

Basic Policy on Corporate Governance

Chapter 1 General Provisions

Article 1 Purpose

The purpose of this Basic Policy is to stipulate basic policies on the corporate governance of HASEKO Corporation (the “Company”) in order to contribute to the sustainable growth and medium- to long-term enhancement of corporate value of the Company.

Article 2 Basic Approach to Corporate Governance

The Company makes 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 also positions 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 stable manner over the long term and ensuring shareholders’ interests.

Article 3 Corporate Philosophy and Principles of Conduct

The Company has established the Corporate Philosophy and Principles of Conduct, and its officers and staff comply with and put them into effect.

[Corporate Philosophy]

To contribute to society by creating an optimal environment for cities and people

[Principles of Conduct]

Customers First:

To provide the highest quality and best services to customers

Sincerity:

To work with sincerity and earn customer trust

Challenge:

To create new domains by exercising our comprehensive strengths and ability to take action

Thankfulness and Pride:

To be always thankful, and work with confidence and pride

Integrity:

To be a responsible societal citizen with ambition and integrity

Chapter 2 Corporate Governance System

Article 4 Approach to Corporate Governance System

1. The Company has adopted a Board of Corporate Auditors system as its company organization structure.
2. The Board of Directors of the Company serves as the institution where directors with expert knowledge and experience conduct decision-making on managerial issues and supervise 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.
3. By including Outside Directors with abundant experience and track record, the Board of Directors of the Company receives appropriate opinions and advice to further activate discussions at the Board of Directors' meeting as well as enhance the function to monitor business management. The aim is to create a system that is optimal for the Company, taking into consideration the balance between the operation of the Board of Directors and the monitoring of management operations.
4. The Company clarifies its decision-making and supervising functions of management operation, and business execution functions.
5. The Board of Directors conducts decision-making on managerial issues and supervising of management operation of the Company. The decision-making regarding business execution is delegated by the Board of Directors to the Management Council, Business Operation Council and Technology Operation Council, as well as respective Operating Officers.
 - (1) Management Council: It is a place for prior deliberations on matters to be resolved by the Board of Directors and exchanging of opinions on decision-making regarding business execution and medium- to long-term issues. Depending on the issues to be discussed, it is convened with relevant members, including the Presidents of group companies.
 - (2) Business Operation Council: It conducts prior deliberations on important matters relating to the Company's operations to be resolved by the Management Council. It is an institution to resolve important matters delegated by the Management Council and important business execution issues, which is comprised of officers appointed by the Management Council.
 - (3) Technology Operation Council: It conducts prior deliberations on important matters relating to the Company's production and technology to be resolved by the Management Council. It is an institution to resolve important matters delegated by the Management Council and important business execution issues, which is comprised of officers appointed by the Management Council.

6. The Company has introduced an Operating Officers system to clarify business execution responsibilities and develop business execution systems suited to the business environment.
7. The Company endeavors to promote efficiency in its business execution and strengthen supervising functions by developing internal regulations concerning decision-making authority and process appropriate for the management environment and financial situation.

Article 5 Roles and Responsibilities of the Board of Directors

1. The Board of Directors holds regular monthly meetings, as well as extraordinary meetings when necessary, in accordance with the provisions of laws and regulations, the Articles of Incorporation and the “Regulations of the Board of Directors” established by the Company. It conducts important decision-making and regular reporting with regard to management operation, while executive directors provide regular reports on business execution.
2. The Board of Directors delegates authority with respect to decision-making regarding business execution to the Management Council, Business Operation Council and Technology Operation Council, and supervises the state of execution of duties by the aforementioned councils.

Article 6 Composition of the Board of Directors

1. The number of members of the Board of Directors is set forth in the provisions of the Articles of Incorporation.
2. The Company appoints at least one third of the members of the Board of Directors to be independent Outside Directors to create a system that is optimal for the Company, taking into consideration the balance between the operation of the Board of Directors and the monitoring of management operation.
3. The Company ensures the diversity of the Board of Directors and maintains effective board operations by appointing independent Outside Directors in addition to Directors who have in-depth knowledge of the Company’s business.

Article 7 Policies and Procedures for Nomination of Candidates for Directors and Dismissal of Directors

1. The nomination of candidates for Directors of the Company are conducted in accordance with the following policies:
 - (1) Persons with the ability to carry out the management and business operations of the Company in a fair and appropriate manner, taking into consideration their personality, performance and insight.
 - (2) Persons who have in-depth knowledge of the Company’s business.
2. Notwithstanding the preceding paragraph, the nomination of candidates for Outside Directors of

the Company is conducted in accordance with the following policies:

- (1) Independent persons who satisfy the Independence Criteria for Outside Directors and Outside Corporate Auditors prescribed by the Company and have no risk of having conflicts of interest with general shareholders.
 - (2) Persons with abundant experience and track record who understand the Company's management philosophy.
 - (3) Persons who can adequately carry out the supervising function of management operation and other responsibilities for the Company and provide appropriate opinions and advice.
3. Upon nomination of candidates for Directors, the President prepares proposals for such nominations in accordance with the Company's policies for the nomination of candidates for its Directors and based on consultations with relevant departments. The Board of Directors determines the nominations after receiving advice from the Nomination and Remuneration Committee which comprises all independent Outside Directors and an equivalent or below number of Representative Directors, etc.
 4. Upon dismissal of Directors, the proposal of the General Meetings of Shareholders shall be determined by the Board of Directors based on the following dismissal criteria.
 - (1) In the case the relevant Director has committed an act that violates public order and morality.
 - (2) In the case the relevant Director becomes unable to continue execution of duties due to health reasons.
 - (3) In the case the relevant Director has committed an act that significantly damages the Company's corporate value.
 5. The Company discloses the reasons for the nomination of candidates for Directors and dismissal of Directors.

Article 8 Analysis and Evaluation of Effectiveness of the Board of Directors

1. Each year, at the Board of Directors' meeting, the Chairman, President, Outside Directors and Corporate Auditors express their opinions as to the overall effectiveness of the Board of Directors. Based on the opinions expressed, the Board of Directors analyses and evaluates its overall effectiveness.
2. The Company discloses a summary of the results of the analysis and evaluation of the overall effectiveness of the Board of Director.

Article 9 Remuneration

1. The Board of Directors determines the remuneration system for Directors of the Company.
2. The remuneration system for Directors of the Company operates in accordance with the following

policies:

- (1) In principle, the remuneration for Directors of the Company is comprised of basic remuneration and performance-linked remuneration.
- (2) The Company ensures objectivity, transparency and fairness with regard to remuneration for Directors of the Company.
3. The President prepares the criteria for payment of remuneration for Directors and based on deliberations at the Nomination and Remuneration Committee which comprises all independent Outside Directors and an equivalent or below number of Representative Directors, etc., and the Board of Directors determines the criteria for payment of remuneration.
4. The amount of remuneration for each Director of the Company is determined by the Board of Directors in accordance with the criteria for payment of remuneration.

Article 10 Policies and Procedures for Nomination of Candidates for Corporate Auditors

1. The nomination of candidates for Corporate Auditors of the Company is conducted in accordance with the following policies:
 - (1) Persons with the ability to carry out the auditing of business execution by Directors in a fair and appropriate manner, taking into consideration their personality and insight.
 - (2) Persons who have in-depth knowledge of the Company's business.
2. Notwithstanding the preceding paragraph, the nomination of candidates for Outside Corporate Auditors of the Company is conducted in accordance with the following policies:
 - (1) Independent persons who satisfy the Independence Criteria for Outside Directors and Outside Corporate Auditors prescribed by the Company and have no risk of having conflicts of interest with general shareholders.
 - (2) Persons with abundant experience and track record who understand the Company's management philosophy.
 - (3) Persons who can adequately carry out the responsibilities of Outside Corporate Auditors from a neutral and objective standpoint and provide appropriate opinions and advice.
3. The President prepares proposals for the nomination of candidates for Corporate Auditors in accordance with the Company's policies for the nomination of candidates for its Corporate Auditors and based on consultations with relevant departments. The Board of Directors determines the nominations after receiving advice from the Nomination and Remuneration Committee which comprises all independent Outside Directors and an equivalent or below number of Representative Directors, etc. and obtaining the consent of the Board of Corporate Auditors.
4. The Company discloses the reasons for the nomination of candidates for Corporate Auditors.

Article 11 Positions Concurrently Held

In the event that Directors or Corporate Auditors of the Company concurrently hold positions as officers at other listed companies, they only do so to the extent that they are able to appropriately fulfill their responsibilities to the Company. The positions concurrently held at other listed companies are disclosed each year.

Article 12 Training Policies for Directors and Corporate Auditors

The Company organizes a range of seminars and other types of training to provide and procure training opportunities for Directors and Corporate Auditors so that they are able to acquire the necessary knowledge and information, and subsidizes the costs of training.

Chapter 3 Cooperation with Stakeholders

Article 13 Handling of Issues Associated with Sustainability

1. The Company has developed its CSR Vision and CSR Policy in order to achieve its Corporate Philosophy. The Company has also established a management system for the organized Promotion of CSR and develop and operate a system to address environmental, social, and governance issues throughout the Haseko Group.
2. The company has set up the four main CSR themes (“Creating attractive living space”, “Building a company worth working at”, “Protecting the precious environment” and “Nurturing a culture of trust”). The company deal appropriately with various sustainability-related issues including social and environmental issues in order to realize developing safe, secure and comfortable housing.

Article 14 Ensuring Diversity

1. To realize the creation of an optimal environment for cities and people based on the Corporate Philosophy, the Company aims to be a company in which diversified human resources with a variety of values and views can display their individual personalities and abilities, and play an active role, irrespective of race, nationality, birth, belief, religion, sexual orientation, gender identity, age, presence or absence of disabilities or other status.
2. To promote the securing of diversified human resources, the Company strives to create an environment that can support a work-life balance and expand workplaces and occupational fields in which diversified workers can play an active role.

Article 15 Whistleblowing

1. The Company has set up a whistleblowing consultation desk, and regulations on whistleblowing

have been established to protect whistleblowers.

2. Reports on the receipt and handling of whistleblowing consultations at the desk are regularly provided to Representative Directors, Outside Directors and Corporate Auditors. In addition, the status of the operations is reported to the Board of Directors as necessary.

Chapter 4 Ensuring the Rights and Equal Treatment of Shareholders, and Dialogue with Shareholders

Article 16 Providing Information to Shareholders

The Company strives to send a notice of convocation of the General Meetings of Shareholders as soon as possible to allow shareholders to have sufficient time to consider the agenda. In addition, the notice of convocation and its English translation (an abridged version) are posted on the Company's website before the notice of convocation is sent.

Article 17 Dialogue with Shareholders

1. The Company has established a department in charge of IR activities, and timely explanations of information concerning performance, the business environment and other matters are provided to shareholders and investors, primarily by senior management.
2. Requests for meetings received from shareholders and investors are mainly handled by the department in charge of IR activities, and details of meetings are reported to management as needed. In addition, senior management and Directors hold meetings with shareholders and investors in each accounting period depending on the situation.
3. The Company manages insider information by controlling such information in accordance with its timely disclosure system. It also designates a fixed period prior to the announcement of financial results as a quiet period, during which there are no meetings with shareholders and investors.

Article 18 Cross-Shareholdings

1. In cases where holding shares of our business partners will help facilitate the operation of business, the Company holds shares as cross-shareholdings in accordance with the "Guidelines for Asset Acquisition in Facilitating Transactions" that is separately prescribed.
2. The Board of Directors examines the medium- to long-term economic rationality and the future outlook of individual strategic shareholdings each year, and conducts a review including reductions of shares that are judged to be of little significance of holding.
3. With respect to the exercise of voting rights pertaining to strategic shareholdings, the Company makes appropriate decisions as to whether or not to approve proposals after comprehensive

consideration from the following perspectives:

- (1) Whether the proposals will contribute to the medium- to long-term enhancement of corporate value of the relevant company based on its business condition.
- (2) Whether any scandals such as violation of laws and regulations or anti-social behavior have occurred in the relevant company.
- (3) Whether the proposals may damage the Company's corporate value.

Article 19 Transactions with Related Parties

1. When the Company enters into a transaction with a Director or Corporate Auditor of the Company, the Director or Corporate Auditor concerned must disclose material facts concerning the transaction prior to undertaking it and obtain the approval of the Board of Directors. In addition, after the transaction has taken place, the Director or Corporate Auditor must promptly report material facts concerning the transaction to the Board of Directors.
2. In the event of a sale and purchase of real estate or a transaction of a value which exceeds a certain amount between the Company and a Director or Corporate Auditor of a subsidiary of the Company, the Company examines the appropriateness of the transaction.
3. In the event of a sale and purchase of real estate or a transaction of a value which exceeds a certain amount between a Director or Corporate Auditor of the Company and a subsidiary of the Company, the subsidiary examines the appropriateness of the transaction and reports the results of its examination to the Board of Directors of the subsidiary. In addition, the content of the report to the Board of Directors of the subsidiary is promptly reported to the Company's Board of Directors.

Amendment or Abolition

Amendments to or abolition of this Basic Policy are determined by resolutions of the Board of Directors.

Established on November 11, 2015

In effect as of December 1, 2015

Partial amendment as of December 20, 2018

Partial amendment as of April 1, 2021

Partial amendment as of December 16, 2021

Partial amendment as of June 29, 2023