



SAMTY SUSTAINABILITY REPORT 2023



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TOP Message

Yasuhiro Ogawa

Representative Director and
President
Samty Co., Ltd.



With the corporate philosophy of “Morals, Passion, Challenge, and Realization of Dreams,” the Samty Group has been striving to realize the dreams of everyone involved in its business, including not only the Group but also its customers and partners. We believe that working toward sustainability, solving social issues, and realizing a sustainable society are the roles to be fulfilled by the Group.

Based on this basic recognition, we have established the Sustainability Basic Policy in 2021 to take the initiative in solving social issues through our business activities and to live up to the expectations and trust of each stakeholder. With a focus on the three aspects of Environment, Social, and Governance, this policy aims to advance the sustainability management based on the four themes of “Environmental Consideration,” “Coexistence with Local Communities,” “Being a Company That Values People,” and “Thoroughness of Corporate Morals.” In FY2022, we identified materiality issues by evaluating environmental, social, and governance issues based on the two axes: the importance to society and the environment and the importance to the business.

For the Samty Group, especially as a comprehensive real estate company that operates both domestically and internationally, consideration for people and the environment is essential for the continuation of business. Under the theme of “coexistence of humans and nature,” the Group develops and supplies energy- and resource-conscious properties and is actively acquiring BELS certification and other certifications and evaluations from external evaluators. Throughout the process from property development and management to supply, we will respond immediately to diversifying social demands and tenant needs to develop real estate and provide services that meet the characteristics of each region. By doing so, we will not only pursue short-term profits, but also aim to increase sustainable corporate value from a medium- to long-term perspective.

The Samty Group will continuously strive to be a company that lives up to its stakeholders’ expectations and trust while coexisting with local communities and growing with society. We look forward to your continued support.

Sustainability Management

Sustainability Basic Policies

The Samty Group has established four basic policies, which incorporate ESG (Environmental, Social and Governance) indicators and disclosure items. By enhancing its sustainability management, which emphasizes the creation of social value, the Group will take the initiative in solving social issues through its business activities.

To put into practice its Management Philosophy of "Realization of Dreams through Morals, Passion, and Challenge," the Group aims to create a future where everyone can grow with a dream by conducting community-based activities as a member of society, responding to the expectations and trust of all stakeholders, and striving to realize a sustainable society and enhance corporate value from a medium- to long-term standpoint.



Four Basic Policies

Environmental Consideration (E: Environmental)

We will work to develop real estate and provide services with "coexistence of human and nature" in mind, while being aware of changes in social conditions and giving consideration to energy and resources.

Coexistence with Local Communities (S: Social)

In order to establish a relationship of coexistence and co-prosperity with local communities through business, we will contribute to community development as a member of society by seeking activities that are suitable to the characteristics of each community.

Being a Company That Values People (S: Social)

We respect the human rights and diverse views of all people involved in the Samty Group and will contribute to the realization of a society in which the next generation can grow up with dreams.

Thoroughness of Corporate Morals (G: Governance)

Based on the Samty Group's Management Philosophy and Code of Conduct, we will strengthen our corporate governance system and ensure thorough risk management, while each employee will engage in business activities with high ethical standards, aiming to become a company that is trusted by society.

Initiatives for Sustainability

As a priority theme to tackle for our group to continuously grow, we have identified our material sustainability issues (Materiality).

As a comprehensive real estate company with operations across Japan, we recognize the importance of the materiality identified this time and will strive to build a relationship of trust with all our stakeholders and contribute to the sustainable development of society through our business activities, in line with our objective of regional revitalization.

▶ Materiality (P.4)

Our Approach (Practice of Management Philosophy)

Environmentally Conscious Real Estate Development

We support the sustainable development of communities with due consideration of energy, resources, and other factors by developing real estate and services that meet the characteristics of communities, as well as by conducting soil contamination surveys and reviewing building materials.

Local Communities x Creation of Jobs

We provide safe, secure, and comfortable living through the development and ownership of quality properties in each community. We also contribute to the development of local economies by providing stable employment opportunities through recruitment and the supply of real estate in our nationwide locations.

Contribution to Japan's Tourism Industry

We will contribute to the further development of Japan's tourism industry by enhancing the attractiveness of local communities through the development of world-class hotels for domestic and international guests visiting the rich tourism resources of various regions of Japan.

Supporting People Who Take on Their Dreams

We aim to be a company that can convey a bright and cheery feeling throughout Japan by actively supporting the activities and events of sports teams and players, and athlete alumni/alumnae across Japan, and providing support for people striving to achieve their dreams.

Sustainability Promotion Committee

Our initiatives for sustainability include the establishment in July 2021 of the Sustainability Promotion Committee, chaired by the Representative Director and President, and the formulation of the Sustainability Basic Policies, which serve as group-wide guidelines.



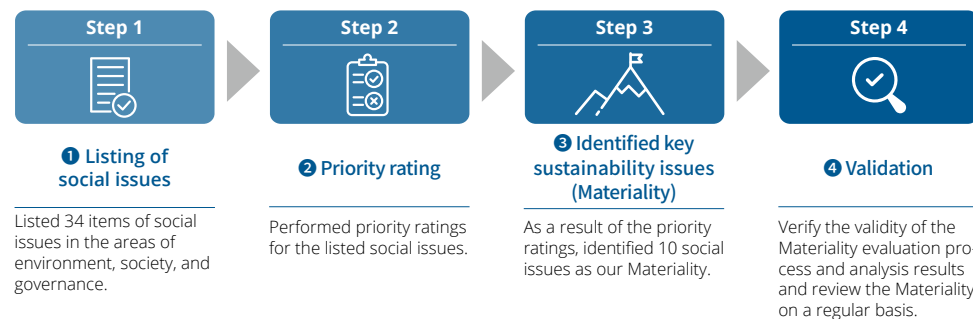
Materiality

Identification of Materiality

Materiality of the Samty Group

Environment	Realization of a society where people and nature coexist in harmony <ul style="list-style-type: none"> Worsening of climate change / promotion of a decarbonized society Countermeasures for natural disasters (including earthquakes) 	
Social	Development and acquisition of talented personnel with passion <ul style="list-style-type: none"> Promoting employee growth / personnel development Acquiring talent to enhance business competitiveness Diversification of lifestyle and work style / improvement of job satisfaction for employees / work-life balance 	
	Providing innovative and creative new products and services <ul style="list-style-type: none"> Meeting diverse needs of customers and society Regional revitalization Contribution to a safe and secure society 	
Governance	Ethical corporate activities <ul style="list-style-type: none"> Enhancement of governance Improvement of efforts regarding human rights 	

Steps in Identification of Materiality



1 Listing of social issues

We listed up 34 items of environmental, social, and governance issues in a broad range, referring to international frameworks and guidelines such as the GRI Standards*1 and SASB*2, as well as megatrends.

In the extraction process, we considered social and environmental changes, regulatory and policy trends, and requests from stakeholders in the scope of business areas and their value chains that the Samty Group is or may be related to.

*1 GRI Standards is a framework for reporting on the economic, environmental, and social impact of a reporting entity and explaining its contribution to sustainable development.

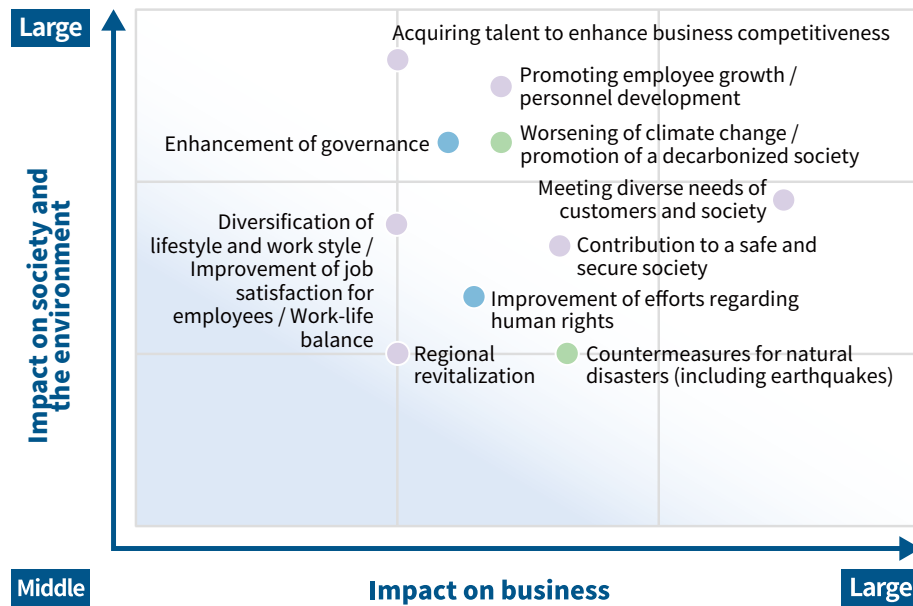
*2 SASB stands for Sustainability Accounting Standards Board, a non-profit organization based in San Francisco, USA, which was established in 2011.

2 Priority rating

We performed priority ratings for the listed issues. In the Materiality analysis this time, we evaluated and prioritized the issues on two axes: the importance to society and the environment, and the importance to the business.

In terms of the importance to society and the environment, each is quantified using five-point evaluation criteria based on the requirements of ESG evaluation organizations. As for the importance to the business, the five-point evaluation criteria are established according to the magnitude of profit lost or generated, i.e., financial impact, when each issue arises.

3 Identified key sustainability issues (Materiality)



4 Validation

We verify the validity of the Materiality evaluation process and analysis results to confirm our Materiality that should be prioritized.

This identification process of Materiality is reviewed on a regular basis, and this review ensures the validity of the issue setting and the plans for them.

Initiatives for FY2022 and Beyond

Going forward, we will set targets and KPIs for the identified Materiality and establish a management system.

In addition, the Samty Group recognizes the need to periodically review the contents of Materiality analysis in accordance with changes in the social and business environment.

Environmental Management

Basic Views on the Environment

As a comprehensive real estate company with operations throughout Japan and overseas, the Samty Group is developing businesses that consider people and the environment, from planning and development with due consideration of energy and resources to operations and management that emphasize coexistence with the local communities. We also promote energy- and resource-conscious real estate development and services under the theme of “coexistence of human and nature.” In cooperation with related stakeholders, we are working to further reduce environmental risks, such as climate change, and contribute to the preservation of the global environment.

Environmental Management System

The Group is moving forward with efforts to establish a group-wide environmental promotion system to ensure that the entire group works together to solve environmental problems. Regarding environmental risks, we plan to gather information on domestic and international trends and requirements from various channels, including national and local governments, Keidanren (Japan Business Federation), and real estate associations, to identify risks for the Group and assess their impact on our business, and to study measures to resolve issues and disclose information on our activities.

Responding to Climate Change

Response to the TCFD Recommendations

TCFD refers to the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) at the request of the G20 to examine how to disclose climate-related information and how financial institutions should respond.

In addition, the TCFD recommendations encourage companies and other organizations to understand the “risks” and “opportunities” of climate change that affect their business activities, and disclose information on the categories of “governance,” “strategies,” “risk management,” and “indicators and targets.”

The Group is considering the risks and opportunities posed by climate change to its business, based on the TCFD recommendations, taking various measures to address them, and continuously disclosing information about them.

Governance

We recognize that the climate change issue is an important management issue for the Group. We believe that developing and operating buildings that do not burden the environment is not only a social

mission of the company, but also leads to higher corporate value and increased profits. Meanwhile, there is an increasing risk that the impacts of more extreme weather conditions, natural disasters and stricter environmental regulations on business are becoming more visible.

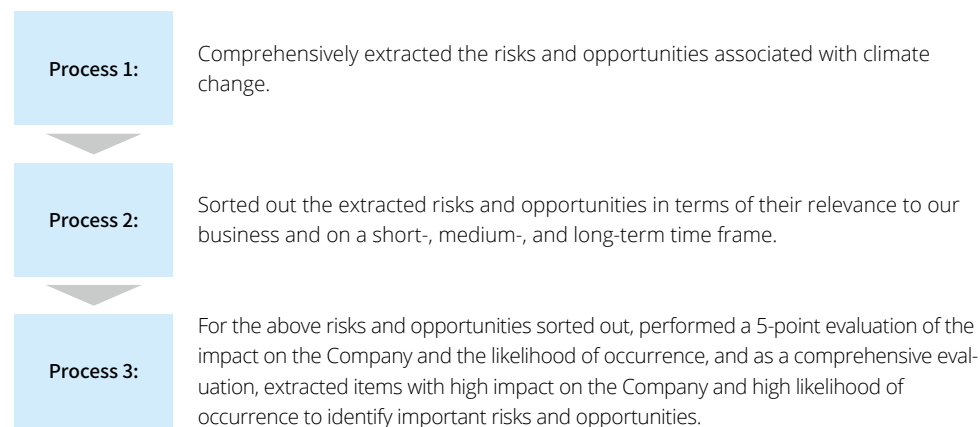
In order to address climate change, the entire group will work together to establish a group-wide environmental promotion system.

Scenario Analysis

Scenario analysis is a method used to predict the effects of global warming and climate change, as well as changes in the business environment due to long-term policy trends related to climate change, and used to examine how such changes could potentially impact a company's business and management. In an uncertain world, it is used to consider the business impact of situations where the assumptions underlying previous business practices may undergo significant changes.

With the recognition that risks and opportunities associated with climate change can greatly impact our business strategy, we have identified the risks and opportunities related to climate change through the following process, analyzed them using the 1.5°C and 4°C Scenarios, and evaluated their importance.

Process of Identifying Risks and Opportunities Associated with Climate Change



Selection of Climate Change Scenarios

We analyzed and evaluated the risks and opportunities based on the 1.5°C Scenario which moves toward a decarbonized society, and the 4°C Scenario in which global warming continues to progress.

We used SSP1-1.9*1*2 for the 1.5°C Scenario and SSP5-8.5*3 for the 4°C Scenario.

	Scenario	Anticipated social environment
1.5°C Scenario	A Scenario where the world will accelerate towards net zero emissions (regulations will be widely introduced and successful in limiting temperature rise, but with high transition risks)	The entire society will move towards decarbonization, successfully controlling temperature rise through carbon taxes, strengthened regulations related to fossil fuels, and expanding ethical consumption.
4°C Scenario	Scenario where greenhouse gas emission regulations will not be strengthened and global warming will be accelerated (due to limited regulations, global warming will progress, and physical risks will increase)	Limited regulations will result in frequent natural disasters caused by global warming, leading to a high risk of business interruption.

*1 SSP (Shared Socioeconomic Pathways): Scenarios assuming future socioeconomic development trends.

*2 SSP1-1.9: Scenario to keep the temperature rise below 1.5°C under sustainable development.

*3 SSP5-8.5: Scenario in which no additional climate policies will be implemented.

Scenario Analysis Results

< Risk >

Risk classification	Risk types	Drivers	Period of Occurrence			Overall impact	
			Short-term (~2025)	Mid-term (~2030)	Long-term (2031~)	1.5°C Scenario	4°C Scenario
Transition risks	Policy and regulations	<ul style="list-style-type: none"> Strengthening of regulations on GHG emissions and energy conservation, etc. Increased building and operation costs due to the introduction of a carbon pricing system Increased new construction and renovation costs due to the strengthening of the Energy Conservation Act, etc. 		●		Large	Small
		<ul style="list-style-type: none"> Growing environmental awareness Costs of introducing renewable energy 	●			Medium	Small
	Market	<ul style="list-style-type: none"> Changes in needs of customers (tenants and home buyers, etc.) 		●		Medium	Small
		<ul style="list-style-type: none"> Increased costs related to development, etc. 		●		Small	Medium
Reputation	<ul style="list-style-type: none"> Impact on fundraising due to lack of recognition of the Group's initiatives and businesses 		●		Large	Small	
Physical risks	Acute	<ul style="list-style-type: none"> Increasing occurrence of natural disasters (typhoons, floods, torrential rains, etc.) 	●			Large	Large
		<ul style="list-style-type: none"> Damage or functional interruption of owned buildings due to disasters 	●			Medium	Large
		<ul style="list-style-type: none"> Interruption or delay of construction due to disasters 	●			Small	Large
	Chronic	<ul style="list-style-type: none"> Extreme and severe weather events such as windstorms and floods 	●			Medium	Large
		<ul style="list-style-type: none"> Impact on real estate appraisals due to the manifestation of natural disasters 		●		Small	Large
		<ul style="list-style-type: none"> Health effects on employees and business partners, etc. due to the increased number of midsummer days Decreased revenue and increased costs due to negative impacts on labor force Effect on rents due to increasing needs of tenants for BCP (Business Continuity Planning) of their facilities Intensified regional selection and competition among products due to increasing needs of homebuyers for Life Continuity Planning (LCP) 		●		Small	Medium

< Opportunity >

Opportunity types	Drivers	Period of Occurrence			Overall impact	
		Short-term (~2025)	Mid-term (~2030)	Long-term (2031~)	1.5°C Scenario	4°C Scenario
Energy and resource efficiency	• Advances in renewable and clean energy supply technologies		●		Medium	Small
	• Decreased costs through demand for products with lower GHG emissions	●			Medium	Small
Products and services	• Increased demand for products and services that address disaster prevention and energy conservation (increase in asset values)		●		Large	Small
	• Growing customer appreciation of ZEH*1 and ZEB*2			●	Large	Small
Market	• Creation of new markets that contribute to solving climate change (diversification of business activities) • Increased opportunities for collaborative projects with the government, local governments, private organizations, and others toward a decarbonized society		●		Medium	Small

*1 ZEH (Net Zero Energy House): General residence aiming for zero energy balance and energy conservation as well as energy generation

*2 ZEB (Net Zero Energy Building): Buildings such as offices, factories, and schools that aim for zero energy balance in the energy consumed within the building

Strategies

The Samty Group will strengthen its environmental management system to comply with environmental regulations that will be tightened in the future.

Under the environmental management system, we will formulate action plans for decarbonization, establish CO₂ emission reduction targets, and acquire environmental certifications for our buildings.

We will promote sustainability management by actively carrying out facility updates on our owned properties.

Risk Management

We have sorted out climate-related risks and opportunities on a short-, medium-, and long-term time frame.

Climate-related risks will be reflected in the Group's strategies and addressed as one of our Group's key risks.

Indicators and Targets

Our company has set a target to reduce CO₂ emissions (Scope 1 and 2) by 20.0% by the fiscal year ending November 30, 2030, compared to the levels in the fiscal year ending November 30, 2022, in our pursuit of achieving carbon neutrality by 2050.

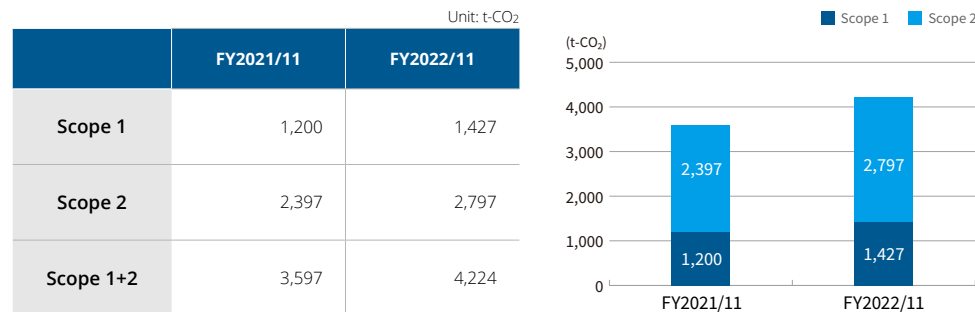
We will proceed to expand the boundary of our data aggregation and calculation for Scope 3 emissions

*Scope1: Direct greenhouse gas (GHG) emissions by the business operator itself (fuel combustion, industrial processes)

*Scope2: Indirect GHG emissions from the use of electricity, heat and steam supplied by other companies

*Scope3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business operator)

Greenhouse Gas Emissions of the Samty Group



Introduction of Hydrogen Vehicles as Company Cars

In order to realize a decarbonized society, the Group has introduced Toyota Motor Corporation's "MIRAI" fuel cell vehicle.

The vehicle runs on the power of electricity generated by hydrogen and emits no exhaust gas, a cause of global warming, and thus contributes to the decarbonization of company cars with long driving distances.



Renewable Energy and Environmentally Conscious Real Estate

Acquisition of BELS (Building-Housing Energy-efficiency Labeling System) Certification

BELS (Building-Housing Energy-efficiency Labeling System) is a system in which a third-party evaluation organization evaluates and certifies the energy-saving performance of new and existing buildings. This is the only third-party certification system that meets the obligation to make efforts to indicate energy-saving performance imposed on real estate developers, etc. under the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act), which went into effect in April 2016. It is a unified evaluation standard for all buildings, from ordinary buildings to residential buildings, including condominiums, and is attracting increasing attention from society.

The Group will continue to actively utilize public environmental certification systems to ensure a high level of environmental friendliness in its development properties.

For more information on the Building-Housing Energy-efficiency Labeling System (BELS), please click here.

▶ [The Association for Evaluating and Labeling Housing Performance: Building-Housing Energy-efficiency Labeling System \(Japanese\)](#)

Rental Apartment

Property name	Location	Completion	Number of floors	Rating
S-RESIDENCE Kotoni Ekimae	1-9, 5-chome, Ichijo, Kotoni, Nishi-ku, Sapporo-shi	March 2023	4 floors above ground	
Nakamura-ku, Ibukacho Project	Nakamura-ku, Nagoya-shi	June 2024 (scheduled)	7 floors above ground	
Nakagawa-ku, Hatanochi Project	Nakagawa-ku, Nagoya-shi	October 2024 (scheduled)	13 floors above ground	
Yodogawa-ku, Nishmikuni 1-chome Project	Yodogawa-ku, Osaka-shi	October 2024 (Scheduled)	9 floors above ground	
Nakamura-ku, Kamejima 1-chome II Project	Nakamura-ku, Nagoya-shi	November 2024 (scheduled)	13 floors above ground	

Property name	Location	Completion	Number of floors	Rating
Chuo-ku, Kita Ichijo Nishi, 26-chome Project	Chuo-ku, Sapporo-shi	December 2024 (Scheduled)	10 floors above ground	
Fukushima-ku, Ebie 2-chome Project	Fukushima-ku, Osaka-shi	January 2025 (Scheduled)	15 floors above ground	
Saga-shi, Tenjin 2-chome Project	Sag-shi, Saga	February 2025 (Scheduled)	14 floors above ground	
Nakamura-ku, Kamejima 1-chome III Project	Nakamura-ku, Nagoya-shi	April 2025 (Scheduled)	13 floors above ground	
Nishi-ku, Shinmichi 1-chome Project	Nishi-ku, Nagoya-shi	May 2025 (Scheduled)	15 floors above ground	

Hotel

Property name	Location	Completion	Number of rooms	Rating
Ibis Styles Nagoya	4-22-24, Meieki, Nakamura-ku, Nagoya-shi	November 2020	284	

Office

Property name	Location	Completion	Number of floors	Rating
XYMAX Hokkaido Sapporo Odori Building (Formerly S-BUILDING Sapporo Odori)	5-10 Odori-nishi, Chuo-ku, Sapporo-shi	November 2020	10 floors above ground and 1 basement floor	

*1 "Project" indicates a provisional name.

*2 The above list includes properties that have already been sold.

Under the theme of “coexistence of human and nature,” the Samty Group is developing initiatives that contribute to the sustainable enhancement of corporate value through acquisition of environmental certifications and green investments, by immediately responding to diversifying social demands and tenant needs while reducing our environmental impact by developing energy- and resource-conscious real estate such as Green Buildings.

Acquisition of DBJ Green Building Certification

The Group has acquired the DBJ Green Building Certification for FY2021 from the Development Bank of Japan (DBJ) for a total of 11 S-RESIDENCE properties developed in-house (including those already sold). This certification program is designed to build a bridge between businesses, financial institutions, and investors through the evaluation of environmentally and socially conscious real estate (Green Building). In addition to hardware specifications such as the environmental performance of real estate, we also focus on software aspects such as operational management to visualize ESG investments, including older existing properties.

[▶ DBJ Green Building Certification \(Japanese\) ㊟](#)

S-RESIDENCE Nipponbashi Qualier



Buildings with excellent environmental and social considerations

Acquisition of CASBEE Certification

CASBEE, or the “Comprehensive Assessment System for Building Environmental Efficiency,” allows for evaluations aligned with the lifecycle of buildings, including planning, new construction, existing structures, and renovations. It is a system that comprehensively assesses the environmental performance of buildings, indoor environments, and the reduction of impacts on the surrounding environment. The evaluations are mainly categorized into “CASBEE for Building” for newly constructed or renovated buildings, “CASBEE for Real Estate” for existing structures, and “CASBEE for Wellness Office” targeted at office buildings.

For more information on CASBEE Certification, please click here.

[▶ CASBEE Certification ㊟](#)

(Tentative name) The SAMTY Nagoya-shi Nakamura-ku Noritake 1-chome Office New Construction Project



Started In-house Power Generation with Solar Panels Installed on the Hotel Rooftops

In Kyoto, which attracts many domestic and international visitors for tourism and business purposes, we are carrying out a decarbonization initiative to become self-sufficient in electricity by using solar power generation and storage systems installed on the rooftops of our five hotels. The generated electricity is stored and used for lighting and air conditioning of the offices and parking lots, and power consumption during the day is covered by the in-house power generation system. In the event of a power outage, this system can supply power as an emergency power source and help ensure business continuity.

List of Hotels with Solar Power Generation Systems Installed (as of September 2022)

- S-PERIA Hotel Kyoto
- Mercure Kyoto Station
- Agora Kyoto Karasuma
- Agora Kyoto Shijo
- Oakwood Hotel Oike Kyoto



Solar panels installed on the rooftop of Oakwood Hotel Oike Kyoto

Developing Clean Energy Business Utilizing Owned Land

We have installed solar power generation facilities on our land in Yamatokoriyama-gun, Nara Prefecture, and have been supplying (selling) electricity to Kansai Electric Power Company since April 2015. The facility generates an average of 37,523 kWh per month, which is more than double the average monthly electricity consumption of 15,261 kWh at our office (calculated from the annual consumption of 183,134 kWh in FY2020). We can say that the electricity used for our offices is provided by our own solar power generation and will continue to develop projects that promote the supply of clean renewable energy.

Overview of Solar Power Generation System on Yamatokoriyama Land

We installed solar panels on our land and began selling electricity on April 22, 2015.

Location (lot number)	345, 259-1, Shigicho, Yamatokoriyama, Nara Prefecture
Area (public registry)	5,046.99m ² (1,526.71 tsubo)
Number of panels	1,488
Recipient of power	The Kansai Electric Power Co. Inc.
Power generation performance	<ul style="list-style-type: none"> • 443,319kWh for 2021 • 433,776kWh for 2020 • 439,423kWh for 2019 • 464,935kWh for 2018 • 454,838kWh for 2017



source of income in depopulated rural areas in southern Italy, the project has established a coexistence and co-prosperity relationship with the local communities, as sheep grazing around the windmills leads to weeding.

From FY2022 onward, we plan to actively make ESG investments related to global green bonds and social bonds in cooperation with a wide range of companies in Japan and overseas, thereby contributing to building a sustainable society.



Wind power generation projects near the site

Establishment of ESG Investment Fund and Investment in Green Bonds

In response to the recent growing interest in ESG investments, our group company, SAMTY ASIA INVESTMENTS PTE. LTD. (located in Singapore), has established a fund to manage internal funds. The first green bond, issued by a renewable energy company, targets investments in wind power generation projects in Italy. As renewable energy is attracting more attention than ever in Europe due to the recent situation in Ukraine, we believe that this is a beneficial investment from the perspective of energy security. In addition to being a new

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Resource Use

The Samty Group is making efforts to reduce single-use plastics and identify and manage environmental pollutants to solve social issues such as resource depletion and increasing waste volumes, thereby contributing to the realization of a sustainable society while also aiming to increase the value of its assets.

Initiatives to Reduce Single-use Plastics

In support of the concept of the Act on Promotion of Resource Circulation for Plastics (enforced in April 2022), which encourages the rational use of one-way plastics, the Group is working to reduce single-use plastics at some of the hotels it operates. Hotel toiletries items (toothbrushes, razors, hairbrushes, body towels, cotton swabs, etc.) that were previously placed in each guest room are now placed together by the front desk, and guests are asked to take only what they need. By switching to this style, we aimed to optimize the quantity of plastic items used. Moreover, some of our hotels are working to achieve zero plastic items in all guest rooms, and we will strongly make efforts to shift to a recycling-oriented society, aiming to further reduce plastic items.



S-PERIA INN Nihombashi Hakozaki



Enlarged view of the plastic toiletries items

Responding to Risks Related to Environmentally Hazardous Substances

In acquiring land for development and income-producing properties, the Samty Group investigates the past use history, and if soil contamination is suspected, voluntarily conducts soil surveys in-house and by specialized research institutions. When soil contamination is confirmed, we take appropriate measures such as reporting to the local government and removing or containing the contaminants in accordance with the Soil Contamination Countermeasures Act and other related laws and regulations to eliminate the environmental impact and prevent health damages caused by soil contamination. Similarly for existing properties, we conduct pre- and post-inspections for the use of building materials and equipment containing asbestos, PCBs, and other hazardous substances in the structure, and when hazardous substances are identified, we appropriately remove or contain such substances.

Green Loan Framework

Samty Co., Ltd. has formulated the Green Loan Framework*¹ to further promote its sustainability initiatives and contribute to the realization of a sustainable environment and society through financing investments that contribute to solving environmental problems (green finance), as well as to expand the investor base interested in ESG investments and strengthen its stable fund-raising base.

The Framework is based on the Green Loan Principles 2021 (LMA*², APLMA*³, LSTA*⁴) and the Green Loan and Sustainability Linked Loan Guidelines 2022 (the Ministry of the Environment) and consists of the following four elements. The Samty Group will conduct green loan procurement in accordance with this framework.

1. Use of raised funds
2. Project evaluation and selection process
3. Management of raised funds
4. Reporting

*¹ A green loan framework is developed for each project, as needed.

*² LMA: the Loan Market Association

*³ APLMA: the Asia Pacific Loan Market Association

*⁴ LSTA: the Loan Syndications and Trading Association

What is a Green Loan?

Green loans are used by corporations and local governments to finance domestic and international green projects. Green Loans are characterized by (1) the use of funds is limited to green projects, (2) the funds are tracked and managed, and (3) the transparency is ensured through post-financing reporting.

1. Use of Raised Funds

The funds raised under the framework will be used to finance the development and purchase of properties or projects that meet the following Green Eligibility Criteria 1, to finance renovation and other work that meets the following Green Eligibility Criteria 2, or to refinance the borrowings required for these projects. Building uses in the projects include office buildings, rental housing, hotels, and commercial facilities.

(1) Green Eligibility Criteria 1 (Green Building)

Buildings that have obtained or are scheduled to obtain, as of the drawdown date of the loan, a valid environmental certification by a third-party certification body for any of the following i) to iii)

- i . S rank, A rank, or B+ rank in CASBEE Evaluation
- ii . 5 stars or 4 stars or 3 stars in DBJ Green Building Certification
- iii . 5 stars or 4 stars or 3 stars in BELS Evaluation

(2) Green Eligibility Criteria 2 (Energy Conservation)

Renovation work, etc. that fulfills any of the following i) to iv)

- i . Renovation work for a building that meets any of the Green Eligibility Criteria 1, with the intention of improving the star rating or rank of each certification standard by one or more levels
- ii . Renovation work for a building that does not meet any of the Green Eligibility Criteria 1, with the intention of improving the star rating or rank of each certification standard by at least one level, and meeting the Green Eligibility Criteria 1 after the renovation
- iii . Renovation work that can reduce either energy consumption or greenhouse gas emissions by 30% or more
- iv . Installation or acquisition of equipment related to renewable energy

Green Eligibility Criteria 1 falls under the category of “Green Buildings” and Green Eligibility Criteria 2 falls under the category of “Energy Conservation (Energy Efficiency),” which are illustrated in the Green Bond Principles (2021) by the International Capital Market Association (ICMA).

When the funds are allocated to refinance a project that meets either Green Eligibility Criteria 1 or 2, refinancing within three years from the initial fundraising is targeted.

When refinancing the same project with multiple Green Loans, the elapsed years of the asset and the amount to be refinanced will be disclosed, and the long-term environmental improvement effects will be evaluated.

(3) Negative Impact

Depending on the property, a potential negative impact on environmental and social aspects may occur. If a negative impact on environmental and social aspects occurs, our policy is to reduce the environmental burden as much as possible and to give consideration to the negative impact on environmental and social aspects by forgoing investment in the property or taking corrective measures to improve the situation.

In addition, during the operational period of existing properties, we will regularly monitor the negative environmental and social impacts, as well as reduce such impacts and increase the value of the property.

2. Project Evaluation and Selection Process

(1) Criteria for Project Evaluation and Selection

The environmental goal that the Group aims to achieve through its business operations is the mitigation of climate change. Each of the criteria for selecting green loan targets under this framework is expected to have a high environmental improvement effect*, and financing through this loan is implemented in accordance with the Group's basic sustainability policies.

* Including CO₂ reduction effects, etc.

(2) Project Evaluation and Selection Process

In selecting individual projects, we have established our eligibility criteria and make the final decision after confirming the project's compliance with national environmental regulations, acquisition of various permits and authorizations, negative environmental and social impacts, and environmental conservation measures.

(3) Response to Unforeseen Circumstances

If unforeseen circumstances*¹ occur and the environmental improvement effects initially anticipated cannot be achieved*², we will disclose how we will respond thereafter.

*¹ Including damage to buildings due to disasters or accidents.

*² Including cases where green building certification cannot be obtained as planned.

3. Management of Raised Funds

(1) Method of Managing Raised Funds

Management of green loans procured under this framework is carried out by our Finance Department. The funds are tracked and managed by using accounting systems and ledgers to ensure that an amount equal to the raised funds is allocated to the business project. The funds already allocated and not yet allocated to the project will be managed by using electronic files.

(2) Method of Applying Unallocated Funds

If there is an unallocated amount of funds raised through the Green Loan, we will maintain an amount equal to the unallocated amount in cash or cash equivalents. If unallocated funds arise from the sale of assets, etc., they will be reallocated to other projects that meet the eligibility criteria.

(3) Document Management Method

Documents, etc. that serve as evidence related to the raised funds will be properly managed in accordance with our internal rules and regulations.

4. Reporting

(1) Outline of Disclosure

The outline of the reporting is as follows.

	Disclosures on Eligible Projects (Disclosing a separate outline for each financing)	Disclosure Timing	Disclosure Method
Fund allocation status	<ul style="list-style-type: none"> Name of the property, project, or renovation work (Specify whether new or refinancing) Acquisition price of the property, price of the renovation work, etc. Amount of green loan financing Amount of unallocated funds and estimated time of allocation 	Once a year until the fund allocation is completed	Reported to lenders and announced on the Company's websites
Environmental improvement effect	<p>[Green Building]</p> <ul style="list-style-type: none"> Type, rank, and acquisition date of the green building certification (if the certification is planned, the status of progress in acquisition) Electricity consumption and CO₂ emissions of the green eligible asset <p>[Energy Conservation]</p> <p>In the case of i) or ii):</p> <ul style="list-style-type: none"> Type and rank of the acquired environmental certification (if the certification is planned, the status of progress in acquisition) <p>In the case of iii), the value before and after the renovation work or the reduction rate of either of the following indicators:</p> <ul style="list-style-type: none"> Energy consumption Greenhouse gas emissions <p>In the case of iv), the value or reduction rate of either of the following indicators:</p> <ul style="list-style-type: none"> Amount of electricity generated Greenhouse gas emissions 	Once a year until the loan is fully repaid	Reported to lenders and announced on the Company's website

If there is a major change in the plan for the allocation of raised funds, or a major change in the status of the allocation or the subject facilities after the allocation, we will disclose such information as appropriate.

(2) Outline of Green Building Certification

	ASBEE Evaluation and Certification System	DBJ Green Building Certification System	BELS
Details of the certification system	CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for comprehensively evaluating the quality of buildings, including not only environmental considerations such as energy conservation and the use of materials and equipment with smaller environmental loads, but also features such as interior comfort and landscape considerations.	Certification system that was established in 2011 as an initiative to support environmentally and socially conscious real estates and business enterprises that own and operate such real estates	BELS (Building-Housing Energy-efficiency Labeling System) is a system in which third-party evaluation organizations evaluate and display the energy conservation performance of buildings and was launched in April 2014 for non-residential buildings. Currently, the scope of coverage has been expanded to include residential buildings, and the system is operated as one of the third-party certifications in the guidelines for the labeling of building energy efficiency and conservation performance based on Article 7 of the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act).
Rating conditions	<p>BEE (Building Environmental Efficiency) is calculated using the following formula based on the scores of each evaluation item of Quality (environmental quality and performance of buildings) and Load (reduction of environmental load of buildings).</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">Environmental-quality / performance Q (Quality)</div> <div style="margin-left: 10px;"> <ul style="list-style-type: none"> • Interior environment • Service performance • Exterior environment (within the premises) </div> </div> <p>BEE = $\frac{\text{Environmental-quality / performance Q (Quality)}}{\text{Environmental-load L (Load)}}$</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">Environmental-load L (Load)</div> <div style="margin-left: 10px;"> <ul style="list-style-type: none"> • Energy • Resources & materials • External environment </div> </div>	Comprehensive evaluation that includes not only the environmental performance of the property, but also tenant/user comfort, risk management such as disaster prevention and crime prevention, consideration for the surrounding environment and community, and collaboration with stakeholders	The evaluation method is based on the building envelope performance and primary energy consumption, following the energy-saving standards.
Rank	<ul style="list-style-type: none"> • S (Superior) • A (Very Good) • B+ (Good) • B- (Slightly Poor) • C (Poor) 	Rating by the number of stars on a five-tier scale	Rating by the number of stars on a five-tier scale

Green Loan Financing

Reporting of fund appropriation status

Borrowing status with Green Loan

Lender	Procurement amount (borrowing amount)	Allocated amount	Unallocated amount	Loan draw-down date	Funding route	Third party Organization
<ul style="list-style-type: none"> • THE SHIGA BANK, LTD. (arranger) • The Ehime Bank, Ltd. • The Shikoku Bank, Ltd. 	2,700 million yen	1,070 million yen	1,630 million yen	January 31, 2023	Funds for development of green buildings with environmental certification	R&I
<ul style="list-style-type: none"> • MIZUHO BANK, LTD. (arranger) • THE SHIGA BANK, LTD. • The Bank of Iwate, Ltd. • The Bank of Nagoya, Ltd. 	8,630 million yen	6,400 million yen	2,230 million yen	August 31, 2023	Funds for development of green buildings with environmental certification	R&I
<ul style="list-style-type: none"> • The North Pacific Bank, Ltd. 	500 million yen*	170 million yen	330 million yen	October 31, 2023*	Funds for development of green buildings with environmental certification	R&I
Total	11,830 million yen	7,640 million yen	4,190 million yen	-	-	-

* The procurement amount from The North Pacific Bank, Ltd. is the total borrowing amount (planned), and the Loan drawdown date is the initial drawdown date.

Human Rights and Diversity

Human Rights Policy

The Samty Group recognizes that its business activities may have potential or actual impacts on human rights.

We respect the human rights as set forth in the internationally recognized "International Bill of Human Rights" and the International Labour Organization's (ILO) "Declaration on Fundamental Principles and Rights at Work." We also conduct our business activities in accordance with the "United Nations Guiding Principles on Business and Human Rights."

We commit to understanding and complying with laws and regulations relevant to our business operations in all countries and regions where we conduct our activities. In the event that local laws and regulations differ from or conflict with international human rights standards in a given country or region, we will seek to respect internationally recognized human rights to the fullest extent possible within local laws and regulations.

Scope of Application

Our Human Rights Policy applies to all officers and employees of each company within the Group. In order to realize our commitment to human rights in our business activities, we also expect our business partners to understand and support this policy.

Supervision

The Board of Directors of Samty Co., Ltd. assumes the responsibility for the commitment to human rights and overseeing the initiatives in this regard.

Implementation of Human Rights Due Diligence

We conduct due diligence in accordance with the "United Nations Guiding Principles on Business and Human Rights" to identify, prevent, and mitigate any negative human rights impacts associated with our business activities.

In addition to ensuring that we do not violate human rights ourselves, we strive to prevent our stakeholders, including our business partners, from contributing to human rights abuses. If we are found to have caused or contributed to human rights abuses, we will take corrective action.

Human Rights Issues Related to Business Activities

Discrimination

We respect individual human rights and diversity. We do not engage in discriminatory practices based on nationality, race, ethnicity, religion, ideology, gender, age, disability, gender identity, sexual orientation, employment status or any other characteristic protected by the laws of any country or region. We also refrain from any actions that undermine the dignity of individuals.

Harassment

We do not engage in any behavior, whether verbal or physical, that harms or injures others, including any form of harassment.

Forced Labor and Child Labor

We do not engage in forced or child labor. We also do not tolerate any form of modern slavery, including human trafficking.

Freedom of Association and Collective Bargaining

We respect the right to freedom of association and collective bargaining in accordance with the laws and regulations applicable in the countries and regions where we conduct our business activities.

Labor Safety and Health

We review the laws and regulations concerning workplace safety and health, along with their implementation, to provide a safe and healthy work environment.

Working Hours and Wages

We comply with all laws and regulations regarding working hours and wages applicable in the countries and regions where we conduct our business activities. We strive to ensure that employees receive wages that enable them to meet the minimum standard of living.

Impact on the Supply Chain

We are committed to promoting human rights among our business partners and throughout our supply chain. We share our human rights policy with suppliers and assess and evaluate their compliance with these principles.

Complaint Mechanisms

We establish and maintain mechanisms and points of contact, available at all locations where we conduct business, to enable employees and business partners who have experienced human rights abuses to report their concerns at any time. We also implement a system that allows for anonymous reporting. We continually identify and address the human rights impacts of our business activities and work to take corrective action.

We are committed to not retaliating against employees and stakeholders who make reports, including whistleblowers. We strictly manage personal information and maintain the confidentiality of the content of reports. We view these mechanisms as an integral part of increasing transparency in our business activities and strengthening mutual trust with our stakeholders.

Education and Training

To disseminate this human rights policy and ensure compliance, we will translate the policy into the appropriate language used in the countries or regions where we operate. We will provide ongoing training and education to all officers and employees.

Monitoring and Reporting

We will disclose the progress of our efforts to disseminate the human rights policy and initiatives to promote respect for human rights through communication channels such as the Samty Group website.

This policy was approved by the Sustainability Promotion Committee on January 25, 2024

Established on January 25, 2024
Yasuhiro Ogawa
Representative Director and President
Samty Co., Ltd.

Initiatives to Prevent Discrimination and Harassment

For the prevention of sexual harassment and power harassment, which have become social issues, the Group provides training and awareness-raising programs to prevent discrimination and harassment, such as holding harassment prevention seminars by our legal advisors and outside consultants. To strengthen response measures, we have formulated a Compliance Manual, which also covers the prevention of harassment related to pregnancy, childbirth, childcare leave, nursing care leave, etc., and established and are operating internal and external reporting and consultation services.

Initiatives for Women's Advancement

The Group focuses on creating a workplace environment in which a diverse workforce, regardless of gender, can play an active role, leading to greater satisfaction for all employees. Especially for women, we have formulated childcare leave rules, and are working to establish various support systems (childcare leave benefits, Mom & Dad Child Care Leave Plus, shorter working hours for childcare, etc.) to encourage women to be active while giving birth and raising children. Aiming to increase the ratio of female managers, we will continue to respect the diversity of our employees, further raise awareness within the company, and promote the creation of a corporate culture in which a variety of human resources can play active roles.

List of Support Systems

Childcare Leave Benefits	A system that allows employees who take childcare leave (including childcare leave at birth) and meet the eligibility requirements to receive childcare leave benefits of 67% of the wage at the start of the leave (50% after 180 days) in principle
Mom & Dad Child Care Leave Plus	A system that allows fathers as well as mothers to take childcare leave to participate in childcare, extending the previously one-year period of childcare leave by two months until the child reaches one year and two months of age
Childcare Leave at Birth	A system allows male employees to take up to two divided leaves of absence of up to four weeks within eight weeks from the birth of a child, as one of the measures to encourage men to take childcare leave
Shorter Working Hours for Childcare	A system that allows employees to reduce their prescribed daily working hours to 6 hours per day when taking care of a child up to the completion of the third year of elementary school
Limitation on Overtime Work	A system that enables employees to request a limitation on overtime work to 24 hours per month or 150 hours per year when taking care of a pre-elementary school child
Limitation on Late Night Work	A system that enables employees to request a limitation on late night work from 10:00 p.m. to 5:00 a.m. when taking care of a pre-elementary school child
Limitation on Extra Work	A system that enables employees to request a limitation on extra work when taking care of a child under the age of three
Child Nursing Care Leave	A system that allows employees to take up to five days (10 days for two children) of leave per year to care for a sick or injured child or to have the child receive vaccinations or medical checkups (hourly leave is also possible) when taking care of a pre-elementary school child
Babysitter Subsidy System	A system to subsidize a portion of babysitter fees to support the work and childcare balance of executives and employees raising small children, etc., adopting the Babysitter Usage Fee Subsidy System implemented by the Cabinet Office and All Japan Childcare Services Association

Advancement of People with Disabilities

The Group is promoting the employment of para-athletes with the aim of creating a society in which everyone can support each other through sports, regardless of their disabilities.

As our main support, we cover the activity expenses of the para-athletes and provide them with an environment in which they can concentrate on their competitions. Currently, the Group employs three athletes (of deaf swimming, deaf table tennis, and wheelchair rugby). We will continue to support the activities of these athletes and contribute to the development of sports for the disabled and the realization of a symbiotic society.

> Athlete Employees

Creating a Comfortable Workplace

Workplace Environment Improvement Policy

The Samty Group believes that the cornerstone of sustainability management is creating an environment in which employees can work in a rewarding and long-lasting manner. To this end, we aim to create a workplace where every one of our diverse employees, regardless of gender, age, nationality, etc., can work long-term while balancing work and life and demonstrating their individual abilities.

To achieve this, we prioritize the promotion of Diversity and Inclusion (D&I) and actively expand support policies and systems to accommodate life events that enable work-life balance. We are committed to enhancing our policies to support diverse work styles.

We are committed to advancing the following initiatives:

1. Promoting Diversity and Inclusion (D&I)
2. Supporting work-life balance
3. Maximizing the full potential of individual capabilities

This policy was approved by the Sustainability Promotion Committee on January 25, 2024

Established on January 25, 2024
Yasuhiro Ogawa
Representative Director and President
Samty Co., Ltd.

Work-Life Balance Initiatives

From the perspective of compliance with the Labor Standards Act and other laws and regulations, as well as employee health management, we promote the development of various systems, such as childcare leave, to provide our employees with work styles that ensure a good work-life balance. Remote work is also introduced for employees infected with COVID-19 or other infectious diseases, as well as for employees who are raising children, etc., as needed at the discretion of their department managers. In addition, we are actively working to reduce overtime hours. For example, we have introduced a system in which each employee's PC is locked after regular working hours and must be unlocked with the permission of his or her supervisor to continue using it. The average overtime hours of employees in FY2023 were 8.45 hours/month (managers: 16.21 hours/month, non-managers: 6.54 hours/month). The Company is constantly aware of employee health management and labor productivity and has created an environment in which employees can efficiently finish their work during regular working hours. In FY2023, we continued to achieve the goal of an average overtime of within 10 hours per employee.

Initiatives for Employee Health, Safety and Wellness (Health Management)

We recognize that consideration of employee health and the work environment is an important management issue that can lead to profit opportunities and have implemented extensive healthcare management programs from the perspective of "health management" by providing subsidies of up to 100,000 yen for comprehensive medical examinations for employees and managers aged 45 and older.

In addition, to prevent employees from developing mental health problems, we conduct stress checks for all employees in cooperation with medical institutions. For employees who are deemed to require special medical treatment or therapy, we recommend them to consult with a medical specialist or affiliated specialized institution.

Internal Recruitment System

In FY 2020, the Group introduced an internal recruitment system with the aim of providing motivated employees with opportunities to take on challenges and placing the right personnel in the right places. This system internally recruits personnel needed for specific businesses, projects, etc., and allows employees to freely apply for such positions. The internal recruitment is announced on the intranet, etc., and the personnel selection is made based on documents and interviews.

Personnel Interview

Since FY2023, the Group has conducted personnel interviews once a year with all employees, excluding directors and executive officers, as part of an initiative serving as an employee satisfaction survey. Prior to the personnel interview, we conduct a questionnaire about job satisfaction and workload, challenges for employees and the organization, and any concerns or issues that employees would like to discuss with their supervisors. The personnel interview allows employees to openly discuss matters that they would not usually discuss with their supervisors. The details of the interviews are fed back to the Company and utilized to create a healthy work environment for employees both mentally and physically.

Employee Hotel Use Subsidy Program

The Group has established an Employee Hotel Use Subsidy Program as part of its welfare program and to promote a better understanding of the Group's business among its employees. This program subsidizes up to 100,000 yen per year for 100% of the accommodation expenses of employees of the Group or their relatives up to the second degree of kinship when they use the eligible hotels (21 locations, as of February 2024). This program is available not only to the employees themselves but also to their family members, providing an opportunity for them to gain a better understanding of and attachment to the Group.

Recruitment and Human Resource Development

Human Resource Development Policy

The Samty Group believes that a company is built upon people and that people drive its growth. To foster sustainable growth among our employees, we support them develop their skills and abilities. By providing educational and training opportunities based on fair and equal criteria, we aim to cultivate individuals with a strong sense of ethics, spirit to take on challenges, and ability to think freely. We anticipate that such talents will contribute to the creation of new value and the overall development of the company.

We are committed to advancing the following initiatives:

1. Enhancement of specialized technical skills and knowledge
2. Support for career development
3. Leadership cultivation

This policy was approved by the Sustainability Promotion Committee on January 25, 2024

Established on January 25, 2024
Yasuhiro Ogawa
Representative Director and President
Samty Co., Ltd.

Initiatives for Human Resource Development (Education and Training System)

Since the Group's growth depends heavily on human resources, we place the highest priority on developing professional human resources with a high level of expertise and extensive experience in the real estate and financial fields. As the majority of our employees are mid-career hires, our training policy is to accurately assess their abilities and aptitudes, regardless of whether they are female, foreign, or mid-career hires, their age or length of service, and to develop their strengths and correct their weaknesses.

Education and Training System Table

Position	Training Category	Company-wide Education		On-site Training			Other (such as qualification-acquisition)		
Executive	Company Management								
Managerial Position	Strategic Thinking Organizational Management	Compliance and Harassment Training	Accounting and Tax Study Session	Information Security Education	Evaluator Training	Performance Evaluation and Behavioral Feedback Interview	OJT	Real Estate Transaction Specialist Qualification Support	
Middle-level Employee	Management Fundamentals Shared Leadership				Practical Knowledge Study Session				Distance Education
Junior Employee	Issue Formulation • Execution • Resolution								
New Graduate Employee	Task Execution			New Employee Training and Onboarding					

Column: New Employee Training

We conduct a variety of training programs for new employees each year. The purpose of the programs is to develop human resources who can embody the Group's slogan, "Samty, beyond real estate." with the message of "Enjoying new challenges while sometimes making mistakes, and not being bound by the norms of the real estate industry" and to strengthen the teamwork of employees.

Part of the new employee training program in FY2023 was conducted at NESTA RESORT KOBE in Miki City, Hyogo Prefecture. The training was designed to improve the skills of employees, including new graduates, and strengthen their teamwork, with a variety of activities taking place over several days.

The training program was held in a rich natural environment, where participants deepened their practical learning through work experience, attending lectures, and team building training. Specifically, the program included experience as a staff member, such as guiding visitors through the attractions, as well as team-building experiences at the attractions.

We received lots of positive feedback from the participants, such as "The training was fun and fulfilling," "Communication with people outside the company was fresh and stimulating," "It was very meaningful to experience real workplace interactions through the work experience," "I strengthened bonds with my colleagues and improved teamwork," and "It was a great learning experience."

* The content and duration of new employee training programs vary from year to year.



New employees growing through numerous experiences

Initiatives to Improve Engagement and Strengthen Human Resources at Overseas Offices

SAMTY ASIA INVESTMENTS PTE. LTD. (SAI) a local subsidiary in Singapore, which was established in February 2019 as the Group's business base in Asian countries, has introduced an expense subsidy program for employees to acquire qualifications and pursue self-improvement (maximum: SGD 2,000 per year) as part of its efforts to increase employee satisfaction and create a comfortable workplace. In addition to strengthening business knowledge and acquiring qualifications, legal, accounting, and language skills, the program can also be applied to participation in yoga and Muay Thai classes, and almost all employees take advantage of the program for self-improvement and health enhancement.

Furthermore, SAI is actively working to develop the next generation of leaders who will be responsible for the Group's overseas strategy by sending employees at the investment manager level to a top management seminar at the National University of Singapore, as well as sending executive candidates to a management training program hosted by a Japanese professor at the University's Graduate School of Policy Studies.

Recruitment Initiatives

In its recruitment activities, the Group strives to contribute to local employment and ensure diversity. Particularly in mid-career hiring, we actively hire people from regions where our offices are located. In FY2023, 82.7% of all employees and 100.0% of management positions were either female, non-Japanese, or mid-career hires. We will continue to promote the further appointment of women and non-Japanese and ensure diversity in the industries from which our employees come.

Human Resources the Samty Group Seeks

- A person who can deal with other people around him or her as well as his or her duties with sincerity and high ethical standards
- A person with an interest in the real estate field and a passion for exercising creativity through his or her work
- A person who is dedicated to taking on challenges and self-improvement in order to acquire professional skills
(Qualifications encouraged after employment: licensed real estate broker, Japanese official business skills in bookkeeping, and money lending operations manager)

Safety and Security

Number of New Graduates Hired over the Past Three Years by Gender

Fiscal year	Male	Female
FY2021	3	0
FY2022	7	2
FY2023	8	5

- Male: 79.4%
- Female: 20.6%

Supporting the Careers of Senior Employees

The Group supports the careers of senior employees with extensive experience and skills. To enable employees who wish to continue working past the retirement age of 60 to play an active role, we have established a reemployment system and offer continued employment to those employees in accordance with the Act on Stabilization of Employment of Elderly Persons. Since FY2021, the Group's reemployment rate has been 100.0%.

Strengthening Mid-career Recruitment

To respond to the severely changing market environment and grow as a company, the Group is actively hiring mid-career workers with a variety of experience and expertise. In FY2023, the ratio of mid-career hires to the total number of hires was 63.9%. Furthermore, 100.0% of the managers are mid-career hires, of which 66.7% are from the real estate industry and 33.3% are from outside the real estate industry, drawing personnel from diverse industries such as finance and retail.

In addition, we actively hire people from the locations of our offices for mid-career recruitment, thereby contributing to job creation in the regions.

Basic Views on Safety and Security

The Samty Group is shifting to “develop and own” business, the theme of the profit structure reforms in the Medium-Term Management Plan, with the aim of developing valuable real estate with consideration for the environment and local communities. It is a major risk that the safety and security of our customers and local communities could be threatened by the aging and obsolescence of owned properties or by natural disasters, which could also hinder the Group's Management Philosophy of “Realization of Dreams.” We believe it is important to maintain safety and security through appropriate planning, development, and operational management.

Risk Management System for Safety and Security

In the Group, Samty Co., Ltd. is responsible for the overall quality of safety and security in planning and development, and under its supervision, Samty Property Management Co., Ltd. assumes field-level responsibility as quality control manager in the rental property management business, and Samty Hotel Management Co., Ltd. does in the hotel operation business, thereby promoting the improvement of safety and security quality.

In addition, risk management and action plans are discussed and decided at the Compliance Division under the Legal Department. The Division sets annual goals for improving the safety and security quality from the design and construction stages to the operation and management stages, as well as in the event of disasters, and monitors compliance with laws and regulations and the status of progress.

In Case of Emergency

In the event of a natural disaster, unforeseen accident, or other emergency that threatens the safety and security of the Group's offices, properties, officers, and employees, we will respond to the situation with the highest priority on the protection and rescue of human life. Based on the Emergency Response Regulations, the director in charge of risk management will establish an Emergency Response Department headed by the Representative Director and President of Samty Co., Ltd. and a response committee to collect information and preserve evidence, issue instructions for emergency measures, investigate the cause, determine countermeasure policies, provide information to external parties, formulate recurrence prevention measures and so forth.

Contributions to Society

Basic Views on Social Contribution

The Samty Group supports people who are striving to achieve their dreams, preserves local culture, and engages in social contribution activities that value harmonious coexistence with society under the themes of "Dreams," "Sports," "Cultural Inheritance," and "Coexistence with Local Communities." In such activities, we aim to actively contribute to the sustainable development of society by working closely with local governments, NPOs, NGOs, volunteer groups, and other partners.

Theme: Dreams

JFA Kokoro no Project (Dream Classes)

The "JFA Kokoro no Project" sponsored by the Japan Football Association (JFA) is an activity to support children's sound growth of mind and body, and top athletes including alumni/alumnae serve as "Dream Teachers" at elementary and junior high schools to teach children about the value of having a dream and the importance of making efforts, and the strength of mind not to be defeated by failure and setbacks. The Group has been supporting this activity since July 2021 and continues to support those who strive for their dreams and goals.

▶ JFA Kokoro no Project



Fourth Session of "Dream Teacher"

Sumika Minamoto (former competitive swimmer), and Shoko Konishi (former competitive racewalker)

On January 10 and 11, 2024, our fourth "Dream Classroom" sponsored by the Company held for 133 fifth graders (4 classes) at Nakasuji Elementary School in Hiroshima.

Sumika Minamoto (former competitive swimmer) and Shoko Konishi (former competitive racewalker) were invited as dream teachers, and in the gym class, everyone worked together to challenge various games. In the classroom, they shared with the children how they came to have dreams, how they faced their dreams, and how wonderful it is to support others' dreams. Listening to the dream teachers, the children eagerly write their future dreams on the "Dream Sheet" and cheered their classmates who presented their dreams in front of everyone with a big round of applause.



Third Session of "Dream Teacher"

Honami Tsuboi (former member of the Japan rhythmic gymnastics team)

On May 2, 2023, the third session of "Dream Classroom" sponsored by the Company was held in a face-to-face setting for 51 fifth-grade students (two classes) at Mushi-rod Elementary School in Fukuoka, where the Company has a branch office.

In the class held in the gymnasium, the students erupted in loud cheers as they watched the Dream Teacher manipulate the ribbon freely.

In the classroom, it was very impressive to see the students listening to the the Dream Teacher talk and earnestly writing down their future dreams and thoughts on the dream sheets.



Second Session of "Dream Teacher"

Takeomi Ito (former representative of Japan's national rugby team)

On May 20, 2022, the second session of "Dream Class Online" sponsored by the Company was held for two fifth-grade classes at Kitanodai Elementary School in Sapporo, where the Group has a branch office. At first, the children were reserved, but as the class progressed, they began to smile and become more active, and at the end of the class, the children took the initiative to make a presentation about their dreams. As in the first session, the class ended with Dream Sheets with feedback from the Dream Teacher which were delivered at a later date.



First Session of “Dream Teachers”

Junichi Miyashita (Bronze medalist in swimming at the Beijing Olympics), and Sotaro Yasunaga (former J-League player)

On November 22, 2021, the first session of “Dream Class Online” was held under our sponsorship, and the online class was conducted for approximately 100 fifth-grade students at Mikuni Elementary School in Osaka City, where the Company was founded. The children listened attentively to the lively class and worked earnestly on their assignments. At the end of the class, the children presented their dreams, and each child later received a Dream Sheet with a response from their Dream Teachers.



Sponsorship of the “OSAKA Children’s Dreams” Support Project

As part of the “OSAKA Children’s Dreams”, an SDGs promotion project by the Osaka Prefectural Government through public-private partnership, we supported the “4th SDGs Guinness World Records™ Challenge” held on January 20, 2024.

Many elementary and junior high school students challenged the “Most people performing the eagle pose(yoga) online simultaneously” and successfully set a Guinness World Record.

The children were able to realize the significance of the project, which is to create opportunities to experience success in the Guinness World Records Challenge and to nurture the ability to persevere and a strong spirit to face difficulties.

Theme: Sports

Serves as an Official Sponsor of the Professional Baseball Team, ORIX Buffaloes

Since 2012, we have continuously supported the ORIX Buffaloes as an advertising sponsor of Kyocera Dome Osaka by displaying advertisements on the outfield fence and sponsoring games. In February 2022, we signed an official sponsorship agreement with the team as we share its philosophy of “bringing excitement and inspiration to fans, dreams and hopes to children, and contributing to the development of local communities and people,” and our logo has been displayed on the left sleeve of the ORIX Buffaloes’ uniforms. We will actively support the team’s activities to enliven our hometown Osaka and all of Japan through Japanese professional baseball.



©ORIX Buffaloes

Official Partnership with Women’s Team of Albirex Niigata Singapore FC

SAMTY ASIA INVESTMENTS PTE. LTD., our local subsidiary in Singapore, is an official partner of the women’s team of Albirex Niigata Singapore FC, the first professional women’s soccer team in Singapore. Albirex’s slogan, “The reason. – the meaning of being here-” and its theme of “JOY,” “BRIDGE,” and “DREAM” have much in common with our Management Philosophy, “Realization of Dreams through Ethics, Passion, and Challenge” and therefore, we endorse and support the team’s activities for sports culture promotion, which aim to build bridges between people.



Albirex Niigata Singapore FC Women’s Team Members

Theme: Cultural Inheritance

Reizei Family Shiguretei Bunko Foundation (Kamigyo Ward, Kyoto)

We are a supporting member of the Reizei Family Shiguretei Bunko Foundation (a public interest incorporated foundation), which was established to preserve the building of the Reizei family, Japan's oldest and only existing residence of a court noble, and its archives. As a comprehensive real estate company with operations throughout Japan, the Group will continue to support the activities of the foundation and engage in various support activities to preserve traditional buildings and promote and develop traditional culture throughout Japan under the objective of regional revitalization.



Theme: Coexistence with Local Communities

The Group is engaged in a variety of activities to revitalize local communities through the hotel facilities developed, owned, and operated by the Group. Under the theme of harmonious coexistence with local communities, which is stated as our basic sustainability policy, we will continue to build relationships of coexistence and co-prosperity with local communities, seek activities suited to local characteristics, and contribute to the community as a member of society.

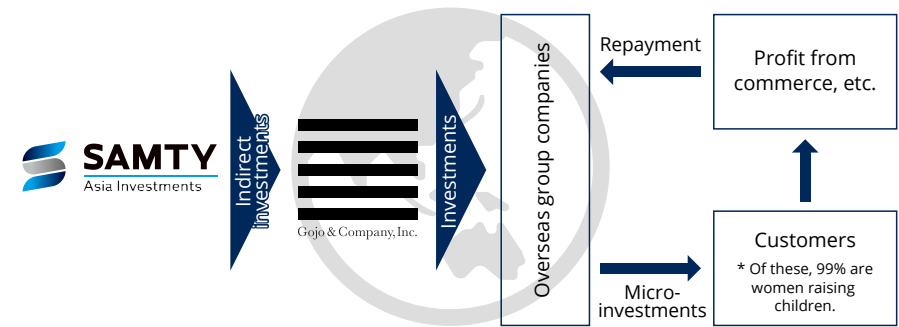
Investments in Companies that Provide Quality Financial Services at Low Prices

The Group, which strives to solve social issues through its business activities and to realize a sustainable society and increase corporate value from a medium- to long-term perspective, invests in companies that provide microfinance services to small and medium-sized enterprises in emerging countries and supports their businesses through an ESG investment fund established by SAMTY ASIA INVESTMENTS PTE. LTD., a local subsidiary in Singapore.

Our portfolio company, Gojo & Company, Inc. has a mission of delivering financial inclusion around the world, and is engaged in microfinance businesses in Cambodia, Sri Lanka, India, Myan-

mar, and Tajikistan, reaching 1.39 million household customers, mainly women who are raising children.

Through this investment, the Group supports the realization of a world where everyone can determine their own future through access to quality financial services at low prices, while assisting those who need these services in leading their self-sufficient lives, and aims to realize a society in which the next generation can grow up with dreams.



Funding for purchase of a textile factory (Cambodia)



Funding for purchase of sewing machines (Myanmar)

Cleanup Volunteer

On November 11, 2023, we hosted a beach cleanup volunteer event at 'Uminonakamichi Seaside park (National Park) in Higashi-ku, Fukuoka City. A team of 25 members, primarily comprising employees from our Fukuoka branch, joined on the day, gathering debris equivalent to the size of a truckload while enjoying the refreshing sea breeze. Some of the participating members expressed their eagerness to actively participate in environmentally conscious activities after witnessing the current state of ocean pollution. Our Group is steadfast in our commitment to initiatives focused on 'environmental awareness' as part of our continuous effort to build a sustainable society.



Registration for Return Gifts of Hometown Tax Donation Program

Various coupons available for travel, which can be received as a return gift for hometown tax donations, can be used at hotels related to the Samty Group. The return gifts vary depending on the municipality where the tax donation was made. One type of return gift is an accommodation voucher for a stay at an eligible facility, while the other type is a travel voucher or a subsidy voucher that can be used at restaurant facilities.

List of Eligible Hotels (as of January 31, 2023)

NO.	Hotel name	Relevant municipality	Return gift items*1	URL (Links to municipality websites (Japanese))
01	Ibis styles Nagoya	Nagoya City	Hometown Tax Donation Program's accommodation voucher for Nagoya City Rurubu Travel Plan	Furusato Choice ↗
02	S-PERIA Hotel Kyoto	Kyoto City	Hometown Tax Donation Program's accommodation voucher for Kyoto City Rurubu Travel Plan	About Kyoto City Hometown Tax Donation Program ↗
03	Mercure Kyoto Station		Accommodation voucher (Superior King Room, 1 night stay for 2 persons with breakfast, etc.	
04	Oakwood Hotel Oike Kyoto		Accommodation voucher (Standard Room, 1 night stay for 2 persons), etc.	
05	Agora Kyoto Karasuma / Agora Kyoto Shijo		Hometown Tax Donation Program's accommodation voucher for Kyoto City Rurubu Travel Plan Furunavi Travel Points	
06	Amanohashidate Hotel	Miyazu City, Kyoto Prefecture	Accommodation and meal subsidy vouchers that can be used at designated facilities in Miyazu City, Kyoto Prefecture	Typical Return Gifts from Miyazu City ↗
07	S-PERIA Hotel Hakata	Fukuoka City	[Hometown Tax Donation Program: Choice Pay] Let's go to Fukuoka City, Fukuoka Prefecture by using the hometown tax donation program! (Granting points for electronic payment service)	Furusato Choice List of Available Stores ↗
08	S-PERIA Hotel Fukuoka Nakasu			
09	S-PERIA Hotel Nagasaki	Nagasaki Prefecture	[Nagasaki Prefecture] JTB FURUPO WEB Travel Coupon	Hometown Nagasaki Support Donation ↗

* The available tax donation program sites and returned gifts may be added or changed.

* Common coupons with other facilities. Some hotels offer plans that include an accommodation voucher as a return gift.

Participation in TOKYO Waction Project

TOKYO Waction, a project by the Tokyo Metropolitan Government to promote vaccination against COVID-19 infection, has the following philosophy: "To protect ourselves and our loved ones from COVID-19, and to make a new everyday life in the city of Tokyo filled with smiles again." The Group endorsed this philosophy and participated in the project by offering special privileges at its hotels.



Renting Entire Hotel Buildings at the Request of Prefectures

The Group has been renting entire buildings at some of its hotels in Japan as an accommodation and treatment facility for asymptomatic and mildly sick people infected with COVID-19 at the request of the prefectural governments. We will continue to actively implement initiatives that contribute to corporate social responsibility and local communities.

Social Data

Employment Situation

		Unit	FY2020	FY2021	FY2022	FY2023
Number of employees (general employees + executives)	Total	persons	149	157	184	203
	Male	persons	117	123	149	157
	Female	persons	32	34	35	46
	Female ratio	%	21.5	21.7	19.0	22.7
	Foreign national	persons	-	-	-	-
	Foreign national ratio	%	-	-	-	-
	Senior (60 and above)	persons	10	10	9	6
	Senior (65 and above)	persons	3	4	5	5
Number of general employees	Total	persons	33	43	54	67
	Male	persons	23	31	37	44
	Female	persons	10	12	17	23
	Female ratio	%	30.3	27.9	31.5	34.3
Executive positions (including managers, department heads, Directors and Officers)	Total	persons	116	114	130	136
	Male	persons	94	92	112	113
	Female	persons	22	22	18	23
	Female ratio	%	19.0	19.3	13.8	16.9
Executive positions (department heads and above)	Total	persons	23	22	23	21
	Male	persons	22	21	22	20
	Female	persons	1	1	1	1
	Female ratio	%	4.3	4.5	4.3	4.8
Executive positions (deputy manager and below)	Total	persons	93	92	107	115
	Male	persons	72	71	90	93
	Female	persons	21	21	17	22
	Female ratio	%	22.6	22.8	15.9	19.1

		Unit	FY2020	FY2021	FY2022	FY2023
Average age	Total	years old	36.6	36.7	35.9	35.1
	Male	years old	37.2	37.0	36.7	36.2
	Female	years old	34.8	35.2	34.6	32.4
Average years of service	Total	years	7.0	7.2	6.0	5.7
	Male	years	6.8	7.0	5.8	5.6
	Female	years	7.6	8.3	7.0	6.2
Average Salary	Male base salary* ¹	JPY/Month	301,098	306,615	334,903	338,879
	Male bonus	JPY/Year	3,114,718	2,962,759	2,632,058	2,390,304
	Female base salary* ²	JPY/Month	257,220	268,560	284,583	299,623
	Female bonus	JPY/Year	2,315,100	2,345,200	1,929,727	1,323,143
Salary disparity		%	80.3	83.8	80.4	76.2
Employment of persons with disabilities		%	1.5	1.4	-	2.7
		persons	2	2	-	3
Number of consolidated employees		persons	271	391	705	844
Job turnover rate* ³		%	3.1	5.1	4.5	6.7
Voluntary resignation rate* ⁴		%	3.1	5.1	4.5	6.7
Retention rate of new graduates		%	87.5	100.0	100.0	100.0
Retention rate of new graduates		%	12.5	-	-	-

*1 Management + Non-management (excluding Directors, Officers and seconded staff)

*2 Management + Non-management (excluding Directors, Officers, seconded staff, and general staff)

*3 Voluntary Retirees + Non-Voluntary Retirees (including: death, dismissal, and leave due to personal injury or illness, excluding those who retired at retirement age)÷Total Employees

*4 Voluntary Retirees ÷ Total Employees

Recruitment Status

		Unit	FY2020	FY2021	FY2022	FY2023
Number of new graduates hired	Total	persons	8	3	9	13
	Male	persons	7	3	7	8
	Female	persons	1	-	2	5
	Female ratio	%	12.5	-	22.2	38.5
	Foreign national	persons	-	-	-	-
	Foreign national ratio	%	-	-	-	-
Mid-career recruitment	persons	11	14	35	23	
Reemployment rate of retirees	%	100.0	100.0	100.0	-	

Number of Users of Work-Life Balance Programs

		Unit	FY2020	FY2021	FY2022	FY2023
Maternity leave	Female	persons	3	1	2	1
Childcare leave	Total	persons	4	4	11	9
	Male	persons	-	1	7	5
	Female	persons	4	3	4	4
Return-to-work rate after childcare leave	Total	%	100.0	100.0	100.0	100.0
	Male	%	-	100.0	100.0	100.0
	Female	%	100.0	100.0	100.0	100.0
Nursing care leave	Total	persons	-	-	-	-
	Male	persons	-	-	-	-
	Female	persons	-	-	-	-
Shorter working hours	Total	persons	5	4	8	8
	Male	persons	-	-	1	1
	Female	persons	5	4	7	7
Child nursing care leave	Total	persons	-	-	-	-
	Male	persons	-	-	-	-
	Female	persons	-	-	-	-
Family care leave	Total	persons	-	-	-	-
	Male	persons	-	-	-	-
	Female	persons	-	-	-	-
Telework	Total	persons	-	4	2	2
	Male	persons	-	2	1	1
	Female	persons	-	2	1	1

Overtime and annual paid leave utilization record

	Unit	FY2020	FY2021	FY2022	FY2023
Average overtime hours per person	hours/Month	4:43	7:14	9:49	8:45
Average annual paid leave days per person	days	7.0	8.0	8.8	8.4
Average annual paid leave utilization rate per person	%	38.4	45.1	50.8	53.6

Training Achievements

		Unit	FY2020	FY2021	FY2022	FY2023
Training hours	Total	hours	3,129	762	1,431	4,454
	Hours per person	hours	21.00	4.85	7.78	21.94
Training investment	Total	thousands of JPY	320	254	1,582	15,458
	Investment per person	thousands of JPY	2.1	1.6	8.6	76.1

Occupational Accident Record

	Unit	FY2020	FY2021	FY2022	FY2023
Frequency rate of occupational accidents*1	-	-	-	6.85	7.09
Number of fatalities related to occupational accidents	persons	-	-	-	-
Intensity rate*2	-	-	-	-	-

*1 Number of fatalities and injuries due to occupational accidents per 1 million total actual working hours

*2 Number of lost workdays due to occupational injuries per 1,000 total actual working hours

Number of Safety-related Accidents

	Unit	FY2020	FY2021	FY2022	FY2023
Serious accidents*1	cases	-	-	-	-
Fatal accidents	cases	-	-	-	-
Accidents resulting in absence from work	cases	-	-	-	-
Non-lost-workday accidents*2	cases	-	-	2	2

*1 Fatal accidents, severe illness accidents (injuries or illnesses requiring treatment for a period of 30 days or more), sequelae accidents, fire accidents, etc.

*2 Injuries or illnesses incurred during the execution of duties that require medical attention from a medical professional, where the affected individual did not take a single day off work from the day after the incident.

Achievements Related to Health

		Unit	FY2020	FY2021	FY2022	FY2023
Regular health examination attendance rate		%	100.0	100.0	100.0	100.0
Stress check examination	Participation rate	%	99.3	99.3	97.3	99.5
	High stress employee rate	%	2.9	9.0	7.7	6.5

Corporate Governance

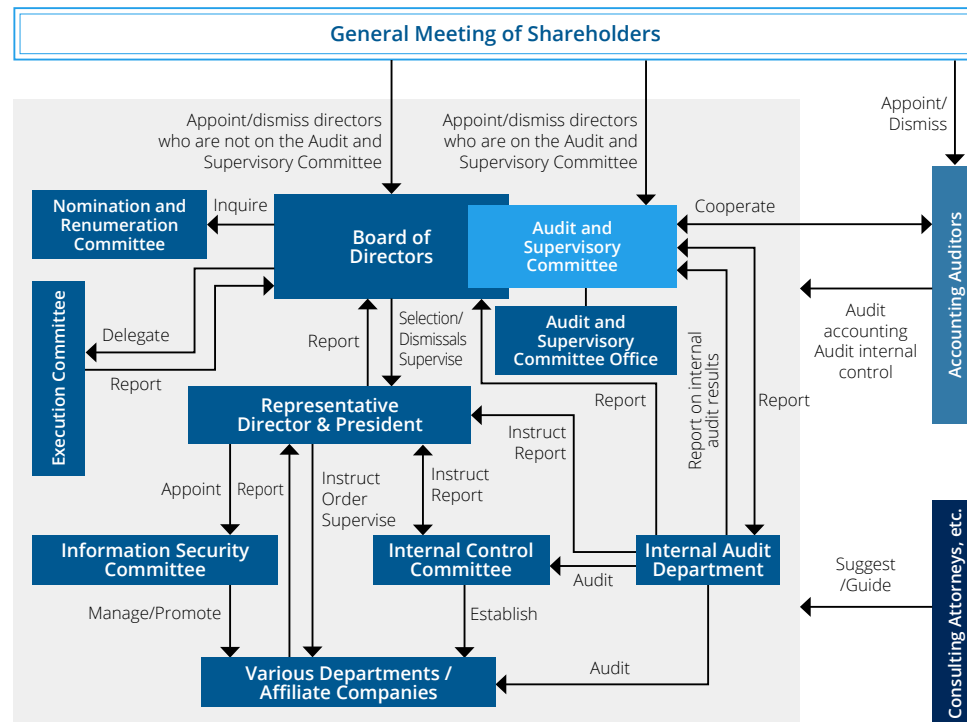
Basic Thinking on Corporate Governance

The Samty Group considers the strengthening of corporate governance as a key management issue to ensure continuous development and become a company that earns the trust of society, with a high level of management soundness and transparency. The Group will strive to continuously improve corporate governance based on the principles of the Corporate Governance Code, by building an organizational structure that enables timely and accurate information disclosure, strengthening information management systems, ensuring compliance with laws and regulations, and utilizing independent outside directors.

➤ [Corporate Governance Report \(February 29, 2024\)](#) 

Corporate Governance Structure

The Company has chosen to establish an Audit and Supervisory Committee as part of its organizational design. Through this corporate governance structure, which includes the Board of Directors that supervises the execution of duties by directors and the Audit and Supervisory Committee that audits the execution of duties by directors, the Company aims to improve transparency and fairness in management, while enabling speedy decision-making.



The Nomination and Remuneration Committee and the Audit and Supervisory Committee

(1) Nomination and Remuneration Committee

To enhance management transparency and further strengthen corporate governance, the Company has established the Nomination and Remuneration Committee composed of a majority of outside directors (four independent outside directors and one inside director). This Committee is responsible for advising and assisting the Board of Directors in the selection and appointment of directors, taking into consideration diversity and skill sets. Remuneration for directors is determined by the Board of Directors based on the Committee's discussions.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee is responsible for auditing the decision-making process of the Board of Directors and the status of business execution by directors. In order to monitor the execution of duties by directors from an objective and neutral standpoint, all members of the Committee are outside members. The Company has established a system that allows the Committee members to stay abreast of important management matters, key issues related to compliance and risk management, and other matters through activities such as attending and reviewing minutes of important meetings, reviewing all approval documents (on a per-approval basis), holding regular meetings with all directors, and listening to updates on the execution of duties as necessary.

Nomination of Candidates for Directors

For candidates for directors (excluding directors who are members of the Audit and Supervisory Committee), the Representative Director prepares a proposal, and the Board of Directors determines based on the results of discussions at the Nomination and Compensation Committee. For candidates for directors who are members of the Audit and Supervisory Committee, the Representative Director prepares a proposal, and the Board of Directors decides on the agenda for election at the General Meeting of Shareholders after obtaining the consent of the Audit and Supervisory Committee, based on the results of discussions at the Nomination and Compensation Committee.

Regarding the dismissal of a director, the Board of Directors decides as a proposal to the General Meeting of Shareholders based on the results of discussions by the Nomination and Compensation Committee, taking into consideration such factors as violations of laws and regulations and the Articles of Incorporation in the execution of duties, physical or mental disabilities, significant lack of ability, and responsibility for the performance of the division in charge.

Independence of Independent Outside Directors

The Group has established the following criteria regarding the independence of outside officers in order to certify those persons who may not have a conflict of interest with general shareholders as independent officers.

Criteria for the Independence of Outside Officers

If an outside officer (outside directors including members of the Audit and Supervisory Committee) meets the following criteria, the said outside officer shall be deemed independent and have no risk of conflict of interest with general shareholders.

1. The outside officer is not currently or has not been in the past an executive, etc.*¹ of the Group*².

*1 Executive, etc. shall mean directors (excluding outside directors), corporate auditors (excluding outside corporate auditors), executive officers, accounting counselors, and other similar officers or employees.

*2 The Group shall mean the Company and its subsidiaries and affiliates.

2. The outside officer is not currently or has not been in the past five years:
 - (1) A major shareholder*³ of the Company or an executor, etc. thereof; or
 - (2) An executive, etc. of a company for which the Group is a major shareholder.

*3 A major shareholder shall mean a shareholder who holds 10% or more of the voting rights.

3. The outside officer is not currently or has not been in the past five years a major business partner*⁴ of the Group or an executive, etc. of the said partner.

*4 Major business partner shall mean a business partner who has transactions with the Group in an amount equivalent to 2% or more of the consolidated net sales of either party.

4. The outside officer is not currently or has not been in the past five years:
 - (1) A recipient of remuneration of 10 million yen or more per year from the Group as a consultant, or an accounting or legal professional (if the recipient is a legal entity or an association, etc., an individual who belongs to such legal entity or an association, etc.), besides remuneration as an officer; or
 - (2) A member, a partner or an employee of the accounting auditor of the Group.

5. The outside officer is not currently or has never been in the past five years a recipient of donation of 10 million yen or more per year from the Group (if the recipient is a legal entity or an association, etc., an individual who belongs to such legal entity or an association, etc.).

6. The outside officer is not currently or has never been in the past five years an executive, etc. of a party between which and the Group officers are mutually appointed.

7. The outside officer is not a relative within the second degree of kinship of any individual falling under any of Items 1 through 6 above (excluding those who are in unimportant positions).

8. The outside officer is not an individual who is involved in a matter that may cause a material conflict of interest in executing duties or who has interests that potentially influence decision making.

Training Policy

The Company provides training to its directors to ensure that they are able to adequately fulfill the responsibilities of their positions. Upon assuming office, newly appointed directors are briefed by the director in charge or the department in charge on the Group's management strategy, medium-term management plan, financial and accounting matters, and the status of business operations. In addition, directors are provided with timely information on economic conditions, industry trends, legal compliance, corporate governance, finance and accounting, and other important matters necessary to fulfill their roles, and supported in the execution of their duties by invitations to external training sessions and the like.

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of its Board of Directors each year on a regular basis and discloses the results with the aim of continuously enhancing corporate value. The evaluation is conducted with a survey about the Board of Directors' effectiveness, and it is completed by all directors comprising the Board of Directors, and the results are reported to the Board of Directors. The Company is working to improve and enhance the identified points that need to be improved and enhanced upon further review.

Remuneration for Directors

The maximum amount of remuneration for directors is resolved at the annual General Meeting of Shareholders. For remuneration for senior management and directors (excluding directors who are members of the Audit and Supervisory Committee), the Representative Director prepares a proposal, taking into consideration the nature of their duties and the Company's situation, and the Board of Directors determines based on the results of discussions at the Nomination and Compensation Committee. Remuneration of directors who are members of the Audit and Supervisory Committee is determined through discussions by the Audit and Supervisory Committee, taking into consideration the nature of their duties, their experience, the Company's situation, and other relevant factors.

To increase the incentives for continuous performance improvement and to further promote value sharing with shareholders, the Company has also introduced a performance-linked remuneration system (profit-linked salary), a restricted stock remuneration system, and a stock price-linked point-based monetary remuneration system for directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee).

The Company discloses the total amount of remuneration for directors, and for some directors, the amount is disclosed separately in the Annual Securities Report in accordance with laws and regulations. The Company also discloses the amount of base remuneration and performance-linked remuneration, as well as its policy for determining the calculation method to improve management transparency.

Skills Matrix

Name	Expertise / Experience					
	Corporate Management	Industry Knowledge	Accounting / Finance	IT / Digital	Legal and Compliance	Global Experience
Yasuhiro Ogawa	○	○	○		○	○
Hiroaki Matsui	○	○	○	○	○	○
Naohiro Morita	○	○				○
Takaharu Terauchi	○	○				
Jiro Okawa	○	○				○
Takashi Hamamatsu	○	○	○	○	○	○
Junko Kawai					○	○
Toyo Abe	○		○		○	
Masatsugu Oishi	○	○	○			
Mitsusuke Koi	○		○		○	○
Shoichi Sanpei	○		○	○		
Tetsuo Kodera					○	
Naotaka Murata			○	○		

Basic Views on Risk Management

The basic policy and control system for risk management are set forth in the Action Plan for Compliance and Risk Management (revised on December 10, 2021), and we strive to prevent risks (including compliance issues) that could hinder the business activities of the Samty Group and cause significant losses to the Company, and to respond promptly and appropriately when they occur, in order to ensure personnel safety, minimize economic losses, facilitate business operations, and prevent damage to the Company's image. We are also working to prevent risks from materializing through appropriate management of various risks surrounding our business, including compliance-related risks, risks associated with daily business activities, and information risks.

› List of Business Risks, etc.

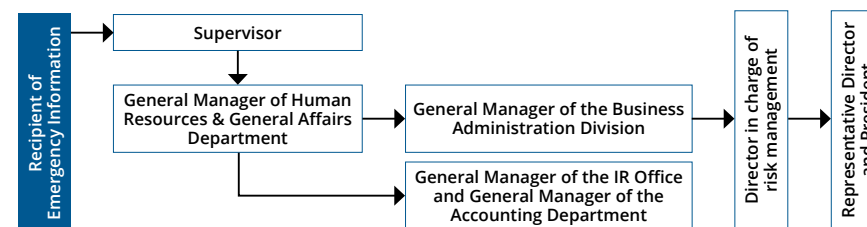
Regulations and System for Risk Management in Normal Times

The Group has established the Risk Management Regulations as the basis of risk management and strives to prevent the materialization of risks before they occur. For operating the risk management system under normal circumstances, a director responsible for the Legal Department shall be appointed as the director in charge of risk management, and the Legal Department shall serve as the department in charge of comprehensive risk management, with the cooperation of the Internal Audit Department and other related departments. The Legal Department checks and evaluates the status of risk management and implements necessary measures, etc., based on the Action Plan for Compliance and Risk Management, an action plan for risk management.

Emergency Response and System

If an emergency situation arises, the Emergency Response Department, headed by the Representative Director and President, shall respond by promptly assessing the state of damage, taking prompt and appropriate action, and quickly establishing a system to minimize damage, in accordance with the Emergency Response Regulations and the Detailed Regulations on Measures for Severe Natural Disasters, etc., which are separate regulations stipulating measures to be taken in the event of an emergency situation.

Reporting System for Emergency Situations



Departments Responsible for Emergency Situations

Category of Emergency Situations		Responsible Departments	
		Level A	Level B
Natural Disasters	Earthquakes, windstorms, floods, and other disasters	Emergency Response Department	Human Resources & General Affairs Group, Human Resources & General Affairs Department
	Serious accidents such as office explosion, fire, building collapse, etc.		Human Resources & General Affairs Group, Human Resources & General Affairs Department
Accident	Serious accidents attributable to the Company's real estate properties (including environmental issues and complaints from neighborhoods)		Relevant departments
	Serious personal injury involving officers and employees		Human Resources & General Affairs Group, Human Resources & General Affairs Department
Crime	Illegal external attacks such as corporate bombing, arson, kidnapping, extortion, etc., as well as receipt of threatening letters		Legal Department
	On-site investigations by government and municipal offices for the purpose of discovering violations of laws and ordinances of the Company and their detection, etc.		Legal Department / Internal Audit Department
	Misconduct by officers and employees, including breach of trust, embezzlement, and insider trading		Legal Department / Internal Audit Department
Others	Unlawful purchase of the Company's shares		Legal Department / Corporate Planning Department
	Litigation and disputes of all types		Legal Department / Relevant departments
	Situations arising from emergencies of business partners, such as bankruptcy of important business partners		Relevant departments
	Non-performing loans and bad debts	Relevant departments	
	Monetary accidents, and burning, theft or loss of securities, etc.	Accounting Department / Finance Department	
	Discrimination issues, human rights issues, sexual harassment, etc.	Human Resources & General Affairs Group, Human Resources & General Affairs Department	
	Other business emergencies equivalent to the above	Relevant departments	

Response to COVID-19 Infections

In response to the spread of COVID-19 infections, the Group established a countermeasures committee chaired by the Representative Director and President to ensure the health and safety of employees, their families, and business partners as a top priority, and has formulated a basic policy for infection prevention measures in accordance with government and municipal policies and made every effort to instruct and support all group sites in their countermeasures. The Group has put in place measures and systems that will enable it to continue operations with a low attendance rate even if a social demand to reduce personnel contact is made in the future, based on the issuance of a declaration of a state of emergency, etc.

Compliance

Basic Views on Compliance

The Samty Group is working to become a free and new company that can contribute to society while providing a rich urban environment. Compliance is the foundation of such corporate activities, and we consider compliance with laws, regulations, and formalities to be the norm, and aim to gain the trust of our customers and partners and prevent accidents and problems by reliably and accurately performing each of our daily tasks. It has been proven through many cases of misconduct in the past that simply complying with laws and regulations is not enough to meet the demands of society, including situations in which laws and regulations are not consistent with actual conditions. We regard the true compliance of the Group as going beyond mere compliance with laws and regulations to adapt to the demands of society.

Code of Conduct and Values

The Group has stipulated its Management Philosophy and Code of Conduct, "Samty 5," as a common standard for all employees and officers to comply with laws and regulations, the Articles of Incorporation, and social norms as a matter of course, and to engage in sincere and appropriate corporate activities with high ethical standards and carries out daily operations under a common set of values that aim to realize dreams.

Code of Conduct for Employees of the Samty Group, "Samty 5"

1. "Thank you" rather than "I'm sorry."

When someone helps you, say "thank you" instead of "I'm sorry." Positive words brighten both you and the other person.

2. Don't forget your initial enthusiasm and sense of ethics.

Remember where you aimed to be on your first day of work. What should you do to get there? What should you not do? Let's work today, remembering the fresh feeling you had on that day and sense of ethics.

3. Let's be brave and raise your hands.

Everyone can think, "This would be a good idea," or "What about this idea?" But only a few people can raise their hands. A little courage can lead to great growth.

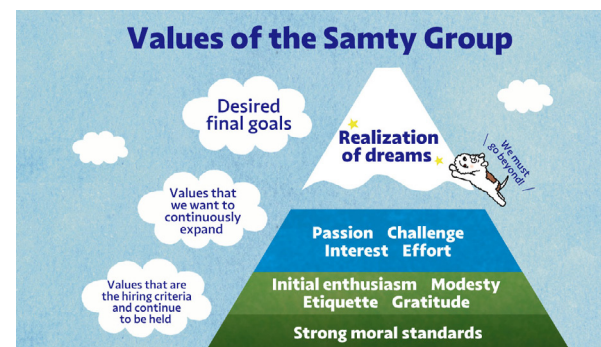
4. It's fun to know what you don't know!

The view outside the train. What kind of buildings are there? What kind of people live there? How did the streets come to look the way they do? Such interest naturally broadens our perspective. It makes work and life more interesting.

5. Let's question the rules.

Success lies beyond the norms. Can't we do better than what we are now doing? Can't we grasp something greater by abandoning what we have? There are plenty of opportunities to change the industry.

Values of the Samty Group



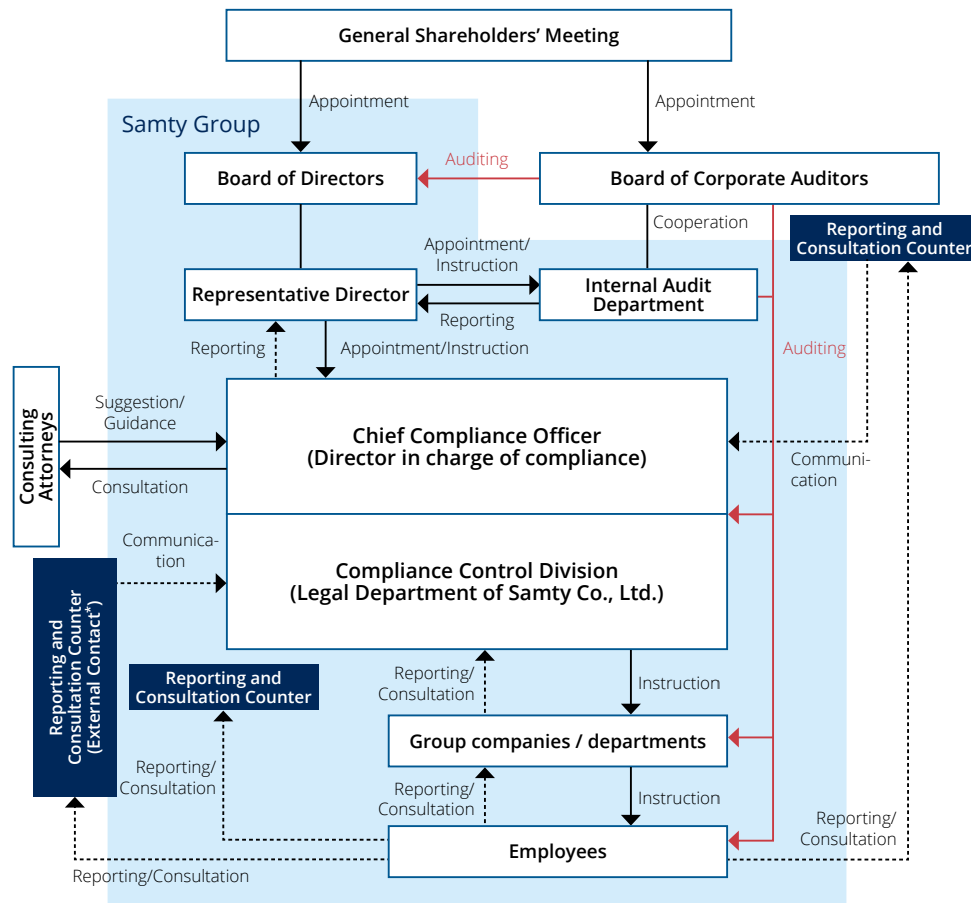
Compliance Promotion System

With the aim of ensuring the effectiveness of compliance management, the Group has appointed Hiroaki Matsui, Managing Director of Samty Co., Ltd., as the Chief Compliance Officer, and the Company's Legal Department serves as the Compliance Control Division. This Division formulates an action plan as an implementation plan for compliance management, conducts training sessions, inspects the status of legal compliance, and performs daily monitoring and other activities to ensure that the Management Philosophy, Code of Conduct, Compliance Regulations, and Compliance Manual are thoroughly understood and practically implemented. In addition, to ensure cross-sectional management of the overall internal control system, the Legal Department is working to strengthen the internal control system through company-wide and group-wide efforts.

Compliance System of the Samty Group

Role of the Compliance Control Division

1. Establishment, maintenance, and management of internal legal compliance systems
2. Guidance and support for the establishment, maintenance, and management of legal compliance systems at Group companies
3. Development and maintenance of legal compliance manuals
4. Training and education on legal compliance
5. Monitoring of legal compliance status
6. Investigation and response when problems occur



Compliance Training

To ensure that all employees share a common awareness of compliance, we have established Compliance Regulations and Compliance Manual, and conduct periodic training for all employees to raise their compliance awareness. Online training sessions are held twice a year on themes such as compliance with laws and regulations and human rights, anti-corruption, and alerts regarding fraudulent land dealings. We aim to further raise awareness of compliance through interactive communication, such as asking employees to submit written comments on training videos.

Compliance Manual (Cover and table of contents)

- SAMTY's Management Philosophy
- Code of Conduct for SAMTY Employees
- SAMTY's Legal Compliance System
- Compliance Items
 1. Respect for human rights and prohibition of discrimination, sexual harassment, harassment related to pregnancy, childbirth, childcare leave, nursing care leave, etc., and power harassment
 2. Compliance with various business laws and other laws and regulations
 3. Prohibition of bribery and gifts/entertainment, etc.
 4. Insider trading regulations
 5. Response to antisocial forces
 6. Compliance with the Road Traffic Act
 7. Appropriate use and management of information
 8. Proper accounting procedures and appropriate disclosure of company information
 9. Prohibition of acts against interests
 10. Dealing with troubles



Whistleblowing System

In order to ensure compliance with laws and regulations, prevent and detect corruption and corrupt practices at an early stage, and improve self-cleansing function, the Group requires anyone who becomes aware of any violation of laws or regulations to report such violations to the Company, and has put in place a whistleblowing system through the compliance consultation counter that enables employees to report and consult with internal and external organizations.

In operating the system, we have established whistleblowing management regulations, which stipulate strict confidentiality and prohibition of disadvantageous treatment of users, to provide a safe and easy environment for whistleblowers to report incidents. In FY2021, as a result of investigations and corrective actions taken in response to all reports, there was no case of serious human rights violations or violations of the anti-corruption policy.

Information Security

Due to the necessity of business operations, each of our businesses handles a large amount of personal information, and the management and all employees of the Group are strongly aware of the social responsibility of information security in their duties. We have established an Information Security Committee consisting of representatives from each department, formulated the Information Security Basic Policy in 2006, and the Personal Information Protection Policy in 2007, and are working to establish and maintain an appropriate management system that includes the protection of all information assets and personal information handled by the Company. We also conduct an annual information security confirmation test for all employees.

▶ Information Security Basic Policy

Anti-Corruption Initiatives

The Company has established the Compliance Regulations that prohibit all corrupt acts, including bribery, and the contents of its policies and regulations are disseminated to all employees of the Company through online training programs utilizing the Compliance Manual. Furthermore, in order to ensure the appropriateness of business operations, the Corporate Planning Department, the division in charge, receives various reports at affiliate company meetings, etc., held in accordance with the Affiliate Company Management Regulations, and provides advice on compliance and risk management matters to the Group companies as necessary.

The Group companies operate their businesses based on the division of duties and authorities determined by each company, while directors are dispatched from the Company to important companies of the Group to supervise their business operations. Meanwhile, the Internal Audit Department audits the Company's group management system as well as important companies of the Group, and reports the results to the Representative Director and President, the Board of Directors, and the Board of Corporate Auditors, thereby implementing group-wide anti-corruption measures.

In FY2021, there was no case of bribery or other corrupt or anti-competitive behavior and no employee dismissal.

Insider Trading Prevention Initiatives

In accordance with the Internal Information Management Regulations, we appropriately manage undisclosed insider information and ensure fair information disclosure in dialogues with shareholders. Moreover, the Company's Compliance Manual clearly stipulates the prohibition of acts that violate the insider trading regulations, and training is provided to all our employees to prevent insider trading through regular educational activities.

Exclusion of Relationships with Anti-social Forces

We recognize that any connection with anti-social forces will seriously damage society's trust in a company and have a serious impact on the company's continued existence. Our Compliance Regulations and Compliance Manual stipulate that we shall resolutely confront anti-social activities and forces and shall not have any relationship with them, and we are committed to eliminating anti-social forces.

The Human Resources & General Affairs Department oversees the prevention of damage caused by anti-social forces and the elimination of relationships with them. In accordance with the Regulations for Investigating Interested Parties and the Manual for Dealing with Anti-social Forces, the Department works to ensure that all employees are aware of how to deal with anti-social forces in daily business activities, and investigates the credibility of shareholders, officers, employees, business partners, and others involved in corporate activities to eliminate the intervention of anti-social forces. Furthermore, in cooperation with lawyers, police, and other authorities, we strive to develop and strengthen a system to block any relationship with anti-social forces.

Anti-Money Laundering, Counter Financing of Terrorism, and Counter-Proliferation Financing

As a real estate transaction agent and a Type II Financial Instruments Business Operator, we have positioned Anti-Money Laundering, Counter Financing of Terrorism, and Counter-Proliferation Financing (hereinafter referred to as "money laundering, etc.") as one of our important issues of management, the Company will establish a management system and implement measures in accordance with the risk-based approach under the leadership of the managements, based on the Act on Prevention of Transfer of Criminal Proceeds, and other related laws and regulations, as well as guidelines issued by relevant ministries and agencies.

In addition, in order to respond to changes in increasingly complex and sophisticated money laundering and other risks, the Company will consider necessary revisions within the PDCA cycle.

Compliance Consultation and Reporting Desk for Business Partners

The Samty Group has established a Compliance Consultation and Reporting Desk to enable directors and employees of its business partners to consult with and report any compliance violations by the Group.

User

Directors and employees of business partners doing business with the Samty Group companies

Subject of consultation and reporting

Consultation and reporting of any and all matters relating to non-compliance (including possible non-compliance) by any of the SAMTY Group companies

Correspondence desk

Compliance Management Division, SAMTY Co., Ltd.

How to consult or report

For inquiries and reports, please utilize the 'Consultation/Reporting Form' on our website.

When consulting or reporting, please be sure to include the name of your employer and department, your name and e-mail address, and the content of your consultation or report.

Please be as specific as possible in the Details of Consultation/Reporting section, including the specifics of what was said or done, when, where, by whom, to whom, and how, as well as the frequency.

Protection of the informant

1. Personal information provided will be used only to the extent necessary for investigation and response and handled in strict confidence.
2. The content of the consultation or report will be shared only with the minimum number of parties involved for investigation and response.
3. We will never treat the informant or business partner in a disadvantageous manner for the reason that the informant or business partner consulted or reported the matter. Any disadvantageous treatment of any person for consulting or reporting is prohibited by the internal rules, and violators will be punished strictly.

Note

We do not accept false reports, reports that are intended to slander or defame others, or reports for business purposes.