



Trust

Life is Built on Trust.

グリーンボンド・フレームワーク

1. Introduction

Daito Trust Construction ("The Daito Group") designed its inaugural the "Daito Trust Green Bond Framework" ("the Framework"). The Framework is reviewed by an external reviewer Rating & Investment Information, Inc, which provided second party opinion that the framework aligns with ICMA Green Bond Principle 2021 and Green Bond Guideline 2020 published by Ministry of Environment, Government of Japan. The Daito Group issues green bond in accordance with the framework.

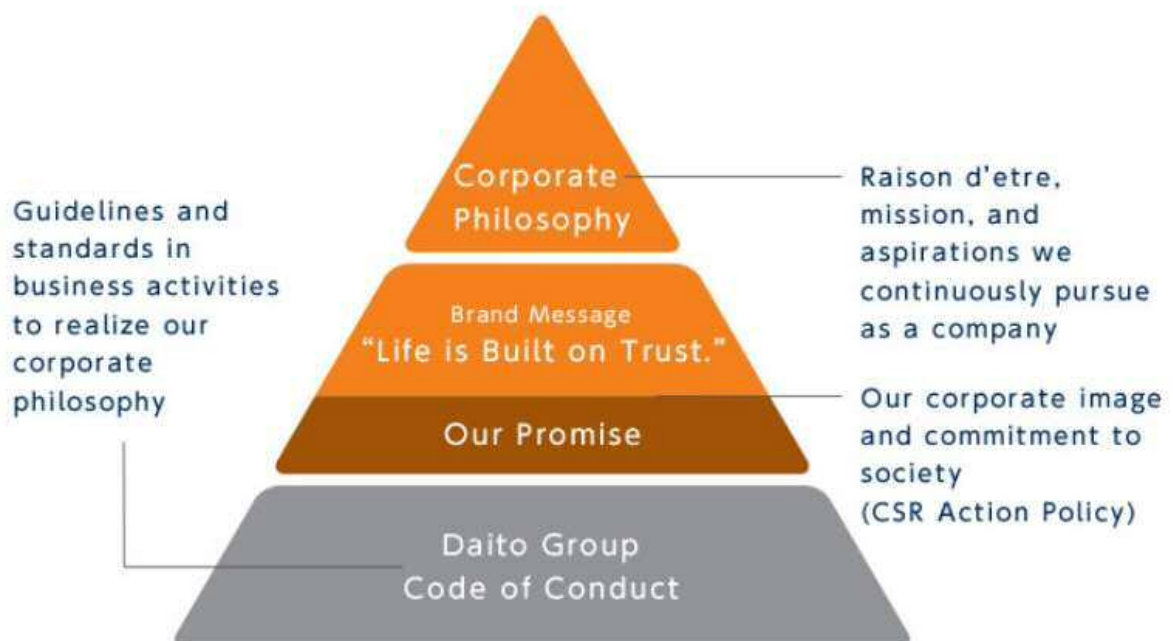
1.1 About The Daito Group

The Daito Group is comprised of 32 consolidated subsidiaries and 5 affiliated companies. Our core business model, "Lease Management Trust System" provide comprehensive rental housing services which vary from planning and construction of buildings to intermediaries and operation of buildings as well as services that are associated with rental housing business. In commitment to our brand message, "Life is Built on Trust," we are constantly pursuing new values enabling us to make a positive contribution to the global environment, local communities and the lifestyles of our tenants.

1.2 Our Management Policy

At the Daito Group, we have an unshakeable commitment to our Corporate Philosophy and to strengthening and growing business domains with the aim of becoming a company that our stakeholders feel comfortable entrusting their dreams and future to and that can generate sustainable growth as a total lifestyle support company.

With the following six items as guidelines and standards for daily business activities, the Code applies to the conduct of everyone in the Group.



【Corporate Philosophy】

"Contributing to society by realizing extensive and effective use of limited land."

【Our Promise】

To our owners: “Entrusted with land that was built on or land to build on,” we constantly pursue value that lasts for generations

To our tenants: From housing search to providing support for comfortable living, we offer services that bring the highest level of satisfaction to tenants

To our shareholders: We promise a stable shareholder return by realizing our business plan.

To our business partners: We will build symbiotic partnerships by placing importance on local and human relationships.

To local communities: We will contribute to revitalize local economies and local society by anticipating social changes

As employees: We will build a vibrant workplace environment where every employee is able to gain a sense of satisfaction through their challenges

【Daito Trust Code of Conduct】

1. Legal Compliance and Corporate Ethics
2. Management Transparency and Confidentiality
3. Customer-First Principle
4. Social Responsibility
5. Environmental Issues and Health and Safety
6. Overseas Activities

1.3 Environmentally Friendly Management

1.3.1 Environmental Policy

The Daito Group, as a part of our CSR activity, will work on promoting environmental management to achieve a decarbonized society which aligns with our corporate philosophy and “Our Promise”. Based on the idea that “global environment=living environment”, the Daito Group makes recommendations towards a hospitable global environment that establishes harmony between local businesses and nature. It promotes environmental management across the entire Group in order to pass on the global environment, an important corporate resource, to the next generation.

【Environmental Basic Policy】

We are committed to the 3Rs (Reduce, Reuse, Recycle) and proactively working to conserve the global environment through all of our business activities. As a leading corporation in terms of land use, we will continue to offer excellent living environments with an emphasis on maintaining harmony with local communities and nature.

【Environmental Action Guidelines】

1. Legislation: We conduct business activities in compliance with laws and regulations relating to the environment
2. Education: We continue to run awareness-raising activities, and all of our employees continue to take the lead in promoting eco-friendly activities.
3. Reducing resources: We are committed to reducing our environmental impact by aiming to extend the service life of our buildings and use fewer resources.
4. Reusing resources: We are committed to reducing our environmental impact through actively reusing materials.

- 5. Recycling resources: We are committed to reducing our environmental impact through increased recycling of resources
- 6. Creation: We offer people-friendly living environments and provide services that contribute to reducing environmental impact

1.3.2 Our New Environmental Management Strategy

As we see greenhouse gas level rising sharply, average temperatures rising, and extreme weather events occurring frequently, The Daito Group takes climate crisis(global warming) seriously and considers it an important challenge that we need to tackle.

In fact, we have recently developed a new environmental management strategy that looks ahead to 2050. This is not only a part of our ongoing social responsibility, but also a chance to achieve long-term business growth. At the heart of this strategy is the "Daito 2050 Environmental Vision," which states our aim to contribute to the realization of a sustainable society through our business activities as an environmental leader.

The new environmental management strategy is a tangible outcome of our Environmental Vision that clearly identifies measures to achieve our strategies and targets. The strategy shines a light on, and reconsiders, how the Daito Group does business in the following six areas: construction, lifestyle, waste, business, nature and people.

【Vision】

- "Daito 2050 Environmental Vision," which states our aim to contribute to the realization of a sustainable society through our business activities as an environmental leader

【Strategy】

- Construction: Realize consideration for the environment and reduction of CO2 emissions during construction
- Lifestyle: Realize zero CO2 emissions while living in Daito's buildings
- Waste: Realize recycling of all waste
- Company: Realize zero CO2 emissions in business activities
- Nature: Realize a society coexisting with the natural environment
- People: Realize environmentally friendly people and organizations

【Measures】

- Construction: Reduced work, shorter, construction period/ Visualization of greenhouse gas emissions/ Decarbonization of construction sites
- Lifestyle: Reduction of greenhouse gas emissions/ Promotion of ZEH sales/ Development and introduction of energy-saving materials
- Waste: Promotion of recycling of waste wood/ Development of construction methods with fewer waste emissions on site/ Reduction of waste plastic emissions
- Company: Promotion of energy saving/ Promotion of renewable energy/ Reduction of greenhouse gas emissions by vehicles
- Nature: 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: Strengthening of environmental management systems led by branch offices/ Implementation of environmental training for employees

【Targets】




- Greenhouse gas reductions backed by climate science (SBT)
 - A new reduced target of 1.5°C by 2030 (compared to FY2017)
 - ✓ We will continue our efforts to determine and reduce our greenhouse gas emissions in aims of realizing a post-carbon society
- Use 100% renewable energy for business activities (RE100)
 - ✓ We aim to source 100% of electricity used for our business activities from renewable sources by 2040
- Promote increased energy efficiency through energy conservation initiatives (EP100)
 - ✓ We aim to double our energy efficiency by 2030 (compared to FY2017)

1.3.3 Medium- to Long-term Environmental Targets

Every year, using our Medium- to Long-term Environmental Targets as a base, we consider and implement concrete initiatives and action plans toward achieving them. At the same time, we also consider initiatives in line with the SDGs.

Going forward, we will continue to pursue initiatives toward attaining our environmental targets and resolving global social issues.





【Low-carbon Society】

Sustainable Society	Related SDGs	Category	Item	Daito Trust Medium-to Long-term Environmental Targets		
 Low-carbon Society		Greenhouse Gas Emissions	Reducing overall greenhouse gas emissions	Overall greenhouse gas emissions (Scope 1+2)	Total Amount	55% reduction compared to FY2017 by FY2030*
				Overall greenhouse gas emission(Scope3)	Total Amount	16% reduction compared to FY2017 by FY2030*
		Energy Consumption	Reducing electricity used in offices	Amount of electricity used in offices(kWh)	Total Amount	Annual reduction of 4.2% compared to the previous year
			Reducing electricity used on construction sites	Amount of electricity used on construction sites (kWh)	Total Amount	Annual reduction of 4.2% compared to the previous year
			Reducing the amount of gasoline and diesel fuel used	Amount of gasoline and diesel fuel used (L)	Total Amount	Annual reduction of 4.2% compared to the previous year
		Developing and Proposing Energy-saving Solutions	Promoting the introduction of energy-saving materials	Setting standards and options for energy-saving materials		Promotion
			Increase in percentage of buildings using energy-saving materials	Buildings with a BEI value(as of FY2016 standards[to be revised when standards are updated])of 0.9 or less	Proportion of contracted buildings	100% by FY2030
			Low-carbon Energy	Use of low-carbon energy	Electrical power with a low CO2 emissions coefficient	
		Renewable Energy	Use of renewable energy	Use of renewable energy in business activities		100% by 2040

【Recycling-oriented Society】

Sustainable Society	Related SDGs	Category	Item	Daito Trust Medium-to Long-term Environmental Targets		
 Recycling-oriented Society	 	Industrial waste	Reducing industrial waste emissions	Industrial waste emissions(t)	Total amount	
		Industrial waste	Reducing industrial waste emissions at new-build construction sites	Industrial waste emissions(t)	Per home	Annual reduction of 1.23% compared to the previous year
		Industrial waste	Improving the industrial waste recycle rate	Industrial waste recycle rate		97% by FY2030
		Industrial waste	Ensuring compliance with rules for industrial waste disposal	Industrial waste management check sheet (manifest)		Appropriate application
				Monitoring methods used for proper disposal of industrial waste (industrial waste inspections)		Continuous implementation
				Status of disposal of waste at branches and other offices		Regular checks
		Amount of Resources Used	Reducing the amount of photocopy paper used	d Amount of photocopy paper used (kg)	Total Amount	Annual reduction of 1.23% compared to the previous year
				Reducing the amount of water used in offices	Amount of water used in office (m3)	Commit to reducing
				Reducing the amount of water used on construction sites	Amount of water used on construction sites (m3)	Commit to reducing
		Green Purchasing	Improving the purchasing rate for items eligible for green purchasing	Purchasing rate for items eligible for green purchasing (%)		26% increase compared to FY2013 by FY2030
Resource Productivity	Improving resource productivity	Resource productivity (net sales/total amount of materials used)		¥500,000/ton or higher by FY2030		

【Green Society】

Sustainable Society	Related SDGs	Category	Item	Daito Trust Medium-to Long-term Environmental Targets		
 Green Society	  	Domestically Grown Wood	Raising the percentage of domestically grown wood used	Percentage of domestically grown wood used	4% by FY2020	
		Biodiversity	Managing biodiversity conservation areas	Engage in managing biodiversity conservation areas on land owned		Appropriate management
		Supply Chain	Implement surveys on conflict minerals	Surveys on conflict minerals in procured materials		Continuous implementation
			Implement surveys on legality of procured materials	Surveys on legality of procured materials (under the Clean Wood Act, etc.)		Continuous implementation
			Eliminate building materials containing hazardous chemicals	Eliminate building materials containing hazardous chemicals in procured materials		Continuous implementation
			Implement surveys on wastewater quality	Eliminate building materials containing hazardous chemicals in procured materials		Continuous implementation
		Environmental Education	Planning and implementing environmental education and nature conservation activities	Environmental education and nature conservation activities		Continuous planning and implementation
		Environmental Laws and Regulations	Compliance with environmental laws and regulations	Compliance with environmental laws and regulations		Appropriate management

【The Eco-First Program】Our Long-term Environmental Targets “DAITO 2050 Environmental Vision” defines 6 categories (construction, lifestyle, waste, business, trees and people) that we think we need to specifically work on as part of our “Eco-First Commitments”. We will fully utilize “Eco-First Commitments” to develop advanced, unique and industry-leading business activities that are environmentally friendly.

Eco-First Commitments: The Eco-First Program (launched in 2008) recognizes companies with innovative, original and influential environmental policies—tackling issues such as climate change, waste/recycling measures and biodiversity conservation—as “industry-leading environmental companies.”¹

1.3.4 Participating in the Planning of International Initiatives

【GHG Emission Reduction Target】

The Daito Group actively participates in, and helps to plan, international initiatives to introduce environmental management standards on a global level. In January 2019, our greenhouse-gas-reduction targets received approval from the Science Based Targets (SBT*) initiative, meaning they were considered scientifically grounded for limiting global warming to below 2°C, the goal of the Paris Agreement. And in March 2020, our targets were verified 1.5°C-aligned.

By setting “renewable energy” and “energy saving” as our policy, we will commit to our decarbonization target by participating international environmental initiatives.¹



【Renewable Energy】

In January 2019, the Daito Group joined RE100, an initiative with the aim of sourcing 100% renewable energy to supply the electricity consumed in business activities. We have pledged to source 100% of the electricity used for our business activities from renewable sources by 2040, and to contribute to the promotion of renewable energy by increasing the use of solar power in our rental homes.¹



In addition to above, our initiatives for greener society such as installing renewable energy to exhibition facilities and offices and our challenge to utilize renewable energy to construction sites have been awarded for Green Purchase Awards which is presented by Ministry of Environment of Japan.¹

【Energy Efficiency】

In August 2020, the Daito Group joined EP100, an international initiative that fosters corporates to double the energy efficiency during a given time period. We will strive to improve energy efficiency through activities such as power conservation and eco-driving of corporate vehicles.¹



【Climate-Related Disclosure】

The Daito Group values transparency concerning the nature and outcomes of environmental management. In April 2019, we have come to support Task Force on Climate-related Financial Disclosures (TCFD).

We will continue to work on highly transparent disclosure for climate-related risks and opportunities which are identified based on scenario analysis and publishing of annual report and sustainability report to improve our communication with stakeholders.¹



In late 2019, CDP, an organization that evaluates the disclosure of information concerning activities related to climate change, added Daito Trust Construction Co., Ltd. to its A List — the highest commendation that CDP has to offer.¹



¹ The Daito Trust Construction, *ESG Small Meeting Dec 9th 2020*: <https://www.kentaku.co.jp/corporate/en/ir/aeqhc4000001gxqk-att/aeqhc4000001gy0g.pdf>

1.3.5 Development and Providing of Low/Zero Emission Rental Housings

As a leading company of construction and rental housing business in Japan, we will be proactively committing to a realization of sustainable society through providing and development of low or zero emission rental housings.

【Development and Providing ZEH Multi-unit Rental Housing】

In November 2017, The Daito Group completed the first multi-unit rental housing in Japan that meets the net zero-energy housing (ZEH) standards for detached housing. Since then, we have been actively promoting the construction of zero-energy multi-unit rental housing. By the end of March 2021, we have completed construction of 97 buildings (676units) and total number of contract amounts to 204 buildings (1,400 units),which marks a top-tier level among competitors.

Also in June 2021, we started providing multi-unit ZEH rental housings that operate solar power generation and power battery system that do not ask initial cost from residents. The new product was designed and aimed for quick recovery of energy system under urgent situations such as natural disasters.



The Daito Group's first ZEH multi-unit housing
November 2017, Numazu, Shizuoka



Battery attached, disaster-resilient
ZEH rental multi-unit housing
On market after June 2021

【Developing LCCM Multi-unit Housings】

The Daito Group has collaborated with the Prefectural University of Hiroshima's Kensuke Kobayashi Laboratory to conduct life-cycle assessments (LCA) of our buildings in order to quantify their environmental impact, and determine how effectively that impact has been reduced. Over the years of collaboration, we have come to develop LCCM rental multi-unit housing and completed the first of its kind in Soka-city, Saitama. In addition, we received the Eco-Pro Award (presented by: SuMPO)



The first LCCM multi-unit Housing
Soka-city, Saitama



LCCM multi-unit housing is a multi-unit housing that allows the lifecycle emission of a building “negative emission”, meaning the amount of CO2 reduced over the lifecycle of a building surpasses the amount of emission. This is done by reducing emission when a housing is being created, used, and demolished, and also by generating and using renewable energy such as solar power.

【Developing CLT Construction Method and Providing CLT Mid-Rise Multi-unit Housings】

The Daito Group has been developing CLT(Cross-Laminated Timber) since 2014. CLT-based construction methods yield a significant reduction in greenhouse gas emissions at the time of construction when compared with using reinforced concrete, and the energy-saving effect on the buildings themselves is significant. It also promotes the forest cycle through responsible use of wood, which helps lead to a further reduction of greenhouse gas emissions. In addition, CLT allows us to reduce the amount of greenhouse gases emitted during demolition when compared with reinforced concrete, thereby reducing environmental impact across the entire life cycle. CLT also offers excellent resistance to seismic activity, making it suitable for construction of mid-to-high-rise buildings.

Over the course of study, we have successfully developed original CLT construction method and started offering “Forterb”, the first CLT mid-rise multi-unit housing in Japan. In addition, the environmental performance of Forterb has been recognized and awarded by Ministry of Environment and Ministry of Land, Infrastructure, Transport and Tourism of Japan.



CLT Mid-rise Multi-unit Housings
4Floor, 3-unit/floor



4 Prize Winning deal including the one presented by Ministry of Environment

1.4 The Daito Group Green Bond

As the Daito Group aims for sustainable society, we will continue to work on environmental management to achieve decarbonized society that we aim at by issuing green bond and work towards all of our stakeholders including the owners, tenants, stockowners, community and employees.

2. Green Bond Framework

The Daito Group aims to contribute to bringing sustainable society by addressing the four core components of ICMA Green Bond Principles (2021).



1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

We will issue green bonds that align with the Daito Group Green Bond Framework.

2.1 Use of Proceeds

The Daito Group intends to allocate an amount equal to the net proceeds of Green Financing to investment which meet the eligibility criteria outlined in this section. The net proceeds will be allocated for either new eligible investments or refinancing of existing eligible investment. If the net proceeds is allocated for refinancing, it should be for an eligible project that launches within two years after the issuance of green bond.

【Eligible Project】

Eligible Project	ICMA GBP Category	Eligible Category and Projects	SDGs
<p>New installation of solar power generation facilities for selling surplus electricity</p>	<p>Renewable Energy</p>	<p>Proceeds to install 10,000 solar panels on the roof of rental housings that we operate. : A part of electricity generated will be used in common areas of the housings, branch offices, vacant units and construction work and surplus will be used in applications such as being sold to power companies to reduce CO₂ emissions through the utilization of renewable energy and contribute to further reductions.</p> <p>Out of 170,000 apartments the Daito Group operates today, we have installed 15,000 solar panels on roof of our property. The generated amount goes up to 180GWh per annum, which is more than four-fold of the Daito Group's annual consumption amount. After FIT scheme(Feed-In Tariff; a scheme made it mandatory for power companies to buy electricity generated by certified power sources such as solar power and wind power) ceases, we will utilize the renewable power for both our self-usage and local community and aim to contribute to further growth of the usage of renewable energy in Japan</p>	 

2.2 Project Evaluation and Selection Process

Projects will be selected in accordance with the use of proceeds criteria and the evaluation and selection process performed by the Construction Management Department of Daito Kentaku Partners. The final decision is made by the board of directors.

To make our environmental efforts more efficient, we have established an Environmental Management Project Committee chaired by the Director of our Environmental Management Project, and have built an environmental management structure that includes our Group companies. In order to drive group-wide environmental efforts, the Committee holds regular plenary sessions with discussions aimed at understanding and lowering environmental risks by following below listed rules:

- ✓ Compliant with environmental laws and regulations enforced by the national government or local authority where the project is to be implemented and implementation of environmental impact studies are necessary
- ✓ Provide adequate explanations to local residents when conducting business
- ✓ Identifying supply chain scope based on the Ministry of Environment's supply-chain emissions policy" and operate procurement that aligns with the policy as well as substance of concern, waste control and human rights management.

2.3 Management of Proceeds

Finance and Accounting Department of Daito Trust Construction is in charge of managing allocation of the proceeds to eligible projects and management of the proceeds until all of the net proceeds are fully allocated to eligible projects. The budget and actual outlay of the proceeds from the Green Bond issuance will be traced and managed using an internal management system on a quarterly basis.

Any pending proceeds will be held in a form of cash or cash equivalent and all of the amount equivalent to the amount of issuance will be allocated to eligible projects within 3 years from the day of issuance.

We will publish reporting on allocation and pending balance on a quarterly basis until all of the amount equal to green bond issuance is fully allocated. The reporting will be assessed by accountants.

2.4 Reporting

We will publish impact reporting and allocation reporting on an annual basis on our corporate website.

2.4.1 Allocation Reporting

The Daito Group will publish allocation report on below contents until all net proceeds are allocated to eligible projects.

- ✓ Summary of eligible projects
- ✓ Total amount of eligible projects and percentage of allocation
- ✓ Allocated amount and pending amount by category
- ✓ Pending amount and expected allocation schedule, if any
- ✓ Amount allocated to new projects vs refinance

The first allocation report will be published within 1 year from the day of issuance. If there were to be any major change in allocation situation, we will publish reporting on a timely manner.

2.4.2 Impact Reporting

The Daito Group will provide impact reporting on an annual basis while there is an outstanding amount. The reporting will be provided on an annual basis for following indicators on a best efforts basis.

- ✓ Amount of renewable energy generated(MW/GWh)
- ✓ Renewable energy generation capacity added(MW)
- ✓ Amount of greenhouse gas emission reduced per year(tCO₂e/year)

2.5 External Review

2.5.1 Second Party Opinion

Rating&Investment Information, Inc provided second party opinion for the Daito Group Green Bond Framework and confirmed alignment with Green Bond Principle 2021 of International Capital Market Association (ICMA) as well as Green Bond Guideline 2020 of Ministry of Environment.

2.5.2 Third Party Annual Review

An individual third party will provide post-issuance review until amount equal to the net proceeds is fully allocated to the eligible projects specified on the Daito Group Green Bond Framework or if there is any major updated on allocation situation

