

## Table of Contents

Sustainability Policy.....	4
1. Basic Policy.....	4
2. Policy.....	4
2-1. Environmental Policy .....	4
Climate Change.....	4
Preventing Pollution .....	5
Reducing waste and optimizing the use of resources .....	5
Conserving water.....	5
Biodiversity .....	5
2-2. Human Rights Policy .....	5
(Preamble: Reference to the “International Bill of Human Rights”) .....	5
(1) Prohibition of child and juvenile labor and prohibition of forced labor.....	6
(2) Prohibition of discrimination .....	6
(3) Respect for freedom of association and the right to collective bargaining.....	6
(4) Reduction of excessive working hours.....	6
(5) Minimum wage compliance; equal pay for equal work .....	6
(6) Rights of the child .....	6
(7) Occupational health and safety .....	6
(8) Diversity and inclusion.....	7
2-3. Employee Policy .....	8
(1) Training to improve employees’ skills.....	8
(2) Addressing harassment .....	8
(3) Health and safety.....	8
(4) A system that promotes engagement with employees and collaboration with charitable partners .....	8
2-4. Supply Chain Policy.....	8
(Preamble) .....	8
Environmental protection .....	9
Respect for human rights .....	9
Health and safety.....	9
2-5. Anti-Bribery and Anti-Corruption Policy .....	9
3. Initiatives .....	11
3-1. E (Environmental) Initiatives.....	11
Details of initiatives to reduce water consumption .....	11
Climate change awareness.....	11
Climate-related risks and opportunities .....	13
Long-term (> 5 years) reduction target for GHG emissions .....	14

Oversight of climate change risks by the Board of Directors .....	15
Waste reduction and prevention targets .....	15
Amount of nitrogen oxides (NOx), waste, and recycling for the past 3 years (tons) .....	15
Amount of environment-related fines and penalties .....	15
Factory and site wastewater data for the past 3 years.....	15
Total GHG emissions (Scope 1 and 2) for the past 3 years .....	16
3-2. S (Human Rights and Labor) Initiatives .....	17
Policy on employment support and other initiatives.....	17
Initiatives toward labor issues .....	18
Health and safety initiatives .....	18
Principles of community investment.....	19
Results of local community investment.....	19
Local employment, local procurement .....	22
Company efforts to increase workforce diversity and equal opportunities, and to reduce discrimination .....	22
Training for employees .....	24
Percentage of non-full-time employees (contract employees + temporary employees).....	28
Percentage of female employees .....	29
Commitment to gender diversity by the Board of Directors.....	29
Number of occupational accidents (fatalities) among full-time and contract employees in the past 3 years.....	30
Injuries, fatalities and incidents .....	30
Policy and commitment to reducing adverse health and safety impacts .....	30
A system that promotes engagement with employees and collaboration with charitable partners .....	30
Total amount of donations/community investment by the Company or its Group companies in registered nonprofit organizations. ....	31
Internal dissemination of the Supplier Policy .....	31
3-3. Governance (G) Initiatives.....	32
Comprehensive internal whistleblowing system that ensures confidentiality and anonymity .....	32
Communicating to all employees regarding the Company anti-corruption policy .....	32
Supervising risk management and reviewing of the effectiveness of risk management processes by the Board of Directors, and risk responsibilities of senior management including directors and executive officers .....	32
Review the following activities of the Company: Compliance with the Code of Conduct/Code of Ethics and identify violations and/or periodically review the effectiveness of the Code of Conduct/Code of Ethics.....	33
Employee training on anti-corruption policy .....	33

Risk assessment of corruption in business .....	34
Disclosure of total amount of political contributions .....	34
Number of actions taken against employees and dismissals resulting from violations of the anti-corruption policy.....	34
Disclosure of details by directors (expertise and experience as a director at other companies) .....	34
Number of directors, number of independent directors, and number of female directors .	35
Supervision and deliberation of the following items by the Board of Directors (misuse in conflicts of interest and related party transactions) .....	35
Regular evaluation of the effectiveness of the Board of Directors .....	35
Disclosure of number of annual meetings of the Board of Directors/director committee meetings .....	36
Disclosure of attendance rate of directors and committee members .....	36
Disclosure of directors' remunerations .....	37
Disclosure of fixed and variable remuneration amounts .....	38
Disclosure of compensation paid to audit firms.....	38
Exercise of voting rights concerning directors' remunerations .....	39
Whether the principle of one voting right per share is applied to all corporate meeting resolutions .....	39
Disclosure of exercise of voting results .....	39
Percentage of female executive officers (or equivalent positions) .....	40
Reporting standards – company risk management system and transparency of reports with reference to external standards .....	40
Supervision of the following by the Board of Directors (Code of Conduct, Code of Ethics or any other equivalent rules, ESG risks): .....	40
Responses to the following matters in accordance with the Company's rules, regulations/charter/policies and any other equivalent rule: .....	41
Company-wide approach to non-compliance.....	42
Supervision of health and safety by the Board of Directors .....	43

# **Sustainability Policy**

## **1. Basic Policy**

Guided by our corporate philosophy (mission) of “striving to realize society from ‘build’ to ‘utilize,’” we carry out our business with fairness and integrity. We embrace the challenge of creating businesses that benefit society and work to become the Star Mica Group that pursues both growth and profitability.

### Customers

With the customer’s perspective in mind, we constantly strive to improve the level of service that we offer, as professionals.

### Business Partners

We build mutual trust and fair business relationships with our business partners, by preventing corruption and taking other measures.

### Local Communities

Through our business, we solve problems that are faced by Japanese society, and will maintain our position as a company that is needed by Japanese society in the future.

### Employees

We maintain a highly transparent governance structure, and create workplaces that provide employees with comfortable working environments.

### Global Environment

By stimulating sales of existing homes, we contribute to reducing environmental impact, reducing CO<sub>2</sub> emissions, and conserving the global environment.

### Shareholders and Investors

We strive to disclose information in a timely and appropriate manner, and to actively communicate through our investor relations efforts.

## **2. Policy**

### **2-1. Environmental Policy**

#### **Climate Change**

With the increase in greenhouse gases throughout the world and other factors, climate change is becoming an increasingly serious issue, and it is seen as a challenge that must be addressed on a global scale. Efforts to reduce greenhouse gases are being advanced on a global scale against the backdrop of the Paris Agreement, which is the international framework for 2020 and beyond, etc., and the spread of renewable energy and environmentally friendly products and services is becoming increasingly important. Climate change in the medium to long term could affect residential demand, which would impact the Group’s operations.

As a company that promotes the restoration and distribution of homes, which are the foundation of all people’s lives, the Group recognizes that its challenge is to contribute to climate change mitigation and to conduct its corporate activities considering the risks and opportunities that climate change presents to the business environment. We are committed to reducing greenhouse gas emissions and mitigating climate change while aiming for business growth.

## **Preventing Pollution**

Amid calls around the world for environmental preservation, the Group recognizes that a key task in our business activities of housing supply is to prevent environmental pollution through the effective use of limited resources. We not only comply with laws and regulations, but also respect international codes of conduct and work to prevent global environmental pollution, address climate change, and create a recycling-oriented society, including the sustainable use of resources.

## **Reducing waste and optimizing the use of resources**

The Group recognizes that reducing waste and optimizing the use of resources and energy are global challenges. We work to protect the global environment by contributing to the spread of renovated condominiums, which are more resource-efficient than residential construction. At the same time, we conduct renovations in a way that considers waste reduction by making use of what can still be used and also strive to develop renovation technologies that enhance the efficiency of resource and energy use.

## **Conserving water**

Amid climate change, deforestation, population growth, etc. throughout the world, there is mounting concern about the risk of water shortages. Although the Group does not own its own factories, etc. and uses only a small amount of water, the use of water is essential for office operations and renovation work. We recognize the need to curb any water use beyond what is necessary.

The Group is committed to fulfilling its social responsibilities as a company that promotes the restoration and distribution of homes, which are the foundation of all people's lives. Our efforts not only include improving the efficiency of water use by saving water during our office operations and renovation work, but also increasing our engagement in water conservation across the supply chain.

## **Biodiversity**

The Group recognizes that, as one of the environmental issues, consideration of biodiversity is a global issue. Helping to sustain ecosystems supports the protection of the earth's environment and it closely links to the realization of a sustainable society, which is closely related to our corporate philosophy of "striving to realize society from 'build' to 'utilize.'"

In its business activities, the Group promotes projects that utilize existing housing stock rather than those involving development. In this way, we reduce or avoid negative impacts on biodiversity, helping to realize a society in which people and living things can continue to coexist in harmony.

## **2-2. Human Rights Policy**

### **(Preamble: Reference to the "International Bill of Human Rights")**

The Group recognizes that respect for the human rights of all people must be observed in order to continue to fulfill its basic policy of conducting business with fairness and integrity.

The Group respects the human rights of all people in accordance with the "International Bill of Human Rights" ("Universal Declaration of Human Rights" and "International Covenants on Human Rights"), the "ILO Declaration on Fundamental Principles and Rights at Work," "The Ten Principles of the UN Global" and "Guiding Principles on Business and Human Rights," as well as relevant laws and regulations in the countries and regions where the Group operates. Should a conflict arise between national or regional laws and international norms, we look for ways to respect internationally recognized principles of human rights.

This human rights policy applies to the management of the Group and to all our employees.

### **(1) Prohibition of child and juvenile labor and prohibition of forced labor**

The Group prohibits all forms of forced labor, human trafficking, and child labor, and works to correct or eradicate labor practices that violate human rights.

### **(2) Prohibition of discrimination**

To maintain and improve its corporate value and develop its unique business model, the Group has since its founding hired employees with a variety of work experience. In recent years, we have also actively recruited new graduates. We respect diversity in our hiring and do not tolerate discrimination based on gender, age, nationality, race, religion, or disability. In evaluation, remuneration, and promotion, we make a fair judgment based on the individual's ability and performance.

When appointing core personnel (directors and managers), we make fair judgments based on their abilities and performance in accordance with their expected roles. Gender, age, nationality, type of employment, etc. do not influence such judgments.

### **(3) Respect for freedom of association and the right to collective bargaining**

The Group recognizes that it is essential to respect the human rights of workers and respects their fundamental rights related to labor, including the freedom of association and the right to collective bargaining.

### **(4) Reduction of excessive working hours**

The Group strives to comply with applicable laws regarding wages, working hours, overtime, and benefits. In addition, we comply with the "Article 36 Agreement," striving to prevent overwork as a basic policy of our labor management.

We not only comply with applicable laws but also strive to ensure proper labor management and reduce excessive working hours.

### **(5) Minimum wage compliance; equal pay for equal work**

The Group complies with applicable laws and regulations on wages and allowances, and always pays remuneration above the statutory or industry minimum wage. In addition, we apply the same remuneration system wherever qualifications, grades, etc., are equivalent, with no discrimination based on gender.

### **(6) Rights of the child**

The Group believes that it is necessary to give special consideration to the human rights of children, who are the key to the future of society. We agree with the content of the "Convention on the Rights of the Child" and other conventions on the rights of the child as set forth by international organizations. We work to ensure that all the Group's business activities do not violate the rights of children. We are also aware that the Group's business activities in the supply of housing are essential to ensuring that children have an appropriate living environment, and we strive to supply high-quality renovated condominiums.

### **(7) Occupational health and safety**

The Group recognizes the importance of ensuring occupational health and safety not only for its employees but also for its contractors, business partners, investors, and other related parties. We carry out our business activities based on the following policies.

If the activities of internal or external stakeholders are affected by deficiencies in the occupational health and safety environment, we work with the relevant parties to find a solution based on the following policies.

1. Ensure that management respects consultation with employees, recognizing that good communication is necessary for securing safety and health.

2. Respect various laws and regulations related to health and safety, establish voluntary standards as necessary, and improve the level of health and safety management.
3. Develop an organizational system and clarify responsibilities to promote health and safety activities.
4. Provide all employees with a sufficient level of education and training they need to maintain health and safety in order to promote a comfortable and healthy workplace.

#### **(8) Diversity and inclusion**

The Group promotes diversity and inclusion. This means that in a society of diversifying values and lifestyles, in order to design our renovated pre-owned condominiums from the standpoint of the consumers, we must ensure diversity among the people who work for the Company, recognize people of all backgrounds equally, whatever their profile may be in terms of attributes such as gender, age, or nationality, and give our employees a place to thrive according to their personalities and abilities, placing the right people in the right jobs. In addition, as a promoter of diversity and inclusion, the Board of Directors will take the lead in achieving this goal.

## **2-3. Employee Policy**

### **(Preamble)**

The Group has adopted “STARMICA way.” as one of its employee action guidelines. Each and every employee provides the best possible service to all stakeholders as a professional. As a company, we strive to instruct and train our employees.

### **(1) Training to improve employees’ skills**

The Group strives to develop both the Company and its employees. We provide training opportunities that enable employees to improve their skills in order to build an environment where all employees can grow as professionals.

### **(2) Addressing harassment**

The Group has introduced an internal whistleblowing system for dealing with violations of internal rules, regulations, etc. and harassment. The internal whistleblowing system ensures the anonymity of those providing information and establishes multiple points of contact, including compliance officers, Audit & Supervisory Committee Members, and external law firms, which makes the system easier to use for those providing information. By establishing a point of contact independent of management and ensuring the protection of informants, we strive to ensure that the effectiveness of the system and also to increase the trust from our employees.

In addition, to raise employees’ awareness of human rights, we conduct harassment training for all new employees. This training teaches employees about trends and countermeasures regarding harassment by covering specific case studies.

### **(3) Health and safety**

The Group sees maintaining and promoting employee health as an important issue. As well as establishing a highly transparent governance structure, we are committed to creating a workplace that considers the working environment of our employees.

We have established an organizational system and clarified responsibilities for occupational health and safety, and health management that align with the suitability of each individual and workplace. We continuously check our progress, striving to improve, maintain, and enhance our efforts.

### **(4) A system that promotes engagement with employees and collaboration with charitable partners**

#### Social contribution activities

Our founder, Mizunaga, applied his learning from the field of academia to management and established a unique business model for the Group. We therefore focus our social contribution activities mainly on the same field, and our entire organization is committed to fostering the next generation of entrepreneurs. Through these activities, we expect young talent to create new businesses that take advantage of local characteristics and revitalize regional communities through business.

## **2-4. Supply Chain Policy**

### **(Preamble)**

The Group views business partners as partners in working together to solve environmental and social problems. We have established the following policies to enable us to fulfill our social responsibility as a company throughout our procurement.

We will also inform our business partners of the matters listed in this policy, requesting that they ensure their compliance and action.



## **Environmental protection**

- Recognize the impact of material procurement on the natural environment.
- Promote energy conservation, expand the use of renewable energy, and other actions to reduce CO<sub>2</sub> emissions.
- Reduce water consumption, ensure proper wastewater treatment, and conserve water resources.
- Give consideration to biodiversity conservation, the surrounding environment, and local residents and communities, etc.
- Build and operate environmentally friendly management systems.
- Reduce waste and promote resource recycling through efficient use, recycling, etc. of resources and materials.
- Take measures to prevent the pollution of water, soil, oceans, air, etc., and give consideration to preventing human health hazards.
- Minimize waste, wastewater, and emissions, and ensure proper treatment in accordance with regulations.

## **Respect for human rights**

- Prohibit child labor and forced labor.
- Prohibit all forms of discrimination, including discrimination and harassment of all kinds.
- Comply with international norms related to the above and the laws and regulations of the operation countries and regions.
- Pay wages at or above the minimum wage required by laws and regulations, and reduce excessive working hours.
- Prohibit direct or indirect involvement in any kind of human rights violations across our supply chain.

## **Health and safety**

- Ensure the safety and health of everyone in the supply chain, providing and protecting an appropriate working environment.

## **2-5. Anti-Bribery and Anti-Corruption Policy**

The officers and employees of the Group respect and comply with all laws and regulations concerning the prevention of bribery and corruption. We do not tolerate violations of relevant laws and regulations for any reason.

The Audit & Supervisory Committee periodically reports to the Board of Directors on the operational status of the Anti-Bribery and Anti-Corruption Policy. Under the supervision of management, efforts are made to prevent corruption.

We pay particular attention to preventing violations in the following items and do not tolerate corruption in any form.

### **(1) Money laundering**

- (i) Those involved in criminal activities such as terrorism, drug trafficking, bribery, or fraud may attempt to “launder” the proceeds of their crimes to hide them or make them appear legitimate. Many countries now have laws that prohibit transactions involving the proceeds of criminal activity and require safeguards to prevent inadvertent money laundering.

- (ii) The Group complies with all laws and regulations related to money laundering and counter-terrorism. We conduct transactions only with trusted partners involved in legitimate business activities.

## (2) Bribery

- (i) The Group engages in price competition in the process of purchasing and selling properties and providing services related to real estate. The officers and employees of the Group do not give or accept bribes in any form, directly or indirectly. We also do not tolerate anyone acting on behalf of the Group to give or accept bribes. The term “bribe” means a financial or other form of benefit.
- (ii) Gaining an advantage by making improper payments is never acceptable and it exposes the individual and the company to the risk of criminal prosecution.
- (iii) Each of the following acts may be regarded as a bribe or unauthorized payment. As a general rule, we do not engage in any of the following acts:
  - Offering or promising to give money, goods, or services to a government official or a customer with the intent of inducing a transaction that is advantageous to the Group
  - Paying gratuities to public officials or employees of other companies to expedite paperwork
  - Paying a fee that is disproportionate to the service provided
- (iv) The officers and employees of the Group exercise due care in their relationships with public officials. In many countries, gifts or unauthorized payments to public officials are prohibited by law. The same is applied to foreign public officials. Consultants, intermediaries, or other persons who conduct business through third parties will be encouraged to ensure that such third parties also comply with the above rules.

## (3) Insider trading

- (i) Insider trading laws prohibit trading in company securities on the basis of material information (insider information) that has not been disclosed to the public.
- (ii) The Group supports fair and open securities trading. The Group’s employees do not trade in shares or other securities using insider information obtained from the Group or third parties during their employment. Furthermore, they do not disclose such information to others.
- (iii) The officers and employees of the Group comply with the following items.
  - Do not use insider information that is a material fact as stipulated under insider trading regulations to buy or sell, directly or indirectly, financial instruments related to a company or entity, including the Group.
  - Do not recommend or suggest financial instruments to others based on insider information.
  - Maintain the confidentiality of insider information and do not communicate it to third parties.
- (iv) The department in charge of compliance periodically checks the operational status of this Policy and reports it to the Audit & Supervisory Committee and the Board of Directors.

### 3. Initiatives

#### 3-1. E (Environmental) Initiatives

##### Details of initiatives to reduce water consumption

Initiatives to reduce water consumption

We conduct awareness-raising activities throughout the Group to prevent water use beyond what is necessary. By making all employees aware that water is a limited resource, we are working to raise awareness of water conservation and the need to reduce water consumption.

We believe that the direct environmental impact of water use by the Group's businesses is limited. However, throughout the value chain, we check whether there are any business processes that have a negative impact on water resources or that involve the use of large amounts of water. If such processes are found, we take appropriate measures to improve them.

##### Climate change awareness

Examples of the risks and opportunities posed by climate change that the Group recognizes are as follows:

	Item	Details	Impact on financial performance	Timeframe
Transition opportunities	Advancement of renovation technologies with smaller environmental impact	The introduction of low environmental impact building materials and water fixtures such as in kitchens, will make renovated condominiums more energy efficient. This creates an opportunity for the Group to expand its business through new products.	Medium	Medium to long term
Transition opportunities	Increased awareness of the smaller environmental impact of renovated condominiums compared to new construction	As the supply of new condominiums continues to decline, customers will become more aware of the smaller environmental impact of a renovated condominiums compared to a newly constructed one. This will increase the opportunity for customers to consider renovated condominiums as a purchase option. This is also an opportunity for the Group to expand its market share.	Medium	Medium to long term

	Item	Details	Impact on financial performance	Timeframe
Transition risks	Introduction of carbon tax	The introduction of so-called carbon taxes, a form of taxation based on greenhouse gas emissions, is expected to result in higher costs such as procurement costs of renovation materials, etc., company vehicle fuel prices, and electricity prices.	Large	Medium to long term
Transition risks	Increased procurement costs due to improved environmental performance of renovation materials	Advances in the development of materials with a smaller environmental impact and a broader uptake of these technologies can be expected to be passed on to each material price. While the spread of materials with improved environmental performance is a great transition opportunity, it can put pressure on profitability due to increased renovation costs.	Large	Medium to long term
Physical risks	Increase in frequency and severity of natural disasters	Extreme weather events such as heavy rains or typhoons are expected to result in delays to business activities. This could lead to a decrease in the number of real estate units purchased, an increase in running costs due to a longer renovation construction period and longer sales periods. Indirectly, revisions of laws and regulations related to disaster countermeasures or the	Medium	Medium to long term

	Item	Details	Impact on financial performance	Timeframe
		expansion of hazard map regulations could also result in decreases of appraisal value of the Company-owned properties.		
Physical risks	Increase in health hazards caused by extreme heat (heat stroke, etc.)	Reduced operational efficiency of employees and the occurrence of occupational accidents are expected to put pressure on profitability.	Medium	Medium to long term
Physical risks	Higher utility costs due to cold winters	Higher utility costs are expected due to the use of heating in offices, etc. Indirectly, the increase in electricity use and greenhouse gas emissions from heating use could be a cost-increasing factor due to so-called carbon taxes.	Medium	Medium to long term

### Climate-related risks and opportunities

Of the climate change-related risks that the Group recognizes, the risks that it deems to have the potential for significant impact on finance or strategy, and the details of these risks, are as follows. The Group has a policy of regularly reviewing climate-related risks, including responses to the TCFD (Task Force on Climate-related Financial Disclosures). Through this process, we periodically review the abovementioned risks and opportunities.

Type of specific risk: Introduction of carbon tax

With global warming, increases in maximum daytime temperatures and extreme weather events have been reported around the world. The goal of society is to reduce greenhouse gas emissions to virtually zero by 2050 and limit the rise in global temperature to less than 1.5 °C above pre-industrial levels. As one means of achieving these goals, the introduction of a carbon tax is being discussed internationally. The Group has also conducted a risk analysis of climate change and the various initiatives to combat it, considering them to have both strategic and financial impact. The IEA World Energy Outlook 2021 projects a carbon tax of at least 350,000 JPY/tCO<sub>2</sub> by 2050. Currently, as of year 2022, the Group's emissions are 192.7tCO<sub>2</sub>. If estimated by the same amount of emissions, our tax burden is expected to increase by JPY 67.4 mn. We have identified this as a significant financial risk for the Group.

While avoiding these risks, the Group will promote initiatives to reduce emissions with the aim of realizing a decarbonized society. For Scope 2, which accounts for most of the Group's emissions, we will promote

energy conservation in our offices and the use of renewable energy during renovation work. For Scope 1 as well, we will strive to achieve the reduction target by reducing our fleet of company vehicles and promoting the switch to EVs.

Type of specific risk: Soaring material procurement costs

Recent unforeseen events, such as global climate change, have caused raw material prices to soar and energy prices to rise, seriously impacting corporate procurement activities. Fluctuations in the availability of important physical resources (such as lumber and stainless steel) could cause the cost of sales to increase, which could adversely affect the Group's business results and financial position. On the other hand, events caused by climate change also have the potential to accelerate the development of environmentally friendly products and contribute to the spread of materials and technologies that have a smaller environmental impact. Therefore, while the spread of materials with high environmental performance is a transition opportunity, it could at the same time put pressure on profitability if prices are passed on to each material, resulting in higher renovation costs. Fluctuations in oil prices and high labor costs associated with the renovation operations that are closely tied to our business activities could adversely affect the Group's business results and financial position.

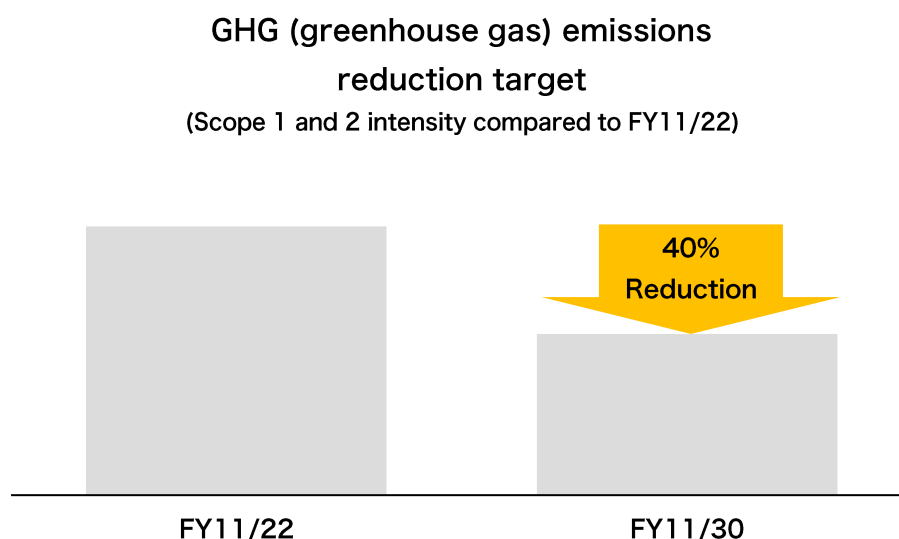
### Long-term (> 5 years) reduction target for GHG emissions

Greenhouse gas emissions reduction targets

To reduce the risks associated with climate change, the Group has set medium to long term targets for reducing greenhouse gas emissions. In addition to taking early action to achieve the targets for Scope 1 and 2 emissions, we will continue to examine ways of achieving the targets for Scope 3 emissions as well.

<Greenhouse gas emissions reduction targets>

2030: Scope 1 and 2: 40% reduction (intensity, compared to FY11/22)



\*Concept of Scope 1, 2, and 3

In accordance with the GHG Protocol Initiative, each refers to the following types of emissions.

- Scope 1: Direct greenhouse gas emissions by businesses themselves (fuel combustion, industrial processes)
- Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies
- Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions from other companies related to the activities of the business)

## Oversight of climate change risks by the Board of Directors

The President's Office formulates the basic policy for responding to climate change risks and reports on this periodically to the Board of Directors. In this way, our response to climate change is overseen by the Board of Directors. Although the Company does not currently have a position dedicated to managing ESG, the CEO is responsible for managing and overseeing climate change risk.

## Waste reduction and prevention targets

Topic	Details	Japan/Overseas	Targets
Waste reduction	Reduction of waste* <sup>1</sup> generation intensity	Japan	Compared to FY11/21 ▲20.0%

\*1. The waste to be aggregated is limited to waste discharged directly by the Group and waste discharged by the Group as the main contractor for the renovation work.

## Amount of nitrogen oxides (NOx), waste, and recycling for the past 3 years (tons)

Overview of environmental impact\*<sup>1</sup>

(Unit:)	FY11/20	FY11/21	FY11/22
NOx emissions	0.3kg	0.3kg	0.3 kg
Industrial waste	47t	100t	118t
Recycled waste	-	-	-

\*1. The waste to be aggregated is limited to waste discharged directly by the Group and waste discharged by the Group as the main contractor for the renovation work.

## Amount of environment-related fines and penalties

Number of environment-related accidents and lawsuits

During the FY11/22, the Group had no violations of laws or regulations, fines, penalties, or lawsuits related to the environment. There were no accidents affecting external parties or serious complaints.

## Factory and site wastewater data for the past 3 years

Water consumption

(m <sup>3</sup> )	FY11/20	FY11/21	FY11/22
Total	2,632.6	2,363.4	3,102.2
Amount used in the Company-owned properties (renovation work, etc.)	1,984.8	1,667.8	2,389.5
Other (company housing, etc.)	647.8	695.5	712.8

### Total GHG emissions (Scope 1 and 2) for the past 3 years

Greenhouse gas emissions (total volume, by scope)

(t-CO <sub>2</sub> )	FY11/20	FY11/21	FY11/22
Total	163.2	154.9	192.7
Scope 1	8.4	9.1	8.3
Scope 2	154.8	145.7	184.4

\*Scope 1 and 2 aggregate target

- Scope 1: Emissions from company vehicle fuel (direct emissions)
- Scope 2: Emissions from the use of electricity in offices and the renovation work of the Company-owned properties (indirect emissions)



## **3-2. S (Human Rights and Labor) Initiatives**

### **Policy on employment support and other initiatives**

The Group provides job placement assistance to young people by hosting internship programs and other programs. Our programs go beyond merely introducing the Group's business activities. We invite participants to present business proposals based on their industry research and work experience as we strive to help college students who are willing to work gain a sense of perspective about their careers.

#### Our policy on labor standards

The Group aims to realize a society that utilizes housing rather than building it. Through its corporate activities, the Group aims not only to solve environmental and social issues but also to contribute to the sustainable development of society. With this goal in mind, we have established the Charter of Corporate Behavior as a Code of Conduct. We conduct our activities with high ethical standards and social norms to ensure that the Group is trusted by society and can grow sustainably. The Charter of Corporate Behavior is posted on the Company's internal portal site, and it is also shared with all officers and employees of the Company and its subsidiaries. In addition, our action guidelines (STARMICA way.) was developed from employee surveys and helps to foster a culture of respect for individual dignity and respect for others. All employees refer to the action guidelines during training at the time of joining the Company and on other occasions, such as meetings. This helps employees calibrate their own behavior from time to time.

#### Charter of Corporate Behavior

The officers and employees of Star Mica Holdings, Co., Ltd., and its Group affiliates comply with applicable laws, regulations, the Articles of Incorporation, internal rules, etc., and act in accordance with high ethical standards and social norms as follows:

1. We correctly understand and comply with the laws and regulations and their spirit. We also ensure the proper management and protection of customer information and other information held by the Company.
2. We engage in fair, transparent, and free competition as we carry out our business. Through appropriate transactions, we build relationships of trust and satisfaction with our business partners. We also maintain sound and normal relationships with political and administrative authorities. We take a firm stand against antisocial forces and groups that threaten the order and safety of civil society.
3. We place importance on ensuring the reliability of our financial reporting. We communicate not only with our shareholders but also with the society at large, actively and fairly disclosing corporate information.
4. We build a safe and healthy work environment and establish a fair and motivating work environment. In doing so, we support the growth of the Company and its officers and employees.
5. We strive to build good relationships with society by considering the environment, and to contribute to the development of society as a good corporate citizen.
6. The officers disseminate this Charter internally and externally to ensure its thorough implementation and establish an effective internal system.

In the event of a violation of this Charter, we will take appropriate measures to resolve the problem, prevent its recurrence, etc., and provide prompt and accurate explanations both internally and externally.

STARMICA way.

1. Open and flat: Communication is open and flat.
2. Teamwork: Appreciation and respect are the basics of teamwork.
3. Professional: Professionals are people who continue to learn.
4. Clean smart: The goal is to be work smart.
5. Speed: Act with surprising speed.
6. Sense of ownership: Take ownership and what needs to be done comes into view.
7. Shared vision: Leaders share vision and take action.
8. Growth: Age or background do not matter; drive and ambition are what counts.
9. Challenge: Take on challenges with no limits or regrets.
10. Innovation: Be a cool company.

### **Initiatives toward labor issues**

When hiring employees, the Group thoroughly verifies the age of candidates from the standpoint of preventing child labor. In addition, we carry out our hiring based on applications received directly from the individual. Our employment regulations stipulate that the working conditions shall be made clear at the time of hiring by referring to the notice of working conditions and the employment regulations. This prevents work that is against the individual's will.

We encourage efficient working styles in our daily operations. Specifically, we promote digitalization under "work smart" in the "STARMICA way.," our action guidelines. While being a small but specialized organization, we promote the sharing of documents using cloud systems, etc. and the use of mobile devices as we strive to enhance labor productivity.

Furthermore, we strive to reduce long working hours. Managers strive to monitor employees' workloads and coordinate as necessary. In this way, we have established a corporate culture that encourages employees to return home early. With regard to working hours, we conduct company-wide monitoring, and we basically require employees to apply in advance if there is a possibility that their scheduled working hours may exceed a certain number of hours. When overtime arises, we hold a meeting with the department head and take immediate measures to improve the situation. Employees currently work an average of 17.0 hours per month of overtime.

### **Health and safety initiatives**

The Group has established Health Committee Regulations to prevent health problems among employees and to maintain and promote their physical and mental health. The Health Committee is consisted of a selected person who oversees the business, an occupational physician, a health manager, and representatives of employees. Through monthly committee meetings, the committee engages with managers and employees to understand the details of occupational health and safety as it works to strengthen the system. Through these efforts, the Group works to maintain and improve the health of its employees and to create a comfortable working environment.

#### **Introduction of M3 Patient Support Program (M3PSP)**

We have introduced employee programs that can be used as part of health promotion. Subscribers gain access to services such as obtaining a second opinion from a physician and finding a hospital.

#### **Introduction of safety confirmation service**

We have introduced a service to prepare for the event of a major disaster, which could happen at any time. The service enables the safety and health status of employees to be ascertained in the event of an emergency, making smooth recovery without disrupting operations possible, and also contributing to the psychological safety of employees.

## **Principles of community investment**

### Approach to social contribution activities

Through its business, the Group purchases owner-change properties, which are generally considered difficult to distribute on the market, and sells them as renovated condominiums where strong demand is expected. This improves the circulation of real estate across Japan and provides housing to those who wish to become local residents, contributing to the revitalization of local communities.

Furthermore, as an additional social contribution activity, we conduct internship programs to provide opportunities for college students who are willing to work so that they can gain a sense of perspective on their career through industry research. We also conduct entrepreneur development activities through educational institutions. In our activities through educational institutions, we share the history of our Group from its start-up phase to the present with the younger generation. In doing so, we hope not only to encourage the younger generation in the region to become more work-minded and growth-oriented but also to revitalize the local community by fostering and discovering talented individuals through the transmission of entrepreneurial know-how.

The growth of businesses launched by entrepreneurs trained by the Group has the potential to create new jobs in the region and to form a virtuous cycle in the economy. We also believe that if innovations in the field which combines real estate and IT, etc., are created by the innovative ideas of the younger generation, we can utilize those ideas in our business to diversify our profit opportunities and ultimately lead to the expansion of the Group's business.

## **Results of local community investment**

### Internship programs

Our programs go beyond merely introducing the Group's business activities. We invite participants to present business proposals based on their industry research and work experience as we strive to help college students who are willing to work gain a sense of perspective about their careers.

Fiscal year implemented (Method)	Name	Target	Number of participants	Details	Duration
FY2019	Summer August-September	Graduates of March 2021	15	(1) Observe and experience the work of employees (2) Create and present a personal history presentation (3) Roundtable discussion with employees	105h
	Winter December	Graduates of March 2021	11	Same as above	77h
FY2020	Summer August-September	Graduates of March 2022	18	(1) Work experience through group work (Calculation of the purchase price of pre-owned condominiums, preparation of renovation plans, etc.) (2) Roundtable discussion with employees	162h
	Autumn November	Graduates of March 2022	12	Same as above	126h
FY2021	Summer August-September	Graduates of March 2023	22	Same as above	242h
	Autumn November-December	Graduates of March 2023	24		252h
Total			102		964h

## Lectures

Since 2007, Mizunaga, the CEO of the Company, has given lectures at various locations around the country. Over the past five years, he has given the following lectures at graduate schools, companies, etc. Although the lectures are mainly given by Mizunaga, employees also take part in these activities, mainly when holding lectures at the Company. Roles carried out by employees include planning and developing lecture content, managing the event on the day, or delivering part of the lectures to share their insights with participants.

## Major activities

Timing	Name of academic institution	Lecture title	Number of participants
March 2018	Wharton (University of Pennsylvania) MBA / EMBA	“Professional Career and Entrepreneurship”	30
July 2018	Keio Business School, Graduate School of Business Administration, Keio University Asia Business Field Study Program	“Professional Career and Entrepreneurship”	42
June 2019	Kyoto University Career Seminar	“If I were a college student again”	80
July 2019	Waseda Business School (Graduate School of Business and Finance)	“The Business of STARMICA - Strategy in Practice”	13
March 2022	Hitotsubashi University Business School School of International Corporate Strategy	“Professional Career and Entrepreneurship”	50

## Number of lectures and participants (by fiscal year)

Fiscal year	2018	2019	2020	2021	2022
Number of lectures	2	2	0	0	1
Number of participants	72	93	0	0	50

\*In 2020 and 2021, activities were restricted due to the spread of COVID-19.

## Establishment and operation of the foundation

In 2021, Mizunaga, the founder, played a central role in establishing the Star Mica Mizunaga Foundation for the following purposes.

- (1) Promote academic studies toward remedying social problems
- (2) Support education to nurture future leaders of society
- (3) Contribute to the promotion of academia, culture and the arts
- (4) Promote industrial activity that contributes to the development of society
- (5) Contribute to the promotion and revitalization of real estate distribution centered on pre-owned homes
- (6) Promote other studies and research for more innovative and sustainable development of society

Going forward, we will carry out various activities to contribute to the development of academia, education, culture, and industry, and to help realize a recycling-oriented society.

## Local employment, local procurement

The Group contributes to local community activities through its business and social contribution activities. In particular, since 2018, we have expanded our bases to regional core cities (Sapporo, Sendai, Nagoya, Osaka, Kobe, and Fukuoka). As we have done so, we have been actively hiring local human resources. Also, in the renovation work, we have been working with local companies as we work to contribute to the development of each region.

## Company efforts to increase workforce diversity and equal opportunities, and to reduce discrimination

### Employee diversity and equal opportunities

The Group strives to provide equal opportunities in the workplace. As well as ensuring that our hiring practices do not discriminate on the basis of gender, we also have a training and mentoring system that does not discriminate on the basis of gender.

Furthermore, we have put in place the following systems, which expand on the legal system, and we have established a system that does not limit our employees' opportunities.

- (1) We have introduced systems for antenatal and postnatal leave, childcare leave, shortened working hours, and nursing care leave. Our system of shortened working hours can be used by employees, whether male or female, until their children reach the age of 9.
- (2) Employees who have nursing care responsibilities and who meet certain requirements can use the shortened working hour system beyond the period stipulated by laws and regulations.
- (3) Child care leave and nursing care leave are all treated as paid leave, whereas by laws and regulations they are unpaid. In addition, the return rate among employees finishing maternity leave is 100%. During maternity leave, we regularly keep in touch with our employees to create an environment in which it is easy for them to return to work.

As well as ensuring that our hiring practices do not discriminate on the basis of age, the Group also has a rehiring system for promoting employment of the elderly. We strive to provide equal opportunities to our employees by allowing those who wish to continue working to do so based on our rehiring rules.

We are also especially focusing our efforts on the following areas:

Promoting the active participation of women

The Group believes that female perspectives are indispensable in the design of housing. We continue to promote the active participation of women by providing a variety of career development options for adapting to changes in life stages, as well as benefits and subsidies that allow women to continue working with peace of mind.

#### Promoting the employment of foreign nationals

The Group believes that responding to the needs of globalization requires a perspective that is not bound by Japanese cultural norms. We actively employ foreign nationals and establish a workplace where they can work with peace of mind and also provide support in their daily lives as appropriate.

#### Active employment of the elderly

With the extension of healthy life expectancy, our society has become a place where people can work longer, and the labor force of senior citizens is a major driving force behind Japan's economy. The Group actively employs the elderly and creates opportunities for them to utilize their skills and knowledge in business while helping to bring about vibrant lifestyles for the elderly.

#### Promoting the active participation of people with disabilities

The perspectives of people with disabilities can be expected to be a major asset in implementing barrier-free offices and the development of universally designed products. The Group is committed to creating a workplace where employees can use their talents to work, regardless of whether they have disabilities, by revising our operations to optimize and improve efficiency.

#### Promoting understanding of LGBTQ

Accepting sexual minorities helps ensure that we have the best talent. By recognizing and respecting diverse values, we make our business more competitive. The Group does not discriminate against sexual minorities in its hiring practices. We continue to establish internal systems and workplace practices that consider sexual minorities.

#### Overview and duration of skill development training for employees

In our action guidelines, we view individual growth as depending on motivation and ambition, and we encourage our employees to continue learning. We have prepared a step-by-step curriculum that leads to skill development through various in-house training programs.

### Training for employees

Fiscal year implemented	Name	Target (affiliation)	Number of participants	Purpose	Overall duration (Total)
FY11/19	In-house practice exams for Real Estate Transaction Agent certification	Full-time employees	19	Passing the certification examination	456h
	Training for new managers	Full-time employees	6	Understanding the roles and expectations required of a manager, and gaining the required knowledge	12h
	Real estate training	Full-time employees Contract employees Temporary employees	13 new graduates/new employees 16 new mid-career employees 29 in total	New graduates: Post-assignment follow-up Mid-career: Acquiring industry knowledge	232h
	Follow-up training for new employees	Full-time employees	13	Post-assignment follow-up	78h
FY11/20	Renovation training	Full-time employees	58	Acquiring knowledge that contributes to procurement activities and product development	1,015h
	Labor management training	Full-time employees	49	Acquiring knowledge of attendance management rules and laws and regulations	24.5h



	In-house practice exams for Real Estate Transaction Agent certification	Full-time employees	14	Passing the certification examination	364h
	Excel training	Full-time employees	18	Learning basic functions of Excel and improving work efficiency	108h
	Real estate training	Full-time employees	18	New graduates: Post-assignment follow-up Mid-career: Acquiring industry knowledge	144h
	In-house training	Full-time employees	12	Fostering communication with management and increasing motivation	18h
	Training for new managers	Full-time employees	4	Understanding the roles and expectations required of a manager, and gaining the required knowledge	8h
	Follow-up training for new employees	Full-time employees	12	Post-assignment follow-up	72h
FY11/21	In-house training	Full-time employees	12 in Year 1 11 in Year 2 12 in Year 3 35 in total	Addressing a lack of communication during the COVID-19 pandemic	157.5h

	Training for new managers	Full-time employees	4	Understanding the roles and expectations required of a manager, and gaining the required knowledge	4h
	Practical brokerage training for young employees	Full-time employees	9	Practical brokerage sales training for planning and administrative employees with no sales experience	320h
	In-house practice exams for Real Estate Transaction Agent certification	Full-time employees	9	Passing the certification examination	162h
	Housing loans training	Full-time employees	96	Acquiring knowledge of housing loans	528h
	Labor management training	Full-time employees	2	Acquiring knowledge of attendance management rules and laws and regulations	1h
	Real estate training	Full-time employees	5	New graduates: Post-assignment follow-up Mid-career: Acquiring industry knowledge	40h
	Year-end tax adjustment seminar	Person responsible for human resources and payroll	1	Acquiring practical knowledge of payroll	6h

FY11/22	In-house practice exams for Real Estate Transaction Agent certification	Full-time employees	14	Passing the certification examination	308h
	Training for new managers	Full-time employees	6	Understanding the roles and expectations required of a manager, and gaining the required knowledge	6h
	Real estate training	Full-time employees	20	New graduates: Post-assignment follow-up Mid-career: Acquiring industry knowledge	460h
	Follow-up training for new employees	Full-time employees	4	Post-assignment follow-up	48h
Total			465		4,596h

#### Introducing a 360-degree evaluation system

We have introduced a system in which all employees, including officers, receive evaluations twice a year from their subordinates and colleagues, rather than just a one-way communication from supervisor to subordinate. This allows for a multifaceted evaluation that is not solely from the supervisor. Although this system itself is not reflected in personnel evaluations, it is a valuable opportunity for individual employees to gain insights.

#### Support for obtaining a Master of Business Administration (MBA)

This program provides time and financial support for employees to attend business school for the purpose of fostering personnel who are well versed in overall corporate management and who possess the high personal skills that would qualify them as candidates for our next generation of managers.

#### Support for obtaining various qualifications

This system encourages employees to obtain public qualifications as part of their skill improvement and self-development by providing all employees with a qualification allowance for those who obtain such qualifications. Based on our Code of Conduct, which states that “professionals are people who continue to learn,” we strive to foster a culture of continuous learning. We have established Real Estate Transaction Agent certification as a mandatory qualification and Level 3 Certificate in Bookkeeping as a recommended qualification. We encourage not only sales employees but also employees working in the planning and administrative departments (Accounting Division, Finance Division, etc.) to obtain these qualifications. The percentage of employees of the Group who hold Real Estate Transaction Agent certification is 87/0%.

#### Setting up an in-house bookshelf

We have set up an in-house bookshelf with the purpose of enhancing employees’ skills and knowledge, encouraging them to improve their own abilities by reading books. The bookshelf contains specialized books related to our business, books for studying for Real Estate Transaction Agent certification and other qualifications, and books for self-development. Employees can borrow freely from the bookshelf, enabling them to learn new ideas, technologies, facilities, systems, etc. and to broaden their knowledge.

#### Introducing a mentoring system

We have introduced a mentoring system to help employees get to know the climate and culture of the Company. New hires are given three months to complete their training, while mid-career employees are given six months to complete their training. The system enables them to gain a multifaceted perspective that goes beyond the perspective of the department to which they are assigned. We also provide continuous guidance to our employees so that they can become not only employees of the Company but also useful members of society.

#### Mizunaga Seminar by the founder

We continue to hold seminar-style study sessions (known as the “Mizunaga Seminar”) in which employees who aspire to become executives in the future give presentations on the Company’s issues and solutions in front of top management and receive direct feedback.

### **Percentage of non-full-time employees (contract employees + temporary employees)**

\*Total (all employees): Full-time employees, contract employees, temporary employees, and part-time employees

\*Non-full-time employees: Contract employees, temporary employees

(Persons)	FY2020	FY2021	FY2022
Total:	180	177	202
Percentage of non-full-time employees (Temporary, contract, etc./total, %)	16.6%	20.9%	21.7%

### Percentage of female employees

\*Total (all employees): Full-time employees, contract employees, temporary employees, and part-time employees

(Persons)	FY2019	FY2020	FY2021
Total:	180	177	202
Of which, female	92	96	112
Percentage of female (%):	51.1%	54.2%	55.4%
Managers	47	51	54
Of which, female	10	13	15
Percentage of female managers:	21.2%	25.4%	27.7%

### Commitment to gender diversity by the Board of Directors

Efforts toward gender diversity in the Board of Directors

We believe that to continue meeting the diversified and complex needs of customers in the future, we need to design products that incorporate a variety of perspectives. In particular, women are often the decision-makers in housing purchases by families, the main target group for our products. The perspective of women is therefore vital when designing products that meet their needs. Although we currently have no female directors, all members of the Board of Directors recognize the importance of providing opportunities for active participation of women, including female directors. We will strive to develop personnel and support systems and foster awareness in accordance with the various Group companies, departments, and workplaces in order to realize the percentage of female directors of 20% by FY2025.

Lost time injury rate for the past 3 years

	FY2020	FY2021	FY2022
Lost time injury rate:	0	0	0
Number of fatalities and injuries due to occupational accidents (persons):	0	0	0
Total actual hours worked (hours):	0	0	0

\*Lost time injury rate = number of fatalities and injuries due to occupational accidents / total number of actual hours worked × 1,000,000

\*Number of fatalities and injuries: Including those absent from work for more than one day and those losing a part of or function of their body

**Number of occupational accidents (fatalities) among full-time and contract employees in the past 3 years**

(Cases)		FY2020	FY2021	FY2022
Full-time employees	Total:	0	0	0
	Fatalities:	0	0	0
	Lost time:	0	0	0
Contract employees/contract workers	Total:	0	0	0
	Fatalities:	0	0	0
	Lost time:	0	0	0

**Injuries, fatalities and incidents**

During the three fiscal years from FY11/19 to FY11/21, the Group has had no instances of accidents involving injury or resulting in the death of employees.

**Policy and commitment to reducing adverse health and safety impacts**

During the three fiscal years from FY11/19 to FY11/21, the Group has had zero instances of occupational accidents, and the occupational accident frequency rate is also zero. Going forward, we will continue to strive to maintain zero.

**A system that promotes engagement with employees and collaboration with charitable partners**

The Group's employees have been actively involved in social contribution activities such as coral transplantation activities in Okinawa Prefecture and voluntary reconstruction work in Minamisanriku in Miyagi Prefecture.

Through the Star Mica Mizunaga Foundation, launched in FY11/21, we will carry out various activities going forward, to contribute to the development of academia, education, culture, and industry, and to help realize a recycling-oriented society, while continuing to support volunteer activities by our employees.

**Total amount of donations/community investment by the Company or its Group companies in registered nonprofit organizations.**

Timing	Donation recipients / donation details	Amount
March 2015	Kyoto University Office of Society-Academia Collaboration for Innovation Establishment and operating expenses of the Endowed Research Chair Innovation Management Science	JPY 5.0 mn
September 2015	Joso City Aid for damage caused by the breakdown of embankments	JPY 1.0 mn
August 2021	Star Mica Mizunaga Foundation Operating funds	JPY 3.0 mn

**Internal dissemination of the Supplier Policy**

The Group provides training to employees in the sales department to ensure that they are familiar with our policies regarding the supply chain. The training program covers content based on the Basic Sustainability Policy, developing employees who can perform their duties as professionals.

### **3-3. Governance (G) Initiatives**

#### **Comprehensive internal whistleblowing system that ensures confidentiality and anonymity**

In order to disseminate and implement the Anti-Bribery and Anti-Corruption Policy, which is our basic anti-corruption policy, the Group introduced an internal whistleblowing system (including anonymous reports) and operates it in a manner that ensures the anonymity of all informants. Points of contact are established both inside and outside the Company, and they are open to receive reports from all Group employees (including contract employees, temporary employees, etc.) in accordance with the Whistleblower Protection Act. The person who received the report is obligated to strictly maintain confidentiality of any information received.

#### **Communicating to all employees regarding the Company anti-corruption policy**

At the Group, the Investment Management Department, which is the department in charge of compliance, takes the lead in holding a meeting twice a year to explain each of the rules related to anti-corruption to all employees in order to thoroughly inform them of anti-corruption measures.

Related regulations are disclosed on the intranet which is always available to officers and employees. In addition, the Anti-Bribery and Anti-Corruption Policy, which is our basic anti-corruption policy, is included in employee training to educate all employees, especially those working in departments with high risks of corruption.

#### **Supervising risk management and reviewing of the effectiveness of risk management processes by the Board of Directors, and risk responsibilities of senior management including directors and executive officers**

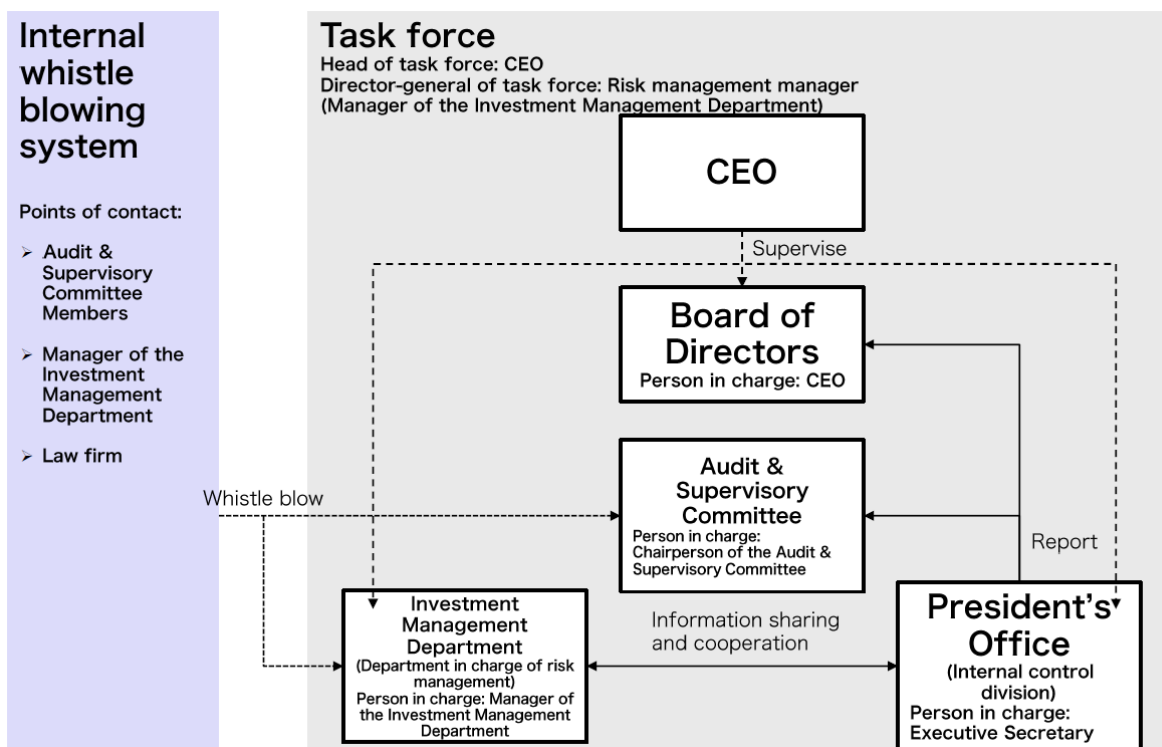
The Group has established Risk Management Rules in order to identify and assess risks pertaining to the Group as a whole, and take appropriate measures from both qualitative and quantitative aspects as necessary, and implements comprehensive risk management. Events subject to risk management include those described as Risk Information in the Company's Annual Securities Reports and any other similar documents, deficiencies in internal controls over the preparation of financial reports included in the Annual Securities Reports, non-compliance with the stipulations in the Compliance Rules and any other material events that impede the execution of business.

The content of risk management is shared between the senior management responsible for the department in charge of risk management and the internal control division. The responsible person in the internal control division regularly reports to the Board of Directors and the Audit & Supervisory Committee. Each director is responsible for supervising and evaluating the effectiveness of risk management.

In the event that any of the aforementioned risks becomes apparent, a task force is established to take appropriate measures, with the President & CEO serving as the head and the risk management manager serving as the director-general of the task force. In addition, the effectiveness of risk management is constantly reviewed by regular verification and evaluation through the CEO.

The head of the department in charge of risk management is served by a different employee (manager) from the chairperson of the Audit & Supervisory Committee.





**Review the following activities of the Company: Compliance with the Code of Conduct/Code of Ethics and identify violations and/or periodically review the effectiveness of the Code of Conduct/Code of Ethics**

The Group’s internal audit division independently evaluates and verifies the appropriateness and effectiveness of compliance and other management systems at approximately 7 sites, including subsidiaries. In fiscal year 2022, internal audits were conducted at all branches excluding sales offices. For internal audits, they not only detect deficiencies, but also identify problems related to compliance at each site and provide proposals and guide them to make improvements.

When a compliance violation is detected, it is reported to the CEO, Audit & Supervisory Committee members, and the internal control division, as well as to the heads of the relevant divisions and the executive officers and directors who supervise the relevant businesses. Necessary corrective measures are taken as well as suggestions are provided to the relevant divisions in order to correct and improve problems. With regard to ESG risks, the Board of Directors meet once a month to monitor the operation status and effectiveness of Corporate Mission, action guidelines, Code of Ethics, etc.

**Employee training on anti-corruption policy**

The Group provides new graduate employees and mid-career employees with training on the significance of anti-corruption and matters that may pose a particularly significant risk as stipulated in the Anti-Bribery and Anti-Corruption Policy as part of the orientation they receive at the time of joining the Company. It also provides training twice a year at the weekly meeting for all employees to familiarize them with anti-corruption.

### **Risk assessment of corruption in business**

The Group's Investment Management Department, which is responsible for compliance, takes the lead in assessing the risk of corruption in its business, collaborating with the President's Office, which is the internal control division, as necessary. The results of risk assessment, particularly those determined to be significant risks, are reported to the Audit & Supervisory Committee.

### **Disclosure of total amount of political contributions**

The total amount of donations made by the Group to political fund organizations is as follows:

	2019	2020	2021
Donations to political fund organizations	N/A	N/A	N/A

### **Number of actions taken against employees and dismissals resulting from violations of the anti-corruption policy**

	2018	2019	2020	2021	2022
Employee, etc. disciplined for violation of anti-corruption policy (number of persons)	0	0	1	0	0
Penalties related to corruption (JPY)		-	-	-	-
Penalties related to corruption (number of cases)	-	-	-	-	-

### **Disclosure of details by directors (expertise and experience as a director at other companies)**

The following is a summary of the Company director's professional background and experience in serving as a director at other companies.

The expertise and concurrent positions of each director are described in the reference documents for the general meeting of shareholders and the Annual Securities Report.

	Expertise	Concurrent positions at other companies
Masashi Mizunaga	Corporate management, sales and marketing, financial accounting and finance, organizational personnel and human resource development	Outside Director of Slogon Inc.
Kazuhiko Odaki	Financial accounting and finance, legal and compliance, technology	Professor, College of Economics, Nihon University Outside Director of AS ONE CORPORATION
Yasushi Yano	Corporate management, sales and marketing, organizational personnel and human resource development	Representative Director, Taisei CI Co. Ltd. Commissioned as a member of the Management Council of Nishinoda Technology Senior High School Director, Kansai Association of Corporate Executives
Tetsuo Wada	Sales and marketing, financial accounting and finance, legal affairs and compliance	Professor, Faculty of Economics, Gakushuin University

### **Number of directors, number of independent directors, and number of female directors**

The Company is a company with an Audit & Supervisory Committee. We appoint one (1) director (excluding directors who are Audit & Supervisory Committee members) and three (3) directors who are Audit & Supervisory Committee members (of which three (3) are outside directors).

Of the three (3) directors who are Audit & Supervisory Committee members, all three (3) meet the independence standards set forth by the Tokyo Stock Exchange as well as the independence standards for independent officers set forth by the Company.

The number of female directors is zero (0).

### **Supervision and deliberation of the following items by the Board of Directors (misuse in conflicts of interest and related party transactions)**

The Group has determined that competitive transactions and transactions involving conflicts of interest by its directors shall be resolved by the Board of Directors, and these transactions shall be deliberated by the Board of Directors, including the independent directors, after disclosing material facts in advance. In addition, the Group regularly checks whether there are transactions between related parties and the Company. Should there be any transaction, it will be described appropriately in the disclosure documents as a related party transaction in accordance with related laws and regulations.

### **Regular evaluation of the effectiveness of the Board of Directors**

The Company conducts an anonymous questionnaire every year to all directors including outside directors to evaluate the Board of Directors as a whole, and the results are confirmed at the Board of Directors.

Statements regarding the Board of Directors, the Audit & Supervisory Board, and each committee, their rules and regulations, or descriptions equivalent thereto, and the Audit & Supervisory Board consisting solely of outside auditors and the exercise of voting rights regarding the election and dismissal of directors

The structure of the Company meeting is as follows.

#### Board of Directors

The Board of Directors shall deliberate on important matters relating to the management of the Company, including management policies and strategies, and supervise the execution of duties by directors. The term of office of directors who are Audit & Supervisory Committee members is two (2) years, and the term of office of directors who are not Audit & Supervisory Committee members is one (1) year.

As of November 2022, the Board of Directors is comprised of one (1) director who is not an Audit & Supervisory Committee member and three (3) directors (who are Audit & Supervisory Committee members), and each director is elected at the general meeting of shareholders.

#### Audit & Supervisory Committee

In principle, the meeting of the Audit & Supervisory Committee is held once a month. The Committee supervises the execution of business by directors, by attending meetings of the Board of Directors that ensures appropriate management activities as well as other important meetings, viewing related materials, and asking questions to department managers. Candidates are selected considering whether they are able to maintain independence from business executives, whether they are able to maintain a fair and impartial attitude, and whether they are able to conduct management evaluations, etc. Their term of office is two (2) years.

As of November 2022, the Audit & Supervisory Committee is comprised of three (3) outside directors, and all three (3) meet the independence standards set forth by the Tokyo Stock Exchange as well as the independence standards for independent officers set forth by the Company.

#### Nomination & Remuneration Committee

A Nomination & Remuneration Committee meeting is held each time a proposal is submitted, and proposals of director candidates and director remuneration are deliberated, and recommendations of director candidates and opinions, etc. on director (excluding directors who are Audit & Supervisory Committee members) remuneration are reported to the Board of Directors, whereas opinions, etc. on director (who are Audit & Supervisory Committee members) remuneration are reported to the Audit & Supervisory Committee. The candidates for the Nomination & Remuneration Committee are selected by the Board of Directors from among the directors, including independent outside directors, and their term of office is one (1) year. Proposals of director candidates and director remuneration are deliberated at the Nomination & Remuneration Committee, and recommendations of director candidates and opinions, etc. on director (excluding directors who are Audit & Supervisory Committee members) remuneration are reported to the Board of Directors, whereas opinions, etc. on director (who are Audit & Supervisory Committee members) remuneration are reported to the Audit & Supervisory Committee.

As of November 2022, the Nomination & Remuneration Committee is comprised of four (4) directors and chaired by an outside director.

### **Disclosure of number of annual meetings of the Board of Directors/director committee meetings**

### **Disclosure of attendance rate of directors and committee members**

The number of days the meetings were held and the attendance rate of each committee member for FY11/22 (from December 1, 2021 to November 30, 2022) are as follows:

	Masashi Mizunaga	Kazuhiko Odaki	Yasushi Yano	Tetsuo Wada
Board of Directors meeting (14 meetings in total)	14/14 (100%)	14/14 (100%)	14/14 (100%)	14/14 (100%)
Audit & Supervisory Committee meeting (13 meetings in total)	-	13/13 (100%)	13/13 (100%)	13/13 (100%)
Nomination & Remuneration Committee meeting (3 meetings in total)	3/3 (100%)	3/3 (100%)	3/3 (100%)	3/3 (100%)

\*The above does not include the four (4) written resolutions that are deemed to have been adopted by the Board of Directors.

### Disclosure of directors' remunerations

At the extraordinary general meeting of shareholders held on May 24, 2019, the Company resolved that the maximum amount of directors' remunerations (excluding directors who are Audit & Supervisory Committee members) shall not exceed JPY 300 mn per year (however, this excludes salaries of directors who concurrently serve as employees). Remuneration is deliberated and determined by the Board of Directors after thorough deliberation by the Nomination & Remuneration Committee, taking into consideration the qualities and capabilities of each director and their degree of contribution to performance of the Company.

In addition, the Company introduced a restricted stock remuneration system in 2021, and the Company will provide eligible directors with remuneration for granting restricted stocks at an annual amount of up to JPY 200 mn (however, this excludes salaries of directors who concurrently serve as employees) as remuneration for the execution of duties for five (5) years from the 23rd Ordinary General Meeting of Shareholders held on February 24, 2021, within the current annual amount of monetary remuneration, etc. for directors of up to JPY 300 mn.

### Disclosure of fixed and variable remuneration amounts

The directors' remunerations of the Company for FY11/21 were as follows:

(Unit: JPY thousand)

		Total amount of remuneration	Fixed remuneration	Non-monetary remuneration
Masashi Mizunaga	Director who is not an Audit & Supervisory Committee member	87,149	21,450	65,699
Kazuhiko Odaki	Director (Audit & Supervisory Committee member)	3,000	3,000	-
Yasushi Yano	Director (Audit & Supervisory Committee member)	3,000	3,000	-
Tetsuo Wada	Director (Audit & Supervisory Committee member)	3,000	3,000	-

### Disclosure of compensation paid to audit firms

The amount of compensation paid to KPMG AZSA LLC, which audits the Group, is as follows:

	Fiscal year 2020		Fiscal year 2021	
	Fees for audit certification work	Fees for non-audit services	Fees for audit certification work	Fees for non-audit services
Company	16,905	-	20,820	-
Subsidiary	5,350	-	5,790	-
Total	22,255	-	26,610	-

Ordinary general meeting of shareholders: Number of days from the date of convocation notice to the date of the meeting

In order to facilitate the exercise of voting rights by shareholders, the Company issues convocation notices on its website and makes efforts to dispatch the notices earlier than the provision of Article 299 of the Companies Act (by two weeks prior to the general meeting of shareholders).

### **Exercise of voting rights concerning directors' remunerations**

At the Company, the amount of directors' remunerations, etc. provided in Article 361 of the Companies Act is, in principle, determined by the Board of Directors within the limit approved at the general meeting of shareholders. As an advisory body to the Board of Directors, the Nomination & Remuneration Committee, which majority is made up of outside directors, including the chairperson, deliberates on the resolutions of the Board of Directors and reports their results to the Board of Directors in an effort to further enhance transparency and objectivity.

At the extraordinary general meeting of shareholders held on May 24, 2019, it was resolved that the maximum amount of directors' remunerations (excluding directors who are Audit & Supervisory Committee members) shall not exceed JPY 300 mn per year (however, this excludes salaries of directors who concurrently serve as employees) and that remuneration for directors who are Audit & Supervisory Committee members shall not exceed JPY 60 mn per year. At the 23rd Ordinary General Meeting of Shareholders held on February 24, 2021, as remuneration for the execution of duties for five (5) years from the general meeting, the remuneration for granting restricted stocks were granted at an annual amount of up to JPY 200 mn (however, this excludes salaries of directors who concurrently serve as director and employee) within the current annual amount of monetary remuneration, etc. for directors of up to JPY 300 mn.

The chairperson of the Nomination & Remuneration Committee (outside director) determines the granting of bonuses to officers and restricted stock remuneration upon interviews with each officer and reports the results to the Nomination & Remuneration Committee.

Remuneration, etc. for Audit & Supervisory Committee members is deliberated by the Nomination & Remuneration Committee, and individual remuneration within the limits approved by the general meeting of shareholders is determined through discussion by the Audit & Supervisory Committee.

### **Whether the principle of one voting right per share is applied to all corporate meeting resolutions**

All of the Company's authorized shares are common shares with one (1) voting right for every hundred (100) shares.

### **Disclosure of exercise of voting results**

The results of the exercise of voting rights at the ordinary general meeting of shareholders held on February 24, 2022 are as follows:

Proposal: Election of one (1) director (excluding directors who are Audit & Supervisory Committee members)

Proposal to elect Masashi Mizunaga as a director (excluding directors who are Audit & Supervisory Committee members).

	Number of votes for proposal	Number of votes against proposal	Number of abstentions	Voting results and ratio of voting for proposal
Proposal: Masashi Mizunaga	147,970	5,664	2	96.25%

### **Percentage of female executive officers (or equivalent positions)**

The Company has introduced an executive officer system from the perspective of separating management and execution. Executive officers execute the operations of each department in accordance with the Executive Officer Regulations.

At present, the ratio of female executive officers is 0%. However, as mentioned above, the ratio of female employees in managerial positions is currently about 25%, and we are promoting the appointment of female workers to important positions.

### **Reporting standards – company risk management system and transparency of reports with reference to external standards**

In making our ESG disclosures, the Company refers to the framework described in the Engagement Guide (Infrastructure sector; Home Builders industry) published by the Sustainability Accounting Standards Board (SASB).

### **Supervision of the following by the Board of Directors (Code of Conduct, Code of Ethics or any other equivalent rules, ESG risks):**

The Group has established a Charter of Corporate Behavior, which sets a Code of Conduct for officers and employees of the Group to act in compliance with laws and regulations and the Articles of Incorporation. The Board of Directors supervises the Code of Conduct. In addition, the Company monitors the ESG risks which are listed below and deliberates and determines improvement measures as necessary.

<p>1. Securing management personnel, and outflow of resources</p> <ul style="list-style-type: none"><li>• Possibility that the operation of the Group would be greatly affected if management personnel who lead business innovation or personnel who will spontaneously grow and play an active role could not be secured, or if there is an outflow of such personnel from the Company.</li></ul>
<p>2. Renovation work</p> <ul style="list-style-type: none"><li>• Possible effects on the Group's operating results and financial condition if complaints or other issues arise in the course of construction, or if a rise in materials prices or a distribution delay occurs due to domestic or overseas economic impact.</li><li>• With the development of materials with a smaller environmental impact and a broader uptake of these technologies, there is a possibility that prices will be passed on to each material, which will increase renovation costs and become a factor that puts pressure on to the Company's profitability.</li><li>• Possibility that our business partners will be unable to secure human resources for renovation work due to the impact of changes in the working population, etc.</li></ul>
<p>3. Intensification of global warming</p> <ul style="list-style-type: none"><li>• Possibility that intense heat will reduce profitability due to a reduced operational efficiency of employees and the occurrence of occupational accidents.</li><li>• Possibility of increase in utility costs from the increased use of heating at our offices, etc., leading to more usage of electricity and greenhouse gas emissions which may further increase our cost from carbon taxing.</li></ul>
<p>4. Legal regulations</p> <ul style="list-style-type: none"><li>• Possibility that the business activities of the Group will be affected in the event that a part of the business is restricted due to new establishment, revision or abolishment of relevant laws and regulations, or additional expenses are required to respond thereto.</li></ul>



<ul style="list-style-type: none"> <li>• In particular, the possibility of affecting the Group’s business activities due to administrative actions, fines, criminal penalties or loss of social credibility, etc. resulting from violations of environmental laws, which are expected to be strengthened in the future.</li> </ul>
<p>5. Introduction of carbon tax</p> <ul style="list-style-type: none"> <li>• Possibility that the introduction of so-called carbon tax (tax based on greenhouse gas emissions) will increase costs such as procurement costs of renovation materials, etc., company vehicle fuel prices, and electricity prices, thereby affecting the Group’s business activities.</li> </ul>
<p>6. Increase in abnormal weather</p> <ul style="list-style-type: none"> <li>• Possibility of a decrease in the number of real estate units purchased and an increase in running costs of the Company-owned properties due to a longer renovation construction period and longer sales periods from delays in overall business activities caused by frequent occurrences of heavy rain, typhoons, etc.</li> <li>• Indirectly, there is a possibility that the appraisal value of the Company-owned properties may decrease due to the revision of laws and regulations related to disaster countermeasures or the expansion of hazard map regulations.</li> </ul>
<p>7. Transition to a decarbonized society</p> <ul style="list-style-type: none"> <li>• As society as a whole makes its shift to a decarbonized society, the Company’s response may be delayed, and the market competitiveness of its products (properties it offers, etc.) may decline.</li> </ul>
<p>8. Damage due to unforeseen accidents and natural disasters</p> <ul style="list-style-type: none"> <li>• If an unforeseen accident or natural disaster occurs in an area where the Company’s real estate holdings exists, there is a possibility that sudden repair costs due to loss, deterioration or damage of the real estate may occur and there may be a decline in future sales prices.</li> <li>• Slow investment sentiment in the real estate investment market may have an impact on the Group’s business development.</li> </ul>
<p>9. Business continuity in the event of a disaster or other emergency</p> <ul style="list-style-type: none"> <li>• Possibilities of delays in resuming business activities due to a delay in restoring headquarters functions caused by insufficient Business Continuity Plan (BCP) measures.</li> </ul>

\*ESG risks include some risks that are not included in the “Risks in Conducting Business, etc.” described in the Annual Securities Report.

**Responses to the following matters in accordance with the Company’s rules, regulations/charter/policies and any other equivalent rule:**

The Group has established Risk Management Rules and has built a risk management system by organizing a department and person in charge of risk management which will periodically report the status of risk management to the Board of Directors and the Audit & Supervisory Committee. In the event of an unforeseen situation, the Company will set up a task force headed by the CEO and establish a system to promptly respond to the situation upon receiving advice from experts.

In particular, the Group regards assurance of compliance as one of the most important matters in risk management. In addition to the Risk Management Rules, the Group has established the Compliance Rules and appointed a department and person in charge of compliance to comprehensively supervise compliance activities across the Group as a whole.

### Company-wide approach to non-compliance

The Group has established an internal whistleblowing system based on the Whistleblower Protection Act as a means to prevent compliance violations. It will receive information on management risks from employees who have knowledge of internal corporate problems as soon as they arise. It will then promptly identify and correct such problem while thoroughly protecting the informant.

In addition, the Group established multiple internal whistleblowing channels, which lets employees to anonymously (if necessary) report internal matters to either corporate counsel, Audit & Supervisory Committee members (outside directors) or compliance officers. When an internal whistleblowing is received, such report will be shared amongst the CEO, Audit & Supervisory Committee members (outside director) and compliance officer who are engaged in handling internal whistleblowing. The compliance officer shall investigate the facts and consider and formulate measures to prevent recurrence in cooperation with legal counsels, etc. as necessary, and make report to the Audit & Supervisory Committee and the Board of Directors.

The operation performance of the internal whistleblowing system over the past three (3) years are as follows:

	2020	2021	2022
Number of internal whistleblowing	0	0	0

In addition to the internal whistleblowing system, the Compliance Rules require employees to anonymously (if necessary) report to the compliance officer when they become aware of violations of laws and regulations (including acts suspected of violating laws and regulations) committed by other employees. The compliance officer shall cooperate with the internal audit division as necessary and promptly report to the Board of Directors and the Audit & Supervisory Committee, and shall consider strict punishments and/or formulate measures to prevent recurrence.

The status of the violation of the Compliance Rules and actions taken against such violation over the last three (3) years throughout the Company are as follows:

Fiscal Year	Number of internal whistleblowing or reports to the compliance officer	Among those reported in the left, number of cases found to be in violation of the Compliance Rules	Among those found to be in violation of the Compliance Rules, the number of cases for which actions were imposed	Details of actions taken against the violation
2020	0	0	0	-
2021	1	1	1	Disciplinary action against temporary staff (equivalent to dismissal)
2022	0	0	0	-

## **Supervision of health and safety by the Board of Directors**

The Group has established a Health Committee to maintain and improve the health of its employees. The Health Committee consists of four (4) members, including one (1) chairperson (the manager of Human Resources and General Affairs Department), one (1) occupational physician, and two (2) representatives of employees, with the CEO serving as the supervisor. The meeting is held every month. Specific items to be discussed are as follows.

- (1) Basic measures to prevent health impairment of its employee
- (2) Basic measures to maintain and promote employees' physical health
- (3) Basic measures to maintain and promote employees' mental health
- (4) Necessary measures to be taken based on the opinion of the doctor after the medical examination
- (5) Other matters related to hygiene

The content of deliberations by the Health Committee is shared by the CEO at the meeting of the Board of Directors as necessary.