

Fundamental reform of the 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

The Company will continue to carry out the action once the implementation is completed.

No.	Section	Category	Article	Class	Paragraph	Specific implementation method (as of May 31, 2022)	Time of implementation	Progress	
	Fundamental reform of corporate culture	A	Develop customer-oriented corporate culture			<ul style="list-style-type: none"> The Company has set up a Suggestion Box for Management, a system that directly collects employees' proposals to the management team on Jul 16, 2019. The number of posts has reached 568 as of May 31, 2022. The proposals are being forwarded to the meetings where directors and executive officers are present to evaluate and reflect them to improve the operations where appropriate. The second call for thesis entry for improving corporate culture was made between Nov and Dec 2020 and published them in Jan 2021. Conducted employee attitude survey to measure the degree of recognition between corporate culture and daily operations in Mar 2021 with positive results. President and CEO visited nationwide branch offices and held 23 town-hall meetings in September - November 2021 to exchange views with the customer-facing employees. He also attend three Linkage Meetings where several employees take part in the discussions with pre-determined specific themes. The Company will continue to organise such activities to draw employee attention to achieve the customer-oriented corporate culture. 	Completed in Nov 2021	Completed	
		B	Establish compliance-first policy	(1)	Periodic dissemination of messages concerning the compliance-first policy	<ul style="list-style-type: none"> President and CEO delivered to all group employees on Jul 12, 2019 a video message that the Company adopted a compliance first as a management policy. On May 29, 2020, CEO distributed to all group employees that May 29 should be designated as Change Day 5.29 on which all the officers and employees swear to prevent a reoccurrence of construction defects by engaging in self-reflection. President and CEO delivered to all officers and employees on May 29, 2021 a reminder message that it is vital for each to remember the past experiences with a sense of ownership and to avoid crisis mentality from diminishing. The Company organized a recurrence prevention training not to forget the construction defects problem and once again confirm the the fundamental cause and the key points of recurrence prevention measures. On the front of respect for human rights, the Company adopted the basic policy of eliminating harassment on Apr 1, 2020 and published it externally on May 31, 2020. 	Completed in Jul 2019	Completed	
				(2)	Examine introducing a performance management system, including adherence to compliance and others.	(a) Rate positively for adherence to compliance-first policy	<ul style="list-style-type: none"> The Company revised the performance management criteria in Oct 2019 with the main revision to increase weighting for the factor of compliance attitude and evaluate whether employees demonstrated their behavior and activities in accordance with the compliance-first policy. The Company published it in Jun 2020. 	Completed in Oct 2019	Completed
						(b) Introduce multi-faceted performance management system	<ul style="list-style-type: none"> In Oct 2019 the Company introduced a multi-faceted performance management system on a trial basis as part of the personnel evaluation system, which it started full-scale operation by the end of FY20/3. The Company organized seminars on 360-degree feedback by an external consultant for the department managers in Nov 2020. The Company started to operate it for department managers starting in Dec 2020 and implemented the same for all layers of managerial positions. 	Completed in Nov 2020	Completed
				(1)	Promote active dialogue among management team and employees	<ul style="list-style-type: none"> The <i>Regional Small Meetings</i> as a vehicle for interaction among management team and employees were held 37 times during FY19/3 with 2,310 participants. The Company has set up a Suggestion Box for Management, a system that directly collects employee's proposals to the management team on Jul 16, 2019. The number of posts has reached 568 as of May 31, 2022. The proposals are being forwarded to the meetings where directors and executive officers are present to evaluate and reflect them to improve the operations where appropriate. 	Completed in Jul 2019	Completed	
				(2)	Conduct a survey for employee attitude	<ul style="list-style-type: none"> The Company conducted a survey to check the degree of compliance attitude in Oct 2019 and a survey to examine the state of workplace about harassment in Nov 2019. In 2020 the Company surveyed employees about harassment twice from Jan to Mar and conducted a survey to gauge the employee compliance attitude in daily operations in Mar 2020. The results of each survey have been reflected on the content of compliance training. The Company continues to conduct necessary surveys and analyze the results to identify the areas for ensuring the compliance-first policy and strengthening the customer-oriented culture. 	Completed in Oct 2019	Completed	

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1	Fundamental reform of corporate culture	C	Realize corporate culture reform through dialogue with stakeholders	(3)	Promote dialogue with stakeholders and disclose the results of the dialogue (Implement stakeholder engagement measures)	<ul style="list-style-type: none"> •Since Jul 2019 till Mar 2020, the Company has held 377 property owner briefing sessions nationwide to strengthen the dialogues with property owners. The content of such sessions was disclosed in the form of a compiled report and by sharing the result of questionnaires. In addition, the Company utilized owners' comments and opinions into Q & As and provided them to the property owners. It will be examining the ways to hold the briefing sessions amid the spread of COVID-19 pandemic. •After establishing CSR Procurement Guidelines in Sep 2019, the Company has held briefing sessions for our business partners to explain its policy of selecting business partners based on the concept of compliance first. •For employees, the Company conducted various surveys including employee engagement and harassment and other things in Mar 2020 and shared the outcome of the surveys in the Company in Mar 2020. •The Company organized the financial briefings to the business partners since Nov 2020, 5 times in Nov and Dec by controlling the number of participants to stave off COVID-19 with 212 participants of 179 companies. •For property owners, the Company held an owner briefing session remotely in Dec 2020 due to COVID-19 situations. 	Completed in Dec 2020	Completed		
		D	Develop a system for reporting the violations of laws and regulations, among other things	(1)	Notify the reporting rules for ensuring full conformity	<ul style="list-style-type: none"> •In Nov 2019 the Company revised its compliance regulations and implemented the dual reporting system. New reporting system requires informing the Compliance Promotion Division in parallel to the the upper managers within each business division. The Company prepared the document to explain the dual reporting system and made the officers and employees to be aware of the system. The Company encourages the officers and employees to report the violations or the things that could go wrong in light of the dual reporting system, otherwise those who ignored to do so are liable for disciplinary action. •The performance management system contains the compliance attitude as a parameter and it refers to the behavior of reporting the violations or the things that could go wrong to their supervisors and the Compliance Promotion Division so that every employee has correct understanding of the dual reporting system. 	Completed in Nov 2019	Completed		
				(2)	Notify how the whistleblowing system works for ensuring conformance	(a)	Notify employees of the system, explaining its use, and describing cases of non-compliance incidents; having employees fully understand the leniency system	<ul style="list-style-type: none"> •The Company let all the officers and employees attend an e-Learning training course in Jan 2020 to get familiar with the rules related to whistleblowing system. The participants were told that a whistleblower should not be handled disadvantageously and the content of whistleblowing should be kept confidential so that there are no hindrance factors for a whistleblower to perform what they are supposed to do. In May 2020 the Company encouraged use of the system when it is needed and asked whistleblowers to provide the details for easier verification on the company intranet. •Since Jun 2020 the Company put a series of mini tests referring to particular cases for 23 times on the compliance intranet and organized two e-Learning courses. All the employees were refreshed with the way of whistleblowing every quarter on the company intranet. •The Company introduced an in-house leniency system to encourage employees with knowledge of possible violation and put it on the company intranet along with a message not to hesitate to blow the whistle in May 2021. 	Completed in May 2021	Completed
						(b)	Develop the persons in charge of being the contact points for whistleblowing	<ul style="list-style-type: none"> •The Company sent employees to attend harassment seminar in Feb 2020 so that they can better handle whistleblowing cases. •Despite the spread of COVID-19, the Company let the employees in charge to attend a remote seminar in Oct 2020 and to attend an internal meetings which discussed the verification policy to employ in handling whistleblowing incidents so that they were trained through various existing cases to increase their knowledge. •An inhouse clinical psychologist provided the persons in charge with training of attentive listening skills in Oct 2021 and they passed the compliance examination organized by the external authority in Nov 2021. 	Completed in Nov 2021	Completed
						(c)	Acquire certification for the whistleblowing system	<ul style="list-style-type: none"> •The Consumer Affairs Agency's designated registration organization approved the the certification for the Company's self-evaluated whistleblowing system after having verified that the system satisfied the certification standards in Aug 2021. 	Completed in Aug 2021	Completed
		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	<ul style="list-style-type: none"> •Following the call for thesis entry for improving corporate culture in Oct and Nov 2019, the Company published them in Jan 2020. We organized a survey in Mar 2020 to monitor the workplace environment in terms of attitude of performing the jobs. The Company organized the second call for thesis for improving corporate culture and published them in Jan 2021. In addition, it conducted employee attitude survey to measure the degree of recognition between corporate culture and daily operations in Mar 2021. •The Company has designated May 29 as Change Day 5.29 in an effort to help make every employee more aware of the problem so that it is not forgotten. With this day as the annual day of reflection along with continued reflective trainings going forward, the Company believes that not allowing the memories of the past to fade away will be the best deterrent in order to prevent a reoccurrence. 	Completed in Aug 2019	Completed		
				(a)	Training based on organizational hierarchy	<ul style="list-style-type: none"> •Since Jul 2019 the Company has conducted harassment prevention group trainings for managers (section manager/store manager class) followed by a survey to see the harassment reality in the workplace in Nov 2019, a survey on sexual harassment reality in the workplace in Jan-Feb 2020, and a survey on power harassment reality in the workplace in Feb-Mar 2020. Each time the results of surveys were utilized for refining the points for further enlightenment opportunities. 	Completed in Dec 2019	Completed		

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			Carry out training for corporate culture reform	(2)	Carry out training	(b) Job specific training	·In Oct 2019 the Compliance Promotion Division and each business division investigated which laws and regulations are related to each business and checked members' the level of understanding of the related laws and regulations. Based on the outcome of investigations and examined level of understanding, the Company organized an e-Learning on Act against Unjustifiable Premiums and Misleading Presentations in Jan-Mar 2020 and enlightened the employees about lawful quotation in the Copyright Act in May 2020. The Company continues to organize necessary trainings to deepen the understanding and compliance with the applicable laws and regulations.	Completed in Jan 2020	Completed
		F	Revise the performance management system (implement the institutionalized job rotation)				·Since Oct 2019 job rotation was implemented for all officers and employees with an aim of deepening understanding of the operations and of facilitating to share information. ·This is going to be continued going forward.	Completed in Oct 2019	Completed