

# Radical Reform of Corporate Culture

**[Level of progress]**

Under examination: Details of specific measures are under examination

In progress: Specific measures have been implemented

Completed: Specific measures are completely implemented

No.	Section	Category	Article	Class	Paragraph	Specific implementation method	Time of implementation	Progress		
1	Radical Reform of Corporate Culture	A	Develop customer-oriented corporate culture				We have set up a Suggestion Box for Management, a system that directly collects proposals from employees to management as of July 16,2019.The number of posts has reached 238 as of December 11,2019. The "Regional Small Meetings" were held 30 times in July-September and 7 times in October-December as a venue for exchanges between management and employees. A total of 2,310 employees participated.	Started in July 2019	In progress	
		B	Establish compliance-first policy	(1)	Periodic dissemination of messages concerning the compliance-first policy		On July 12, 2019, a video message from the CEO was distributed to all group employees, notifying them of our new compliance-first management policy. Since then, the CEO has been sending out various messages based on compliance first, and the company's internal portal site provides comments on the posted contents for the Suggestion Box for Management, and comments on compliance at the company-wide meetings.	Completed in July 2019	Completed	
				(2)	Examine introducing a performance rating system, including adherence to compliance and others.	(a)	Rate positively for adherence to compliance-first policy	The personnel rating criteria was revised in October 2019. One of the revision was to increase weighting for the factor of compliance among other factors, and the other was to evaluate whether or not an employee demonstrated behavior and activities in accordance with the compliance-first policy.	Completed in October 2019	Completed
						(b)	Introduce multi-faceted personnel rating system	In October 2019, we introduced a multi-faceted personnel rating system on a trial basis as part of our personnel evaluation system. Specifically, when an upper-level manager evaluates lower-level managers, he or she should collect remarks from their subordinates and peers as additional materials for reflecting such remarks in the evaluation. We plan to start this operation in April 2020.	Started in October 2019	In progress
		C	Realize corporate culture reform through dialogue with stakeholders	(1)	Promote active dialogue among management and employees		The "Regional Small Meetings" were held 30 times in July-September and 7 times in October-December as a venue for interaction between management and employees. A total of 2,310 participants participated.	Completed in July 2019	Completed	
							We have set up a Suggestion Box for Management, a system that directly collects employee's proposals since July 16,2019. The number of posts has reached 238 as of December 11,2019.	Completed in July 2019	Completed	
				(2)	Implement survey for employee awareness		In October 2019, after conducting training for employees to prevent recurrences, we prepared a questionnaire and checked the degree of compliance awareness being fostered. Based on the results, the content of compliance training is continuously reviewed.	Completed in October 2019	Completed	
				(3)	Promote dialogue with stakeholders and disclose the results of the dialogue (Implement stakeholder engagement measures)		Since July 2019, we have held 230 property owner briefing sessions nationwide to strengthen our dialogues with apartment owners. We disclose the content of such sessions by distributing a compiled report and by sharing the result of questionnaires. In addition, we utilize owners' comments and opinions into Q & As and provide them to the apartment owners. After establishing CSR Procurement Guidelines, we held briefing sessions since September 2019 for our business partners to share information on the fact that the company selects business partners based on the concept of compliance first. For employees, we implemented training on measures to prevent recurrence coupled with a follow-up survey, and in October 2019, we disclosed the status of implementation to the public.	Started in September 2019	In progress	
		D	Develop a system for reporting the violation of laws and regulations, etc.	(2)	Notify the internal reporting system for ensuring conformance	(1)	Notify the reporting rules for ensuring full conformity	In November 2019, we revised our compliance regulations and changed our reporting route. We established reporting routes; reporting within each business division to the upper line managers of the organization, and simultaneously reporting to the Compliance Management Division. In this way, we established a separate route in addition to the route within each business division.	Started in November 2019	In progress
						(a)	Notify employees of the system, explaining its use, and describing cases of non-compliance incidents; having employees fully understand the leniency system	Since August 2019, we have notified employees of our internal reporting system through periodic posting of notices about the system in our offices; have employees learn about the system through training implemented through our website; and organized training on the system for greater understanding among employees. In June, 2019, we posted a document titled "Understand More about the Internal Reporting System" for employees to understand how the internal reporting system should work and a notice describing cases of the violation of laws and regulations in our offices to ensure employees are aware of them, and to deepen their understanding of the system. We will also notify employees of our leniency system by posting notices in our offices.	Started in June2019	In progress
						(b)	Develop the persons in charge at the internal reporting contact points	As part of our study on examples of internal reporting initiatives, in September 2019, we began participating in external seminars for whistle-blowers and harassment countermeasures seminars for employees at the internal reporting contact points in an effort to improve our responsiveness.	Started in October 2019	In progress
						(c)	Acquire accreditation for the internal reporting system	Aiming at introducing the system in April 2020, we will appropriately develop and operate the internal reporting system and apply for certifications from an external agency.	Scheduled to start in April 2020	Under Examination
		E	Carry out training for corporate culture reform			(1)	Training to prevent the root causes and recurrence of the construction defects including parting wall defects	From June to August, 2019, we carried out training sessions at our branches and offices concerning the fundamental causes and the prevention of any recurrence of the construction defects of parting walls, to all officers and employees. In addition, we conducted confirmation tests to deepen and to verify employees' understanding, also surveyed each individual employees' thoughts about the causes and the recurrence prevention measures. The results are disclosed outside the company, and based on that, we encouraged each employee to sense proper ownership for the incident and to enhance their awareness for radical reform of the corporate culture going forward. We strive for continued enlightenment.	Completed in August 2019	Completed

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			(a)	Training based on organizational hierarchy	By December 2019, we had provided group training for new and mid-career employees and compliance training for officers. We conduct harassment prevention group training for managers (section manager / store manager class).	Completed in December 2019	Completed
		(2)	(b)	Job specific training	In August 2019, the Compliance Management Division and each business division started preparation for training to promote understanding of laws and regulations related to each business and to ensure thorough compliance. We asked all officers and employees to check which laws and regulations are relevant in relation to the business. We also tested employees to measure their level of understanding of related laws and regulations.	Started in October 2019	In progress
	F	Revise the personnel management system (enhancing job rotation)			Aiming at deepening understanding by all officers and employees of our operations and reforming our organization to be able to share information, personnel rotation was implemented for all executives and employees. since October 2019.	Completed in October 2019	Completed