



# We aim to create a sustainable society and improve corporate value by delivering richness in housing and living.



## Kazuo Ikegami

Haseko Corporation  
President and Representative Director

Our company was founded in 1937 as Hasegawa Komuten, and since completing our first condominium in 1969, we have been involved in the design and construction of for-sale condominiums, mainly in the Tokyo metropolitan area and Kinki region. In 2023, the cumulative number of condominiums we have built surpassed 700,000. In getting to this point, we have worked to provide safe, secure and comfortable homes while responding to the changing needs of society. I would like to express our deepest gratitude to all our stakeholders for their tremendous support of our growth to date.

My entire career since I joined the Company has been spent on the design side, and I have never ceased thinking about what constitutes “the richness in housing.” Now that I am the president, I feel an even stronger sense of mission to bring this philosophy to life throughout the Haseko Group.

In order to deliver this “richness in housing,” it is not enough to simply provide a physical space. Instead, it is important to create places that nurture happiness, in tune with people’s lives. We believe that homes deepen family bonds, support the growth of individuals, and provide the foundation for creating connections with society.

As the social environment and lifestyles have undergone rapid change in recent years, the expected roles of housing have also diversified. With the widespread growth of remote working following the COVID-19 pandemic, people’s homes have come to be expected to function as places of work. In addition, the way homes ought to be is also coming under scrutiny from the perspective of sustainability, in terms of factors such as care for the environment and disaster preparedness.

As the company responsible for building the most condominiums in Japan, we bear a great social

responsibility. In order to fulfill this responsibility, we are focusing not only on pursuing quality and safety, but also on care for the environment, promoting workstyle reforms, and strengthening governance.

Motivated by our Corporate Philosophy “to contribute to society by creating an optimal environment for cities and people,” we hope to contribute to the realization of a sustainable society by continuing to respond to the changing needs of society, creating new value, and enriching the homes of Japan.

### Taking on challenges in times of social change —Looking back on four years of Plan NS—

Having completed four years, the five-year medium-term business plan “HASEKO Next Stage Plan (Plan NS)” that launched in April 2020 has now entered its final fiscal year.

These past four years have been a time of great change in social environment. We faced a difficult situation at the beginning, with COVID-19 spreading around the world, the declaration of a state of emergency, and other factors. However, as the adoption of remote work and other measures led to people spending more time at home,



stimulating a greater interest in housing, and also supported by low interest rates, we were able to recover our business performance in FY2021, the second year of the plan.

Although the COVID-19 pandemic has now subsided, fuel and material prices have increased, due to factors such as the situation in Ukraine and the rivalry between the US and China, and the exchange rate of the yen has fluctuated significantly. Furthermore, with domestic construction demand rising due to projects to build semiconductor factories and large-scale redevelopment projects, labor shortages in the construction industry are becoming more acute. In addition, beginning April 2024, regulatory upper limits on overtime work have been imposed, with penalties for violations.

In this context, our company has long been promoting industrialized construction method and digital transformation (DX) through the integrated operation of four bodies (the Quaternity) consisting of our construction, architecture & engineering, and technological promotion divisions, as well as the Ken-ei-kai (an excellent organization consisting of our cooperating companies). In particular with regard to DX, we have been leading the industry in proactively bringing DX to the construction site, with our moves including our introduction 14 years ago of Building Information Modeling (BIM), a system that performs design tasks in 3D on a computer. At present, we are also working on automated design using artificial intelligence (AI) and streamlining the supply chain in collaboration with manufacturers of building materials.

Through these efforts, we have already managed to increase productivity at construction sites by 10%, but we are taking on a variety of challenges with the aim of increasing it by 20% by the fiscal year ending March 31,



Instructions given at on-site morning meetings during the president's safety patrol

2025, the final year of the Plan NS. We believe that further raising productivity levels will also help to solve the social issue of ensuring quality and safety while addressing the labor shortage at construction sites.

Regarding the Japanese economy, we also view the end of the long period of deflation and the onset of inflation as a major change. We increased employee wages again in 2024, just as we did in 2023. The most important thing is to reward our employees for their hard work in the face of the harsh situation of recent global price hikes, but at the same time, in order for Haseko Corporation to develop and grow in the future, it is essential to secure and retain the human resources who will carry us forward. By accepting diverse personalities and values and creating an environment where all employees can work in a way that is meaningful and true to themselves, we believe that we can create a virtuous cycle of rising performance and improving working conditions.

### Taking on the challenge of creating new value for condominiums

The Haseko Group is constantly challenging itself to bring new added value to condominiums.

A prime example is the Haseko Premium After-sales Service, which offers after-sales service for up to 15 years. More than simply constructing buildings, we also listen directly to the customers who live in them so that we can check the condition of the buildings and make adjustments and repairs when necessary to ensure that residents can live in safety and comfort. As a leading developer of condominiums that has constructed a total of 700,000 units and provided people with high-quality living environments, we always strive to ensure quality and take our responsibilities seriously, with the hope that people will continue to live comfortably in their homes long after we finished building them.

In addition, in spring 2024, we developed "Be-Fit (see P. 66)," our new room layout for for-sale condominiums, which allows for the flexible use of space by consolidating the storage spaces allocated to the living room and other areas. While areas of dwelling units for condominiums are on a downward trend, needs are diversifying in terms of how we live and how we work, and there is a growing need for versatile living spaces that can be used in a variety of ways. It was against this backdrop that we developed the Be-Fit

concept. We will continue to actively take on the challenge of planning and developing products that follow in the footsteps of Be-Fit by responding to the various needs of consumers and housing providers.

### Striking a balance between environmental consciousness and improved livability

In recent years, natural disasters have increased in frequency and intensity due to climate change, threatening the safety and security of our dwellings and lives. It is extremely important for companies to take action to protect the global environment as they carry out their business activities in a sustainable manner.

In 2021, Haseko Corporation formulated the climate change response policy "HASEKO ZERO-Emission" at the same time as expressing our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with this policy, we have defined targets for reducing our total greenhouse gas (CO<sub>2</sub>) emissions, and in June 2022, we received certification from the Science Based Targets (SBT) initiative for our benchmark 2030 reduction target as being grounded in scientific evidence.

One of the key technologies aimed at achieving this goal is the environmentally conscious H-BA concrete, which we have developed independently. One of the principal features of H-BA concrete is that it can be used in any part of a building, while maintaining the same quality as ordinary concrete. In anticipation of rising demand for further reductions in environmental impact, we believe it is important to promote the widespread use of our versatile H-BA concrete, as well as to continue developing technologies that will further reduce CO<sub>2</sub> emissions.

In addition, aiming for carbon neutrality by 2050 is not just about building new zero-energy condominiums, but also about reducing the CO<sub>2</sub> emissions from existing condominiums. In 2023, our own rental condominium property Sustaina Branche Hongyotoku became the first renovated property in Japan to achieve net-zero CO<sub>2</sub> emissions when the building is in use. For many years, Japan remained in a "scrap-and-build" era, with buildings being constructed, torn down, and then rebuilt. However, now



that both corporations and consumers are demanded to act for reducing environmental impact, we expect a shift to an era of "stock and renovate," with buildings remaining in use for a long time as housing performance is maintained, allowing the continued use of existing stock. We see CO<sub>2</sub> reduction renovations for existing condominiums as an area of increasing demand in the future.

The Haseko Group is also concentrating its efforts on promoting the use of wood and wooden materials as an important measure for simultaneously reducing environmental impact and improving the quality of living spaces. We believe that this initiative will not only bring environmental benefits in terms of CO<sub>2</sub> reduction, but will also contribute greatly to the happiness and health—both physical and mental—of residents.

The use of wood directly contributes to reducing CO<sub>2</sub> emissions during construction. In addition, because wood itself is a material that sequesters CO<sub>2</sub>, it also leads to long-term carbon storage. Furthermore, another advantage of using wood is that the amount of CO<sub>2</sub> emitted during its manufacture, processing and transportation is significantly lower than that of steel and concrete.

Our efforts on the use of wooden structure and wooden interior decoration are not just about environmental measures. The unique texture, aroma and warmth of wood appeals to the five senses, providing a sense of comfort and



reassurance. In particular, granting condominium residents in cities the opportunity to come into contact with natural materials has the potential to greatly improve their quality of life. At present, we are actively promoting the use of wood in the common areas of condominiums. By integrating wood into common spaces such as entrance halls and lounges, we are able to create a warm and luxurious atmosphere throughout entire condominium buildings, contributing to greater satisfaction among residents.

In some projects, we are also taking on the challenge of building the structures themselves out of wood. Going forward, we hope to expand our efforts on wooden structure and wooden interior decoration and implement them in more projects. We are also devoting our efforts to research and development of hybrid structures of wooden construction and wooden interior decoration for mid-rise apartments, working to overcome technical challenges.

**Building the “HASEKO BIM & LIM Cloud” and achieving the “optimization of living”**

The Haseko Group is promoting various initiatives aimed at improving productivity in the design and construction of condominiums and enhancing the quality of life for residents. One of these is the “Living Information Modeling” initiative (LIM), a system that measures and centralizes all the tangible and intangible information amassed in condominiums. These include the state of the building and the usage status of facilities after residents have started living there, as well as the living patterns of residents. By building the “HASEKO BIM & LIM Cloud” information platform for housing and living, we aim to go beyond simply providing living spaces and achieve true “optimization of living.”

Working on LIM presents us with many challenges to overcome, such as developing new technologies and considering the privacy of consumers. Some aspects of the process take time to produce more reliable and valuable results. However, the potential of LIM is immeasurable. For example, the demonstration experiment conducted at Sustaina Branche Hongyotoku involved a wide range of tests, including the use of AI and IoT to improve sleep quality, quantifying the relaxing effects of the natural environment, and upgrading the disaster response system. These initiatives have the potential to bring about major changes in people's future living conditions.

Furthermore, the strength of the Haseko Group lies in our comprehensive capabilities that cover the entire life cycle of condominiums. We are certain that we can produce unprecedented added value by making integrated use of the data accumulated at every stage, from design and construction to sales, management and repairs.

At present, the Haseko Group is working to digitalize the big data we possess and build a system that will allow us to share and utilize it across the entire group. We are aiming for full implementation by 2030, and we plan to apply the knowledge and technology gained in the process to our services as we develop them. For example, we can expect the development of innovative services such as advanced preventive maintenance based on projections of how buildings will age over time, personalized energy management tailored to the living patterns of residents, and the use of AI to support community building.

The LIM initiatives have the potential to contribute not only to the increased competitiveness of the Haseko Group, but also to the qualitative improvement of housing life in Japan as a whole. We believe that it can also make a significant contribution to solving social issues, such as dealing with an aging society, reducing environmental impacts, and increasing disaster resilience.

As we tackle these challenging initiatives, we will take steady steps forward based on our corporate philosophy “To contribute to society by creating an optimal environment for cities and people.” Looking ahead, I would like to continue to take a long-term perspective and make steady progress, one step at a time.

**Diversity as a source of inspiration**

One of the distinguishing strengths of the Haseko Group is that, despite being a construction company, we have been involved in service-related businesses for many years. Having developed our business in both the construction and service sectors, we were quick to recognize the need for a diverse workforce, and we have especially focused on promoting the active participation of women. This historical background serves as the foundation for our current human capital management.

In the late 1980s, we established the “Housing Style Proposal Project Office” within the Architecture & Engineering Division. This office was mainly staffed by female employees. Under this project, female employees

actually lived in condominiums and applied the insights they gained from their daily lives to product development. This initiative is also an example of how Haseko Corporation has been emphasizing the importance of diverse perspectives, particularly those of women, even before the concept of diversity and inclusion (D&I) became widespread. With respect to promoting the advancement of women, we will redouble our efforts to establish our position as a leading company in the construction industry. In addition to accelerating the development of the next generation of female managers, we would like to promote diversity in all aspects, including encouraging male employees to participate in childcare and harnessing the skills of foreign and senior employees.

The “Haseko Group Diversity & Inclusion Promotion Policy” formulated in May 2023 has the key theme of “getting the most out of their qualities.” “Getting the most out of their qualities” is not just about recognizing diversity, but also actively utilizing each person's unique talents and perspectives to create new value. As the company's president, I have decided to take the lead in working to “get the most out of their qualities.”

In our modern society characterized by the increasing diversity of people's homes and lifestyles, it is essential to bring together the perspectives of a diverse range of people in order to continue to create new value. Through this theme of “getting the most out of their qualities,” we will create an environment where each and every employee can

demonstrate their abilities and skills to the fullest, and achieve innovation and sustainable growth.

**Aiming to strike a balance between achieving a sustainable society and increasing corporate value**

As social situation and environmental issues change from one moment to the next, it is becoming increasingly important for companies to engage in sustainability management. As a “corporate group for housing to create great living,” the Haseko Group is sincerely confronting this issue and will contribute to the development of a sustainable society through diverse business activities that effectively combine tangible and intangible means.

Based on our recognition that providing quality housing is the foundation for people's dignified lives and essential for the sustainable development of society, we are committed to the promotion of sustainability. More specifically, we are promoting the planning and development of environmentally conscious housing, the creation of communities respectful of diversity, and the development of living environments that are respectful toward all people, including the elderly and people with disabilities.

We believe that these initiatives will not only contribute to solving social issues, but will also bolster the competitiveness of the Haseko Group and create new business opportunities. For example, housing with high environmental performance can reduce energy cost (i.e. utility cost) and maintenance cost (i.e. repair cost) for residents, while also contributing to improved comfort and maintaining long-term asset value. In addition, creating housing that meets diverse needs will open up new customer segments and expand business areas.

Furthermore, we believe that promoting sustainability management will increase employee engagement and help us to secure a diverse and talented workforce, which will contribute to revitalizing the organization and improving productivity. We are certain that these synergies will help to increase the long-term corporate value of the Haseko Group.

Going forward, we will continue to emphasize dialogue with all of our stakeholders as we boldly meet the challenges of driving innovation and solving social issues. We will continue to contribute to the creation of a sustainable society by delivering richness in housing and living as we aim to improve our corporate value. We therefore ask for your continued support.



On-site inspections



Message from the Officer in Charge of Sustainability Promotion

# We will further deepen our commitment to sustainability to deliver richness in living and create a sustainable society.

Naoko Yoshimura

Director, Operating Officer  
Responsible for Sustainability Promotion  
in the Corporate Management Division and in  
Charge of the Group Senior Living Business



Going into my second year as the officer in charge of sustainability promotion, I am acutely aware that the speed of social change is accelerating, as the environment around us changes rapidly from one moment to the next, including the transition to a decarbonized society, respect for diversity, and innovations in AI technology. These changes are presenting new opportunities and challenges for the business of the Haseko Group, and the importance of sustainability management is greater than ever. As someone tasked with achieving a balance between the sustainable growth of our Company and the resolution of social issues, I am keenly aware of the importance of this mission.

### Promoting sustainability based on the most important material issues

In addition to developing a wide range of businesses compositely both in tangible and intangible manner, while making the most of an integrated system that covers everything from the design and construction of homes, centered on condominiums, to after-sales service, management and renovation, the Haseko Group is also promoting various initiatives in the area of sustainability.

In 2023, we reviewed our material issues and identified the following four as having the greatest impact on both our company and our stakeholders: (1) response to climate change, (2) supply chain management, (3) respect of human rights, and (4) human capital (diversity & inclusion (D&I), human resources development).

#### (1) Response to climate change (see P. 62–65 and P. 84–89)

In December 2021, Haseko Corporation formulated the climate change response policy “HASEKO ZERO-Emission”

and began making disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, with regard to the TCFD's additional requirement of “plan for the transition to a low-carbon economy,” we disclosed “The Haseko Group’s CO2 Emissions Reduction Plan (Transition Plan)” in July 2024.

Concerning the reduction of CO2 emissions in our business activities, we are systematically working to reduce CO2 emissions at construction sites, improve the efficiency of energy use in our offices, and switch to next-generation vehicles for our sales fleet, with the goal of reducing Scope 1 and 2 emissions by 42% by FY2030 compared to FY2020.

In addition to focusing on delivering housing with high energy-saving performance, we are placing an emphasis on preparing for the risk of natural disasters associated with climate change, and are working to create homes and communities that are conscious of disaster prevention and mitigation, in order to ensure the safety and security of everyone.

#### (2) Supply chain management (see P. 59)

In housing-related businesses, it is essential to establish connections with many business partners and to build a supply chain through fair, just, and appropriate transactions. We will continue to offer better products and services by sharing our approach to sustainability with our business partners, and strengthening our partnerships with them.

With regard to the Haseko Group’s cooperating companies, we have obtained written agreements to comply with the “Haseko Group CSR Procurement Guidelines” formulated in October 2021, and we also require that they meet certain standards in terms of compliance, human rights, labor, the environment and safety. Through

these initiatives, we will work to mitigate risks and enhance sustainability in our supply chain, and we will continue to promote fair and responsible procurement.

#### (3) Respect of human rights (see P. 58–59)

Respect of human rights is a fundamental value of the Haseko Group, and we seek to ensure that we address human rights issues properly through the practice of human rights due diligence (human rights DD).

The Haseko Group formulated the Haseko Group’s Human Rights Policy in January 2022, clearly stating our commitment to fulfilling our responsibility to respect human rights in all of our business activities. We began the process of human rights DD based on this policy, and in October of the same year, we identified the human rights risks that could arise in relation to our business activities and determined priorities for addressing human rights issues. Every year since FY2022, we have been conducting questionnaires among our cooperating companies to understand the current situation regarding human rights issues mainly related to the supply chain, such as the state of timber procurement and the employment of foreign technical intern trainees and other foreign human resources.

We will also further bolster our employee education and awareness-raising activities as we endeavor to ensure that our business activities do not infringe on basic human rights.

#### (4) Human capital

##### (D&I, human resources development) (see P. 68–79)

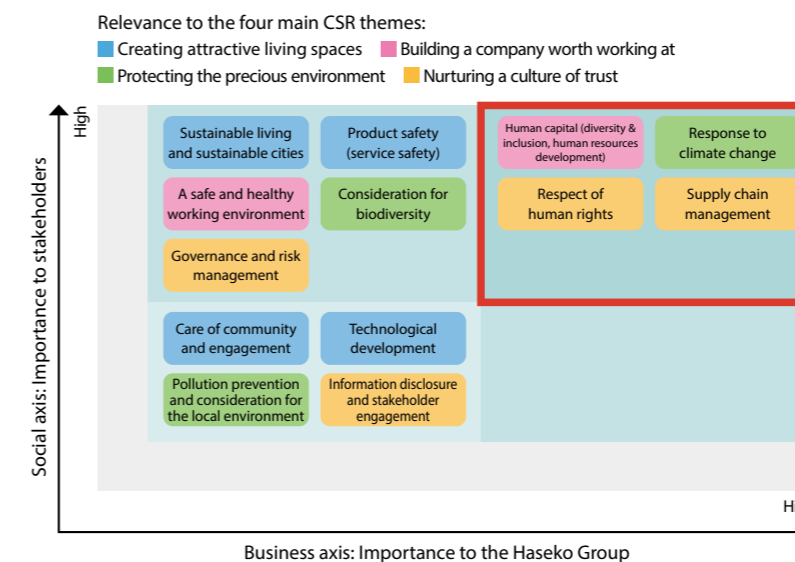
I believe that human resources are the Haseko Group’s greatest asset. It is absolutely critical to create an environment where each and every employee can maximize their abilities and experience fulfillment.

Respecting diversity and drawing on the experience and wisdom of people with different ways of thinking according to the concept of “getting the most out of their qualities” is essential in uncertain times such as the present. By further enhancing the promotion of D&I and investment in human resources, and by accelerating the provision of growth opportunities and workstyle reforms, we hope to motivate our employees to make the most of their abilities and become drivers of value creation.

#### Working to improve long-term corporate value centered on our corporate philosophy

Society is continuing to change dramatically, with the effects of climate change becoming more apparent, digital technology advancing rapidly, and people’s values diversifying. In times like these, homes are more than just places to live; they play an important role in protecting people’s happiness and peace of mind. Based on the Haseko Group Corporate Philosophy “To contribute to society by creating an optimal environment for cities and people,” we are working toward the creation of a sustainable society, with a view to providing not only safe, secure and comfortable housing, but also to delivering richness in living beyond that.

Dialogue and cooperation with all stakeholders are essential for the promotion of sustainability management. Looking ahead, we will continue to deepen our dialogue with all of our stakeholders, including shareholders and investors, customers, business partners, employees, and local communities, doing our utmost to meet their expectations and enhance our corporate value over the long term.



#### Identification of material issues

To enhance the effectiveness of sustainability initiatives, it is important to proceed with clearly defined priorities. From a comprehensive list of social and environmental issues, the Haseko Group reviewed its material issues in light of social conditions and the business environment and newly identified 13 items in May 2023.

\*The most critical material issues (response to climate change, supply chain management respect of human rights, and human capital) are issues for which society has extremely high expectations and which the Haseko Group has recognized as requiring further action in terms of business as well.