

Leopalace21 Wellness Report 2023



Leopalace21's Human Capital Management

After the problem of construction defects came to light in 2018, we have stepped up efforts to transform our corporate culture. In particular, we consider it our most critical issue to build a sound organizational system while remaining committed to our measures to ensure that such problems will never happen again, and are implementing continuous initiatives to achieve that.

Moreover, we take the evolution of human capital disclosures taking place in recent years as a tailwind for human resource development and plan to implement derailment prevention measures as a new human resource management initiative in order to develop employees with high ethical standards who are able to drive customer-oriented corporate activities. They include a harassment prevention measure based on 360-degree feedback (supported with AI detection technology) and job rotation for employees staying in the same positions for a long time.

These initiatives are aimed at ensuring that every one of our employees has self-awareness based on proper

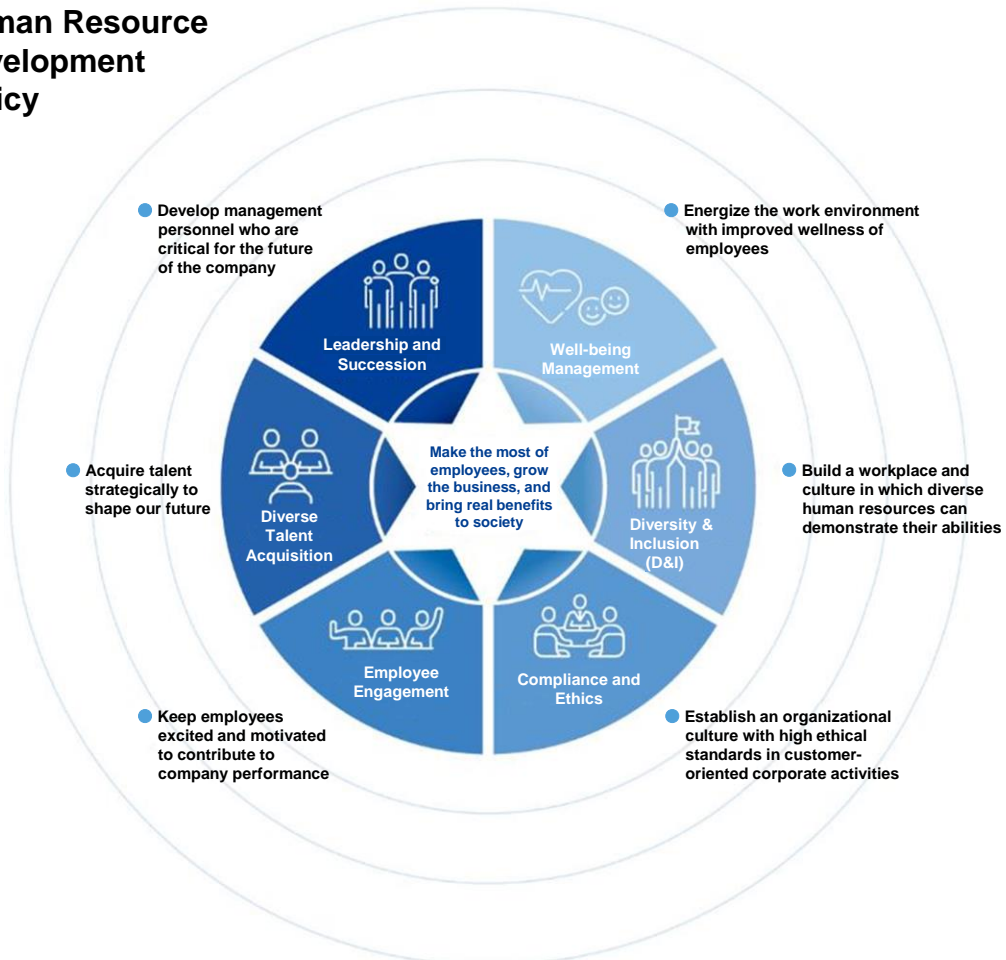
compliance awareness. At the same time, we will work to energize the individuals and organizations in the Company by visualizing our human resource portfolio.

In addition to these initiatives, we are also advancing well-being management as the foundations that support our efforts to energize the individuals and organizations in the Company.

Not only have we focused on maintaining and promoting each employee's mental and physical health but also on building a system for energizing the work environment through creating good relations among employees. This effort has contributed to maintaining and improving our corporate value and long-term competitiveness and served as the base of our sustainable growth.

We commit ourselves to enabling each one of our employees to unlock their full potential and working as one to advance to a healthful and vibrant future through human capital management.

Human Resource Development Policy



Well-being Management

We are striving to achieve our purpose and sustainable corporate growth by maintaining and promoting employees' mental and physical health and energizing our work environment through creating vibrant relations among employees as well as by developing good mutual relations with all our stakeholders including customers, partners, and shareholders. In other words, we are advancing well-being management, considering how to enhance the well-being of individuals, organizations, and society at large as a management issue.

Well-being Management Declaration

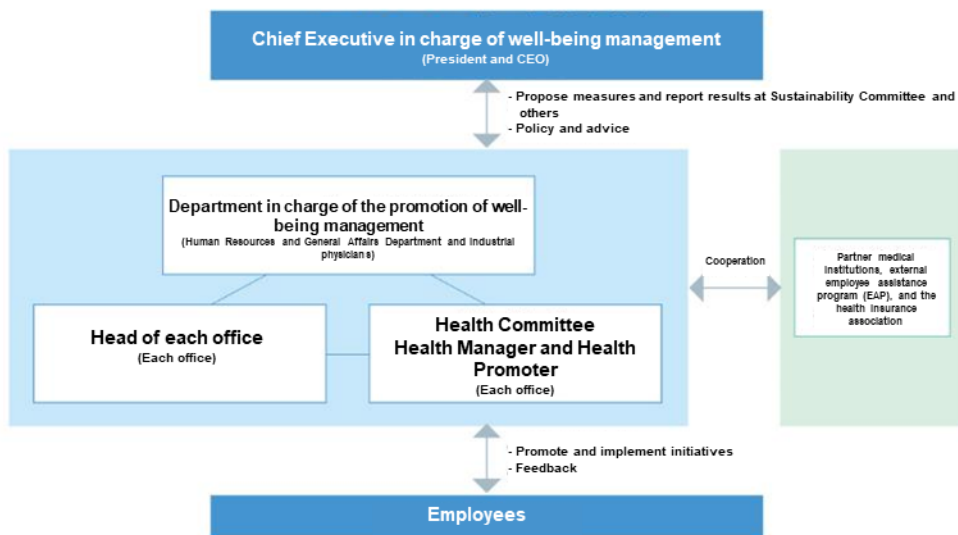


To continue to challenge ourselves to create new value and contribute to society at large, we will advance well-being management, considering the mental and physical health of each of our employees and a work environment where they are able to work in a lively manner as a source of innovation.

Bunya Miyao
President and CEO

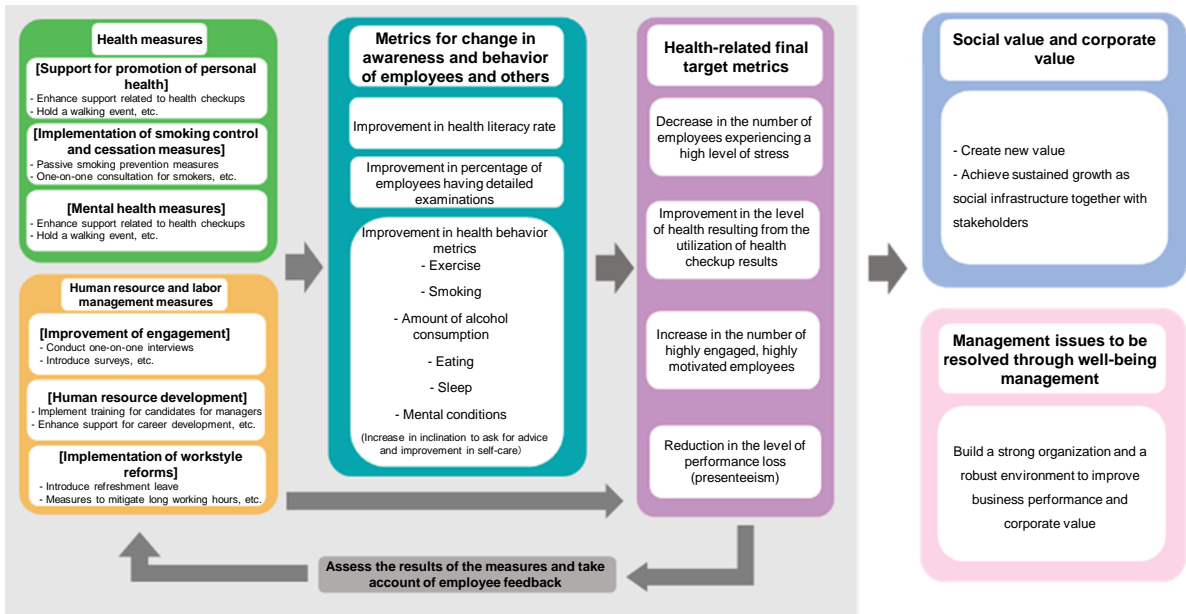
System for Promoting Well-being Management

We are advancing well-being management under a system in which the President and CEO serves as chief executive as shown in the following chart. The Human Resources and General Affairs Department is positioned as the department in charge of the promotion of well-being management. Sharing information with and reporting to the head of each office, the Health Committee (including Health Manager and Health Promoter), the Sustainability Committee, and others, we will develop and implement various measures while also deepening cooperation with external organizations.



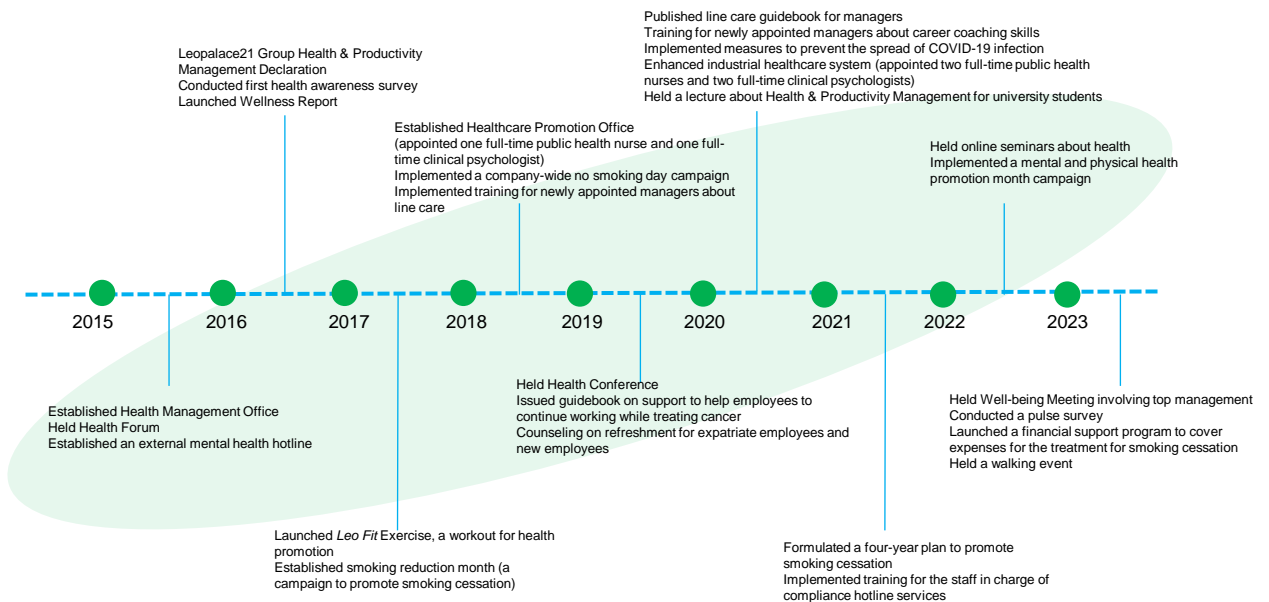
Well-being Management Strategy Map

Our strategy for well-being management is as follows.



Our Progress in Well-being Management

We established our Health Management Office in 2015 and have been working with industrial healthcare staff to carry out measures to maintain and promote employees' health. Here is a timeline of our progress in advancing well-being management.

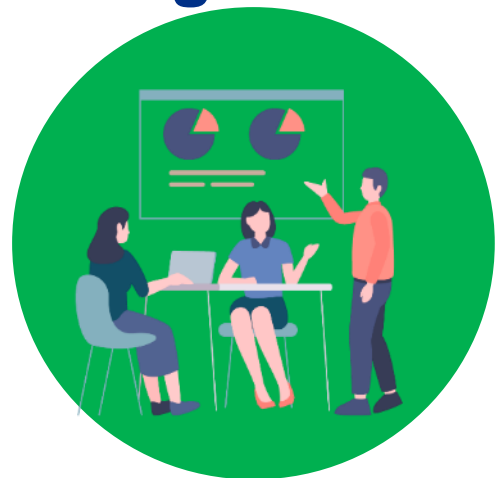




Our employees' health

Toward promoting the well-being of individuals, teams, the Company, and society at large

Our organizations' health



From the following section, we will share our efforts to promote the well-being of individuals, teams, and the Company, respectively.

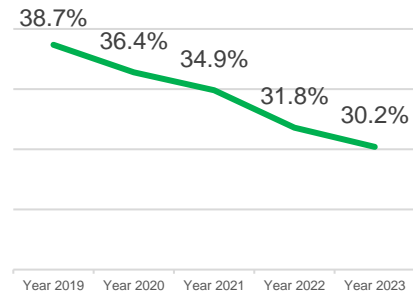


Efforts to Promote Our Employees' Health

Smoke Free Four-year plan to make the entire premises of our offices smoke free

As the percentage of smokers in the Leopalace21 Group was found to be nearly twice as high as the national average, in 2020 when Japan's Health Promotion Act was amended, we established a policy to intensify efforts to make our offices smoke free. In 2023, we stepped up our countdown to a smoke-free Leopalace21 initiatives in stages toward forbidding smoking on the entire premises of our offices by 2024. The initiatives include the no-smoking day and the campaign to refrain from using elevators after smoking, as well as the smoking cessation program for smokers, in which we also offer financial support to those who try to quit smoking. We invite smoking and non-smoking employees to discuss and determine an environment, rules, and others regarding smoking.

▼ The percentage of smokers: Leopalace21 Group and the national average



Eating Employee-engagement event “#MyBreakfast♪”

We consider the fact that a large number of our employees do not eat breakfast as an issue. To address this, we started with an event we call “#MyBreakfast.” In this initiative, which is aimed at making eating breakfast a matter of daily routine, we invited employees to share photos of their breakfast and posted them on posters and the special website every week.

An employee survey found that about a half of our employees saw the posters and other information about this event and 60% of those employees answered that the event helped them to think about eating breakfast.



▼ From the “#MyBreakfast♪” special website:



Mental Health Measures

We provide a training program about self-care and sleep for all employees every year to improve their mental health literacy. In 2023, we also organized an online seminar about mindfulness inviting a clinical psychologist. This new mental health initiative marked a participant satisfaction score of 94%. We will continue to offer employees time and opportunities to gain practical knowledge about self-care.

▼ Participants in the online seminar about mindfulness

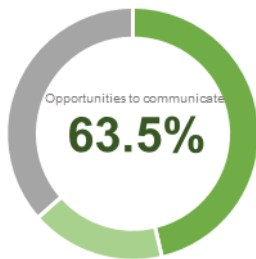


Promoting Team Communication

Promoting Communication Walking event inviting employees from across Japan

In July 2023, we held a walking event inviting our employees from all parts of Japan to encourage them to do exercise and promote communication. Not only did the participants compete individually in terms of the number of their steps but they also had a team competition. Moreover, we also took some promotional efforts to liven

up the event and enhance the sense of unity among participants, such as posting photos taken during the event on the special website. In an in-house survey, more than 60% of the participants answered that the event contributed to increasing communication.



■ Increased ■ Increased somewhat ■ No change



Visualizing Team Vitality Introduced a pulse survey

We have introduced a pulse survey since August 2023 as a tool to support self-management for promoting self-growth and facilitate one-on-one communication between superiors and subordinates.

In the first three months following the start of the survey, the average response rate was over 90% each time.

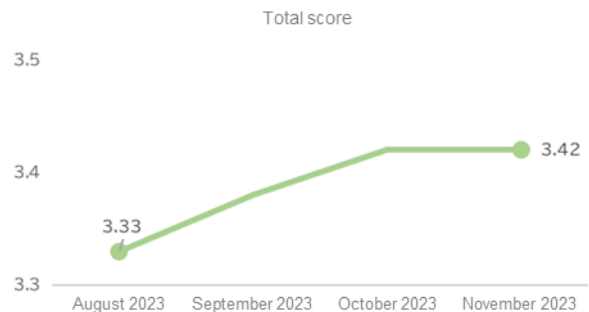
We also encourage superiors to hold one-on-one interviews with subordinates as needed. As a result, the total survey score has gradually been improving.

Going forward, we will continue to implement initiatives to energize our work environment, while sharing cases of success.



■ Average response rate ■ No response

*Representing the average response rate for the first three months following the start of the survey



*Representing the overall average of respondents' total scores. The total score is calculated based on the values of the scores given by respondents in terms of work, human relations, and health.

Company-wide Initiatives

Improving Engagement

We conduct an organizational survey semi-annually to quantitatively measure employees' self-awareness and sense of fulfillment and make use of the results for retention measures and others.

In addition, in the fiscal year 2023 we began to hold a Town Hall Meeting hosted by the President and CEO at the locations of our offices. Providing employees with an opportunity to communicate with the President, this initiative contributes to improving employees' motivation.



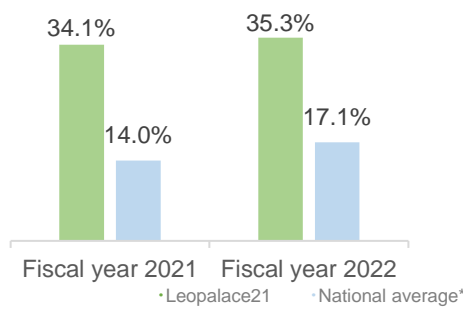
Promoting Work-life Balance

Adapting to changes in society, we are stepping up efforts to create an environment in which employees experiencing child-bearing and childcare are able to work easily. We have in place support programs that exceed regulatory requirements, such as childcare leave that can be taken until the child reaches the age of three, reduced working hours for childcare that apply until the child finishes the third grade in elementary school, leave for the spouse's childbirth, and maternal health checkup leave. Moreover, we held a round-table meeting with employees who had taken childcare leave to get their feedback to improve our programs. As a result of these

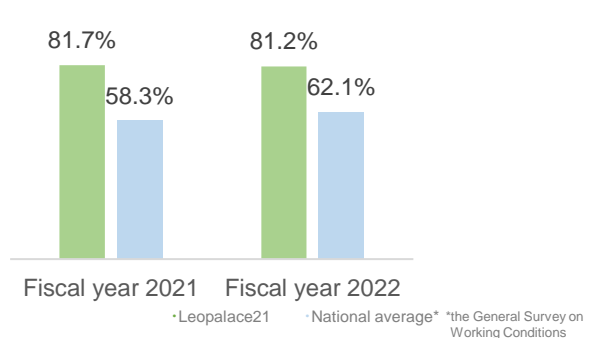
initiatives, 35.3% of male employees and 100% of female employees are taking childcare leave, compared with the national average rates of 17.1% for male employees and 80.2% for female employees (source: the Basic Survey of Gender Equality in Employment Management for Fiscal Year 2022), and we have received the Platinum Kurumin certification.

In addition, our percentage of annual paid leave taken was 81.2%, standing 80% or higher for three consecutive years and far exceeding the national average of 58.3% (source: the General Survey on Working Conditions for Fiscal Year 2022), and this contributes to work-life balance.

Percentage of male employees taking childcare leave



Percentage of paid leave taken



Activities of the Health Committee

We hold the Health Committee meeting in 11 of our approximately 140 offices in Japan. Nine to 17 Health Committee members are appointed to each office and are charged with leading safety and health activities of the respective offices. The Health Committee communicates the matters considered at the head office to each office, sharing company-wide issues at all Health Committee meetings. In this fiscal year, the Health Committee holds discussions at each office's Health Committee meeting to promote the

understanding of the concept of well-being management and our direction. The committee also conducts an employee survey to enable employees to work more easily and increase the level of employee satisfaction. The feedback obtained from the survey is reviewed by the committee to consider improvement measures, and the results are reported by the committee to employees via meeting minutes and others.

Numbers

Quantitative data

Category	Item	Year 2020	Year 2021	Year 2022	Target
Mental and physical health	Percentage of employees taking health checkups and thorough health examinations (%)	100	100	100	100%
	Percentage of cases requiring treatment (%)	73.0	74.1	85.2	65%
	Percentage of employees taking detailed examinations (%)	35.1	45.4	27.1	80%
	Percentage of employees receiving specific health guidance (%)	30.5	31.2	20.0	90%
	Percentage of employees with high blood pressure receiving treatment (%)	80.1	82.8	79.8	95%
	Percentage of employees taking stress checkups (%)	83.0	94.9	97.1	Maintained at 90% or higher
	Percentage of employees experiencing a high level of stress (%)	10.4	11.1	11.3	10%
	Percentage of highly engaged employees (%)	10.5	10.1	8.6	11%
	Percentage of employees taking leave of absence due to sickness or injury (mental health issues) (%)	0.51	0.67	0.73	0.6%
	Percentage of employees taking leave of absence due to sickness or injury (other than mental health issues) (%)	0.44	0.61	0.35	0.6%
Work environment	Presenteeism	—	—	35.9	Reduced year by year
	Presenteeism (days)	1.4	1.4	2.3	Maintained at the current level
	Percentage of employees taking action to ask (superiors and colleagues) for advice (%)	—	37.6	38.1	Improved year by year
Lifestyle	Level of easiness to take a day off (level of satisfaction)	—	—	7.3	Maintained at 7 or higher
	Percentage of smoking employees (%)	36.4	34.9	31.8	Improved year by year
Work-life balance	Percentage of employees eating breakfast (%)	62.7	62.1	65.6	75%
	Percentage of employees doing exercise regularly (%)	—	—	32.6	50%
	Percentage of employees drinking regularly (%)	30.7	31.0	30.4	30%
	Percentage of employees feeling sleepy in the daytime (%)	—	36.5	38.1	35%
Work-life balance	Attrition rate (%)	30.7	16.0	11.1	In the range of 5% to 10%
	Percentage of male employees taking childcare leave (%)	54.3	34.1	35.3	In the range of 30% to 40%
	Percentage of paid leave taken (%)	90.5	81.7	81.2	80% or higher

External evaluation



In 2017, we received the Platinum Kurumin certification for our efforts to enhance programs and others for helping employees to both pursue their careers and take care of their children.



For seven consecutive years since the fiscal year 2016 we have been certified as an outstanding Health & Productivity Management organization which considers employee health management from a corporate management perspective and works on it strategically.



In 2023 we were certified as a company which considers creating a society and an environment in which all people are able to participate equitably and engages in awareness-raising and other initiatives.



In 2023 we were certified as a HATARAKU YELL employee welfare promotion company in recognition of our commitment to prioritizing employee welfare and making use of employee benefits and welfare programs as a management tool.

Advancing well-being management

At Leoplace21, when considering health, we aim not only to ensure the health of each individual. We aim to ensure that each one of us, our teams, and the Company as a whole are all in good health, both physically and mentally, and feel satisfied and happy in society. To achieve this, we are using the term “well-being,” which has a broader meaning than “health,” and are advancing well-being management.

This philosophy is exemplified by our initiative to strengthen our industrial healthcare system by appointing full-time public health nurses and clinical psychologists. Currently, we have two public health nurses and two clinical psychologists on a full-time basis. Moreover, to achieve further progress in this area, we began to hold a monthly management discussion meeting on human capital management in 2023, and have been working to establish a system to advance company-wide well-being.

We will continue to move forward in hopes that our well-being management efforts will lead to the promotion of the well-being of society as a whole and contribute to society.



Front row, from right: Takeru Sato, Group Manager, Planning Group, Human Resources and General Affairs Department; Bunya Miyao, President and CEO; Jun Taniguchi, Manager, Healthcare Promotion Section

The following are members of Healthcare Promotion Section

Middle row, from right: Eiko Hadano (clinical psychologist); Haruka Kushiya (public health nurse); Riho Kubota

Back row, from right: Shujiro Tani (clinical psychologist); Tomoka Watanabe (public health nurse)

 **Leopalace21**