

# Nurturing a Culture of Trust

In order to develop better housing in practice, Haseko Group's organization must have a solid foundation and be worthy of its stakeholders' trust.

To this end, we will enhance management and proactively engage in initiatives in the area of social contribution.

For more information, please visit ▶

ESG Date ▶

## Material Issues of Nurturing a Culture of Trust

### Governance and risk management

In addition to efforts to ensure transparency in our management systems, we also properly manage various internal and external business risks associated with our operations and continue to maintain and enhance corporate value.

### Respect of human rights

We will work with the business partners that form our supply chain to minimize the negative impact on human rights and fulfill our responsibility to respect human rights.

### Supply chain management

We lead CSR initiatives across the entire supply chain to maintain a sustainable society.

### Information disclosure and stakeholder engagement

In the pursuit of our business activities, we will work to earn the trust of stakeholders through the extensive disclosure of our business and CSR activities and deeper engagement with stakeholders.

## 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

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

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.

#### Company institutions

For more information, please visit ▶

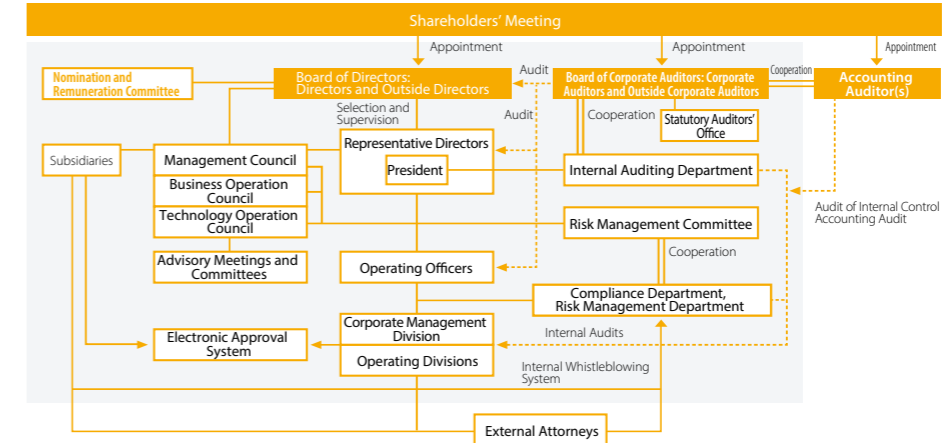
Haseko Corporation has adopted a corporate auditor system as a corporate institution. The Board of Directors of Haseko Corporation serves as the institution where directors with expert knowledge and experience in various operating divisions conduct decision-making on managerial issues and supervise the 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

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.



### Diagram of the relationships between the Company's organizations and internal controls



### 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 2023 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 questionnaire 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 2023, 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 2024 based on opinions presented by the Board of Corporate Auditors and individual directors.

#### 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

#### Evaluation results and actions to be taken

Through a questionnaire on the effectiveness of the Board of Directors in FY2023 and deliberations at Board of Directors meetings, the following points regarding the effectiveness of the Board of Directors were confirmed.

##### (1) Evaluation results

Given that it was the fourth year of the medium-term business plan, the Board of Directors held lively discussions on how to respond to the various environmental changes in society, in addition to addressing concrete business issues, with a view to achieving the goals of the business plan.

Regarding high-risk projects, the Board carried out active deliberations, such as deciding on policies over the course of multiple discussions.

When discussing important matters, separate meetings were held in advance apart from Board of Directors meetings to facilitate a multifaceted discussion.

There were also regular reports on future-oriented DX initiatives, and meaningful exchanges of opinion were held.

In response to changes in the environment surrounding society, the Board actively discussed how to reach a higher level in terms of its policy on CSR initiatives, climate change response, human rights policy, harassment, etc.

The above analysis and evaluation have confirmed that the Board of Directors is sufficiently effective.

##### (2) Future measures

In order to further improve the effectiveness of the Board of Directors, we will strive to revitalize discussions about the focused strategies laid out in the medium-term business plan from a medium- to long-term perspective.

### Status of audits

For more information, please visit ▶

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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.

#### Status of internal audits

In internal audits, the Internal Auditing Department comprised of 10 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 website.

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	●		●		●			●	●
Shoji Naraoka	Director, Executive Vice President	●	●		●				●	
Kuniyori Mimori	Director, Executive Operating Officer	●				●			●	
Satoshi Kumano	Representative 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 2021. 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 as well as representative

directors, etc., numbering not more than the independent outside directors.

The Nomination and Remuneration Committee held four meetings in fiscal year 2023, and all the members of two inside directors and five outside directors attended the meeting.

## 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

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.