Nurturing a Culture of Trust



please visit:

Material Issues of Nurturing a Culture of Trust

Governance and risk management

internal and external business risks associated with our



Respect of human rights

We will work with the business partners that form our



disclosure of our business and CSR activities and deeper



Supply chain management

We lead CSR initiatives across the entire supply chain to

(fm) Governance and Risk Management

As the foundation supporting the Haseko Group's corporate activities, we work for strict adherence to corporate governance and compliance.

Corporate Governance

Basic approach to corporate governance

Haseko Corporation has made it a basic policy of its corporate management to contribute to society and win society's confidence through its business operations that put customers first. The Company has also positioned reinforcement of corporate governance as one of its utmost management priorities as it recognizes that it is indispensable to secure management transparency and objectivity for maximizing corporate value in a

Company institutions

Haseko Corporation has adopted a corporate auditor system as a corporate institution. The Board of Directors of Haseko Corporation serves as the institution where directors with expert knowledge and experience in various operating divisions conduct decisionmaking on managerial issues and supervise the execution of duties of other directors. As for monitoring of management operations, the Company's system provides the Board of Corporate Auditors, the majority of which are outside corporate auditors, with the monitoring function from an objective and neutral standpoint from outside through implementation of audits. On top of these functions, starting in June 2016, Haseko appointed outside directors with abundant experience and track record to occupy at least one third of the Board of Directors, so that they shall provide appropriate opinions and advice in order to further activate discussions at the Board of Directors and enhance the function to monitor business management. With this system in place, we are

stable manner over the long term and ensuring shareholders' interests.

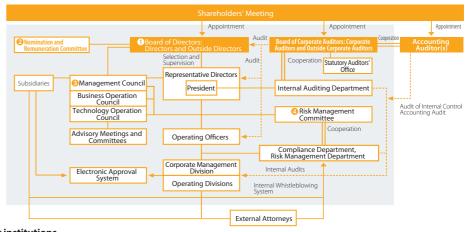
For more informat

As part of its effort to achieve sustained growth and enhance corporate value over the medium- to long-term, the Company has formulated its "Basic Policy on Corporate Governance" and posted it on its website.



making efforts to build an optimum system for the Company, taking into consideration the balance between the operation of the Board of Directors and the monitoring functions. Two female directors have been appointed, one among the inside directors and another among the outside directors. We are continuing to work towards ensuring the diversity of the Board of Directors.

Decisions on certain matters authorized by the Board of Directors are made by the Management Council, Business Operation Council, and Technology Operation Council, each of which limits the participation of directors to a certain extent. In doing so, we have developed a system to separate the functions of decision-making and supervising such decision-making, so that each director can supervise the execution of duties by other directors. In addition, the Management Council is also responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.



Details of company institutions

- 1 The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary, and is responsible for important decision-making and regular reports on matters related to management. In addition, operating officers make reports on business operations on a regular basis to the Board. The Nomination and Remuneration Committee is an advisory body for the Board of Directors, in order to secure objectivity, transparency, and fairness of the procedures related to the nomination, remuneration, etc. of directors and enhance corporate governance. The committee comprises all independent outside directors and an equal or smaller number of representative directors, etc
- The Company has established the Management Council and two operation councils—the Business Operation Council and the Technology Operation Council—to facilitate prompt and flexible
- O The Risk Management Committee is held once every quarter and on an ad hoc basis as necessary whenever any material risk has arisen. It examines and determines the establishment, amendment, or abolishment of internal rules on risk management and risk prevention plans, etc., and discusses and decides on the implementation policies and specific measures for risk management, among other things.

Evaluation of the effectiveness of the Board of Directors

Based on the results of analyzing and evaluating the effectiveness of the Board of Directors in fiscal 2022 in accordance with our Basic Policy on Corporate Governance, we have confirmed that the Board of Directors has held constructive and active discussions and that its effectiveness has been sufficiently ensured. The outline and results of this analysis and evaluation are as follows.

Evaluation method

We conducted a guestionnaire regarding the effectiveness of the Board of Directors for all directors and corporate auditors. Reflecting on the results of this questionnaire and reports from the secretariat on the operation of the Board of Directors in fiscal 2022, deliberations were held and the effectiveness of the Board of Directors as a whole was analyzed and evaluated at the Board of Directors meeting in April 2023 based on

For more information, please visit:

Haseko Corporation is a company with the Board of Corporate Auditors. It consists of five corporate auditors, of which two are full-time and three are outside, and meets once every month and on an ad hoc basis as necessary.

The two full-time corporate auditors cooperate with each other to conduct audit activities including an audit of the Company's internal control system. More specifically, the corporate auditors attend the Management Council, Business Operation Council, Technology Operation Council, Risk Management Committee, and other important meetings, observe internal audits, interview directors and other officers and employees about the status of business operations as necessary, and inspect approval documents, minutes, meeting materials, and reports, among others. The corporate auditors also hold a Group Corporate Auditors' Liaison Meeting to cooperate with Group companies' corporate auditors.

In accounting audits, all the corporate auditors meet with Ernst & Young ShinNihon LLC., the accounting auditor of the Company, to receive the explanations of accounting audit plans, quarterly reviews, and accounting audit reports from the accounting auditor. As necessary, the full-time corporate auditors interview the Accounting Department and the accounting auditor.

decision-making on matters related to daily business operations to the extent they are authorized by the Board of Directors. Participation of directors in the Management Council and the two operation councils is limited to a certain extent, so that the functions of decision-making and supervising such decision-making are divided, and clarification is made for the responsibilities and authority for these functions. Moreover, the Management Council is responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.

opinions presented by the Board of Corporate Auditors and individual directors.

For more information

For more information please visi

Evaluation items				
(1) Institutional design/ composition	Number of members, percentage of independent outside directors, diversity, frequency of meetings, meeting length			
(2) Operation	Number and content of agenda items, quality and quantity of agenda materials, timing of prior distribution, quality of prior explanations			
(3) Deliberation	Constructive discussions and multifaceted considerations in meetings, ethos, one's own roles and responsibilities			
(4) PDCA	Addressing issues raised, reporting results after resolutions, efforts toward improvement			

Note: Please access the results by scanning the QR code in the upper right corner



Status of internal audits

In internal audits, the Internal Auditing Department comprised of 11 members conducts internal audits of information management, risk management, etc. and assesses internal control over financial reporting. Whenever internal control issues are found in an accounting audit, information on the issues is communicated to each division, and improvements to resolve the issues are considered. At the same time, as part of the assessment of internal control, the Internal Auditing Department obtains the information, gives feedback to each division, and monitors the progress of improvements made in each division. The Internal Auditing Department also reports the status of such improvements to the President, the Board of Directors, corporate auditors, and the accounting auditor.

Further, the Internal Auditing Department carries out such activities while reporting the status of them to corporate auditors as appropriate in order to coordinate the roles of internal audits with the roles of audits by the Board of Corporate Auditors and ensure consistency between these roles. Corporate auditors observe internal audits, receive the reports of internal audit results, and exchange information about in-house status with the Internal Auditing Department as appropriate.

Management team and independence criteria for outside officers



For a list of Directors and Corporate Auditors, please see About HASEKO > Management Team by scanning the QR code. For the independence criteria for outside officers, please see the PDF file attached to the Corporate Governance website.

Skills matrix for Directors

Name	Position	Company management/ Management strategy	Finance/Accounting	Legal affairs/Risk management	Overseas business	Construction/ Architecture	Sales/Real estate	Urban development	Technology/DX	ESG/Sustainability
Noriaki Tsuji	Chairman and Director			•						•
Kazuo Ikegami	President and Representative Director	•		•		•			•	•
Junichi Tani	Representative Director, Executive Vice President	•					•			
Toshiyuki Murakawa	Director, Executive Vice President	•				•			•	
Shoji Naraoka	Director, Executive Vice President	•			•				•	
Masahito Koizumi	Director, Executive Operating Officer	•				•			•	
Satoshi Kumano	Director, Executive Operating Officer	•		•			•			•
Toru Yamaguchi	Director, Executive Operating Officer	•					•	•		
Naoko Yoshimura	Director, Operating Officer									•
Kazuhiko Ichimura	Outside Director	•		•						•
Mami Nagasaki	Outside Director			•						•
Toshikatsu Ogura	Outside Director	•		•					•	•
Shinsuke Fujii	Outside Director	•		•						•
Toru Izawa	Outside Director			•		•				

Executive remuneration

The basic policy for remuneration of directors is stipulated in the Basic Policy on Corporate Governance, which was revised by the resolution of the Board of Directors in March 2022. In accordance with the Basic Policy on Corporate Governance, the remuneration of directors is determined by resolutions of the Board of Directors based on the criteria for payment of remuneration of directors prepared by the President in consideration of discussions at the Nomination and Remuneration Committee, which is comprised entirely of independent outside directors a well as representative

Cross-shareholdings

In the case where holding shares of our business partners will help facilitate the operation of business, Haseko's policy is to hold shares as cross-shareholdings in accordance with the "Guidelines for Asset Acquisition in Facilitating Transactions" that is separately prescribed.

The guidelines state that the total book value of assets acquired shall remain within a prescribed amount of the consolidated net assets.

Haseko examines cross-shareholdings individually in terms of medium- to long-term economic rationale and future projections annually at a Board of Directors meeting, and if any shares are determined to be without merit in holding, then those shares will be reduced or otherwise reconsidered. The Board of Directors confirms the status in transactions for the businesses relevant to the cross-shareholdings once every year, including annual amounts of orders received and purchase amounts for those businesses to deliberate the feasibility of continuing shareholding. directors, etc., numbering not more than the independent outside directors.

The Nomination and Remuneration Committee held three meetings in fiscal year 2022, and all the members of two inside directors and five outside directors attended the meeting.

For more information, please visit

Number of issues and amount recorded in the balance sheet (as of March 31, 2023)

	Number of issues	Amount recorded in the balance sheet (millions of yen)
Unlisted shares	11	112
Shares other than unlisted shares	6	15,345
		c 1

Issue for which number of shares increased in fiscal year 2022

	Number of issues	Total acquisition amount for increased sha (millions of yen)		
Unlisted shares	1	6		

Issue for which number of shares decreased in fiscal year 2022 Not applicable



Training for officers

The Company has put in place an education system for directors, corporate auditors, operating officers, and other officers and employees to provide education and training relevant to their positions.

Compliance

Basic approach and policy for compliance

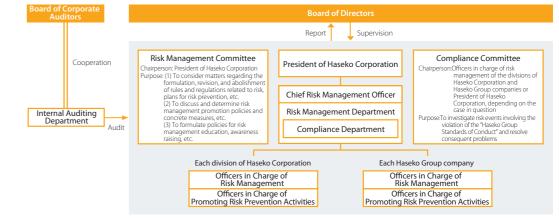
With the recognition that strict compliance is indispensable for the continuity of a corporation, the Company formulated the Haseko Group Standards of Conduct, under which Haseko has been working to establish a management system where all directors, operating officers, and staff respect societal standards and take sensible courses of action in keeping with their duties as

System for promoting compliance

The Compliance Department, established in the Risk Management Department as a department responsible for instilling the Standards of Conduct across the Group and advancing compliance efforts, is working to enhance the Group's compliance.

In addition, pursuant to internal rules and regulations on internal audits, the Internal Auditing Department, which is under the direct control of the President, investigates and evaluates whether activities of respective divisions conform to laws and regulations, the articles of incorporation, the Company's rules and regulations, corporate policies, etc. and whether they are reasonable, and works to make improvements based on the results

Risk management and compliance system



Internal whistleblowing system

The Haseko Group has set out the "Haseko Group Whistleblower Protection Rules" pursuant to the Whistleblower Protection Act and relevant laws and regulations. In addition, the Company has established an office in the Compliance Department of the Risk Management Department, as well as in a law firm as an external contact, dedicated to receiving public-interest whistleblowing reports by officers and employees and requests for consultation regarding harassment and compliance issues in general (including issues concerning the prevention of corruption such as graft and bribery).

Information security

In recent years, there has been a growing risk of information assets being exposed to threats in various aspects in line with the progress of information technology.

The Haseko Group is working on the protection of information assets handled in its businesses and the enhancement of management of such assets, including customer information. We are building awareness of information management, having established the "Haseko Group's Information Management Regulations" and "Basic Policy for Information Security" on a Group-wide scale and formulated the "Information Handling Guidelines" shared across the Group. We have also set individual management standards according to the respective



For more information, please visit:

members of society, as well as complying with all laws and regulations both in Japan and abroad, and the Company's articles of incorporation, so that the Company can win the confidence of society.

The Company regularly reviews the Standards of Conduct for relevancy and effectiveness and revises it as needed.

If there is any act violating the Standards of Conduct that causes concern that it might produce a material effect, it will be reported to the President and officers in charge of risk management will make an investigation. As needed, the Compliance Committee chaired by officers in charge of risk management or the President of the Company is convened to work to resolve it through such actions as examining circumstances, analyzing causes, identifying remedies, investigating whether there are any similar events, devising measures for preventing recurrence, and sharing the results in the Company and across the Group.



For more information, please visit:

The Company has put in place a system for protecting whistleblowers and preserving their anonymity and created an environment where employees feel free to file a report or request consultation in order to ensure that any wrongful act or misconduct be immediately detected and corrected.

Accounts submitted to the office responsible for consultation on internal whistleblowing, and the status of subsequent responses provided, are reported to the representative directors, outside directors, and corporate auditors on a regular basis.

businesses and contents of information handled by Group companies.

Haseko Livenet, Inc., which is engaged in the operational management of rental housing, handles personal information of residents and prospective residents as well as information assets entrusted by clients. For this reason, we have built an Information Security Management System (ISMS) in all divisions in Tokyo and Osaka. We are utilizing international standard ISO/ IEC 27001 in the inspection and review of day-to-day information asset management activities, having obtained certification in August 2005.

Business Strategy

Risk Management

Basic approach to and policy for risk management

The Haseko Group has set out the "Haseko Group Risk Management Policy" with the aim of properly managing various internal and external business risks associated with its operations and continuing to maintain and enhance its corporate value.

Risk management system

The Haseko Group has adopted a risk management system in which the President of Haseko Corporation serves as Chief Officer to implement the "Haseko Group Risk Management Policy." The Company has also appointed a Chief Risk Management Officer, who is responsible for overall risk management, including risk prevention and crisis response across the Group, and officers in charge of risk management, who are responsible for leading risk management in each operating division of Haseko Corporation and Group companies. In addition, each Group company has its risk management department, which makes advice and recommendations regarding the formulation and implementation of Group-wide measures for promoting risk management and monitors the progress of these measures.

The Company has also established the Risk Management Committee under the chairmanship of the President of Haseko

Business Continuity Plan (BCP)

The Haseko Group has formulated a "Business Continuity Plan" with the aim of establishing a mechanism of clarifying operations of Group companies in the event of a major earthquake and other natural disasters, ensuring the safety of "housing" provided by us, preventing the suspension of operations or in the event that they are suspended, enabling the resumption of operations within the shortest possible time, as well as promptly preserving offices and tasks after ensuring the safety of employees and their families, enabling employees engaged in restoration activities and restoration support to take action autonomously.

The "Business Continuity Plan" stipulates that it shall be triggered by the authority of the head of Group Control Headquarters (President of Haseko Corporation) in the event where large earthquakes with a seismic intensity of upper 5 are observed at an earthquake observation point of the Japan

Meteorological Agency located in the Haseko Group's business bases (earthquakes below the reference seismic intensity are not excluded depending on the degree of the damage, etc.), and also in the event of natural disasters other than earthquakes (including storms, heavy rain, heavy snow, floods, high tides, tsunamis, eruptions, etc.) if the damage is significant. In the event of an emergency, the Company will set up a Group Control Headquarters and a Group Control and Support Headquarters in Tokyo or Osaka and a Regional Control Headquarters in the Tokai and Kyushu areas, while each Group company will set up a control headquarters.

For more information, please visit:

The Company has put in place its risk management system,

and has ensured that rules and measures under the policy are

known and implemented by all Haseko Group officers and

Corporation. The Committee meets once every guarter, while

convening an extraordinary meeting as needed when a serious risk

event occurs, and works to collect, analyze, assess, and address risk

events across the Company. The results of discussions of the Risk

Management Committee are reported as needed to the Board of

*For the Risk Management and Compliance System, please refer to the diagram

Directors, which assesses and oversees the implementation and

effectiveness of the risk management system.

of Risk Management and Compliance System on page 51.

employees.

😵 Respect of Human Rights

The Haseko Group explicitly states "respect of human rights" in the Haseko Group Standards of Conduct. Moreover, in order to deepen our initiatives for respecting human rights, in January 2022 we established the Haseko Group's Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights. We instill the Standards and Policy throughout the Group so that each and every employee can deepen his/her understanding of human rights and engage in operations with a high level of awareness at all times, as well as require our

Coinciding with the development of the Haseko Group's Human Rights Policy, we are currently promoting human rights due diligence (HRDD) initiatives. Specifically, the corporate management division and the construction division, which serves as a contact point with cooperating companies, have formed the Human Rights Working Group and identified potential human rights violation risks related to the business activities of the

cooperating companies and other supply chain constituents to respect human rights in their own business activities. Moreover, we will pursue management that respects human rights through efforts including human rights due diligence initiatives.

For more information, please visit:

Haseko Group. The Working Group then assessed those risks in terms of their degree of severity and likelihood of occurring and verified the status of actions taken by relevant divisions and Group companies. Those efforts identified human rights issues that require action.

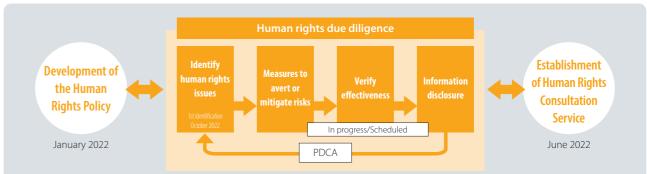
The status of actions taken to address identified issues is reported to the Board of Directors. We report the status of HRDD,

which is planned for continuous future implementation, to the Sustainability Committee for its review (Matters deliberated by and reported to the Sustainability Committee are reported to and supervised by the Board of Directors, and significant matters are

Human rights issues identified

Human rights issue				
Human rights issues in the upstream supply chain	 Labor problems and impact on the production of construction materia 			
Forced labor and child labor	 Labor problems related to foreign tec construction sites and service provisi 			
Occupational health and safety	 Accidents related to the life and he construction sites and other sites w 			
Employment and working conditions	 Long working hours Cooperating companies' employm 			
Harassment and discrimination	 Harassment at the Company or be Cases where employees harass customers 			
Impact on local communities	 Impact on the living environment of 			
Customer safety and security	 Accidents when the Company prov Customers' personal information ar 			

Overview of initiatives for respecting human rights



🕲 Supply Chain Management

Haseko Group CSR Procurement Guidelines

The Haseko Group has formulated the "Haseko Group CSR Procurement Guidelines" to fulfill its social responsibility across the entire supply chain. The Group will work to meet the demands of society by having Group companies follow these guidelines in procuring materials, labor and other resources, while also asking its business partners (includes not only suppliers, but also all entities with whom the Group does business, such as subcontractors and agents) to observe these guidelines in their business activities. The Haseko Group has had its main business partners sign an agreement stating that they commit to these guidelines.

Additionally, we are currently incorporating compliance clauses, in line with these guidelines, into contracts for transactions with all business partners, including those mentioned above, to ensure the clear communication of our requirements

To verify the status of our business partners' compliance with the "Haseko Group CSR Procurement Guidelines," we conducted a

Declaration of Partnership Building

Having joined the "Declaration of Partnership Building" initiative established by Japan's Cabinet Office, we will strive for co-existence and co-prosperity with business partners while working to increase added value across the entire value chain.

referred to the Board of Directors for deliberation and decisionmaking.)

Major risk

e living environment of local communities in the upstream process of the ials, including logging sites

echnical intern trainees and young workers of cooperating companies at ision sites

nealth of employees (of the Company and cooperating companies) at where the Company provides services

ment and working conditions

etween the Company and cooperating companies

ustomers or customers harass employees at service provision sites

of local communities in the vicinity of construction sites

ovides services at nursing care sites and in customers' living spaces and privacy



questionnaire, using a self-checklist, and verified that, overall, appropriate action is being taken.

Haseko Group CSR Procurement Guidelines 1 Thorough compliance 2 Respect for human rights 3 Fair business activities 4 Commitment to safety and hygiene 5 Securing quality 6 Care for the environment 7 Proper disclosure of information 8 Thorough information security Ontribution to society **10** Preparation of the Business Continuity Plan (BCP) Formulated on October 1, 2021



C Information Disclosure and Stakeholder Engagement

Conversations with Stakeholders

Constructive conversations with shareholders, institutional investors, and analysts

Aiming for sustainable growth and the medium- to long-term enhancement of corporate value, the Company proactively converses with its shareholders, institutional investors, and analysts and holds a variety of explanatory meetings, such as a financial results briefing in which the President himself participates.

In addition, it discloses information in a timely and fair manner by posting information such as financial results, integrated reports, and other timely disclosure materials (including English versions) on its website.

Major IR activities in fiscal 2022

ltem	Number of times conducted	Details
Financial results briefing	2	The Company held the financial results briefings in which top management participates, twice a year (in May and November).
Online conference after the announcement of financial statements	4	The Company held on the same day as the announcement of quarterly financial statements, four times a year (in May, August, November and February).
Meeting with institutional investors	212	The Company had meetings with a cumulative total of 212 domestic and foreign institutional investors and sell-side analysts through individual interviews, phone interviews, small meetings, etc.
Condominium market explanatory meeting	2	The Company held twice a year (in September and March).

Communication at Haseko Condominium Museum

Haseko Condominium Museum opened in Tama City, Tokyo in 2018 as part of the Haseko Group's 80th anniversary projects.

It is the first condominium museum in Japan in which visitors can see, touch, feel, and learn various things about condominiums, including the history of condominiums and transition of floor plans as well as design, construction, repair, and rebuilding of condominiums.

The museum has had a wide array of visitors, including residents from the community, business partners, and persons engaged in domestic and foreign housing industry. Additionally, more and more third parties visit the museum for training purposes, in addition to visits by our new employees and staff of Group companies for training purposes, resulting in a total of 6,136 visitors in fiscal 2022 and a cumulative total of 15,517 visitors.

The Condominium Disaster Prevention Exhibition, which has been held since September 2019 under the theme of disaster prevention that is possible only for condominiums, was made permanent in April 2022 due to its popularity of the exhibition

among customers. The exhibition has been expanded to include countermeasures against wind and flood damage, which have been increasing in recent years, the introduction of Smart Water Tanks, home evacuation, etc. Disaster preparedness manuals with useful information for daily life are also distributed to all visitors. In addition, we held the Haseko Condominium Museum Disaster Preparedness Festa in March 2023, which was attended by 137 visitors

The Company intends to continuously develop the museum as an information dissemination hub to ensure that the visitors can recognize the deep history of multiple-family dwelling houses and how interesting the creation of condominiums is.

Note: As precaution measures against COVID-19, the Company ensures that disinfectant treatment and ventilation in the museum, monitoring of the staff members' physical conditions through fever screening, and other sanitary measures are strictly implemented.



"History of condominiums" zone: A presentation on the transition of condominiums in Japan and the rest of the world



Special exhibition: Condominium Disaster Prevention Exhibition

Social Contribution Activities

Contributions to the Local Community

Use of corporate Furusato Nozei program for Asuka Village

Haseko Corporation has donated taxes to Asuka Village since fiscal 2018 by using the corporate *Furusato Nozei* (hometown tax donation) program.

In fiscal 2022, the taxes we donated were allocated to finance five projects related to the project for inscription on the World Heritage List on which Asuka Village has been working, namely (1) Asuka Half Marathon project, (2) low-season tourist attraction campaign project, (3) wild animal control measure project, (4) safety measures project, and (5) attractive farming village development project.

Donating to cafeterias for children in need

The Asuka Village Regional Development Corporation, Haseko Community, Inc., and Haseko Corporation jointly donated vegetables harvested at Haseko Asuka Village Community Farm to 18 cafeterias for children in need (kodomo shokudo) in Nara Prefecture in July and December 2022. The vegetables were used



Harvesting vegetables

The Housing and Community Foundation publishes a book Citizens' Town Development—Learning Housing and Town Planning from Worksites—

The Housing and Community Foundation (chaired by Ikuo Oguri, Executive Advisor to Haseko Corporation) is a general incorporated foundation established by Haseko Corporation in July 1992, with the objective of contributing to the creation of a prosperous living environment. In order to create a high-quality living environment that transcends generations and build a local community full of vitality, we believe that building homes and communities on the initiative of the citizens is crucial, and we make it our social mission to support such activities.

In 2022, the foundation published a book Citizens' Town Development—Learning Housing and Town Planning from Worksites—marking the 30th anniversary of its establishment. The book introduces some examples of the activities for which the foundation has given grants, and summarizes intellectuals' comments on each of the activities

The foundation will continue to support town planning activities on the initiative of the citizens through its grant-funding projects for housing and community-building activities.



For more information, please visit:



at these cafeterias and delivered to single parent families and neighboring children's homes as activities drawing on the closeknit community. We will continue with a social contribution through the donation of vegetables.



Packed and delivered vegetables

