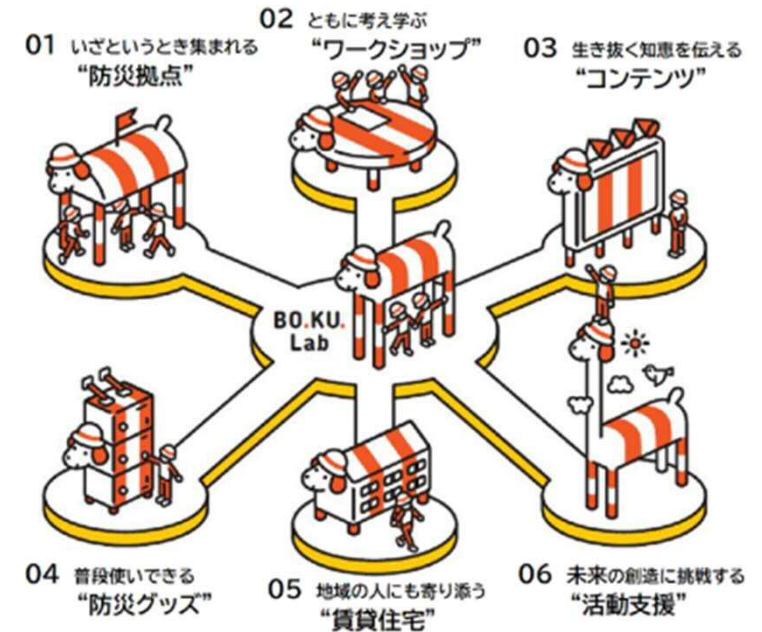
3. Social Initiatives

Leveraging the Power of a National Network to Improve Disaster Preparedness

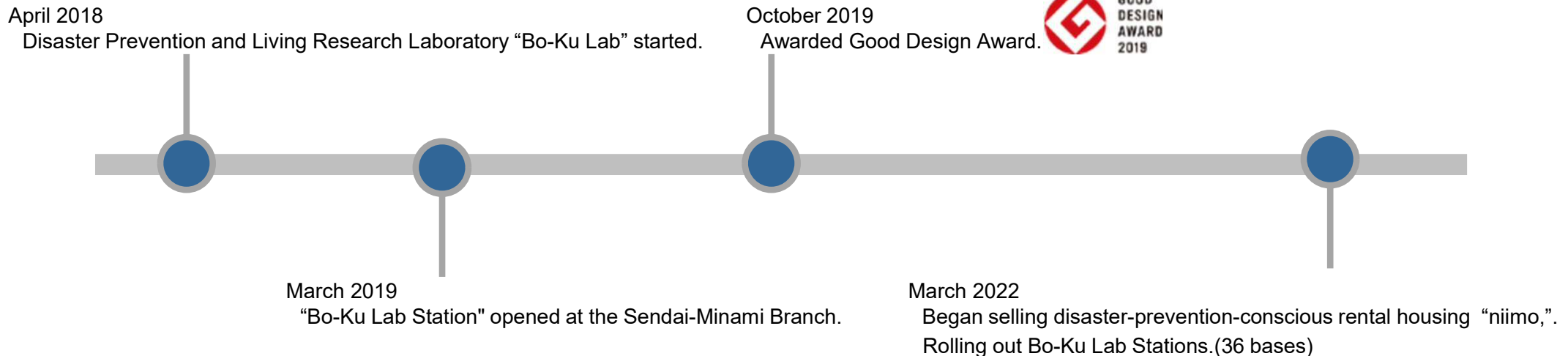


Disaster Prevention and Living Research Laboratory “Bo-Ku Lab”

- ✓ Project aims to raise disaster awareness in the rental housing industry.
- ✓ The Daito Group will develop various disaster prevention projects and Aiming to create a foundation to connect people and communities.



Main History



disaster prevention center (1) : Boku-Labo stations

- ✓ "Boku-Labo stations" is where some of Daito branches across Japan are converted into disaster prevention centers.

The "Three Preparedness" at Boku-Labo stations

① Disaster Prevention Stockpiles

» Distributing water and food to the community in times of shortage.

② Tools necessary for rescue according to local characteristics

③ Electric vehicles, generators, and cassette cylinders

» Support up to restoration of lifelines.



*36 bases as of August 2022 (65 bases by 2030)

disaster prevention center (2) : Disaster response units and gas appliances

- ✓ Ensuring Energy from LP Gas in Times of Disaster.



In preparation for lifeline outages, we have generators, gas stove pots, and other equipment capable of supplying ener.

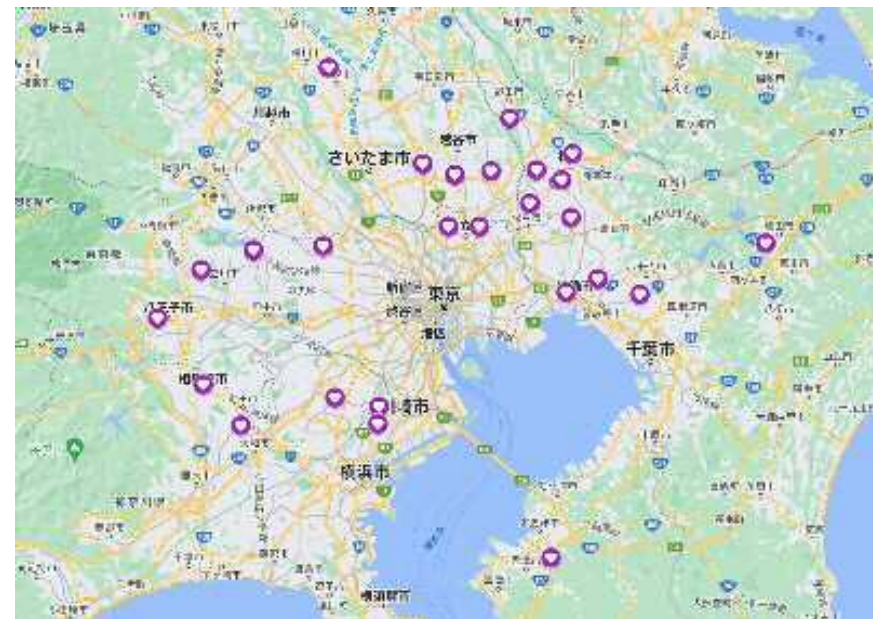
*33 bases as of August 2022 (70 bases by 2030)

disaster prevention center (3) : Disaster return assistance station

- ✓ Toilet, water, and road traffic information to help you get home on foot.



Raise awareness and increase visibility among residents Disaster Return Assistance Station stickers



* 26 bases as of August 2022 (40 bases by 2030)

Workshop : Local Disaster Prevention Events

- ✓ We regularly hold events at Boku-Labo stations where we invite local residents to come and learn about disaster prevention in a fun way.

Main Events

- 1 Disaster prevention lectures by Daito Trust Construction employees who are certified disaster prevention specialists
- 2 Explanation and demonstration of disaster supplies
- 3 How to utilize electric vehicles in times of disaster
- 4 Lectures on local disasters and disaster prevention knowledge



Event



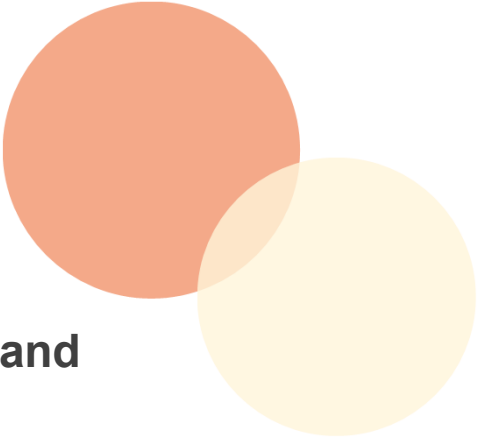
Disaster experience corner by VR

Activity Support : Children's crafts course "Yumeie."

- ✓ This is a program to create your own original "dream house" by exercising the power of "creativity and imagination" and using your own free ideas.

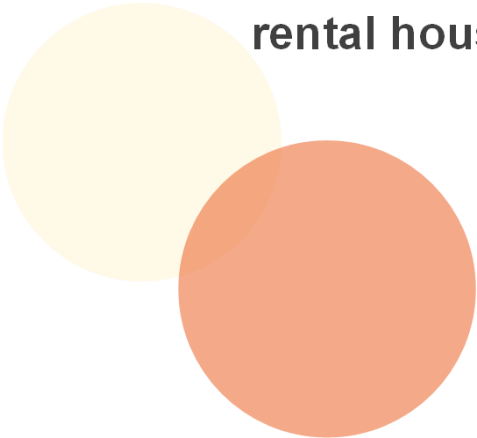


*Fieldwork in "Yumeie." (January 2021)



The Daito Group is committed to addressing local social issues and pursuing a new way of life in preparation for "what if" situations in the community through efforts to improve disaster preparedness by leveraging the power of its nationwide network.

In addition We are committed to revitalizing local communities through rental housing and contributing to the early recovery of the entire region.



Promote organizational climate reforms starting from Employee Engagement Surveys



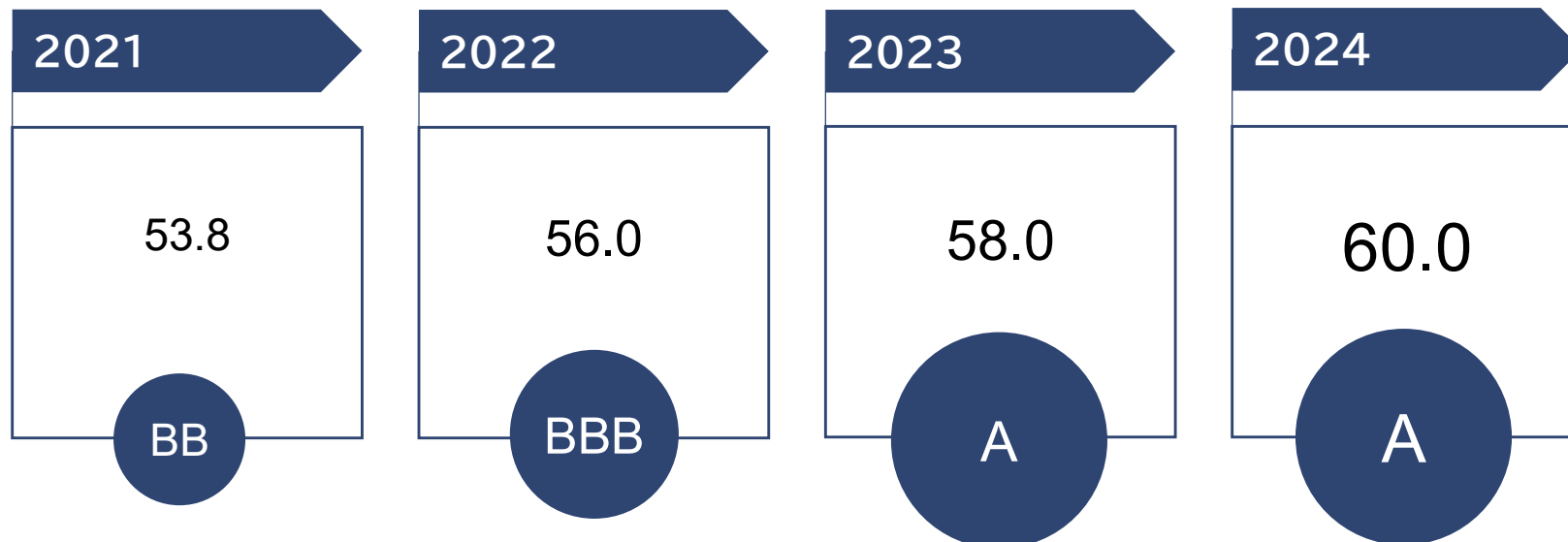
Employee Engagement survey Results

Time of Implementation	Number of Respondents	Engagement Score	Engagement Rating
November 2021	7,669	BB	53.8
May 2022	7,751	BBB	57.5



(other companies average: B) (other companies average: 50.0)

Score targets



Improvement activities are carried out under both company and workplace initiatives

✓ Company-led improvement activities :

Various measures are being promoted to address impediments to engagement.

Main measures

- Stimulate internal communication
- Conducting workshops for managements
- Present examples of high-engagement organizational initiative
- Establish a consultation service



✓ Workplace-led improvement activities :

managements are implementing workplace improvement activities for organizational issues in their own departments that have been visualized.



The Daito Group aims to be a highly engaged company where each and every employee feels autonomy, fulfillment, and pride.



Diversity & Inclusion

LOVE COLORS

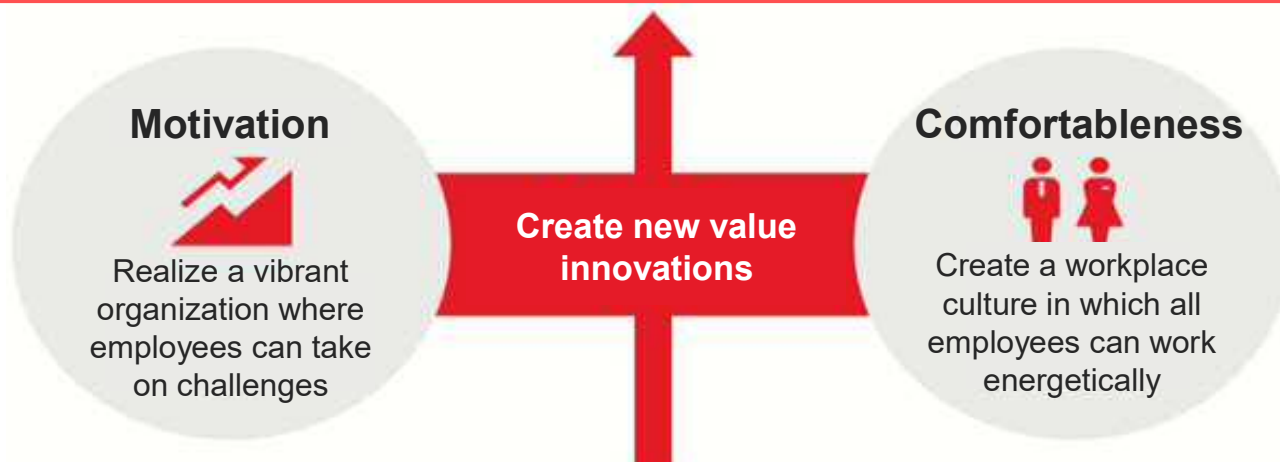
Employee individuality is the Company's strength



Basic Policy on Diversity and Inclusion

The Daito Group aims to be a company where each individual can realize every man in his humour own way of life through work and where everyone can make the most of his or her individuality.

To be a company that can be entrusted with dreams and futures, and generate sustainable growth as a “total lifestyle support company” centered on the Comprehensive Leasing business



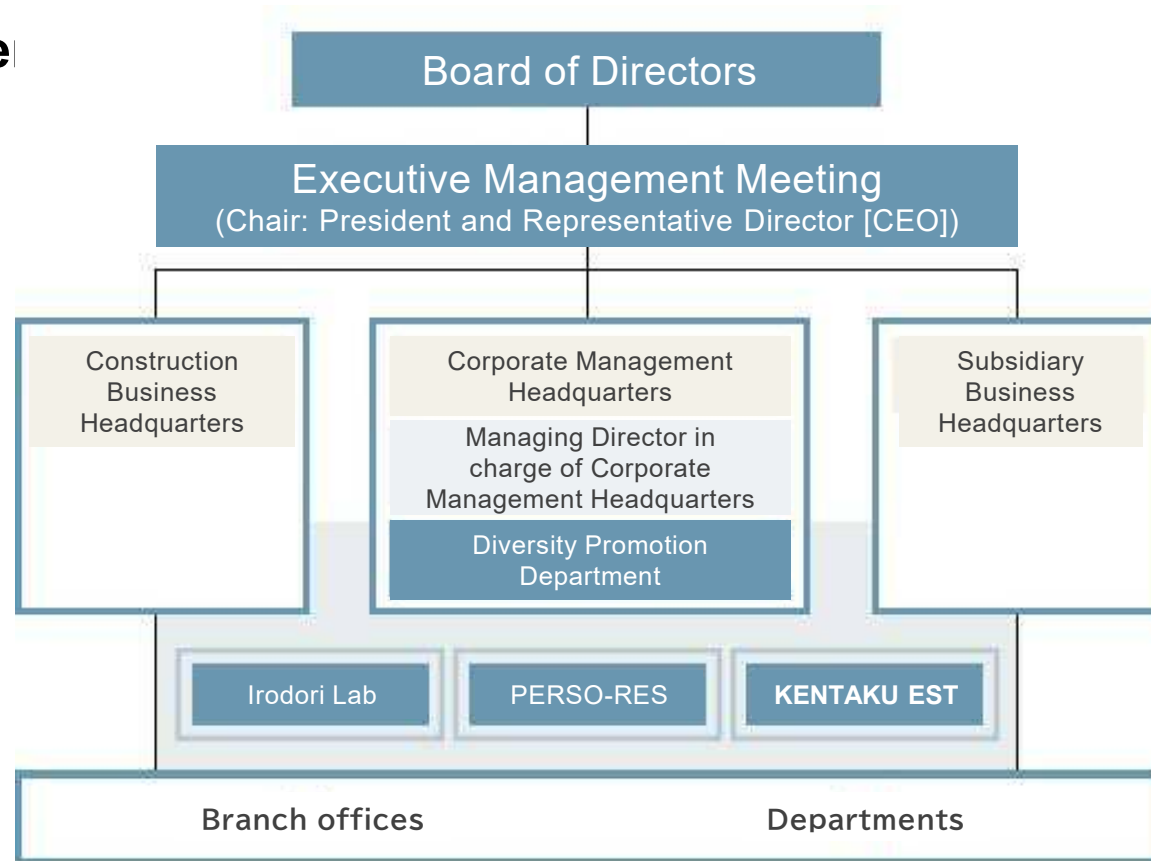
Diversity and Inclusion

Respecting individuality, recognizing diversity, and maximizing abilities



Basic Policy on Diversity and Inclusion

System Enhance



External Recognition



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

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

Education Programs for Female Employees

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

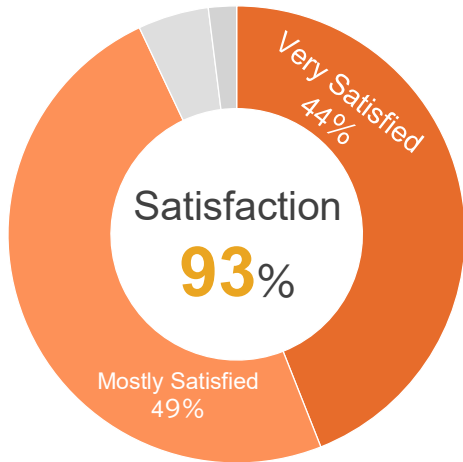
Training for managers

- ✓ Understanding the need to promote women's activities
- ✓ Learn how to cultivate an understanding of the differences between men and women (e.g., attitudes, values, etc.)

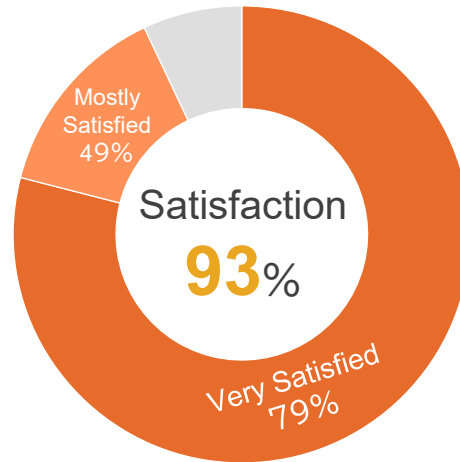
Specific Initiatives to Promote Diversity and Inclusion

Results of Post-Training Questionnaire

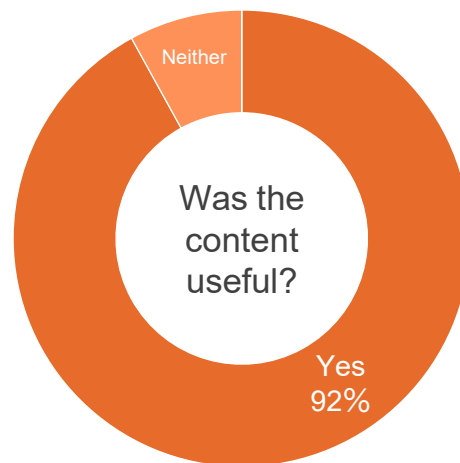
- ✓ Career planning seminar
- For those who rise to leaders -



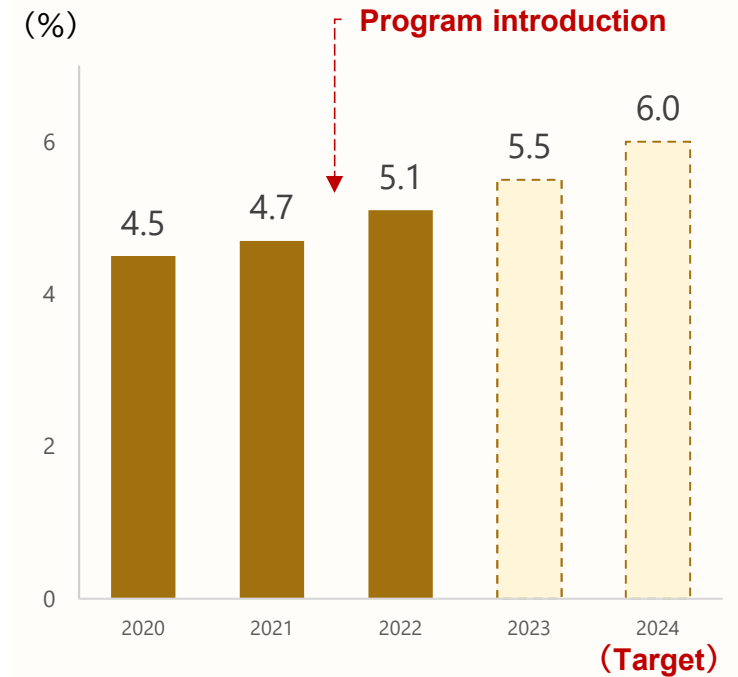
- ✓ Leader Seminars
- For women leaders -



- ✓ Training for managers



Percentage of female management personnel (April)





4. Governance Initiatives

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.

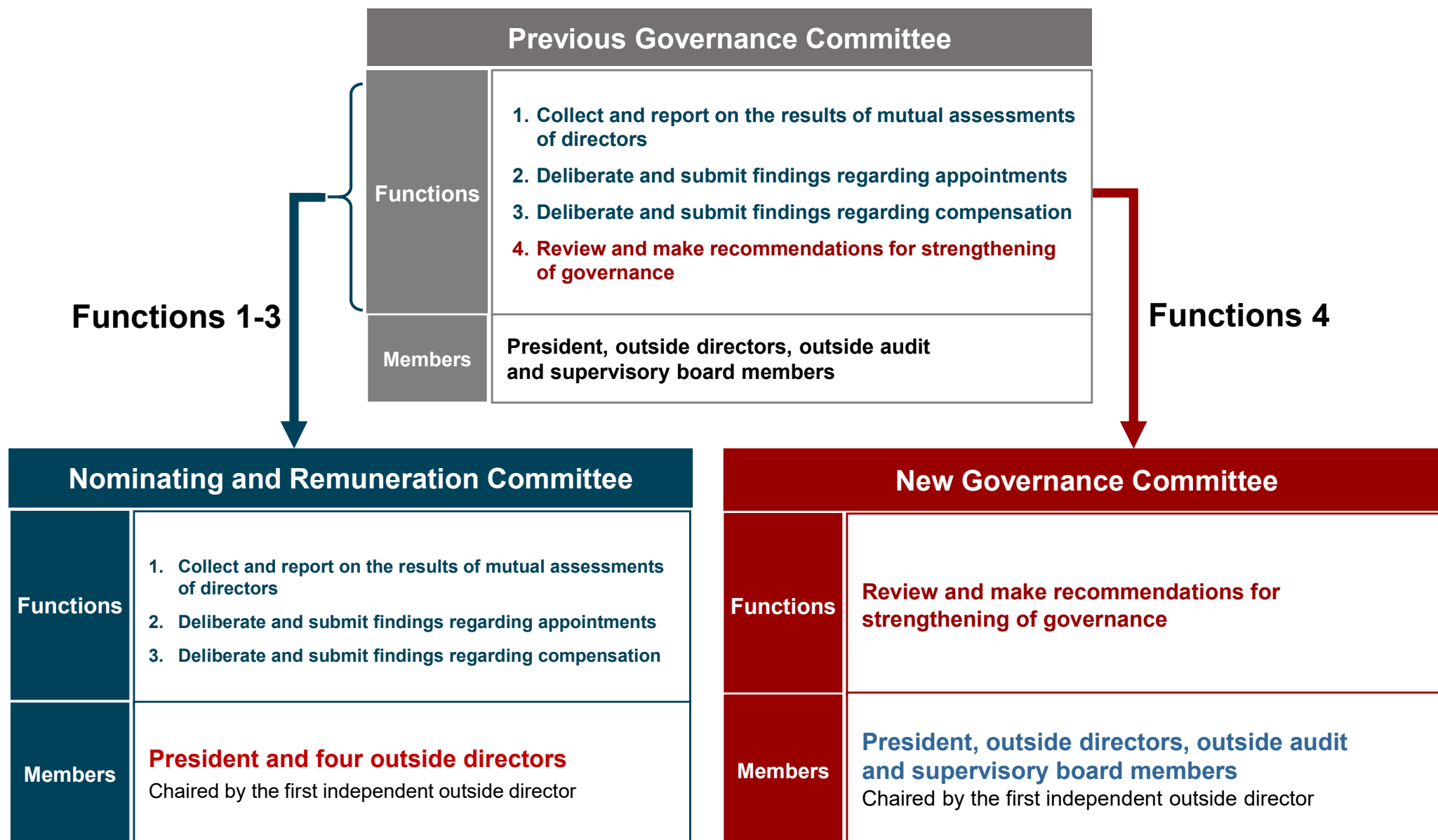
Management Structure

Decision-Making and Oversight of Management

Business Execution



Establishment of Nominating and Remuneration Committee (Dec. 2021-)



■ Comments from Outside Directors

Outside Director

Chairman of the Governance Committee

Chairman of the Nominating and
Remuneration Committee

Lawyer

T. Yamaguchi



- ▶ Amid the dramatic changes in the business environment surrounding our company, outside directors play a central role in determining the nomination and remuneration of officers in order to ensure prompt decision-making and the exercise of the supervisory function of the Board of Directors.
- ▶ The Governance Committee discusses not only how to improve the governance system, but also how to improve its "effectiveness."

■ Major Initiatives in the Committees

Nominating and Remuneration Committee

1. Tallying of mutual assessments and interviews for directors
2. Deliberation on succession process of manager
3. Deliberation on executive compensation design

Governance Committee

1. Deliberation on separation of supervision and execution in operation
2. Analyzing result of assessment on effectiveness of the Board of Directors
3. Monitoring and advice on recurrence prevention measures of inappropriate accounting

Response to the inappropriate accounting

Major items and impacts (as announced in June 23, 2022)

Items	Impacts	Total
Overstatement of accounts payable and accrued expenses at consolidated subsidiaries	¥570mn	Understatement of profit ¥780mn
Inappropriate payment of advertising expenses, etc. at consolidated subsidiaries	¥210mn	

780 million yen has already been included as non-operating income in the 1Q results

Recurrence prevention measures (as announced in July 27, 2022)

Restructuring of accounting department structure and control environment	Restructuring of the system and control environment for offices and other management departments
<ol style="list-style-type: none"> 1. Separation of the person in charge of budget management from the person in charge of accounting 2. Clarifying the criteria for estimating allowances and the assurances required for the approval process for payments 3. Raising awareness of compliance of accounting employees 	<ol style="list-style-type: none"> 4. Enhancing officers' understanding of internal controls and accounting procedures 5. Increasing the frequency of audits of head office departments to deter fraud and detect problems early 6. Dissemination and promotion of use of the whistleblowing system

Steadily implement training for directors and employees and review of regulations to restore trust