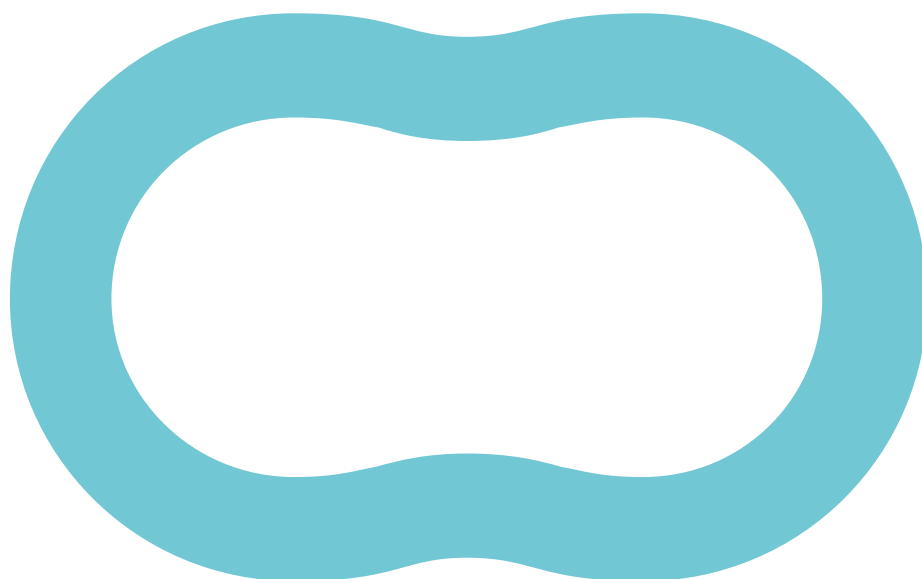


TOSEI GROUP ESG REPORT 2019





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Message from Executive Officer in Charge of Promoting ESG



Executive
Officer in
Charge of
Promoting ESG
Noboru Hirano

Recently, ESG investment has been expanding worldwide, particularly among major institutional investors. ESG investment refers to an investment method in which consideration is given to important indicators of whether investment target companies recognize three factors, namely, the environment, society and government, as significant in terms of management and implement corporate management (ESG management) accordingly. With companies becoming increasingly expected and pressured to engage in ESG, the Tosei Group has adopted “enhance Tosei’s brand value based on an awareness of ESG” as part of a fundamental policy to strengthen the business base under its Mid-term Plan “Seamless Growth 2020,” and aims to step up ESG initiatives. We have always promoted enhancement of corporate governance and real estate revitalization and development based on an awareness of reducing environmental impact as part of our CSR activities, and to realign and further develop our activities to date with ESG management, the Group established the Tosei Group ESG Policy and ESG Action Guidelines in January 2019 and developed a framework for their implementation. From 2020, we will position the UN Sustainable Development Goals (SDGs) as important indicators for the Tosei Group’s ESG management, determine the role to be played by the Group and material issues for realization of a sustainable society and endeavor to practice ESG management to ensure that the Group continues to be of value in the eyes of its various stakeholders.

Noboru Hirano

Recap of Mid-term Plan “Seamless Growth 2020”

We established our Mid-term Plan “Seamless Growth 2020” covering the three years from the fiscal year ended November 30, 2018 to the fiscal year ending November 30, 2020, adopting “achieve further growth in the existing businesses” and “establish new profit-making businesses” as growth strategies while at the same time positioning “strengthen the business base” to support growth as an important policy. “Enhancement of Tosei’s brand based on an awareness of ESG” means aiming to achieve sustainable growth and contributing to society into the future by becoming a company that inspires trust in all kinds of stakeholders through the incorporation of ESG considerations into its management.

Growth Strategy

Achieve further growth in the existing five businesses

Establish new profit-making businesses in addition to the existing five businesses

Strengthen the Business Base

Improve financial conditions to support the expansion of business scale

Strengthen optimum corporate governance

Increase employee satisfaction, strengthen organizational capabilities and improve productivity

Enhancement of Tosei’s brand based on an awareness of ESG

Tosei Group's ESG promotion system

The Tosei Group ESG Policy

The Tosei Group has a mission of creating new value and inspiration in all aspects of real estate as a global-minded group of seasoned professionals. It regards its commitment to the Environment, Society and Governance as a priority management challenge. It will seriously address the social issues associated with real estate to contribute to society and achieve its own continuous growth.

ESG promotion system

■ESG Promotion Meeting

An ESG Promotion Meeting is held mainly to deliberate and determine ESG-related policies and action plans.

The meeting is made up of Executive Officers determined by the Board of Directors and its examination results are reported to the Board of Directors and reflected in management plans and business activities.

(Eight meetings were held during FY2019.)

■ESG Project Teams

We establish ESG Projects Teams made up of members of each department as subordinate organizations to the ESG Promotion Meeting and these teams implement action plans and make reports as and when necessary.



Commitment to SDGs

We have created links between the UN Sustainable Development Goals (SDGs) and the Tosei Group ESG Policy and Action Guidelines. In the future, we plan to select material issues for the Group to focus on.



	The Tosei Group ESG Action Guidelines	Relationship with SDGs
E	Carry out business activities with environmental considerations	6 安全な水とトイレを世界中に 7 エネルギーをみんなにそしてクリーンに 12 つくる責任 つかう責任 13 気候変動に具体的な対策を 15 陸の豊かさも守ろう
S	Take actions that increase the value of real estate	3 すべての人に健康と福祉を 4 質の高い教育をみんなに 5 ジェンダー平等を実現しよう 8 働きがいも経済成長も 10 人や国の不平等をなくそう
	Contribute to tenants, locals and communities through real estate owned	
	Increase customer satisfaction	11 住み続けられるまちづくりを 12 つくる責任 つかう責任
	Increase employee satisfaction	
G	Carry out business activities that achieve sound growth	5 ジェンダー平等を実現しよう 16 平和と公正をすべての人に 17 パートナーシップで目標を達成しよう
	Comply with laws and regulations	
	Disclose ESG information	

Environmental Targets and Vision

Given pressing issues such as the changing attitudes towards environmental issues and reduction of greenhouse gas emissions, the Tosei Group takes its corporate responsibility as a real estate company seriously. To step up its environmental initiatives, the Group established the Tosei Group Eco Declaration in April 2019 and it conducts business activities based on Eco-Missions consisting of three action policies.

Tosei Group Eco Declaration	In order to achieve our slogan "Heart into the City", the Tosei Group declares its intention to promote corporate activities that are friendly to people and the environment and to work to reduce burdens on the environment, while keeping true to our philosophy "To create new value and inspiration in all aspects of real estate."		
Eco-Mission	■Mission 1 Promote environmental practice through business activities We strive to minimize environmental burdens by introducing measures to contribute to energy conservation and resource saving in the real-estate revitalization.	■Mission 2 Comply with environmental laws, regulations and raising of environmental awareness We work to conserve the environment by complying with environmental laws and regulations. We will also conduct various measures aiming to increase Tosei group employees environmental conservation awareness.	■Mission 3 Inform our activities to stakeholder Starting with the announcement of "Eco Declaration" and "Eco Mission", we will promote open communication with the society while providing information on our progress and results.

■Establishment of targets in the environmental area

The Group has set itself reduction targets in the three areas shown below to promote environmental initiatives.

	Targets for energy-saving and greenhouse gas emission reductions	Water-saving targets	Targets for waste generation reductions
Long-term targets	Decrease energy consumption and greenhouse gas emissions by 5%, respectively, in terms of basic units in five years	Reduce water consumption by 2.5% in five years	Reduce waste generation by 2.5% in five years
Short-term targets	Decrease energy consumption and greenhouse gas emissions by 1%, respectively, in terms of basic units in one year	Reduce water consumption by 0.5% in one year	Reduce waste generation by 0.5% in one year
Target properties	Fixed assets owned by the Company		

■Creation of sustainable value ~Three Value-Ups Code~

In the product planning phase both in the case of new construction and renovation to add value, we examine using eco-friendly equipment which suits property characteristics and we actively adopt products that are eco-friendly in a variety of ways, for example, equipment that conserves energy and saves resources. Especially when adding value to existing properties after acquisition, the Group considers the adoption of specifications which will help conserve energy and save money and resources based on the "Three Value-Ups Code" for adding value across three dimensions: "Security," "Design" and "Ecofriendly."

Initiatives Through Business Activities

In the revitalization and development of real estate, The Tosei Group has been striving to reduce the burden on the global environment by actively introducing measures that contribute to energy and resource savings.

■ Installation of LED lighting in existing office building

We are promoting the installation of LED lighting in our portfolio properties to achieve the reduction target we set in 2019. Last year, we installed LED lighting in two existing office properties, reducing electricity consumption by 30% on average. Besides reducing electricity consumption and costs, the installation work is also expected to improve tenant satisfaction through better lighting and easier maintenance.



Awajicho
Tosei building

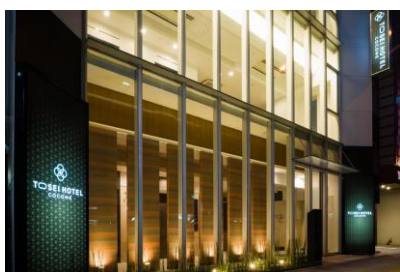


Shinbashi frontia
building

■ Revitalization of existing properties as own-brand hotels

In the case of Tosei Hotel Cocone Ueno, which is the Group's second own brand hotel, we converted an office building that was standing completely empty into a hotel. In the first-floor entrance, which is the public face of the hotel, we took out the first-floor ceiling and built a new stairwell leading to the reception on the second floor. We also created a roof terrace where guests can relax.

In the case of Tosei Hotel & Seminar Makuhari, scheduled to open in May 2020, Tosei acquired the business of operating an aging training facility. We then renovated the entire building to add value and are currently in the process of turning it into a facility which meets corporate training needs and the training and accommodation needs of other organizations. We will continue making full use of existing properties in the future by creatively converting them into hotels.



TOSEI HOTEL COCONE UENO

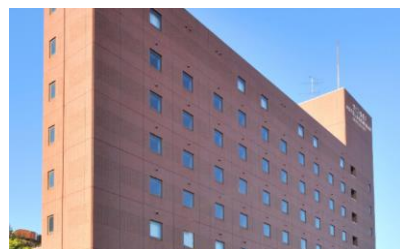


Before



After

Creating a roof terrace on the roof



TOSEI HOTEL & SEMINAR
MAKUHARI



Before



After

Remodeling a cafeteria into a restaurant



Before



After

Convert to rooms that can be accommodated in groups

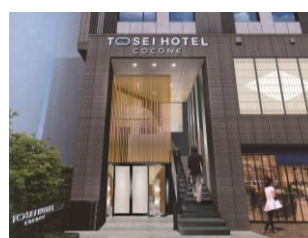
Environment

■ Promotion of greening

We are actively incorporating green spaces into existing properties and newly developed properties as part of our commitment to reducing the environmental impact of our activities. As of the end of November 2019, the total area we had “greened,” including the rooftops and walls of office buildings and the sites of condominiums, was 3,673m². We also plan to incorporate green spaces into commercial facilities and hotels currently under development.



THE PALMS CHOFU MANOR GARDEN



TOSEI HOTEL COCONE
UENOOKACHIMACHI

■ Development of net-zero energy housing (ZEH)

Tosei Urban Home Corporation is registered under the “Registration System of ZEH Builder” launched by METI and aims to increase the ZEH share of the properties it supplies annually to 60% by 2020. The number of ZEH buildings supplied as of the end of November 2019 was 16 out of 33, which represents a share of 48%. We aim to continue contributing to the reduction of CO₂ emissions through the spread of ZEH in the future.



THE PALMS COURT
KAMAKURASHIROMEGURI

Main specifications and equipment



Solar power



High performance insulation



Energy meter

■ Revitalization of idle company-owned apartments

With population decreasing due to the country’s declining birthrate and aging society, it is increasingly critical to take appropriate measures to deal with the issue of abandoned houses and offices. Tosei therefore undertakes to purchase idle company-owned apartments. By making upgrades to a whole building or restyling a building for use as condominiums, it seeks to use existing buildings as effectively as possible.



Tsuzuki Ward, Yokohama

■ Participation in program to promote creation of quake-resistant and energy-efficient real estate

In 2013, Tosei Asset Advisors was selected as a manager of the first real estate fund operated by the general incorporated association Real Estate Sustainability & Energy-Efficiency Diffusion (Re-Seed) in a program to promote creation of quake-resistant and energy-efficient real estate launched by the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of the Environment. Tosei Asset Advisors was selected as a manager of the second real estate fund in 2014, and again in 2017.

Environmental awareness-raising and education

Each employee of the Tosei Group strives to improve awareness of environmental conservation, and pursues environmental initiatives in his/her daily life. These initiatives are aimed at reducing the burden on the environment and developing a sustainable society. The project team, which consists of members selected from each department, plays the leading role in internal eco-friendly activities.

■ Rooftop Greening

In May 2010, the Tosei Group introduced greening to the rooftop of its head office, Toranomon Tosei Building. It did so mainly to bolster the environmental awareness of employees and to encourage communication, as well as to help alleviate the heat island phenomenon. The Group strives to raise employees' environmental awareness through events in which employees can take part, such as raising seasonal flowers and vegetables and holding the Harvest Festival, for example.



■ Participation in Events

Volunteers for cleaning activities

The Group has participated in community volunteer activities since 2009. This year, it took part in the Nishinagisa-Hatsu Tokyo-Satoumi-Aid, a clean-up event held at Kasai Rinkai Park to remove marine debris. It also checked the types of debris collected and measured the total volume to contribute to future surveys for identifying the cause of marine debris. Going forward, the Company will continue to promote environmental conservation activities.



■ Adoption of new eco-friendly materials for employees' business cards



The Group changed the material of business cards used by the Group's employees to LIMEX. This material is eco-friendly because almost no water or trees are used. The Group aims to reduce the amount of paper used and raise environmental awareness among employees by replacing business cards, the use of which reaches 500 pieces per person every year, with those made of eco-friendly materials.

■ In-house resource and energy conservation initiatives

We are gradually making meeting materials, approval documents and other documents paperless through the development of our IT environment. We also continue to take slow and steady actions, such as using fans and halogen heaters rather than relying entirely on air-conditioning systems. We believe that continuous initiatives throughout the year are important to save resources and conserve energy and intend to continue raising awareness and educating employees about environmentally-friendly activities they can do in their daily lives.

Third-party evaluation

The Tosei Group actively acquires third-party reviews of its environmental performance data both as a benchmark for implementing and evaluating initiatives based on its ESG Policy and ESG Action Guidelines and in order to improve the reliability of the real estate it handles.

■ Participation in GRESB Real Estate Assessment

Tosei Corporation participated in the GRESB Real Estate Assessment for the first time in 2019 and received a “1 Star” in the GRESB Rating, which is a relative evaluation based on the overall GRESB Score.



About the GRESB Real Estate Assessment...

GRESB is an annual benchmark which measures environmental, social, and governance (“ESG”) considerations in real assets including real estate and infrastructure held and managed by real estate companies and funds. It was established primarily by major European pension funds groups based on the Principles for Responsible Investment (PRI) in 2009. A total of 964 entities, including real estate companies, REITs and funds, globally participated in the 2019 GRESB Real Estate Ratings.

■ Acquisition of A rank certification of the Certification for CASBEE for Real Estate

Toranomon Tosei Building, an office building developed by Tosei, received an A rank certification of the Certification for CASBEE for Real Estate, which comprehensively assesses and rates the environmental performance of buildings.

About Certification for CASBEE for Real Estate

Certification for CASBEE for Real Estate is a system in which a third party examines and certifies assessment results prepared in accordance with CASBEE for Real Estate (formerly CASBEE for Market Promotion), an evaluation system that ranks buildings and structures in terms of their environmental performance. The system assesses buildings across a broad range of considerations including their energy and resource efficiency, recycling activity and environmental load as well as considerations for protecting biodiversity.



Toranomon Tosei Building

■ Utilization of environmentally rated loan programs

When raising funds for the acquisition of properties, we utilize loans programs for companies that are practicing environmentally conscious management offered by various banks. We have benefited from favorable interest rates on a total of seven occasions since 2010 under the environmentally rated loan programs of Mizuho Bank and the Yachiyo Bank as well as the Hokuriku Bank’s Eco-Leadmaster environmentally rated loan program. Loan program environmental rating assessments rated us highly for management that promotes environmentally conscious business activities and ESG initiatives across the entire Group.

Environment

■Acquisition of environmental certifications for real estate at Tosei Asset Advisers

Tosei Asset Advisors, Inc. is working to acquire a range of certifications through initiatives such as the installation of environmentally-friendly equipment such as LED lighting and energy monitoring at office buildings for which it provides asset management services and the proposal and conclusion of green lease agreements (lease contracts which include articles on environmental consideration).

•Acquisition of “4 Stars” in the GRESB Real Estate Assessment

OSJ Kinshicho TMK and OSJ NSY TMK, which are provided with asset management services by Tosei Asset Advisors, Inc., received a “Green Star” designation and a rating of “4 Stars.”



•Acquisition of DBJ Green Building Certification



Office building in Sumida Ward



Office building in Yokohama City

About DBJ Green Building Certification

DBJ Green Building Certification is a certification system established by the Development Bank of Japan (DBJ) in April 2011 to act as a bridge between businesses and financial institutions and investors through the evaluation of real estate with high environmental and social awareness. The system supports ESG initiatives at existing buildings through comprehensive evaluation, which includes consideration for the social requirements from various stakeholders surrounding the properties in addition to their environmental performance.

• Acquisition ofBELS

About “Building Energy-efficiency Labeling System” (BELS)

BELS is a system which evaluates energy conservation performance of buildings through a third-party evaluative organization and accredits them based on the Guidelines on Indicating the Energy Consumption Performance of Buildings established by the Ministry of Land, Infrastructure, Transport and Tourism.



Office building in Sumida Ward



Office building in Taito Ward



Office building in Yokohama City

For Our Customers

We are conscious of creating products that respond to social issues and needs as the times change.

■Creation of comfortable residences

In the detached house development business, the Group proposes residences that are comfortable for all family members in response to increasingly diverse lifestyles, including the rise in households where both partners work. At certain houses in The Palms Court Kamakura Shiromeguri, we have planned houses where all family members can easily take part in family chores, considering the line of flow. In product planning, we focused attention on the views of women, who support the lives of family members through family chores and child rearing. A project team consisting chiefly of female employees is responsible for the project from planning to development to create more comfortable houses.



Atrium living room



Iron counter



Soil space with high storage capacity



Island kitchen



mama counter



wood deck

■Creation of Community Spaces in Condominiums

In new condominiums for sale and rental condominiums, we actively incorporate community spaces that residents can use depending on the situation. At THE Palms Chofu Manor Garden, a new condominium that sold out in 2019, we sought to create an environment where residents with different lifestyles could live comfortably, with the Picnic Terrace, an area where children can play and family members and other residents can gather, and the Relaxing Library, suitable for studying and reading.



Relax Library



Afternoon Garden



Kid's Room

■Barrier-Free Houses

THE Palms Court series of condominiums for sale includes barrier-free “Withstyle” homes for the elderly. These homes, Tosei applies a unique design code consisting of 10 items based on the concept of a permanent residence, to create house designs suitable for any situation in a long life. Features include the installation of a closet that can be converted into an elevator at low cost should an elevator become necessary in the future and wheelchair-accessible designs.

■Management of product quality

・Implementation of evaluations and inspections by third parties

For the THE Palms Yutenji Master Place, a newly constructed condominium, Tosei implements evaluations and inspections through the Japan Constructive Inspect Association, a third party designated by the Minister of Land, Infrastructure and Transport, as well as inspections based on laws and regulations to provide safe and reliable housing to customers.



・ISO 9001 (quality management system)

Tosei is an ISO 9001-certified company for the planning, design, construction work management and after-sales service (regular inspections) of condominiums, office buildings, commercial buildings and detached houses, and engages in strict quality management in compliance with ISO 9001. Tosei Community Co., Ltd., a subsidiary of Tosei Corporation, is also an ISO 9001-certified entity that undertakes the planning and provision of general management operations for condominiums, office buildings and rental condominiums.



JQA QMA11353

May 2019
update

・Efforts to pursue quality improvements in products in response to customer needs Meetings

As part of quality management, the Tosei Group is in the process of adopting more unique initiatives. [Meetings for examining quality improvements]

In conjunction with the construction or renovation of new or existing office buildings and condominiums, among other properties, Tosei conducts detailed checks on specifications and in-depth meetings with the attendance of three parties—the Company, design and construction management companies, and construction companies. It seeks to strengthen collaboration among concerned parties to provide better products while preventing the occurrence of issues.

[TOSEI-QC-10]

Tosei manages all processes related to the construction and maintenance of new or existing office buildings or condominiums through three parties—the Company, design and construction management companies, and construction companies—based on Tosei’s unique quality control standards, TOSEI-QC-10. Tosei strives to provide customers with safe and reliable products by conducting inspections and particularly rechecking those items that customers cannot oversee.



[Feedback on customer requests for products]

Tosei is moving forward with efforts to plan and design products with better quality by internally sharing feedback on complaints and requests raised by customers during after-sales inspections and their straightforward opinions obtained from personal perspectives and resident questionnaires.

For Our Employees

■ Creation of happy, positive workplaces

We endeavor to create workplace environments that are based on respect for the diversity of the workforce regardless of differences such as gender or age and where all employees can reach their full potential.

• Whistleblowing system

Tosei operates a whistle-blowing system consisting of three Tosei Hotlines that can be accessed by all Group employees. We also have a contact point in the Human Resource Department to prevent harassment and deal even more quickly with any harassment that does arise.

• Circle activities

We subsidize circle activities to encourage communication among employees. A total of eight circles, including cultural and sports circles, have been established to date, providing employees with a valuable opportunity to communicate with employees from departments or group companies with whom they would normally not associate at work.

• Family days

We hold family days once a year to give children a better understanding of their parents' job and workplace. In 2019, a total of 20 families or 62 family members attended the family day and enjoyed activities such as swapping business cards, a stamp rally around the offices, and making models of homes. The day also served as a social occasion for employees and their family members to get to know each other.

■ Human resource development training

The Tosei Group helps each employee enhance their skills and abilities through the implementation of human resource training programs and the adoption of systems that facilitate personal development and qualification acquisition. To develop a globally-minded group of seasoned professionals, as described in its corporate philosophy, the Group also provides external management school training aimed to develop the next generation of leaders as well as training for employees according to occupational level.



The Real estate
notary training

- Group training for new graduates
- Training for instructors of new graduates
- Training for mid-career hires
- Training for newly assigned junior administrator (one year)
- Training on management for managers
- Training at business schools (one year)
- Real estate notary training
- Compliance training
- Mental health training
- ESG training

■ Supporting employees' work-life balance

• Leave systems for every stage of life

We have developed various leave systems, such as maternity leave, childcare leave and nursing care leave, to support employees when they have a child, raise young children, care for elderly relatives or experience other changes in their lifestyles at the different stages of life.

• Health Committee

In the interests of health management, employees are required to undergo an annual medical health checkup. The Health Committee, which comprises employees and partner industrial physicians, reviews the general working environment, including the soundness of the office environment and the status of medical checkups, on a monthly basis. The results of the reviews are provided to employees as feedback.

•Mental health care

We survey all employees about their mental health and provide training related to mental health care under the guidance of partner industrial physicians. Moreover, the Group takes steps to maintain the sound physical and mental health of its employees through initiatives such as offering those engaged in overtime work that exceeds a certain level the interviews with industrial physicians and other professionals. In addition, the Group provides its employees with a consultation service for their sound mental health, working with external medical institutions. The service allows the Group's employees as well as their families to informally consult with medical professionals about mental health conditions either by phone or by e-mail.

•Employees' health promotion program

Tosei endeavors to maintain and improve its employees' health through regular medical health checkups. We also endeavor to further promote the early detection of disease and better health among employees aged 35 and over by paying their share of the cost of comprehensive medical examinations. Every year, we offer a range of additional internal activities such as public health nurse interviews, voluntary locomotive syndrome risk testing and a refresh program which includes relaxing yoga to any employees who wish to participate.

•Encouraging employees to take annual paid leave

To create an environment that made it easier for employees to take annual paid leave, we introduced the "Anniversary leave" system under which employees take one day's annual paid holiday on one date every year which they themselves fixed.

•Efforts to reduce overtime work

To curb employees' long working hours, the Group is promoting initiatives to reduce overtime work through the adoption of no-overtime-work days, the prohibition of overtime work after 21:00 as a general rule, and the recommendation of morning-oriented workstyles. The average number of overtime hours decreased for a sixth consecutive fiscal year, reflecting efforts to improve business efficiency.

<Reference> human resources data

	FY2017	FY2018	FY2019
Number of employees (Non-consolidated)	159	181	191
Men	111	128	137
Women	48	53	54
Pct. of females in employees(%)	30.2	29.3	28.3
Pct. of female managers(%)	8.6	11.9	6.3
Number of new graduate hires	18	12	10
Number of mid-career hires	11	28	23
Length of service	5.8	5.5	5.8
Pct. of employees using childbirth and childcare leave(%)	100	100	100
Pct. of employees returning to work after childcare leave(%)	100	100	100
Pct. of employees using elderly parent care single-day leave(%)	0	0	0
Pct. of paid leave used(%)	40.3	44.4	45.6

Contributions to Local Communities

■Volunteers for cleaning activities

The Group has participated in community volunteer activities since 2009. This year, it took part in the Nishinagisa-Hatsu Tokyo-Satoumi-Aid, a clean-up event held at Kasai Rinkai Park to remove marine debris. It also checked the types of debris collected and measured the total volume to contribute to future surveys for identifying the cause of marine debris. Going forward, the Company will continue to promote environmental conservation activities.



■The green fund fundraising activity

The activity aims to provide support for a range of programs, such as the maintenance of forests, development of forestry volunteers and provision of forestry and environmental education for children.

■Collection boxes for plastic bottle caps

The activity aims to send vaccines to children in developing countries by using profits earned from the sale of plastic bottle caps to recycling companies.

■Support activities for affected areas

•Continuation of activities for supporting areas affected by the Great East Japan Earthquake

Since 2011, the Tosei Group has been engaged in activities for supporting areas affected by the Great East Japan Earthquake. Its recent activities include the organization of dental seminars and painting of rusted playground equipment at nursery centers in the affected areas, as well as support for the opening of food stalls for a festival held at a temporary housing site. These activities were carried out in cooperation with an NPO that is engaged in volunteer activities in the affected areas.

We collected voluntary contributions from Group employees and others in order to donate 28 Taiko drums to Naruse Mirai Junior High School, which had just opened in Higashimatsushima. Elementary and junior high schools in Higashimatsushima always used to give many Taiko drumming performances. However, many drums were lost in the tsunami that hit the area. Thanks to the Taiko drums we donated, the school is now able to give Taiko drumming performances at cultural festivals and the school and local residents were very pleased with the gift.



Taiko drums

•Donations through the Japanese Red Cross Society

In 2019, Tosei sent, via the Japanese Red Cross Society, a donation of 1 million yen plus money collected from Group employees, to support those affected by Typhoons Faxai and Hagibis.

Our Idea of Corporate Governance

Our Group aspires to be a valuable contributor to all kinds of our stakeholders in the society, including the shareholders, the employees, the business partners and others, by promptly and appropriately responding to the changes in the business environment and continuing operational activities which enable the Group to achieve a sound growth. For this purpose, the Group has placed the greatest importance on enhancement of corporate governance, and in particular, “fully cultivating compliance mind,” “enhancing risk management” and “conducting timely disclosure” as three key initiatives.

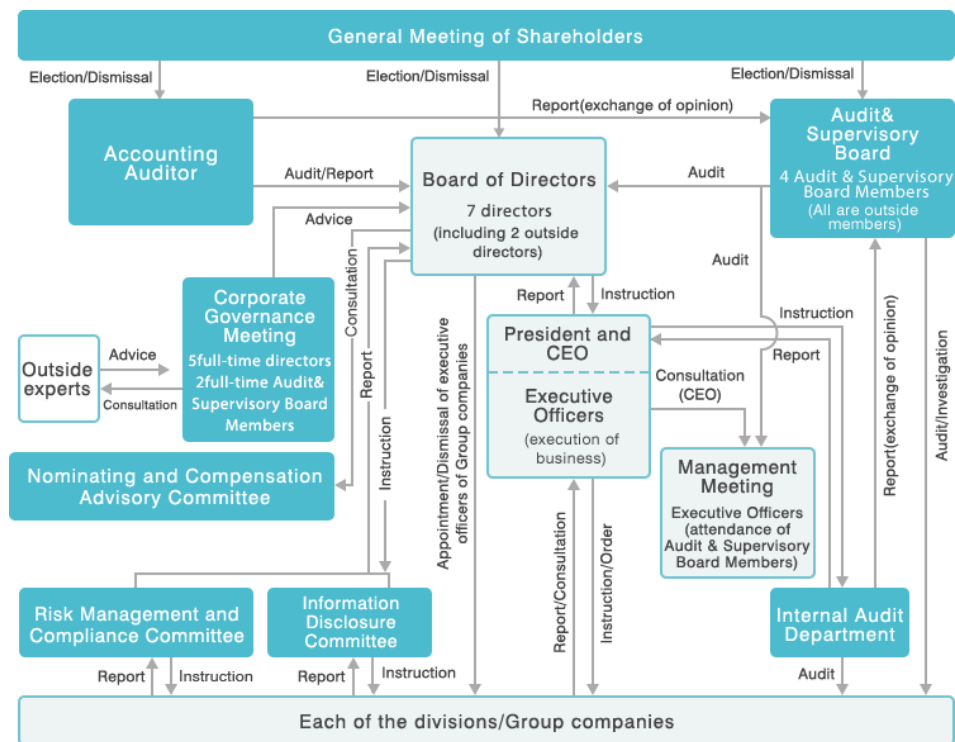


Furthermore, the Group is determined to make efforts in a unified manner, from the top management down to each employee of the Group companies, led by the Board of Directors, to develop an internal control system as required by the Companies Act and the Financial Instruments and Exchange Act, as well as to set up a system which is credible to investors, as a financial instruments business operator.

Three Important Items in Corporate Governance. Group-wide Promotion of three Committees

Compliance	Risk Management	Information Disclosure
We place compliance at the top of our agenda and raise awareness of it from top management to all employees of the Group companies	Assuming every possible risk, we prepare and practice emergency responses under normal conditions with a special focus on eliminating relationships with anti-social forces.	We practice disclosure and communication appropriately and on a timely basis to all stakeholders including shareholders.

Corporate Governance System



Corporate Governance

•Operation of the Meetings of Board of Directors

The Board of Directors is constituted by Seven directors, two of whom are outside directors. Based on the regulations of the Board of Directors, the directors hold regular meetings every month, and extraordinary meetings are held as necessary. As the highest management decision-making body, the Board of Directors makes resolutions on management policies and material issues and also supervises the execution of duties by the directors.

•Executive Officer system

The Company has adopted the executive officer system in order to more clearly segregate the monitoring/supervision of the Company's business management, which is the duty and responsibility of the directors, from the execution of the business, and has 10 Executive Officers as of the end of November 2019. Executive Officers are elected by the Board of Directors, and the Management Meeting, which is made up of the Executive Officers, discusses matters to be resolved at the board meetings in advance and holds consultations on the material issues to be decided by the CEO.

•Nominating and Compensation Advisory Committee

The Company established the Nominating and Compensation Advisory Committee voluntarily as a consultative body to the Board of Directors to ensure appropriateness and transparency in such matters as the process of selecting candidates in connection with director election proposals submitted to the general meeting of shareholders and resolutions of the Board of Directors relating to allocation of remuneration, etc. to individual directors. The constituent members of the committee include a representative director (one person), a full-time director (one person), outside director(s) (independent director(s), one person or more), and a full-time audit & supervisory board member (outside audit & supervisory board member, one person). An outside director who is a committee member will assume the office of the chair of committee. The Board of Directors will continue to fulfill its mandate from the Company's shareholders and investors by respecting the recommendations of the committee to the maximum extent and developing an appropriate governance system.

Three-way auditing (coordination of audits by corporate auditors, internal audits, and audits by the accounting auditor)

Audits by corporate auditors

The Audit & Supervisory Board Members carry out an efficient and effective audit under an annual audit plan in cooperation with the accounting auditor and the Internal Auditing Department. The full-time Audit and Supervisory Board Members regularly interview each full-time Director and head of each department and check the status of business execution. They also regularly exchange opinions with Independent Directors.

Internal audits

As a department directly controlled by the President, the Internal Auditing Department carries out an audit of the entire Group under an annual plan and helps correct inadequacies by recommending actions and conducting follow-up activities, including giving specific guidance.

Audits by the accounting auditor

The accounting auditor carries out an audit under an annual audit plan. It carries out not only a fiscal year end audit but also quarterly reviews (accounting auditor: Shinsoh Audit Corporation).

Compliance

The Tosei Group puts top priority on compliance in management. Everyone in the Group from senior executives to general staff was made aware of compliance.

■ Compliance promotion system

・ Risk Management and Compliance Committee

The Company established the Risk Management and Compliance Committee comprising the Executive Officers in charge of each department, all department general managers as well as the risk management and compliance officers of each group company, as an organization to centrally consider risk management and compliance across the Tosei Group. The Committee recognizes, analyzes and assesses the risks of the Group as a whole, gathers information about specific risks and discusses measures to address them and also holds consultations on the promotion of compliance. It raises awareness about compliance, implements a PDCA cycle for risk management and strengthens monitoring in accordance with a “Risk Management and Compliance Program” formulated each fiscal year.

■ Response to anti-social forces

We implement measures as an organization to combat anti-social forces, seeing the elimination of any association with them as *a priority*. In the event any dispute arises between the Company and anti-social forces, we will stand firmly against them. In addition to providing the basic policies for eliminating any contact with anti-social forces and the checkpoints on the specific actions in the Tosei Group Risk Management and Compliance Guidebook, it has developed “The manual for acting against anti-social forces.” In day-to-day operations, we make it a rule to research and confirm that a new business counterparty is not an anti-social force, prior to the commencement of any transaction.



■ Education and training

In FY2019, we continued to provide group training and online training to all employees, including training on how to deal with anti-social forces, insider trader training, training on the financial instruments business, ESG training and mental health training.

We also implemented initiatives to raise awareness about compliance such as distributing video learning content about compliance and displaying compliance slogans.



Risk Management

Assuming every possible risk, we prepare and practice emergency responses under normal conditions with a special focus on eliminating relationships with anti-social forces.

■ Risk management system

With respect to risk management, which the Tosei Group recognizes to be equally as important as compliance, the Group established the Risk Management and Compliance Committee to recognize and assess risks, to gather information about specific risks and to discuss measures to address them.

Corporate Governance

•Risk Management and Compliance Guidebook

Tosei prepared and distributed the Tosei Group Risk Management and Compliance Guidebook as a detailed guide to help Group officers and employees accurately understand risk management and compliance and put compliance activities into practice and are seeking to raise compliance awareness through training and other measures.



•Action in the event of a crisis or disaster

The Company recognizes situations that are potentially damaging to its corporate value, such as large-scale natural disasters and incidents, accidents, and events that impact generally on customers, residents and wider society, as management crises and, if such an event were to occur, it would set up a Crisis Management Taskforce headed by the CEO, as provided for in the Risk Management and Compliance Regulations, and would take action to control the situation in collaboration with the Risk Management and Compliance Committee members and relevant departments. We have also established a Crisis Communications Manual to speed up and facilitate corporate communication activities in the event of a crisis and are working to raise awareness about dealing with crises properly.

•Action to ensure business continuity

The Company has formulated a Business Continuity Plan (BCP) to ensure that, in the event of a natural disaster, incident, accident or other event that forced the Company to suspend its core business operations or that made business activities under the normal organizational/personnel structure difficult, the Company would be able to swiftly implement measures to continue business or resume business quickly. Besides formulating a Disaster Response Manual detailing the steps from gaining a basic understanding of the disaster through to making an initial response in the event of earthquake, fire or other disaster, right down to conducting evacuation and relief activities, we also conduct a range of drills including evacuation drills, AED practice drills, and in-house fire-fighting team fire drills.

•Information asset management

Recognizing that information assets are one of our most important management resources, we have set out provisions on developing and maintaining information management environments in order to properly protect and efficiently utilize information in the Basic Policy on Information Asset Management, and we have established Information Asset Management Regulations and Personal information Protection Rules. Tosei also provides information asset management Training based on its Risk Management and Compliance Program and works to raise awareness about information asset management rules and increase literacy with regard to information asset management.

■TOSEI's Group Ethics Code

To fulfill our corporate social responsibility, we consistently value a law-abiding spirit when pursuing the Group's Corporate Philosophy, and conduct our business activities in adherence with the principles below:

1.Integrity and customer focus

We constantly maintain a sense of humility and integrity in our business activities, acting from the perspective of customers and working to ensure the safety and security of the products and services we provide.

Corporate Governance

2. Prompt and appropriate information disclosure

We promptly and appropriately disclose the information necessary to retain a fair evaluation and understanding from investors and society.

3. Fair and transparent decision-making

We make decisions based on appropriate and accountable grounds, in compliance with laws and regulations and internal rules.

4. Strict compliance with all laws and regulations, and fair trade practices

We understand the intent and purpose of laws and regulations in domestic and global contexts, and will never engage in transactions that are illegal or otherwise in violation.

5. Rejection of relations with anti-social forces

We will reject all ties with antisocial forces and will act resolutely as an organization in dealing with problems and other incidents involving them.

6. Protection of confidential information

We will protect and strictly manage all important business information, personal information of customers, information of business partners, and other confidential information.

7. Establishment of sound operating environment

We will constantly strive to establish a sound operating environment that always respects human rights, without discrimination or abuse, and will aim for the sound development of our human resources.

8. Consideration for the environment

We will remain constantly aware of the importance of environmental issues, and will seek to reduce the environmental footprint of our corporate activities.

9. Social contribution

We will remain committed to our CSR activities as a good corporate citizen.

10. Senior management commitment

Our senior management will take a leading role in dealing with any violations of these principles, working to investigate the cause and prevent a recurrence. They will fulfill their responsibility to explain to the market and society, including making timely and appropriate information disclosures, and deal fairly and strictly with the offenders, including themselves.

Timely and appropriate disclosure

In addition to information disclosed under the Companies Act, the Financial Instruments and Exchange Act, among other laws and regulations, and rules of stock exchanges, the Tosei Group provides corporate information in a timely and appropriate manner to stakeholders, such as shareholders, investors, and business partners, through IR activities and the website.

■ Disclosure on the website and external evaluation

As a result of the listing of our shares on the Singapore Exchange, we now simultaneously disclose information in English and Japanese. We endeavor to convey how our earning results briefing went to those who were unable to attend by posting the video of our earning results briefing and the corresponding presentation materials on our website and we try to enhance the information we disclose. We also release corporate information for a wide range of stakeholders, including ESG information, and share and shareholder information. In evaluations by third-party organizations that award listed companies for their IR activities, we were rated highly for the availability and ease-of-use of our IR information.



Corporate Data

Corporate Data (As of November 30, 2019)	
Company name	Tosei Corporation
President and CEO	Seiichiro Yamaguchi
Date of establishment	February 2, 1950
Address	Toranomon Tosei Bldg., 4-2-3 Toranomon, Minato-ku, Tokyo
Capital	6,579,844 thousand yen
Stock Listings	Tokyo Stock Exchange, First Section(Ticker code:8923) Singapore Exchange, Main board(Ticker code:S2D)
Employees	457(Consolidated) 191(Non-Consolidated)
Fields of business	Revitalization; Development; Rental; Fund and Consulting; Hotel
Licenses	Real Estate Business License, Specified Construction Business License, First Class Architect's Office License, Registered Financial Instrument Business(Type2 Financial Instrument Business, Advisor and Agency), General Real Estate Investment Advisory Business Registration, Real Estate Specific Joint Enterprise Permit
Consolidated Subsidiaries	Tosei Community Co., Ltd. Tosei Asset Advisors, Inc. Tosei Revival Investment Co., Ltd. Tosei Urban Home Corporation Tosei Hotel Management Co., Ltd. Tosei Hotel Service Co., Ltd. Tosei Singapore Pte.Ltd.

Management team (As of November 30, 2019)			
President and CEO	Seiichiro Yamaguchi	Senior Executive Officer	Ichiro Kawabata
Director, COO	Katsuhito Kosuge	Executive Officer	Shunsuke Yamaguchi
Director, CFO	Noboru Hirano		Nobuto Fujiwara
Director, Managing Executive Officer	Masaaki Watanabe		Koji Kuramoto
	Hideki Nakanishi		Hitoshi Oshima
Independent Directors	Kenichi Shohtoku		
	Hiroyuki Kobayashi		
	Yutaka Kitamura		
Audit & Supervisory Board Members	Hitoshi Yagi		
	Tatsuki Nagano		
	Osamu Doi		

Director, Managing Executive Officer
 Masaaki Watanabe

Independent Directors
 Hiroyuki Kobayashi

Independent Directors
 Kenichi Shohtoku

Director, Managing Executive Officer
 Hideki Nakanishi

Director, CFO
 Noboru Hirano

President and CEO
 Seiichiro Yamaguchi

Director, COO
 Katsuhito Kosuge

