



section3

Sustainability Management

This section explains our sustainability management, which enhances the sustainability of our business through initiatives addressing environmental issues, respect for human rights, coexistence with business partners, as well as the Corporate Governance system that supports these efforts.

Sustainability Management	51
Leopalace21's Materiality Issues	52
Environmental Management	54
Initiatives for TCFD	55
Stable Provision of Rental Housing	60
Respect for Human Rights	62
Dialogue with Stakeholders	63
Initiatives for Coexistence with Business Partners	65
Message from an Outside Director	66
Management Team	69
Corporate Governance Structure	71
Strengthening Management System	72
Initiatives to Improve Effectiveness	75
Risk Management	76
Compliance	77
Strengthening Construction Quality Management System	79

Sustainability Management

Basic policies on sustainability

We have developed a basic sustainability policy and established the following five basic activity policies to further develop sustainability activities through our business, and will steadily implement these initiatives.

1. Providing high quality services and supporting affluent living

Leopalace21 continues to offer the tenants comfortable and convenient living space through new lifestyle proposals in response to the changing needs for rental housing amid the social diversification.

2. Contributing to local communities

To keep everyone live with peace of mind, Leopalace21 as a housing supplier is working with the members of the local communities.

3. Creating pleasant work environments and developing diverse human resources

Leopalace21 regards human resources as critical asset to create new value and *imagineer* joyful living and aims to build pleasant work environment.

4. Creating an environmentally friendly society

Leopalace21 recognizes the environmental burden of its operations and aims to realize its housing business as friendly as possible to the environment through overall reduction of burdens.

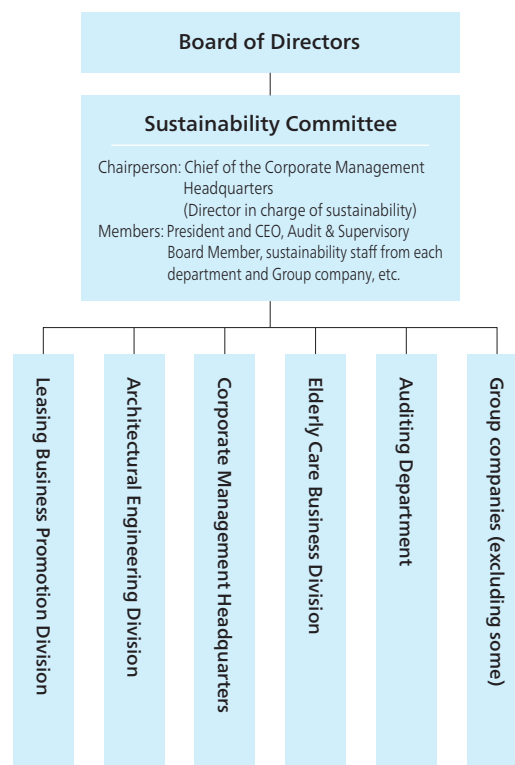
5. Engaging in sound, constructive communication with stakeholders

Leopalace21 is building sound and constructive partnership with all the stakeholders in the operations through active disclosure attitude and engagement discussions.



Sustainability promotion system

In our Group, a Sustainability Committee has been set up under the Board of Directors, and the Committee holds a meeting every three months to promote sustainability management initiatives as part of our business based on consultation by the Board. This committee, chaired by the executive officer in charge and composed of representatives from each department, monitors the progress of initiatives according to the Basic Policies on Sustainability, discusses future direction, and undertakes initiatives for promoting sustainability.



Roles within the promotion system

Board of Directors

The Board of Directors is the body that decides basic management strategies and plans. Regarding responses to climate change, the Board decides policies based on deliberations of the Sustainability Committee and Risk Management Committee. The Board of Directors supervises the committees and receives reports on the committees' activities.

Director in charge of sustainability

When determining environmental policies, including those related to climate issues, at the Board of Directors, the executive in charge leads the discussion and plays a central role in consultations with the Sustainability Committee.

Sustainability Committee

Committee members, representing relevant internal departments and each Group company, report on the status of activities related to each materiality issue in the areas of environment, society, and governance within their respective business activities, and share the status of sustainability promotion across the Group. The Committee sets numerical targets for environmental activities, including initiatives for climate change, manages their achievement, and reports important matters to the Board of Directors. For climate-related risks, the Committee submits recommendations to the Board in collaboration with the Risk Management Committee.

Leopalace21's Materiality Issues

Together with society, we have identified eight materiality issues that are essential for the Company's sustainable growth. Our materiality issues have been identified with 2030 in mind, but annual KPIs are also set for each materiality issue to quantitatively monitor and manage progress of countermeasures.

Materiality Issues	Relevant SDGs	KPI (FY2024)
Environmental initiatives E	    	● Scope 1 and 2 CO₂ emission reduction (46% reduction compared to FY2016 by FY2030) ● Reduction of CO₂ emissions through the <i>Leopalace Green Energy Project</i>
Offer rental housing with stable operation S	   	● Implementation of measures to improve occupancy rate (End of period: 88.15%, Average during period: 85.64%) ● Acquisition of foreign tenants
Promote real estate tech business S	 	● Installation of smart locks (310,000 units by March 2025)
Work-style reform and human resource development S	  	● Leadership development and succession ● Strategic acquisition of diverse talent ● Improvement of employee engagement ● Promotion of diversity (D&I) ● Promotion of well-being management
Respect for human rights S	 	● Providing training for foreign care giving staff (12 sessions/once per month) ● Maintaining employee retention rate by special subsidiary (79.54%)
Communication with stakeholders S G	  	● Dialogue with institutional investors (100 companies) ● Dialogue with financial institutions (200 times) ● Owner briefing sessions held (120 times) ● Public relations strategies to increase corporate value (24 press releases distributed) ● Distribution of in-house newsletters (60 times) ● Implementation of customer satisfaction surveys (Group companies)
Maintain the effective corporate governance system G	 	● Dialogue between Directors and employees (24 times) ● Resolution of obvious defects by the end of 2024
Strengthen compliance G	  	● Compliance training ● Fostering compliance and ethical awareness

Identification process of materiality issues

As a framework for identifying materiality issues, we first extracted social issues related to our company, and then determined whether these issues represent "opportunities" or "risks" for us. The materiality issues are organized according to ESG categories. Regarding "construction defects response", we had set it as our own materiality. However, to ensure steady implementation of the disclosed construction defects repair plan and prevent recurrence of similar problems, we set KPIs related to two materiality issues under governance, and addressed them as key issues.

STEP 1

Extract social issues related to the Company

STEP 2

Identifying "Opportunities" and "Risks" in fiscal year 2024

STEP 3

Organizing materiality issues through ESG categorization

STEP 4

Approved by the Sustainability Committee

KPI and achievement A: Results $\geq 95\%$, B: $75\% \leq$ Results $< 95\%$, C: Results $< 75\%$

Environmental initiatives

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Reduction of CO ₂ emissions in Scopes 1 and 2	46% reduction compared to FY2016 CO ₂ emissions in Scopes 1 and 2: 20,084t-CO ₂ (FY2016 actual results)	-43.50%	-41.50%	-13.7%	–	
Leopalace Green Energy Project	CO ₂ reduction amount FY2023: 40,000t-CO ₂ FY2024: Plan yet to be determined	–	3,238t-CO ₂	54,199t-CO ₂	–	Adopted as a KPI from FY2023

Stable provision of rental housing

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
End-of-period occupancy rate and average occupancy rate in the period	Occupancy rate targets: End of period/Average during period FY2022: 88.44%/85.05% FY2023: 90.40%/86.56% FY2024: 88.15%/85.64%	End of period: 88.83% Average during period: 84.66%	End of period: 88.03% Average during period: 85.99%	Fiscal year-end: 87.57% Average during period: 85.56%	A	
Number of contracts with foreign national tenants	Number of individual contracts FY2022: 13,000 cases FY2023: 12,154 cases FY2024: 12,204 cases	12,011 cases	12,201 cases	10,914 cases	B	

Promotion of real estate tech

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Number of Smart Lock installations	End of March 2023: 109,000 units End of March 2024: 240,000 units End of March 2025: 310,000 units	Approx. 70,000 units	Approx. 240,000 units	Approx. 310,000 units	A	

Work style reform and human resource development

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Leadership development and succession	Next-generation leader development program FY2023: Held 4 times a year / FY2024: Held 12 times a year	–	12 times	12 times	A	Adopted as a KPI from FY2023
	Management skills enhancement training FY2023: Held 3 times a year / FY2024: Held 15 times a year	–	9 times	15 times	A	Same as above
	Executive training program FY2023: Held once a year / FY2024: Held twice a year	–	1 time	2 times	A	Same as above
	Employee participation hours in training FY2023: 9,000 hours / FY2024: 12,906 hours	–	8,159 hours	18,816 hours	A	Same as above
Strategic acquisition of diverse talent	New graduate hires in 2024: 50 / New graduate hires in 2025: 100	–	67	138	A	Same as above
	Career hires FY2023: 146 / Career hires FY2024: 150	54	105	174	A	Same as above
Improvement of employee engagement	Turnover rate: 5%–10%	11.1%	9.0%	7.9%	A	
	Female manager ratio (non-consolidated basis): 5.5%	5.5%	5.4%	5.1%	B	
	Parental leave acquisition rate for male employees (non-consolidated basis): 80%	–	71.4%	69.7%	B	Adopted as a KPI from FY2023
Promotion of diversity (D&I)	Gender pay gap Regular employees: 70.0% Non-regular employees: 50.0% Total: 55.0%	Regular employees: 69.1% Non-regular employees: 63.6% Total: 55.4%	Regular employees: 68.3% Non-regular employees: 45.0% Total: 50.1%	Regular employees: 69.0% Non-regular employees: 47.6% Total: 50.7%	B	Same as above
	Proportion of high-stress individuals: Less than 10%	–	–	7.6%	A	Adopted as a KPI from FY2024
	Comprehensive medical examination participation rate: 80% or more	27.1%	74.8%	85.3%	A	
Promotion of well-being management	Mental health measures Pulse survey (introduced August 2023) Response rate: 100%	–	93.8%	100%	A	Adopted as a KPI from FY2023

Respect for human rights

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Conducted training for foreign care staff (number of times implemented)	12 times per year (once a month)	12 times	12 times	12 times	A	
Employment of persons with disabilities by special subsidiary	Employment rate: 2.7%	2.8%	2.7%	2.8%	A	
	Retention rate: Maintained at 79.54%	–	84.09%	79.54%	A	Adopted as a KPI from FY2023

Communication with stakeholders

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Owner briefing sessions held	FY2022: 90 times FY2023: 180 times FY2024: 120 times	88 times	169 times	141 times	A	
Dialogue with financial institutions	200 times	143 times	147 times	179 times	B	
	Leopalace Leasing: Conducted once a year and follow-up for issue extraction	1 time	1 time	1 time	A	
	Plaza Leasing Management Guarantee: Conducted once a year	1 time	1 time	–		No implementation in FY2024
	Asuka Small Amount Short-Term Insurance: Satisfaction rate 90% or higher	92%	92%	91%	A	
Public relations strategies to increase corporate value	Press releases: 24 cases	–	30 cases	32 cases	A	Adopted as a KPI from FY2023
Dialogue with institutional investors	Number of company interviews: 100 companies	122 companies	97 companies	116 companies	A	
Distribution of in-house newsletters	60 times	68 times	101 times	92 times	A	

Ensuring effectiveness of Corporate Governance

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Dialogue between Directors and employees	FY2022: 12 times; FY2023: 24 times; FY2024: 24 times	15 times	59 times	19 times	B	

Strengthen compliance

Evaluation indicator	Numerical target	FY2022	FY2023	FY2024	Evaluation	Notes
Compliance training	Training and material requests from each business unit: 4 cases / Number of cases from incident response results: 1 case / Other announcement articles: 3 cases	–	9 times	8 times	A	Adopted as a KPI from FY2023
Fostering compliance and ethical awareness	Number of long-term position holders (over 10 years in the same department/position, Senior Staff or above, excluding Head Office and Elderly Care Business Division) FY2024: 12 FY2025: 11 FY2026: 10	–	–	18	C	Adopted as a KPI from FY2024

Environmental Management

Preserving the global environment is a universal challenge for humanity, and our Group makes continuous improvements using the PDCA cycle in order to reduce the environmental impact of our business activities, products, and services. With the aim of creating a sustainable future where we can both provide comfortable and convenient housing and minimize environmental impact, we have established the following environmental policy:

Leopalace21 Group Environmental Policy

For a sustainable future, we take action

Our company sets the mission, "To create new value and *imagineer* joyful living," at the center of our corporate activities, providing rental housing that supports the lives of single-household tenants. With significant responsibility for the preservation of the global environment, we support the Paris Agreement. Under the following itemized basic policy, we roll out our business activities not only to provide comfortable and convenient housings, but also to minimize environmental impact and realize a sustainable future. With promotion of sustainability in our Group based on this environmental policy, the Board of Directors approves and supervises the Group's sustainability policies, strategies, and related business promotions, under the decision of the Chief of the Corporate Management Headquarters as the chairperson of the Sustainability Committee.

- 1 **Thorough compliance with laws and environmental management**
We comply with environmental laws and regulations in the countries and regions where we operate business, and ensure rigorous management of greenhouse gas emissions and climate change-related risks and opportunities.
- 2 **Minimization of environmental impact**
We strive to reduce CO₂ emissions throughout the entire life cycle of apartment houses by actively introducing renewable energy, improving insulation and airtight functionalities, and standardizing high-efficiency equipment.
- 3 **Promotion of a recycling-oriented society**
Through thorough implementation of leasing, collection, and reuse cycles of furniture and home appliances, we are working to make effective use of resources and reduce waste as part of our corporate activities.
- 4 **Ensuring transparency and continuous improvement**
Through regular monitoring and external evaluation by third parties with expert knowledge, we enhance the transparency of environmental management to reduce our environmental burden.
- 5 **Environmental training**
To deepen understanding of the environmental impact of our Group's business activities, we provide environmental training for our officers and employees.
- 6 **Collaboration with stakeholders**
We collaborate with all stakeholders involved in the value chain, including property owners, client companies, and suppliers, to co-create environmental values.

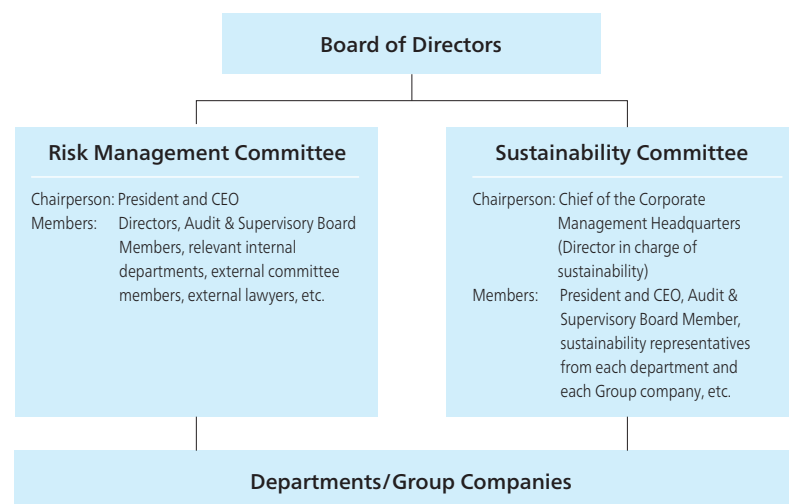
Enacted August 29, 2025

Environmental management system

In our group, a Sustainability Committee has been set up under the Board of Directors to promote sustainability management initiatives as a part of our business, based on inquiries from the Board. The Board of Directors supervises climate-related issues, important subjects of sustainability management, by discussing and consulting on these matters. In August 2025, the Board approved environmental policy, summarizing the concepts that have underpinned our actions. The Sustainability Committee, chaired by the Director in charge of sustainability and composed of sustainability staff from each department, discusses and considers measures to promote "environmental initiatives," one of our materiality issues.

For countermeasures for climate change-related risks, the Sustainability Committee and Risk Management Committee take initiatives to discuss, develop, and implement them in cooperation with relevant departments. Monitoring, including effect verification, is conducted by relevant departments as appropriate. The results are reported to the Sustainability Committee and the Risk Management Committee, and then shared with the Board of Directors.

Environmental management system



Initiatives for TCFD

Our Group recognizes climate change as one of the important issues affecting the environment, and in October 2021, expressed support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and, in the same month, joined the TCFD Consortium for information gathering purposes.



Governance

Please refer to the sustainability promotion system shown on p.51.

Strategy

We conduct scenario analysis in accordance with the steps below, with the aim of evaluating the financial impact and business impact under different scenarios (see the table below), examining the resilience of and response measures for our company's strategy to climate change risks and opportunities, and linking this to future business strategies.

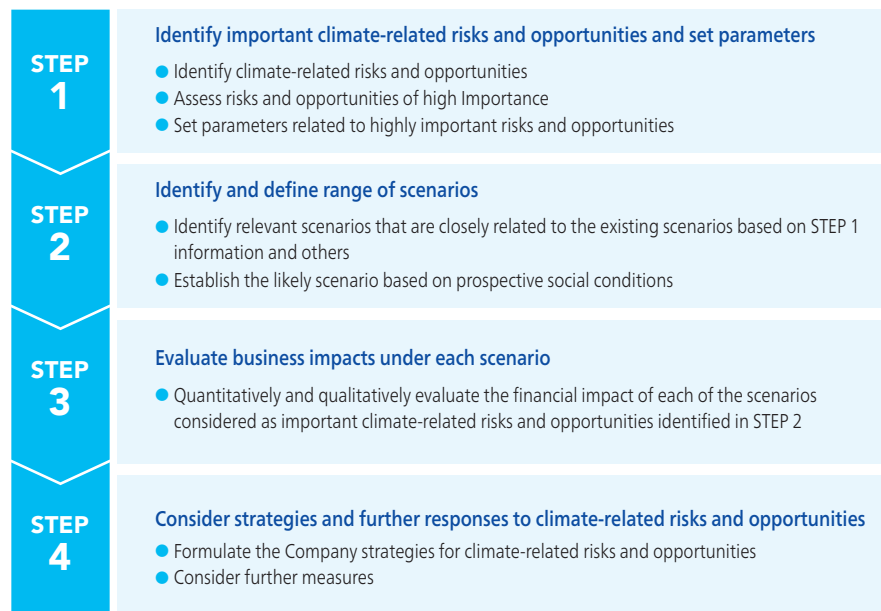
As the Leasing Business accounts for over 90% of our sales, the scope of the scenario analysis is limited to the Leasing Business segment (apartment construction, leasing, and management). In addition, as our company has identified and disclosed materiality issues for 2030 in accordance with the SDGs, the time frame for the scenario analysis was also assumed to be 2030.

Reference scenario

Category	Scenario overview	Main reference scenarios
1.5°C to 2°C	A scenario in which policies and regulations aimed at achieving a decarbonized society are implemented, limiting the global temperature increase compared to before the industrial revolution to between 1.5°C and 2°C. While the transition risk is high, physical risks are reduced compared to the 4°C scenario.	● IEA World Energy Outlook 2021 Net Zero Emissions by 2050 Scenario ● IPCC RCP2.6, SSP1-1.9
4°C	No new policies or regulations are introduced, and global CO ₂ emissions continue to increase. The transition risk is low, but physical risk is high.	● IEA World Energy Outlook 2021 Stated Policies Scenario ● IPCC RCP8.5, SSP5-8.5

(Note) Prepared based on in-house scenario analysis with reference to IEA World Energy Outlook 2021 and IPCC 5th and 6th Assessment Reports

Scenario analysis steps



We identified risks and opportunities through scenario analysis, as shown on the next page. We have already started initiatives to address cost increases caused by carbon taxes, such as setting Scope 1 and 2 reduction targets. We will further deliberate and respond appropriately to each risk and opportunity, such as fully launching development of ZEH apartments.

Identified risks, opportunities, and their business/financial impact

Category		Classification	Details	Business/Financial Impact	
				1.5°C to 2°C	4°C
Risks	Transition risks	Policy / Regulation	Increase in operating costs due to strengthened regulations such as carbon tax	Medium	Medium
		Technology	Increase in construction costs for new properties	Large	Large
		Market	Low ratings from investors as a company with inadequate response to climate change	Large	Large
		Reputation	Avoidance of transactions by corporate clients due to delay in environmental response	Medium	Medium
	Physical risks	Acute	Decrease in sales due to occurrence of weather disasters	Small	Small
		Chronic	Increase in costs due to longer construction periods caused by an increase in extremely hot days	Medium	Medium
Opportunities		Products and services	Increase in sales due to increased demand for environmentally friendly apartments (Construction)	Small	Small
			Increase in sales through providing environmentally friendly apartments (Leasing)	Small	Small
			Increase in sales due to the new production sites established for corporations engaged in environmentally conscious businesses (Leasing)	Small	Small
		Resilience	Restoration demand at the time of water and flood disasters (Construction)	Medium	Medium

[Impact level]

<Large>

Impact amount on net sales of JPY 5 billion or more / Major impact on business operations

<Medium>

Impact amount on net sales of JPY 500 million or more but less than JPY 5 billion / Mid-level impact business operations

<Small>

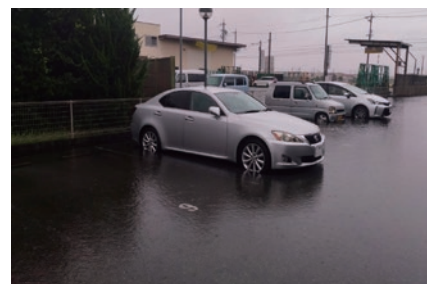
Impact amount on net sales of less than JPY 500 million / Minor impact on business operations

Risk management

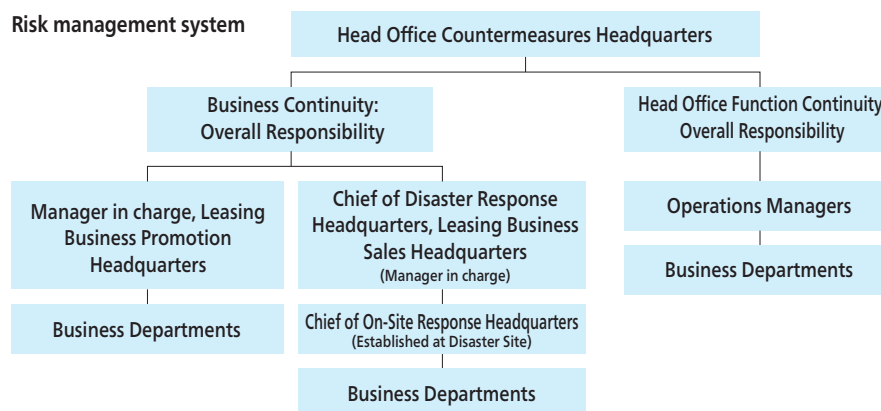
In our company's risk classification, climate change-related risks are positioned as external factor risks. Climate change-related risks identified or regularly reviewed by the Sustainability Committee are communicated as appropriate to the Risk Management Committee and are shared across the organization as company-wide risks. Countermeasures for climate change-related risks are considered, formulated, and implemented primarily by the Sustainability Committee and the Risk Management Committee, in collaboration with relevant departments. Monitoring, including effect verification, is conducted by relevant departments as appropriate. The results are reported to the Sustainability Committee and the Risk Management Committee, and then shared with the Board of Directors.

Unforeseen events such as disasters like earthquakes, typhoons, torrential rains, large-scale demonstrations, conflicts, and civil unrest due to terrorism or political instability, as well as infectious diseases, both domestically and internationally, could potentially cause significant damage or losses to our company's business. To prepare for these risks, we develop and regularly review our BCP (Business Continuity Plan), and plan to conduct training based on large-scale disaster scenarios in the future.

Our company has set certain standards for launching Disaster Response Headquarters for each disaster, and when Typhoons No. 7 (Ampil) and No. 10 (Shanshan) and the Southern Miyazaki Earthquake occurred in August 2024, we established Disaster Response Headquarters, quickly shared the damage status in the affected areas, and responded accordingly. In order to prevent the interruption of important business, or to restore it quickly if interrupted, we strive to promptly grasp internal damage and operation damage and take appropriate responses to recovery activities and to suppress the expansion of damages, thereby working to mitigate risks.



Risk management system



Indicators and targets

Since FY2016, our Group has started aggregating and disclosing CO₂ emissions generated through our business activities. The compiled results for each fiscal year have been disclosed on our website and integrated reports.

For CO₂ emissions from our facilities, we set a target, in 2020, to reduce emissions corresponding to Scope 1 and 2 (emission from gas, gasoline, and electricity used by the company) by 26% in FY2030 in comparison to FY2016. As of the end of FY2021, we had already achieved this target.

Integration of leasing sales offices as well as withdrawal from non-core and unprofitable business as a result of promoting business restructuring and streamlining, turned into one of major factors contributing to the significant reduction in CO₂ emissions. From FY2022 onward, we have revised the reduction target for Scope 1 and 2 emissions to a 46% reduction compared to FY2016.

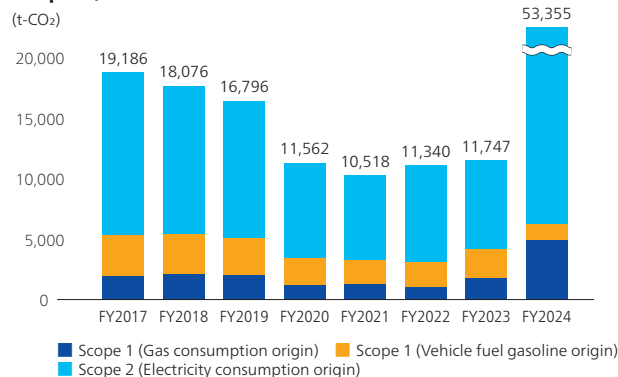
We obtained the third-party assurance for CO₂ emissions for FY2024. In the attempt of doing so, we enhanced calculation accuracy and expanded the calculation scope to reflect actual emissions. As a result, the CO₂ emissions increased significantly compared to the previous year. Specifically, the inclusion of electricity and gas usage in the apartment's common areas increased Scope 1 and 2 emissions. Consequently, Scope 3 Category 3 emissions (fuel and energy activities not covered by Scope 1 or 2) also increased. Furthermore, Scope 3 Category 1 emissions (purchased materials) rose as a result of expanding the calculation scope to include office supplies and advertising purchases, in addition to apartment construction materials.

Meanwhile, we are actively advancing energy-saving and decarbonization initiatives, such as converting lighting fixtures in managed properties to LED and developing/selling ZEH apartments, to reduce emissions. While expanding our calculation scope, we continue our efforts to achieve long-term reduction targets.

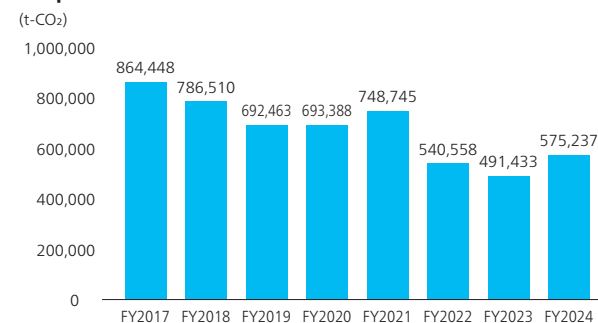
Scope 1, 2, and 3 results

Item	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	5,467	5,518	5,218	3,473	3,285	3,134	4,289	6,390
Scope 2	13,719	12,558	11,578	8,089	7,233	8,206	7,458	46,966
Scope 3	864,448	786,510	692,463	693,388	748,745	540,558	491,433	575,237

Scope 1, 2



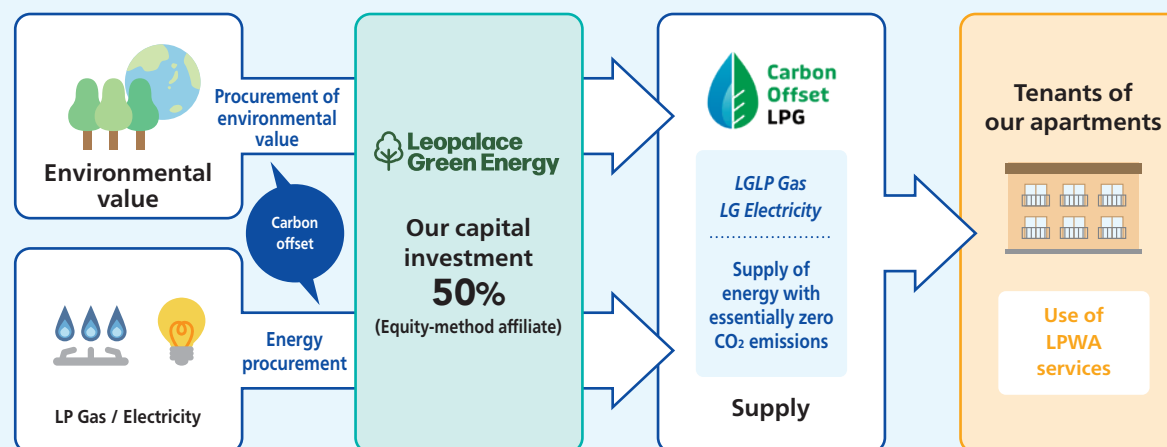
Scope 3



Countermeasure 1 *Leopalace Green Energy Project*

To reduce CO₂ emissions from business activities, the electricity and gas used by tenants of approximately 540,000 managed units nationwide will be sequentially switched to electricity and gas with essentially zero CO₂ emissions. This may contribute to Scope 3 reductions for corporate customers using our managed apartments.

With the provision of *LGLP Gas* and *LG Electricity*, it is possible to achieve essentially zero CO₂ emissions in rental housing management.



Leopalace Green LP Gas (LGLP Gas)

In January 2023, we began providing *Leopalace Green LP Gas*. Through introduction of LPWA^{*1} services, we have improved both the safety and convenience of tenants, and streamlined the gas suppliers' operations.

Leopalace Green Electricity (LG Electricity)

From June 2024, provision of *LG Electricity* started. *LG Electricity*, supplied by Astomos Energy Corporation, will be offered to customers with a short-term contract with a lump sum payment and customers using the utilities-inclusive plan.

Actual results
(Up to FY2024)

Number of units provided
(in terms of gas and electricity supplies) **155,931**

Amount of CO₂ emission reduction **53,864t**

Plan

Planned number of units
(in terms of gas and electricity supplies) **600,000^{*2}**

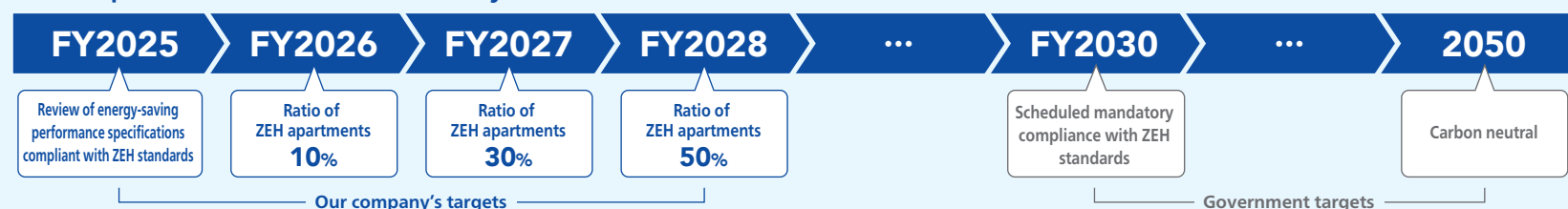
^{*1} LPWA: Low Power Wide Area ^{*2} Planned number of units: total of 400,000 *LGLP Gas* units and 200,000 *LG Electricity* units

Countermeasure 2 Environmental Consideration and Promotion of ZEH

ZEH (Net Zero Energy House) refers to housing that aims to achieve a net zero energy balance by improving the building's thermal insulation performance, implementing energy-saving through the introduction of highly efficient equipment, and adopting renewable energy sources such as solar power. Our company will complete the review of energy-saving specifications at the ZEH level by fiscal year 2025, and by fiscal year 2028, achieve a ZEH ratio of 50%*1 in contracted construction as our target.

In addition to current measures for environmental consideration (reducing CO₂ emissions, energy conservation, reducing waste material), we are also promoting ZEH apartments.

Roadmap toward a decarbonized society



Current initiatives

Structural load-bearing panels

Structural wall panels primarily made from waste and unused timber were adopted.

CO₂ emissions when waste wood*2 is incinerated
1.81t

CO₂ emissions when waste wood*2 is recycled
0.32t

Insulated fittings

Insulated entrance doors and double-glazed windows are used at openings.

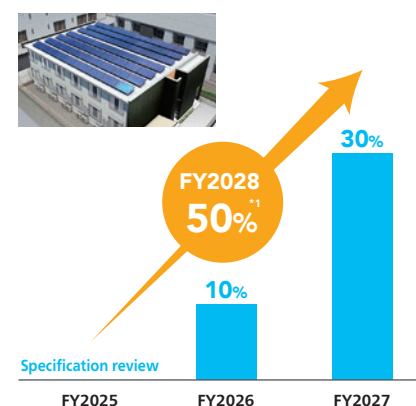


Prefabricated ducts

Adoption of factory-processed duct materials. Contributes to the reduction of waste materials.



Target ratio for ZEH apartments (orders received)



*1 Includes ZEH Oriented. *2 Amount used as raw material for one apartment of recycled wood board.

Stable Provision of Rental Housing

Our company regards the Leasing Business as providing rental housing as social infrastructure. By operating approximately 540,000 rental housing units nationwide, we fulfill our role as a provider of company housing for corporations, and also offer housing to disaster recovery workers and those affected by disasters. In addition, we are focusing on improving living environments to accommodate foreign personnel and international students, contributing to the realization of a society where diverse people can live securely and comfortably.

Concluded a partnership with YOLO JAPAN CORPORATION to resolve housing issues and provide living support for foreign personnel

We have signed a business partnership with YOLO JAPAN CORPORATION, which operates a platform connecting businesses with foreigners, to resolve housing issues and provide living support for foreign personnel. About 80,000 of our company's managed units, available for foreign tenants, are listed on YOLO JAPAN's foreigner-targeted real estate site *YOLO HOME*. This makes it possible for foreign customers to search for apartments throughout Japan, regardless of the area in which they work.



Started collaboration with Tryt Inc. to support healthcare and welfare workers through housing

Tryt Inc., which provides multi-faceted support to essential workers, and our company have started collaboration to support healthcare and welfare workers through housing. As support for issues such as labor shortages and harsh working conditions in the healthcare and welfare industry, since February 28, 2025, we have been offering the following benefits to healthcare and welfare workers: (1) no key money and (2) a JPY 20,000 reduction in initial costs upon contract.



Signed an agreement with Osaka Prefecture on cooperation and collaboration to promote the acceptance of foreign national human resources

On January 29, 2025, we signed an agreement with Osaka Prefecture regarding cooperation and collaboration to promote the acceptance of foreign national human resources. The purpose of this agreement is to promote and facilitate the acceptance and retention of foreign personnel in Osaka Prefecture through initiatives such as the Osaka Prefecture x Leopalace21 Joint Campaign and cooperation in efforts led by the prefecture to promote the acceptance of foreign workforce.



Concluded a business partnership with Quants Co., Ltd. aimed at supporting the acceptance of international students by educational institutions

Quants Co., Ltd., which provides rent and security deposit guarantee services, and our company entered into a business partnership with the aim of resolving issues related to the acceptance of international students faced by educational institutions. In recent years, with the increasing number of international students in Japan, the number of educational institutions expanding their acceptance of international students is also on the rise. Through this agreement, when educational institutions offer general rental housing as dormitories, we contribute to establishing an environment where international students can reside with peace of mind.



Signed a business partnership with Nankai Electric Railway Co., Ltd. to resolve issues faced by foreign personnel

On February 1, 2024, Nankai Electric Railway Co., Ltd., which promotes coexistence with foreign human resources, and our company signed a business partnership aimed at addressing the issues faced by foreign personnel. Nankai Electric Railway Co., Ltd. provides support for the acceptance of foreign workforce and introduces them to companies through its overseas IT personnel introduction service *Japal*, and our company offers managed properties as company housing for foreign personnel.



Support for Noto Peninsula Earthquake victims through partnership with Daiichi Koutsu Sangyo Co., Ltd.

In order to support victims of the Noto Peninsula Earthquake that occurred on January 1, 2024, we partnered with Daiichi Koutsu Sangyo Co., Ltd., which operates a taxi business. Through this collaboration, Daiichi Koutsu Sangyo Co., Ltd. supports disaster victims in rebuilding their lives, mainly by creating employment opportunities for taxi drivers, while Leopalace21 contributes by providing rental housing.



Providing apartments as group homes for people with disabilities for IRIS Co., Ltd.

We provided one of our managed properties to IRIS Co., Ltd., which operates group homes for people with disabilities, and began providing the first property in Osaka City in December 2023. Going forward, we will consider expanding the number of properties provided in line with IRIS's needs. Our company aims to contribute to the community by stable provision of rental housing, and by offering managed properties like this, we are helping to resolve the shortage of group homes.



Signed an agreement with Obayashi Corporation on property provision during disasters

We have signed an agreement with Obayashi Corporation, a major general contractor in Japan, on the rental of properties in the event of a disaster. Through collaboration with Obayashi Corporation, which undertakes restoration activities in affected areas during disasters, and our company, which provides rental housing nationwide, is strengthening BCP functions. By providing managed properties, our company supports those involved in restoration and recovery activities by securing their living infrastructure and facilitating smooth and swift operations.



Stable Provision of Rental Housing

We have established an original scholarship program aiming to address social issues such as recent trends of rising tuition fees and the long-term repayment burden of scholarships. Also, we conduct regular annual building inspections for the rental housing we manage, providing owners and tenants with peace of mind and comfort.

Leopalace21 Scholarship Program for students



Advancing to universities and vocational schools is a new step in life for students. Due to rising tuition fees and a prolonged economic downturn in recent years, however, the financial hurdle to higher education continues to increase. As a result, not only have students become more dependent on

scholarships, but long-term repayment burdens after graduation have increasingly become a major societal issue, as these present considerable challenges in their everyday life.

As the economic situation surrounding students becomes increasingly severe, we have established a scholarship program for second-year high school students who wish to enter universities, junior colleges, or vocational schools, in order to support bright students who will lead the future and to address social issues.

This program allows recipients to choose either (1) free rental of our properties or (2) benefit-type scholarship. The first round of applications started in October 2023, following scholarship provision beginning in April 2025. For FY2026 as well, scholarship is to be provided, and eligible third-year high school students start submitting their applications in April 2025.

	① Free loan of our company's properties	② Provision of benefit-type scholarships
Support details	Free rental of properties up to a maximum of JPY 1.2 million/year	JPY 360,000/year (JPY 30,000 per month)
Support period	Number of years enrolled (up to six years)	
Eligible applicants	New students at universities, junior colleges, and vocational schools in Japan	

Enhancing property inspection standards

In principle, our managed properties undergo regular annual building inspections, aiming to provide owners and tenants with peace of mind and comfort. For these building inspections, starting in April 2021, the inspection checklist consisting of 50 check items was revised and more detailed inspection with 100 checkpoints are now conducted. The vast amount of data obtained from inspection results can be utilized to perform more detailed analyses of the given inspection areas. We focus not only on early detection of building problems and prompt awareness of deterioration, but also on promoting preventative maintenance of managed properties for the future by leveraging the accumulated inspection data over the years.

For building maintenance, we have owners have Building Maintenance (BM) Contracts to standardize repair and renovation costs. By carrying out building maintenance work at the most appropriate timing and method, which put the safety and security of tenants first, we focus on maintaining and enhancing property value, ensuring that older properties can be lived in safely and comfortably.



Respect for Human Rights

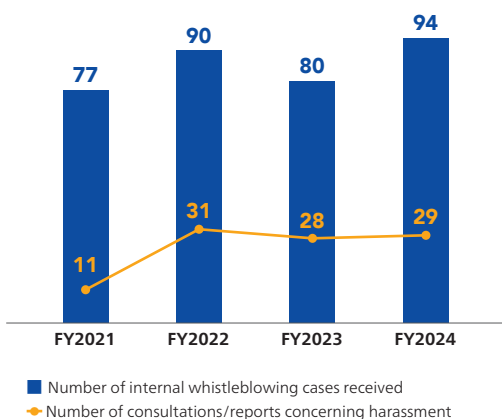
Our Group upholds the mission of “To create new value and *imagineer* joyful living” and, as part of its daily business activities, acts with respect for the human rights of all people. This section introduces initiatives based on the Leopalace21 Group Human Rights Policy.

Leopalace21 Group Human Rights Policy >>> <https://www.leopalace21.co.jp/english/sustainability/esg/humanrights/policy/index.html>

Initiatives to eliminate harassment

In April 2020, we established a basic policy and announced the Declaration to Eliminate Harassment to maintain a healthy workplace environment, strengthen workplace trust, and create a vibrant and comfortable company. In accordance with this declaration, we continuously conduct training sessions in compliance-related training for the purpose of preventing harassment. Furthermore, in periodic fact-finding surveys conducted for all employees, we verify if any types of harassment is present, and have employees describe specific incidents to help develop measures to eliminate harassment. Through awareness-raising activities regarding harassment, employee awareness toward harassment has increased. Since fiscal year 2022, the number of internal consultations and reports regarding harassment has remained around 30 cases, but consultations and reports regarding suspected harassment have increased, contributing to prevention before escalation. It has also been confirmed in the harassment fact-finding surveys that responses indicating their experience of sexual harassment and power harassment, or workplace bullying, have decreased compared to three years ago.

Number of consultations and reports regarding harassment (cases)



Initiatives against customer harassment

As measures to protect an environment in which employees can work with peace of mind, we conduct customer harassment training and established the Guidelines on Customer Abuse of Employees in June 2023, which was published internally and externally. Furthermore, in January 2025, we prepared and distributed a countermeasure card and poster containing the Code of Conduct to employees.

Guidelines on Customer Abuse of Employees

To realize Customer First and continue providing trusted services, our company sincerely engages with customers and responds wholeheartedly. In case where customers negatively affect our employees' performance is found, we respond in accordance with the Code of Conduct.

[Relevant cases]

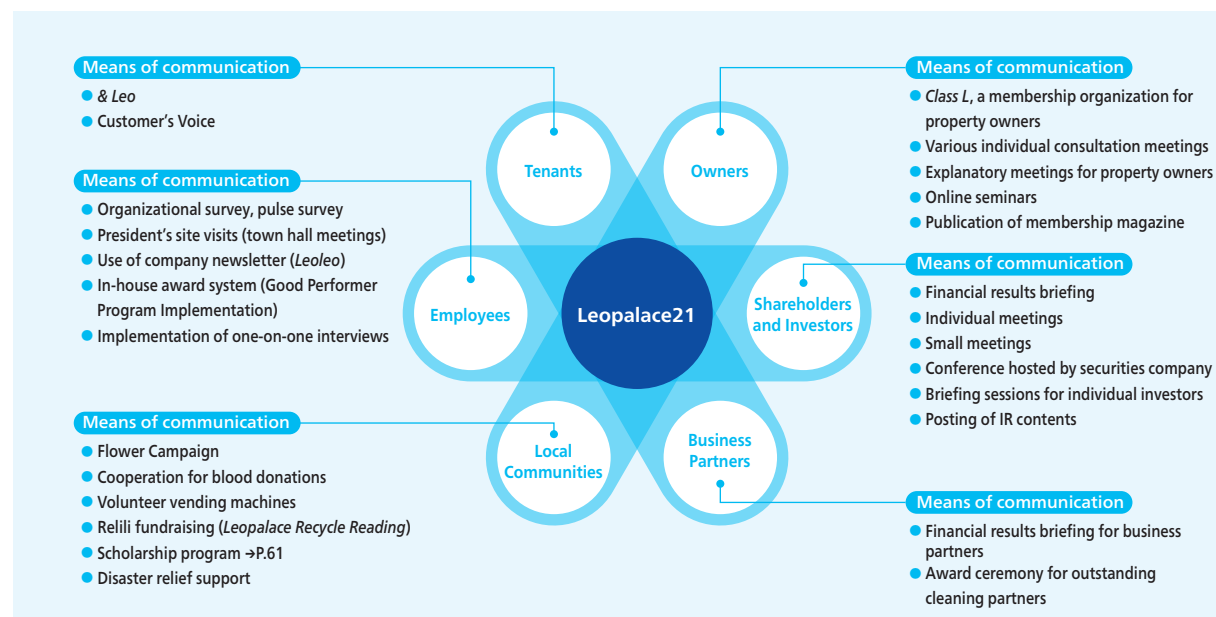
- Acts of violence
- Unnecessary physical contact
- Threats, intimidation, other extremely overbearing behavior, extremely violent acts
- Loitering prolonged detention and confinement without reasonable cause for extended periods
- Insults, words and actions that deny one's character
- Discriminatory or sexual remarks or behavior
- Requests for support beyond the scope of compensation, demands for services that are excessive by social standards



Customer harassment countermeasures poster
Source: Ministry of Health, Labour and Welfare,
Cheerful Workplace Support Group

Dialogue with Stakeholders

Our basic idea for corporate activities is to strive for efficient, fair, and highly transparent management to realize greater corporate value for all stakeholders. Based on this idea, we define ideal relationships with stakeholders, such as customers, business partners, shareholders, investors, and employees, and we work to enhance corporate value through ongoing dialogues.



Relationship with business partners

Financial results briefing for business partners

Once a year, we hold a financial results briefing for our business partners, with the President and CEO as the speaker explaining our company's performance and holding Business Partners Association meetings to thoroughly share policies and issues.

Award ceremony for outstanding cleaning partners

In response to property owners' wishes to maintain their properties in good condition for a long time and tenants' needs to live in clean properties, our company has introduced an

evaluation system for cleaning companies and is working to improve cleaning quality.

Within each item of the evaluation system, we have implemented the user evaluation, in which tenants rate cleaning quality at move-in on a four-level scale, cleaning companies with outstanding performance in these items and contributing to improved customer satisfaction are given our appreciation through the Outstanding Indoor Cleaning Vendor Award Ceremony every year.

Dialogue with owners

Explanatory meetings for property owners

We hold the explanatory meetings for property owners on a regular basis to facilitate communication with our owners. While meetings were previously held face to face, recently we have incorporated WEB conference, which enable to connect venues across the country via Web, allowing more owners to participate to the briefing sessions for our financial results and community initiatives.

Explanatory meetings for property owners status (FY2024 actual)	
141 Venues	4,222 Number of participants (including family members)

Asset Management & Operation App "WealthPark Business"

With the introduction of "WealthPark Business," owners can easily check monthly and annual income and expenses and various reports of their rental properties on their smartphones or website, and also centrally manage properties including those which are managed by other companies tied up with WealthPark.

In addition to traditional methods, including physical visits, telephone, and direct mails, using the chat function of the app now allows timely communication with owners.



>>> P49 Also see Message from an Apartment Owner

Dialogue with shareholders and investors

Dialogue policy

In order to achieve sustainable growth and increase medium- to long-term corporate value, our Group has established a dedicated section, led by the IR officer, to promote constructive dialogues (meetings) with shareholders and investors. Specifically, in addition to individual meetings with domestic and overseas institutional investors, we hold financial results briefings and other events to clearly communicate management policies and other matters to stakeholders, including shareholders.

Main topics and areas of interest

- Trends in corporate demand
- Trends in demand from foreign nationals
- Status of resumption of the Development Business
- Business models and strengths
- Factors driving profit growth
- Future cash allocation and stock acquisition rights

Feedback to management

Opinions from our shareholders and investors are compiled by the IR section, regularly reported to the management team to reflect market voices in management. In addition, we share this information with relevant internal departments as needed.

We compile feedback from investors after individual meetings with domestic and international institutional investors and securities analysts following the financial results announcement as well as briefings for individual investors, and report on IR activities for each quarter along with an analysis of stock price trends. Summaries of analyst reports and individual opinions from investors are shared promptly with management via chat tools.

Status of dialogue (FY2024)

Activity	Number of times	Details	Person in charge
Financial results briefing	4	Each quarter, financial results presentations are held for analysts and institutional investors via WEB on the day of announcement. Materials and transcripts are disclosed on our company's IR website.	President and CEO IR officer in charge
Individual meetings	73	We conduct individual interviews with domestic and overseas institutional investors and securities analysts.	President and CEO Outside Director IR officer in charge IR section in charge
Small meetings	8	We respond to small meetings held by sell-side analysts covering our company.	President and CEO IR officer in charge
Conference hosted by securities company	1	We attend investor conferences hosted by securities companies and hold individual meetings with overseas institutional investors.	IR officer in charge IR section in charge
Briefings for individual investors	2	Participate in IR events for individual investors and hold briefings	President and CEO IR officer in charge IR section in charge
Posting of IR contents	-	Various IR-related materials are posted on our company's website.	—

Communication with tenants

Internal distribution of Customer's Voice

The Company shares customer feedback collected monthly through surveys conducted at its leasing sales offices (in-person consultations and online consultation) and contact centers (online consultations). By sharing not only positive comments but also negative feedback as valuable insights, the Company aims to identify issues and improve.

Websites and apps exclusive to tenants: & Leo

With & Leo, we provide a variety of information to support tenants' daily lives, including housing-related questions and inquiries, local garbage collection information, disaster prevention information, and more.

In addition, we conduct tenant surveys on a regular basis and use the results to improve Leopalace21's services, helping better communication with tenants.



Involvement with local communities

Flower increasing campaign

Azumi En nursing care facilities, operated by the Elderly Care Business Division, build closer relationship with their local communities through looking at and enjoying flowers, participants of the day care service grow as part of their recreation activities. In areas where Azumi En facilities are operated, approximately 500 events were held in fiscal year 2024.

For details on activities, click here

<https://www.leopalace21.co.jp/english/sustainability/esg/contribution/index.html>



Initiatives for Coexistence with Business Partners

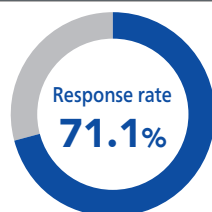
Our Group established the CSR Procurement Guidelines in 2019, and in 2022, to fulfill our purpose and social mission as a part of the social infrastructure, we strengthened our purchasing functions to rigorously apply procurement of products and services and business partner selection based on these guidelines. After the establishment of these guidelines, we prioritized strengthening our own internal systems. While there was a need for changes in awareness and structure for our business partners to comply with the guidelines, we have failed to conduct follow-up activities, such as confirming the presence of practical issues. To enhance the effectiveness of these guidelines by promoting stronger relationships with our business partners, we conducted a survey targeting major business partners in July 2024.

Business partner survey overview

This survey is to be conducted on a regular basis with the aim of strengthening the system. The initial survey was outsourced to an external research firm to accurately grasp the actual situation and analyze the results effectively. The survey questions are divided into the following two major categories, and to encourage candid responses, an anonymous format was used.

Survey details
● Evaluation and impressions of our staff in business dealings ● Business partners' efforts for human rights, labor, environment, and quality
Survey period
July 2024 - August 2024
Survey target
Our business partners' representatives
Survey method
Responses via Web *Valid Responses (318 respondents)
Response rate

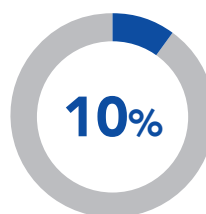
71.1%
(318 business partners /
447 respondents)



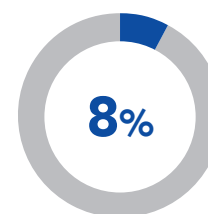
Issues identified in the survey

Evaluation and impressions of our staff in business dealings

Excessively demanding specification or response requests from certain representatives

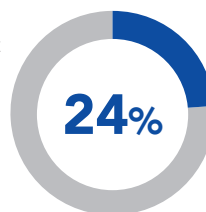


Concerns over risks in the selection and outsourcing practices with some business partners

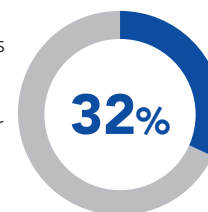


Business partners' efforts for human rights, labor, environment, and quality

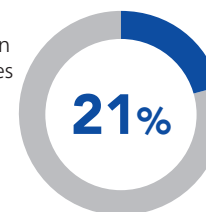
CSR Procurement Guidelines are not observed by business partners



Low willingness to use the dedicated hotline desk for business partners



Implementation of BCP measures at business partners remains incomplete



Measures for improvement of issues

Details	Target persons	Implementation Period
Implementation of E-learning to improve purchasing literacy	All employees	FY2025 Some themes implemented in Q1, further implementation scheduled for Q3
Mandatory reporting when being requested to review prices	Purchasing controllers in relevant departments	FY2025 Implemented to transactions from April
Revising the system for business partners evaluation and selection standards	Entire company	FY2025 Operation scheduled to begin from Q3
Development of guidelines and manuals for price negotiation procedures	All employees	FY2025 Operation scheduled to begin from Q3
Initiatives to promote awareness of the CSR Procurement Guidelines and dedicated hotline desk for business partners	Business partners	FY2025 Implemented in Q2
Formulating our Group's BCP (Business Continuity Plan) policy and sharing it with business partners	Business partners	FY2025 Implementation scheduled

Message from an Outside Director

What is the practice of governance? — Consider the origin and the essence, and take action

Conference X

Akira Watanabe
Outside Director

Transforming corporate culture is a never-ending endeavor

The construction defects problem and governance

Over the past several years, Leopalace21 has worked to improve its governance and to enforce compliance.

At the time I became an outside director in 2020, the era of management under the Company's founder still exerted inescapable influence over the Board of Directors, and I was unable to sense a profound effort to tackle governance. If the Company had not been negligent in the fundamentals of responsibly completing the work contracted by building owners and of providing comfortable, pleasant housing to tenants, the construction defects problem would not have occurred.

In short, I think that fault may have originated in a predisposition

to follow the opinions of the upper management of the Company. Governance here refers to "Corporate Governance," or mechanism for monitoring whether a joint-stock company is being managed impartially in a manner that serves the interests of shareholders. If a company does not have a good mechanism for this, deviations can easily occur. The construction defects problem clearly originated in a failure of governance to function.

Transformation will not move forward unless governance properly works. In principle, outside directors bear the role of monitoring the appropriate use of management resources. Out of concern over lack of change in the Board of Directors, I began putting forth opinions that ventured into the area of management execution, including how governance could be enhanced. While the Company has since been taking steps forward, I do not yet see these as sufficient. Transformation of a company's culture takes a long time. Without effort and reflection

on everyday actions, good habits will not take root. Top management must also change itself, and the Company must not only make changes to its systems but also continuously put the changes into practice.

This continuous practice requires that the Company avoid superficial debate that fails to understand the essence of the words. All information and systems of the Company should be organized from their fundamental starting points. Moreover, to understand the true significance of the mechanism of governance, the Company must look back to the origin of the joint-stock company.

The Dutch East India Company

The origin of the joint-stock company lies in the Dutch East India Company, founded in the Netherlands in 1602. As the national power of the Netherlands grew dramatically in the early 17th

century, at one point, dozens of Dutch companies engaged in East India-related trade. Upon the entry of Britain and France into the trade, the Netherlands consolidated Dutch companies into the Dutch East India company. A framework for division of labor among providers of funds, providers of ships, captains, and crew was employed. The mechanism of shares was invented as a means of distributing profit according to individuals' share of investment. However, improprieties in the distribution of profit were not unusual in the early days, with outcomes that included ship crew mutiny. The need for schemes to monitor and control the organization was recognized, resulting in the creation of mechanism that have led to the corporate governance of today. In other words, because a joint-stock company represents an aggregation of capital, the lack of governance may result in serious improprieties. Accordingly, the mechanism for monitoring such improprieties has existed since the time joint-stock companies were created.

Governance is the pursuit of happiness

The essence of governance can also be understood from shareholders' reasons for investing. Shareholders invest in the expectation of share price increases and high-yield dividends. The anticipation of price increases is grounded in the desire to profit and become rich. Why do investors seek wealth? In the end, they do so because it makes their families happy. If investment is performed for the sake of family happiness, it is preferable for shareholders to receive dividends over the medium to long term rather than receive transient profit. This requires that the existence of companies is accepted over the medium to long term, and naturally makes compliance with laws and regulations a high priority. Earning recognition as a good company and a good citizen is likewise important. When we break down "governance," it refers to the mechanism for monitoring improprieties and maximizing shareholder values.

Actually, the words "governance" and "compliance" do not appear in Japan's laws governing joint-stock companies. Throughout Japan, not only within the Company, these matters have long been discussed without an essential understanding of

them. As I recall, one reason why the term "governance" became widely known in Japan involved statements concerning the collapse of Japan's bubble economy made by Hirotaka Takeuchi, an honorary professor at Hitotsubashi University. The governance introduced by Professor Takeuchi, who had taught at Harvard Business School, was American-style governance that seeks to maximize shareholder profits. Naturally, maximizing shareholder profits is not wrong. In his 1979 work *Wakon wasai no susume* (*Japanese spirit combined with Japanese learning*), the late Western historian Shosaburo Kimura advocated the importance to Japan of making use of Western technology with a Japanese spirit. In *Rongo to soroban* (1916), Eiichi Shibusawa placed value on morality and the public interest. In the same way, I would like the Company to forge ahead with debate grounded in spirituality and ethics, without being satisfied by superficial discussion. I believe the key to regaining society's trust can also be found in this approach.

Governance is pride in work

Governance is human life itself

Corporate governance is actually linked to employees' everyday lives and their lifetimes. Many shareholders today are banks, securities companies, and other institutional investors. The largest of these investors are pension funds. This means that the source of investment funds is in fact society as a whole, including individual employees. The failure of a pension fund to earn gains through its management has an impact on the future lives of employees. Universities and research institutes, too, invest donated funds to enable their greater use in research and educational activities. Seen from those perspectives, it should be clear that the issue of governance as maximization of shareholder profits directly relates to yourselves and to everyone



in society. Governance is human life itself.

A sense of personal ownership is the foundation underlying a company's governance. Although the Company is moving forward with reforms to its corporate culture with "employee-centered" as its aim, as I see it, there is no collective mindset yet in the organization as to how the employees see things from their perspectives. That mindset means thinking on one's own, taking action to achieve goals, and shouldering responsibility for outcomes. As an example, calling for steady growth in a medium- and long-term plan is easy to do. By contrast, what matters when reflecting on the essence of governance is a perspective of how to create and execute responses when the plan appears to be foundering. The key is to actually implement it. The Company is preparing for the introduction of a regional branch structure and delegation of authority to regional leaders, but creating this structure alone will not produce results. We must not forget that capabilities for execution, verification, and the leadership to support these will be needed.

Pride in work

In promoting autonomous conduct, human resource development is vital. While human resource development may not yield immediate efficacy, I think its effects are gradually beginning to appear. However, attracting talented human resources is not easy for a company that has been involved in major misconduct. That is why the Company must create an environment that lets employees take pride in working here.

As a component of this, I proposed a scholarship program that utilizes housing for singles, a management resource of the Company. I hear that the program has garnered a great response from inside and outside the Company since its launch in April 2025. The fact that the Company has programs of significant public benefit leads to affirmation of self-worth and enhances self-regard in employees. I plan to also propose the establishment of in-house clubs, including those for sports, music, and haiku poems. Holding shared goals cultivates a sense of solidarity, while festival-like venues foster a sense of belonging, respect for people, and understanding of diversity. I believe that such things, too, will lead to a corporate culture that enhances governance.

Restoration of trust, never-ending reform

Starting from less than zero

While the construction defects problem has been settled to a degree, the Company is making its restart not from zero but from less than zero. Taking the obvious for granted will not lead to the restoration of lost trust. The Company has to soberly consider how it can regain trust and take action accordingly, without straying from that path.

Reforms have no endpoint and demand never-ending effort. In order for employees to put governance reforms into practice in their everyday work, it is also important that they abandon uniform, stock ideas about people and society and instead engage in deep insight. I would like to see employees set aside their smartphones a bit and become familiar with books, especially the classics, to think about human existence.

For the world and for people

Living as a human means, first and foremost, living for the world and for others. Divisions of labor exist for the purpose of increasing overall happiness in society, by having people shoulder the work that they can do well. This means that the presence of companies that are not of use to society is unacceptable. People failing to engage in everyday work with the recognition that their expertise is connected to somebody's happiness is unacceptable.

I hope that what I've said here will not be heard in passing but will be taken to heart, considered, and linked to action. Even bringing up a problem with supervisors may not yield the answers you expect. Even so, I want you to believe that the actions of every one of you will change the Company and nurture governance, and to resolve that there is no choice but to keep on tackling challenges.



Management Team

Internal Director (As of June 26, 2025)



Executive

Bunya Miyao
Representative Director
President and CEO
Chief of the Development
Business Headquarters

- **Apr 1983**
Joined Nakamichi Leasing Co., Ltd.
- **Jun 1990**
Joined Leopalace21 Corporation
- **Sep 2000**
Deputy Manager of the Financial Department
- **Jul 2008**
General Manager of the Resort Business Headquarters
- **Jul 2010**
General Manager of the Corporate Planning Department
- **Jul 2012**
Administrative Officer
- **Apr 2013**
Executive Officer
- **Jun 2016**
Director and Executive Officer
- **May 2017**
Representative in charge of the Corporate Planning Department and Public Relations Department
- **Apr 2018**
Director and Managing Executive Officer
Representative in charge of Corporate Planning and Investor Relations
- **May 2019**
Representative Director (current)
President and CEO (current)
- **Jun 2019**
Chief of the Business Operation Headquarters
- **May 2022**
Chief of the Construction Defects Response Headquarters
- **Apr 2025**
Chief of the Development Business Headquarters (current)



Executive

Mayumi Hayashima
Director and Managing
Executive Officer
Chief of the Leasing Business
Promotion Headquarters

- **Apr 1996**
Joined Leopalace21 Corporation
- **Apr 2009**
Deputy Department Manager of the Eastern Japan Corporate Sales Department Leasing Sales Section 3, Leasing Business Division
- **Jul 2010**
Department Manager of the Corporate Sales Department, Eastern Japan Section 2, Leasing Business Division
- **Apr 2014**
Department Manager of the Corporate Business Promotion Department
- **Apr 2015**
Administrative Officer
- **Apr 2018**
Executive Officer
- **Jun 2019**
Director and Executive Officer
Chief of the Compliance Management Headquarters, Chief Legal Officer (CLO)
- **Jun 2020**
Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO)
- **Jul 2020**
Chief of the Management Headquarters
- **May 2021**
Deputy Chief of the Corporate Management Headquarters
- **May 2022**
Director and Managing Executive Officer (current)
Chief of the Leasing Business Headquarters
- **Nov 2024**
Chief of the Leasing Business Promotion Headquarters (current)



Executive

Naomichi Mochida
Director and Managing
Executive Officer
Chief of the Leasing
Business Sales Headquarters

- **Apr 1985**
Joined The Mitsui Bank, Limited (now Sumitomo Mitsui Banking Corporation)
- **Jun 2007**
Joined Leopalace21 Corporation
Director, General Manager of the Corporate Planning Department
- **Apr 2009**
Director and Executive Officer,
Department Manager of the 3rd Sales Department, Leasing Business Division,
Department Manager of the Broadband Service Promotion Department
- **Apr 2010**
Head of the Related Businesses Controlling Division
- **Jun 2010**
Executive Officer
- **May 2011**
Head of the Corporate Sales Management Division
- **Apr 2013**
Deputy General Manager of the Leasing Business Division
- **Apr 2014**
Managing Executive Officer
- **Jul 2015**
Deputy General Manager of the Construction Contracting Business Division
- **Jun 2020**
Representative Director, Leopalace Leasing Corporation
- **May 2021**
Administrative Officer, Department Manager of the Corporate Sales Planning Department
- **May 2022**
Executive Officer, Deputy Chief of the Leasing Business Headquarters, General Manager of the Corporate Sales Division
- **Jun 2022**
Director and Executive Officer
- **Nov 2024**
Director and Managing Executive Officer (current), Chief of the Leasing Business Sales Headquarters (current)



Executive

Shinji Takekura
Director and Executive Officer
Chief of the Corporate
Management Headquarters
Deputy Chief of the
Development Business
Headquarters

- **Apr 1996**
Joined Leopalace21 Corporation
- **Apr 2014**
Department Manager of the 1st Construction Contracting Business Department, West Japan Region
- **May 2018**
Department Manager of the 3rd Construction Contracting Business Department, East Japan Region
- **Jun 2020**
Department Manager of the 2nd Wealth Management Department, East Japan Region, and responsible for the Emergency Response Project for Construction Defects Problem
- **Oct 2020**
Senior Department Manager of the Corporate Planning Department
- **Apr 2021**
Executive Officer
- **May 2022**
Chief of the Corporate Management Headquarters (current), Chief of the Compliance Promotion Headquarters, Chief Legal Officer (CLO)
- **Jun 2022**
Director and Executive Officer (current)
- **Apr 2025**
Deputy Chief of the Development Business Headquarters (current)



Non-executive

Akio Yamashita
Director

- **Apr 1984**
Joined Japan Development Bank (now Development Bank of Japan Inc.)
- **Jan 2006**
Joined Morgan Stanley Securities Co., Ltd. (now Morgan Stanley MUFG Securities Co., Ltd.)
- **Jun 2008**
Joined Fortress Investment Group (Japan) GK
Managing Director (current)
- **Mar 2013**
Representative in Japan, Fortress Investment Group (Japan) GK (current)
- **Jun 2021**
Outside Director, Leopalace21 Corporation
- **Jan 2022**
Director PJIC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
Director, Accordia Golf Co., Ltd.
- **Jun 2022**
Director, Leopalace21 Corporation (current)
- **Sep 2023**
Director, Sogo & Seibu Co., Ltd. (current)
- **Feb 2025**
Chairman, Phoenix Resort Co., Ltd. (current)
- **Apr 2025**
Director, Joban Kosan Co., Ltd. (current)



Non-executive

Jin Ryu
Director

- **Apr 2010**
Joined Morgan Stanley MUFG Securities Co., Ltd.
- **Apr 2011**
Joined RBS Securities Japan Ltd.
- **May 2012**
Joined Fortress Investment Group (Japan) GK
- **Apr 2020**
Director, FHK Company (current)
- **Dec 2020**
Managing Director, Fortress Investment Group (Japan) GK (current)
- **Jun 2021**
Outside Director, Leopalace21 Corporation
- **Jan 2022**
Director PJIC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
Director, Accordia Golf Co., Ltd.
- **Jun 2022**
Director, Leopalace21 Corporation (current)
- **Sep 2023**
Representative Director, Sogo & Seibu Co., Ltd. (current)

Outside Director (As of June 26, 2025)



Non-executive

Akira Watanabe
Outside Director

- ♦ **Apr 1973**
Registered as an attorney at law
- ♦ **Nov 2006**
External Statutory Auditor, FAST RETAILING CO., LTD.
- ♦ **Jun 2007**
Outside Director, MAEDA CORPORATION
- ♦ **Apr 2008**
Outside Audit & Supervisory Board Member, KADOKAWA GROUP HOLDINGS, INC. (now KADOKAWA CORPORATION)
- ♦ **Apr 2010**
Outside Director, MS&AD Insurance Group Holdings, Inc.
- ♦ **Mar 2013**
Outside Director, DUNLOP SPORTS CO., LTD.
- ♦ **Oct 2015**
Director, ASIA PILE HOLDINGS CORPORATION (current)
- ♦ **Sep 2018**
Partner, Comm & Path Law Office (current)
- ♦ **Jun 2019**
Outside Director, Maeda Road Construction Co., Ltd. (current)
- ♦ **Jul 2020**
Outside Director, Leopalace21 Corporation (current)
- ♦ **Jun 2022**
Outside Director, KADOKAWA CORPORATION



Non-executive

Yutaka Nakamura
Outside Director

- ♦ **Apr 1981**
Joined National Housing Materials Co., Ltd. (now Panasonic Homes Co., Ltd.)
- ♦ **Oct 2002**
Manager of Quality & Environmental Promotion Department, Panasonic Homes Co., Ltd.
- ♦ **Oct 2006**
Manager of Quality, Environment & IT Department, Panasonic Homes Co., Ltd.
- ♦ **Apr 2011**
Councilor, Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.
- ♦ **Apr 2012**
Senior Councilor, Manager of Corporate Quality & Environmental Division, Panasonic Homes Co., Ltd.
- ♦ **Apr 2018**
Senior Principal for Quality & Customer Satisfaction, Panasonic Homes Co., Ltd.
- ♦ **Mar 2019**
Retired from Panasonic Homes Co., Ltd.
- ♦ **Feb 2020**
Outside Director, Leopalace21 Corporation (current)



Non-executive

Takumi Shibata
Outside Director

- ♦ **Apr 1976**
Joined Nomura Securities Co., Ltd.
- ♦ **Jul 1997**
Managing Director, Nomura International plc (London)
- ♦ **Jul 1998**
President, Nomura Securities Co., Ltd.
- ♦ **Apr 2000**
Managing Director, Nomura Europe Holdings plc.
- ♦ **Apr 2005**
President and CEO, Nomura Asset Management Co., Ltd.
- ♦ **Jul 2007**
Deputy President and COO, Nomura Holdings, Inc.
- ♦ **Jul 2013**
Executive Chairman, Nikko Asset Management Co., Ltd.
- ♦ **Jan 2014**
President and COO, Nikko Asset Management Co., Ltd.
- ♦ **Jun 2020**
Representative Director, Fiducia, Inc. (current)
- ♦ **Apr 2022**
Representative Director, Terra Foods Corporation (current)
- ♦ **Jun 2022**
Outside Director, Leopalace21 Corporation (current)
- ♦ **Jul 2022**
Outside Director, Nano Summit Co., Ltd. (current)
- ♦ **May 2023**
Outside Director, Seeds Co., Ltd. (current)
- ♦ **Jun 2023**
Outside Director, PIC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)
- ♦ **Outside Director, Accordia Golf Co., Ltd.**
- ♦ **Mar 2025**
Executive Director, Sound Wave Innovation Co., Ltd. (current)



Non-executive

Kan Ishii
Outside Director

- ♦ **Apr 1977**
Joined Japan Development Bank (now Development Bank of Japan Inc.)
- ♦ **Oct 2008**
Managing Executive Officer, Development Bank of Japan Inc.
- ♦ **Jan 2010**
Trustee Representative, Japan Airlines Co., Ltd.
- ♦ **Aug 2011**
Representative Director President, FUKUOKA JISHO CO., LTD.
- ♦ **Jun 2017**
Outside Director, NIPPON PISTON RING CO., LTD.
- ♦ **Apr 2018**
Visiting Professor, The Graduate School of Project Design
- ♦ **Jun 2018**
Director, The Nishinippon Shimbun
- ♦ **Apr 2019**
Specially Appointed Professor, The Graduate School of Project Design (current)
- ♦ **Jun 2021**
Advisor, TERRACE MILE, Inc. (current)
- ♦ **Jun 2022**
Outside Director, Leopalace21 Corporation (current)
- ♦ **Representative Director, PIC Investments Co., Ltd. (now Accordia Golf Holdings Co., Ltd.)**
- ♦ **Representative Director, President and CEO, Accordia Golf Co., Ltd.**

Audit & Supervisory Board Member (As of June 26, 2025)



Jiro Yoshino
Full-time Audit & Supervisory Board Member (Outside)

- ♦ **Apr 1978**
Joined Dai-Tokyo Fire & Marine Insurance (now Aioi Nissay Dowa Insurance Co., Ltd.)
- ♦ **Apr 2011**
Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.
- ♦ **Apr 2012**
Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.
- ♦ **Apr 2013**
Executive Officer, MS&AD Insurance Group Holdings, Inc.
- ♦ **Jun 2013**
Full-time Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc.
- ♦ **Jun 2017**
Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kenichiro Samejima
Full-time Audit & Supervisory Board Member

- ♦ **Apr 1984**
Joined Nikkei House Co., Ltd.
- ♦ **Feb 1986**
Joined Leopalace21 Corporation
- ♦ **Apr 1999**
Department Manager of the Store Management Department, Leopalace World Shinjuku, Leasing Business Division
- ♦ **Oct 1999**
Department Manager of the Planning Department, Head Office, Leasing Business Division
- ♦ **Apr 2009**
Executive Officer and Department Manager of the Operations Department, Leasing Business
- ♦ **Feb 2010**
Department Manager of the Planning and Operations Department, Leasing Business Division
- ♦ **Apr 2012**
Department Manager of the Information Systems Department
- ♦ **Jul 2012**
Administrative Officer
- ♦ **Apr 2014**
Executive Officer
- ♦ **Jul 2019**
Management Headquarters of the in charge of Information Systems
- ♦ **Jun 2020**
Administrative Officer and Head of Audit & Supervisory Board Members Office
- ♦ **Jul 2020**
Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Yoshitaka Murakami
Part-time Audit & Supervisory Board Member

- ♦ **Apr 1972**
Joined Ministry of Finance
- ♦ **Jul 1993**
Assistant Regional Commissioner (Management and Coordination), Tokyo Regional Taxation Bureau
- ♦ **Jul 1998**
Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), National Tax Agency
- ♦ **Jun 2000**
Deputy Commissioner (Taxation), National Tax Agency
- ♦ **Jun 2003**
First Deputy Commissioner, National Tax Agency
- ♦ **Oct 2005**
Senior Executive Officer, East Nippon Expressway Company Limited
- ♦ **Jun 2011**
Full-time Audit & Supervisory Board Member, Credit Saison Co., Ltd.
- ♦ **Jun 2019**
Outside Director, Leopalace21 Corporation
- ♦ **Jul 2020**
Audit & Supervisory Board Member, Leopalace21 Corporation (current)



Kazutaka Shimohigoshi
Part-time Audit & Supervisory Board Member (Outside)

- ♦ **Oct 1979**
Joined Asahi Auditing Firm (now KPMG AZSA LLC)
- ♦ **Aug 1983**
Registered as a Certified Public Accountant
- ♦ **Jul 1985**
Joined Nihon Keieiikaku Co., Ltd. (now Alma Co., Ltd.)
- ♦ **Sep 1992**
Managing Director, Pendel Management Institute (current), Head of Shimohigoshi Certified Public Accountant Office (current)
- ♦ **Jun 1993**
Registered as a Certified Public Tax Accountant
- ♦ **Jun 2009**
Auditor, Fourteenforty Research Institute, Inc. (now FFRI Security, Inc.)
- ♦ **Aug 2015**
Representative Director, JP Consultants Group Co., Ltd. (current)
- ♦ **Jun 2016**
Director and Audit Committee Member, FFRI, Inc. (now FFRI Security, Inc.)
- ♦ **Mar 2017**
President & CEO, Pendel Capital Management Co., Ltd. (current)
- ♦ **Dec 2017**
Partner tax accountant, Pendel Certified Public Tax Accountant Firm (current)
- ♦ **Jun 2023**
Audit & Supervisory Board Member, Leopalace21 Corporation (current)

Corporate Governance Structure

Basic concept of corporate governance

We consider developing and strengthening corporate governance to be a key management issue. By strengthening corporate governance, we are aiming to achieve the management plan in line with our company's mission. Enhance the corporate value over the medium to long term, and achieve sustainable growth. In addition, to realize higher corporate value for stakeholders, we consider aiming for efficient, fair, and highly transparent management to be the basic approach underpinning our corporate activities.

Based on this approach, we are working to develop management structures, organizations, and systems that will allow us to engage in appropriate and speedy decision making, strengthen the supervisory functions governing the decisions made, establish compliance systems, improve and reinforce internal control systems, and build healthy relationships with stakeholders.

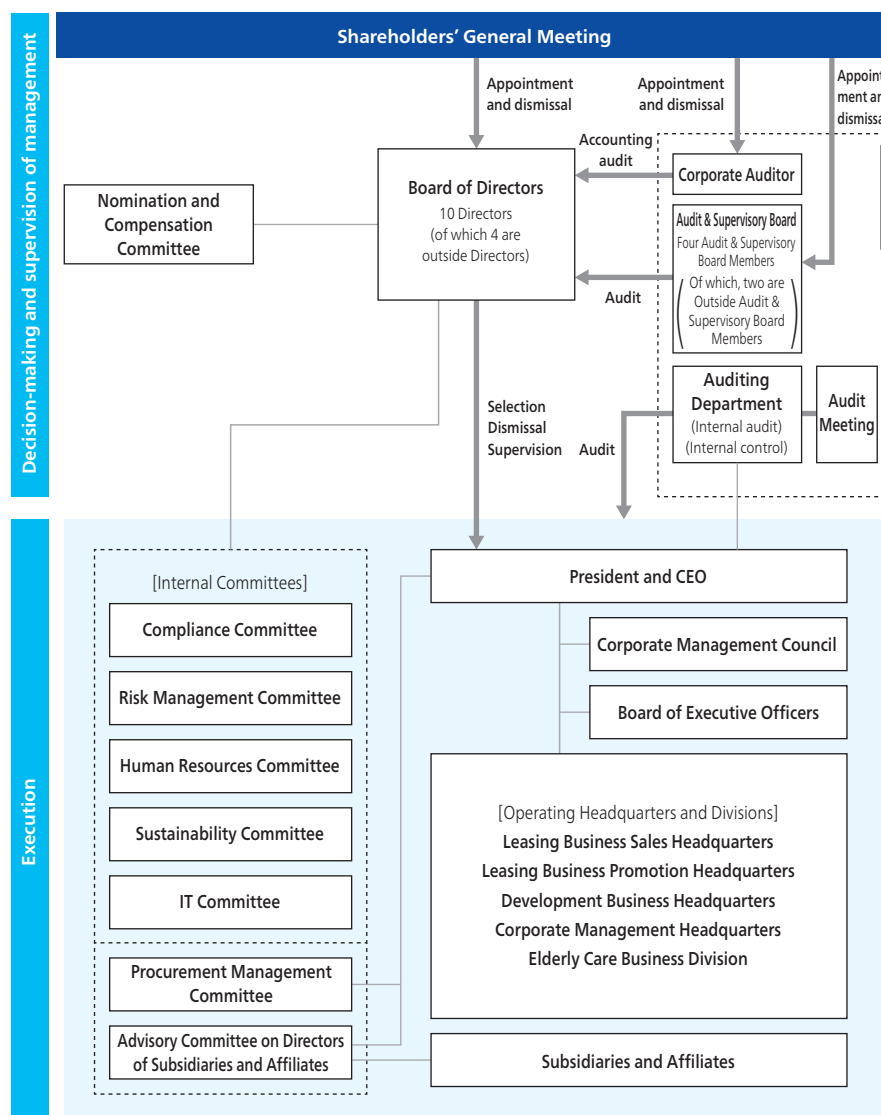
To achieve even faster decision making and smoother business execution, the Board of Directors has established the Corporate Management Council, which convenes to discuss important matters related to overall business execution prior to Board of Directors meetings. In addition, in October 2023, we introduced a preliminary review process before submitting proposals to the Corporate Management Council to improve the accuracy of the proposals. The Board of Directors has also established the Board of Executive Officers, which shares information about Company management with the aim of strengthening collaboration so that business Corporate Governance System execution proceeds smoothly.

The Board of Directors has also established a number of committees to discuss key management issues for which the Board of Directors consults, and these committees offer the recommendations to the Board of Directors so the Board can thoroughly examine them.

Specifically, the Board of Directors established the Nomination and Compensation Committee to confer about the selection and remuneration of directors, the Compliance Committee to develop and manage the legal compliance systems, the Risk Management Committee to manage risks in the business operation, the Human Resources Committee to confer about human resources utilization, the Sustainability Committee to promote sustainability initiatives, and the IT Committee to maintain the IT environment.

Additionally, we have established the Procurement Management Committee and the Advisory Committee on Directors of Subsidiaries and Affiliates, both chaired by the President and CEO. The Procurement Management Committee deliberates and decides on important matters related to procurement. The Advisory Committee on Directors and Subsidiaries and Affiliates deliberates on the appropriateness of matters concerning the nomination and compensation decisions for officers of subsidiary and affiliated companies, as well as disciplinary actions related to illegal acts.

Corporate governance structure (As of June 26, 2025)



Strengthening Management System

Progress toward enhanced governance

To apply external points of view to our management, we have been appointing outside Audit & Supervisory Board members for over 25 years, and outside directors since immediately after the global financial crisis, which had a major effect on the management of the Company.

Thereafter, in order to further strengthen management's supervision functions, we increased the number of outside directors, and currently have four independent outside directors, constituting more than one-third of the directors. Reflecting on the construction defects problem, we have also reviewed the executive directors and streamlined the number from eight seven years ago to four. Additionally the Board of Directors has set up various committees to address the key management issues and conduct consultations as necessary.

Composition of each established body

(as of June 26, 2025)

Title	Name	Board of Directors	Corporate Management Council	Board of Executive Officers	Nomination and Compensation Committee	Compliance Committee	Risk Management Committee	Human Resources Committee	Sustainability Committee	IT Committee	Procurement Management Committee	Advisory Committee on Directors of Subsidiaries and affiliates
President and CEO	Bunya Miyao	◎	◎	◎	○		◎	◎	○	○	◎	◎
Director	Mayumi Hayashima	○	○	○			○	○		○	○	
Director	Naomichi Mochida	○	○	○			○	○			○	
Director	Shinji Takekura	○	○	○		○	○	○	◎	◎	○	○
Director	Akio Yamashita	○			○							○
Director	Jin Ryu	○			○							○
Outside Director	Akira Watanabe	○	○		○	◎	○					○
Outside Director	Yutaka Nakamura	○			◎	○	○					○
Outside Director	Takumi Shibata	○			○	○	○					○
Outside Director	Kan Ishii	○			○	○	○					○
Audit & Supervisory Board Member	Kenichiro Samejima	(Note 2)	○	○		○	○	○	○	○		
Audit & Supervisory Board Member	Yoshitaka Murakami	(Note 2)	○									
Outside Audit & Supervisory Board Member	Jiro Yoshino	(Note 2)	○	○		○	○	○		○		
Outside Audit & Supervisory Board Member	Kazutaka Shimohigoshi	(Note 2)	○									
Executive Officer	—	1	1	5		3	5	5	3	1	2	
Employee	—			1		5	5	5	8	7	4	
Subsidiaries and Affiliates	—						4		4			
Outside expert and others	—					2	2					

(Note) 1. ◎ indicates Chairperson or Committee Chair; ○ indicates member. 2. All Audit & Supervisory Board Members attend the Board of Directors meetings and oversee Directors' business execution.

Key actions for corporate governance

	From FY2000	From FY2010	From FY2020
Organizational Structure	FY2006 Establishment of Compliance Committee FY2008 Establishment of Risk Management Committee FY2008 Establishment of Sustainability Committee (formerly CSR Committee) FY2009 Establishment of Human Resources Committee	FY2010 Establishment of IT Committee FY2015 Establishment of Nomination and Compensation Committee	FY2021 Establishment of Advisory Committee on Directors of Subsidiaries and Affiliates FY2021 Establishment of Procurement Management Committee
Director		FY2019 Half of all Directors are Independent Outside Directors	FY2020 Majority of Directors are Independent Outside Directors FY2022 Appointment of Internal Non-executive Director
Effectiveness Evaluation		FY2015 Commencement of Board of Directors Effectiveness Evaluation	FY2023 Introduction of Questionnaire by External Organization
Nomination and Compensation	FY2009 Reform of Directors' Remuneration System (Abolition of retirement benefit system and introduction of Stock Compensation-Type Stock Options)	FY2019 Reduction of Directors' Remuneration (May 2019 – June 2025)	FY2025 Revision of Directors' Remuneration System (Introduction of performance-linked share-based remuneration system and malus and clawback provision)
Other	FY2002 Change of Corporate Auditor FY2007 Change of Corporate Auditor	FY2020 Disclosure of Skill Matrix	FY2020 Abolition of Advisor/Consultant System FY2024 Change of Corporate Auditor

Directors' Skills

Our Board of Directors aims to strengthen the governance system and respond to challenges in an agile and swift manner. We review the skill set of the Board of Directors as needed in light of the business environment and other factors. Since June 29, 2022, the total number of Directors has been set at ten, with four independent outside directors, ensuring that more than one-third are independent outside directors.

As the expertise, experience, and knowledge required of our directors are extremely wide-ranging, we appoint many directors who satisfy multiple criteria. In particular, regarding outside directors, we prioritize expertise in corporate management, structural reform, quality control, and compliance and risk management. By leveraging these skills, we expect that these directors will significantly contribute to our company's continued structural reforms, performance recovery, and restoration of trust.

Skills matrix

Attribute							Skills especially required by Leopalace21					
Name		Position	Executive of business	Outside perspective	Age	Gender	Corporate management	Structural reforms	Sales and marketing	Compliance and risk management	Quality control	Finance
1	Bunya Miyao	Representative Director President and CEO Chairperson of the Board of Directors	Executive		65	Male	○	○		○		○
2	Mayumi Hayashima	Director and Managing Executive Officer	Executive		52	Female		○	○	○		
3	Naomichi Mochida	Director and Managing Executive Officer	Executive		62	Male		○	○			
4	Shinji Takekura	Director and Executive Officer	Executive		53	Male			○	○		○
5	Akio Yamashita	Director	Non-executive		63	Male	○	○				○
6	Jin Ryu	Director	Non-executive		41	Male		○	○			○
7	Akira Watanabe	Director	Non-executive	Independent Outside	78	Male	○	○		○		
8	Yutaka Nakamura	Director	Non-executive	Independent Outside	66	Male				○	○	
9	Takumi Shibata	Director	Non-executive	Independent Outside	72	Male		○		○		○
10	Kan Ishii	Director	Non-executive	Independent Outside	71	Male	○	○				○

(Note) The ages of each Director are as of June 26, 2025

About the nomination and compensation committee

For the nomination and remuneration of directors and other senior management, we believe in the need to particularly strengthen independence, objectivity, and accountability. Accordingly, we have established a Nomination and Compensation Committee chaired by an independent outside Director, from which appropriate involvement and advice are provided.

The Nomination and Compensation Committee is composed of four independent outside directors, two non-executive directors, and the President and CEO, with independent outside directors forming the majority to enhance independence and objectivity.

Members
Chairperson: Independent outside director Members: Three independent outside directors, President and CEO, two non-executive directors
Purpose
To ensure the validity of director nomination and remuneration decisions
Role
We deliberate objectively, taking into account the Company's performance and other evaluations, on the appointment of President and CEO, Directors, Audit & Supervisory Board Members, and Executive Officers, and on the remuneration structure and levels for President and CEO, Directors, and Executive Officers. We then report the results to the Board of Directors.
Number of meetings in FY2024
9 times
Main agenda items
We held discussions regarding the appointment of Directors, Executive Officers, and Audit & Supervisory Board Members, and deliberated on revisions to the personnel, compensation, and evaluation systems for Directors, Audit & Supervisory Board Members, and Executive Officers. For the evaluation of Directors and Executive Officers, we have adopted a process in which each individual self-reports their evaluation content, which is then discussed at the Nomination and Compensation Committee and finalized, so there are cases where the final evaluation results differ from what was self-reported. Additionally, to further clarify the link between performance and evaluation, evaluations are conducted semi-annually, with promotions and demotions deliberated as needed.

Officer remuneration

With the aim of further enhancing corporate value and sharing benefits with shareholders, the Board of Directors resolved to introduce a new remuneration system for executives at its meeting held in April 2025. Following approval at the General Shareholders' Meeting in June of the same year, the system was implemented.

Basic policy

In order to realize our corporate philosophy and medium-term management plan, we have established the following basic policies regarding the remuneration for directors:

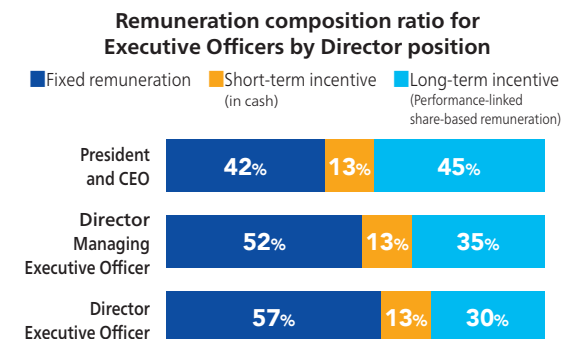
- ① The level of remuneration should be competitive and commensurate with the Company's profitability
- ② The level of remuneration should be commensurate with each officer's responsibilities and expected role, and function as legitimate compensation
- ③ The Plan* must be a remuneration system that promotes profit sharing with shareholders
- ④ The Plan* should function as healthy incentive for enhancing corporate value over the medium to long term
- ⑤ The Plan* must be fair and just and encourage the utmost efforts regarding compliance
- ⑥ The Plan* and its determination process should ensure both transparency and reasonableness

* The Plan is a performance-linked share-based remuneration

* A long-term incentive using a trust.

Remuneration system

The remuneration system for executive directors consists of three categories: "fixed remuneration" reflecting position and previous year evaluation, "short-term incentive bonus (in cash)" based on the achievement against targets and results, and "long-term incentive: performance-linked share-based remuneration" which emphasizes sustainable growth of the company and linkage with capital markets. In particular, regarding the long-term incentive, with a view to promoting sustainable growth and maximizing corporate value, we have raised the ratio of share-based remuneration to the industry's top level, thereby further strengthening the linkage between management remuneration and shareholder interests. The incentive scheme is designed to be highly effective, encouraging officers to always be conscious of the sustained enhancement of corporate and shareholder value and to make management decisions from a medium- to long-term perspective.



Governance on remuneration

Decision process

Regarding the individual remuneration for directors, the President and CEO evaluates the executive directors based on overall company and relevant business performance, and remuneration is determined according to the evaluation results and the remuneration benchmark for each position.

The Nomination and Compensation Committee, established as an advisory body to the Board of Directors, objectively evaluates the validity of the officer remuneration system and the decision-making process of the President and CEO, submitting recommendations to the Board of Directors to ensure the appropriateness, objectivity, and transparency of individual evaluations and remuneration amounts. Remuneration for executive directors and executive officers is decided by the Board of Directors after consultation with the Committee.

Establishment of Malus & Clawback clauses

In the event of a serious violation of laws or fraudulent acts by executive directors or executive officers, our company has established Malus & Clawback clauses to seek all or part (reduction, forfeiture, or return of stock-based compensation granted) during the business year in question and the previous three business years.

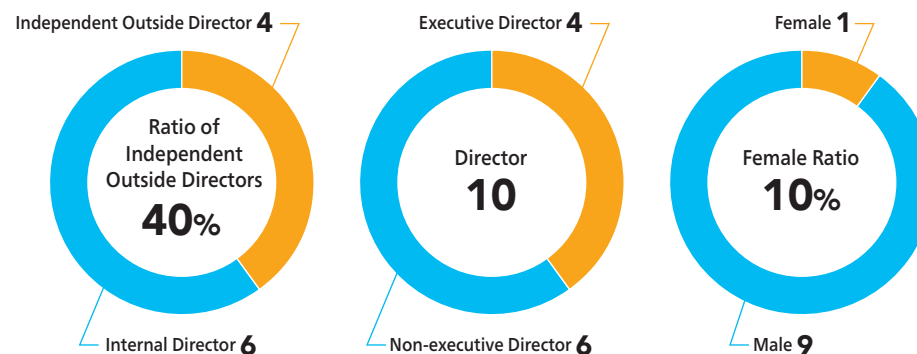
Initiatives to Improve Effectiveness

About the Board of Directors

With the focus on both the agility of management and supervisory functions, the Board of Directors is composed of ten members (one of whom is female), including four independent outside directors. Of these, six are non-executive directors, and four are executive directors.

With this structure, recognizing that the appropriate selection of directors is vital to enhancing corporate value, we have incorporated discussions by the Nomination and Compensation Committee into the selection process alongside decisions on remuneration.

The Board of Directors meets regularly once a month and additionally as needed, making decisions on important management matters and by monitoring business execution and supervising the director's duties, achieves highly effective governance.



Board of Directors effectiveness evaluation

At our company, in order to enhance the functions of the Board of Directors and improve medium- to long-term corporate value, we conduct an effectiveness evaluation of the Board of Directors after the end of each fiscal year. To ensure transparency and objectivity in the evaluation, an external organization designs, collects, and tabulates the survey, and based on advice from the external organization, the Board of Directors' Secretariat compiles and analyzes the results and reports to the Board of Directors.

For fiscal year 2024, we conducted the effectiveness evaluation using the same method as in fiscal year 2023. Based on the results of the survey, the analysis, discussion, and evaluation were conducted at the regular Board of Directors meeting held in June 2025, and it was concluded that the Board of Directors as a whole maintains an adequate level of effectiveness.

Major points in the effectiveness evaluation for fiscal year 2024

Key Issues

- Hold sufficient discussions on the company's sustainable growth and creation of medium- to long-term corporate value
- Internal Directors to be aware of their oversight roles and make statements based on a company-wide perspective

Recognized Initiatives

- Formulation and disclosure of Medium-Term Management Plan: New Growth 2028
- Proper supervision and approval by the Board of Directors regarding conflicts of interest with executives, controlling shareholders, and other related parties

Matters to be improved

- Proper supervision for the development of successors for the CEO, etc., ensuring planned and sufficient allocation of time and resources
- Encourage internal Directors to be fully aware of their oversight roles and further facilitate open and dynamic discussion from a company-wide perspective

Key Issues for fiscal year 2025

- Deepening on discussions on development of executive successors
- Active exchange of opinions on new businesses and Development Business Headquarters newly established in fiscal year 2025
- Further increasing the ratio of discussions on growth strategies for the future

Risk Management

Risk classification and reporting system

Our Group identifies potential risks that may cause physical, economic, or credit losses or disadvantages, and implements measures and manages these risks systematically in order to reduce and prevent risks before they turn into incidents. Risks are broadly classified into six categories, which are further subdivided into a total of 16 types. To prevent risks from materializing, each business division appoints its risk management managers and risk management coordinators, clearly defining their roles and responsibilities to carry out risk management. The president of each affiliated company serves as a risk management officer and is responsible for reporting risk information from the affiliated company to our company.

Risk management system

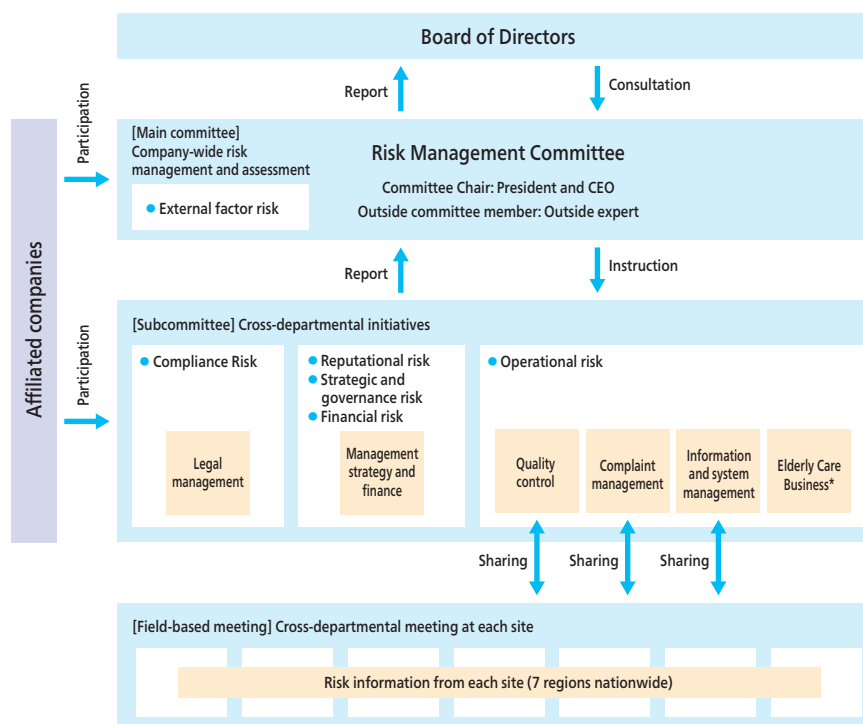
In order to comprehensively identify and manage company-wide risks, our Group has established a Risk Management Committee as an advisory body to the Board of Directors. The Risk Management Committee is chaired by the President and CEO and includes external members with specialized knowledge such as attorneys. The Committee meets once a month to evaluate risks, reporting on the status of risk management to the Board of Directors every quarter.

Given the increasing trend of risks arising due to recent changes in the external environment, we have strengthened and expanded our risk management framework to incorporate preventive measures before occurrence and initiatives to prepare responses when materialized for potential risks. We have newly established six subcommittees under the Risk Management Committee, defining specific risks for each subcommittee, and conduct discussions from a specialized perspective on risk assessment and materialized incidents.

Furthermore, we have newly established field-based cross-departmental committees for each of seven regions nationwide, to share information about high-risk events (accidents/incidents) and complaint information with the subcommittees to quickly roll out information across the Company. The countermeasures discussed in the subcommittees based on this information are shared with the field committees in all areas.

Risk management system

External factors	1. Risk of changes in external environment 2. Country risk 3. Disaster risk	Compliance	1. Legal violation/litigation risk 2. Compliance risk
Strategy / Governance	1. Strategic risk 2. Management risk 3. Outsourcing and subsidiary management risk	Operation	1. Business risk 2. Information management risk 3. Human resource risk 4. System risk
Finance	1. Market risk 2. Liquidity risk 3. Default risk	Reputation	Risk of loss due to media reports, reputation, rumors, etc.



* Composed of headquarters employees and staff from each facility, discussions are held on systems, procedures, complaint information, etc. for the entire Elderly Care Business from both the headquarters and on-site perspectives

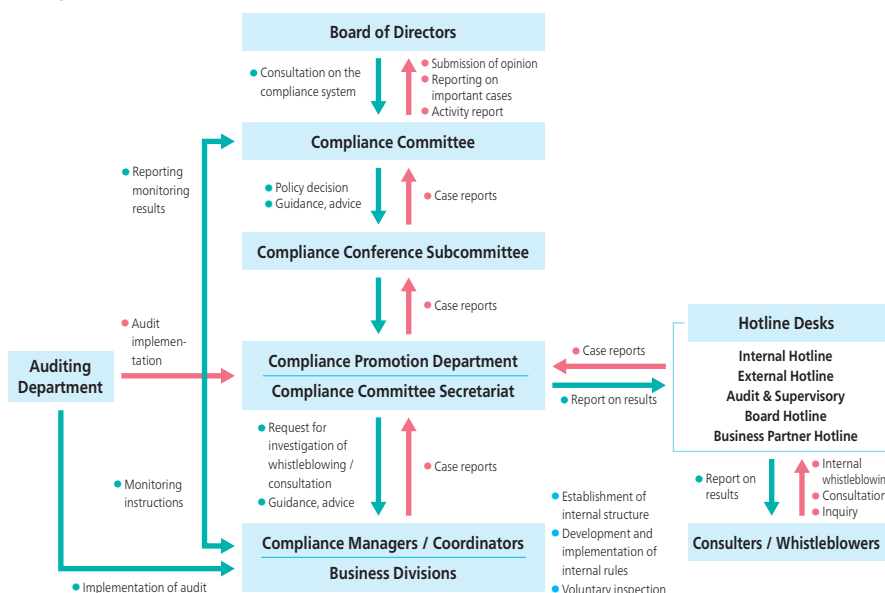
Compliance

Our Group sets legal compliance and adherence to social ethics as the most important policy (Compliance First) in conducting business, and regards this as the foundation of our corporate activities, committing to continuously instilling compliance awareness and advancing compliance.

Compliance promotion system

We have established the Compliance Committee, chaired by an outside director, as an advisory body to the Board of Directors. As part of measures to strengthen governance, we plan and propose initiatives related to our Group's compliance, such as enhancing training and information management systems, while reinforcing our monitoring system based on compliance regulations and striving to identify and improve issues. From October 2024, to strengthen the functions of the Compliance Committee and efficiently handle compliance-related issues, the frequency of Compliance Committee meetings was changed to once per quarter, and for important cases and matters requiring discussion, the Compliance Conference Subcommittee was established as a subordinate organization. As the body promoting everyday compliance, the Compliance Promotion Department has been established to plan and propose compliance initiatives, as well as to verify the legal conformity of new businesses, services, and products within our Group. Furthermore, compliance managers and coordinators are appointed at each division and subsidiaries and affiliates, building a system to actively execute compliance initiatives at the operational level, aiming to realize autonomous promotion of compliance.

Compliance structure



Autonomous promotion of compliance at each department and affiliated company

Compliance measures are proactively carried out by the compliance managers and coordinators at each division. When violations occur, they respond promptly. Response includes evidence collection, customer verification, facts confirmation with violating employees, and report to administrative authorities. Response status shall be documented in the Compliance Violation Report and reported to the Compliance Promotion Department. Compliance managers ensure thorough adherence to rules, establish an environment for immediate reporting upon discovering violations, and strictly prohibit any unfavorable treatment of employees who report or consult.

Response flow for compliance incidents

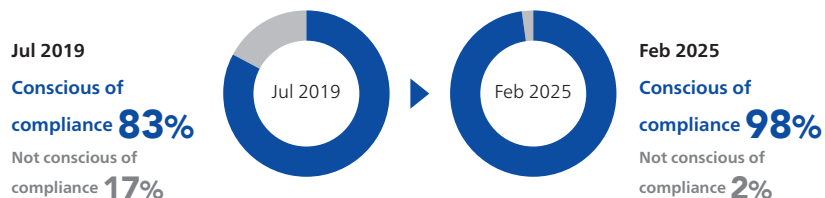
Incident report	Analysis and investigation	Measure to prevent recurrence	Monitoring	Training
The compliance staff prepares an incident report in the prescribed format and promptly submit it to the Compliance Promotion Department and the compliance manager.	The compliance officer leads fact-checking, and investigation and analysis of the causes of the incident reported.	The compliance coordinator develops recurrence prevention measures, and the compliance manager discusses the content with the compliance coordinator to provide guidance and advice.	Implementation status of the developed recurrence prevention measures is monitored on a regular basis. The details of responses and confirmations must be documented.	Training related to compliance promotion is implemented and compliance initiatives are communicated.

Compliance training

To promote awareness and strengthen knowledge acquisition for each and every officer and employee, we regularly conduct compliance training through group training and E-learning, tailored to the characteristics of each job level and role, focusing on understanding the basic concepts of compliance as well as timely themes such as harassment prevention and the handling of personal information, to address contemporary needs. We also further enhance compliance and ethical awareness in a regular and continuous manner by communicating information as appropriate in response to law amendments and relevant changes.

Furthermore, to instill the idea that promoting compliance increases corporate value, we have made efforts to foster compliance awareness among all officers and employees by implementing mechanisms to evaluate compliance promotion initiatives and actions in our appraisal system, and by regularly providing multifaceted feedback. In July 2019, a message from the President and CEO announcing the adoption of “Compliance First” as a management policy was distributed. In the annual awareness survey, 98% of officers and employees responded that they are conscious of compliance in February 2025. This confirms that many officers and employees recognize the importance of compliance and are engaged in their work accordingly.

Awareness survey results



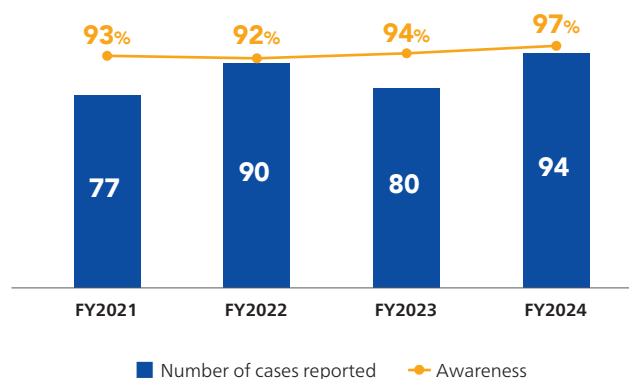
Compliance-related training and awareness activities

Details	Target	Number of times
E-learning for understanding the basics and importance of compliance, and Compliance First	Career hires	Any time
Compliance First and our company's compliance structure	New graduate hires	Once
Declaration of intent to prevent deterioration of the workplace environment	Management level and above	Once
Recurrence prevention survey	All officers and employees	Once
Harassment prevention training	Executives and officers	Once
Business division-specific compliance training	Relevant business division employees	Twice
Compliance awareness survey	All officers and employees	Twice
Harassment fact-finding survey	All officers and employees	Twice
Hotline-related survey	All officers and employees	Twice

Compliance hotline desk

For officers and employees who discover legal violations or misconduct, we have established three types of compliance hotlines for consultation and whistleblowing: internal (Compliance Promotion Headquarters), external (law firm), and at the Audit & Supervisory Board members (Audit & Supervisory Board). We have also set up a business partner hotline for our business partners with whom we have ongoing transactions. The internal hotline accepts reports via phone, email, letter, and in-person; the external hotline accepts phone, email, and letter; the Audit & Supervisory Board hotline accepts email and letter; and the business partner hotline accepts reports via reception form. All hotlines accept notifications via email or reception form for 24/7, enabling whistleblowers to make reports at any time. The President and CEO has distributed a message, notifying the internal whistleblowing system and use of the hotline. An annual survey targeting all employees found awareness of the compliance hotlines at 97% (previous fiscal year: 94%). The number of internal whistleblowing cases received in fiscal year 2024 was 94 (previous fiscal year: 80). We respond promptly by conducting fact-check investigations and quickly rectifying clear compliance violations.

Number of Internal whistleblowing cases / Awareness



Strengthening Construction Quality Management System

In 2018, we disclosed that construction defects were found in some of the buildings constructed by our company.

Since then, we vowed never to repeat the same mistakes, fully committed to company-wide recurrence prevention measures, and have strengthened the construction management system.

Recurrence prevention

As measures aimed to prevent recurrence of construction defects problem, the Company has committed itself to the following initiatives: 1. Fundamental Reform of the Corporate Culture, 2. Restructuring of the System for Compliance and Risk Management, and 3. Revision of the Construction Business Framework. The initiatives listed below had been completed by February 2022, and their content has been updated as necessary since then.

1 Fundamental reform of corporate culture

- Develop customer-oriented corporate culture
- Establish compliance-first policy
- Realize corporate culture reform through dialogue with stakeholders
- Develop a system for reporting the violations of laws and regulations, among other things
- Carry out training for corporate culture reform
- Revise the performance management system (implement the institutional job rotation)

2 Restructuring of the system for compliance and risk management

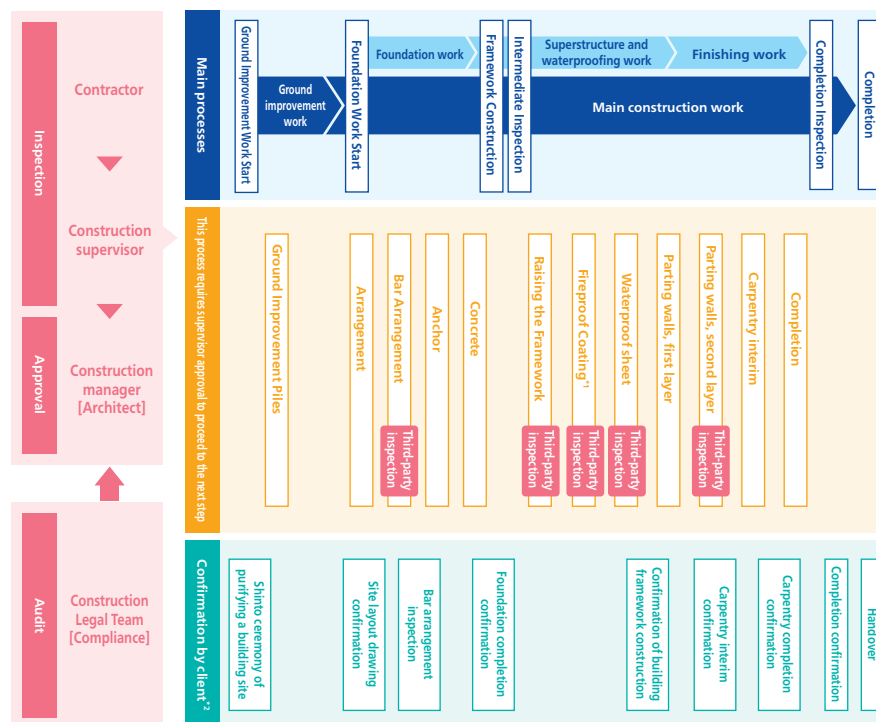
- Establish the Compliance Promotion Department
- Establish the Construction Legal Team in the Compliance Promotion Department to examine and inspect compliance for new products and other matters outside the business divisions
- Improve the operation of the Compliance Committee
- Improve the risk management method
- Verify compliance with applicable laws and regulations at the time of starting new businesses and of changing business content
- Review the system of assigning persons in charge of compliance
- Revise the method of response to cases where non-compliance is suspected
- Build a system of collecting and examining risk information
- Clarify storage and management rules for important documents

3 Revision of the construction business framework

- Improve processes for developing new products, and others.
- Review check mechanism at the preparation stage of drawings for confirmation application
- Implement proper construction supervision by reviewing the construction supervision system
- Assure construction quality by implementing proper construction management
- Implement inspections by Construction Legal Team in Compliance Promotion Department
- Implement training by Construction Legal Team in Compliance Promotion Department

Inspection system

The construction quality control system was restructured under the supervision of a third-party organization introduced by the External Investigation Committee. The entire processes from product development to building completion were reviewed, and new Construction Quality Standards Guidelines were established. In addition, design drawing and construction site check were enhanced, the appropriate processes were reestablished. Regarding the inspection system, the key point of the new construction quality standard, a three-step, in-house inspection (inspections by the contractor, the construction supervisor in charge of the site, and confirmation by the architect) were implemented at 12 major processes. The project cannot proceed to the next step without an approval by the architect (construction supervisor). Furthermore, the Construction Legal Team checks whether the inspection system is functioning properly from an audit perspective. For important processes, inspections by third-party organizations and confirmations by the client are also conducted.



*1 Depending on the size and structure of the property, this may not apply.

*2 Confirmation by the client may not be implemented depending on their circumstances.