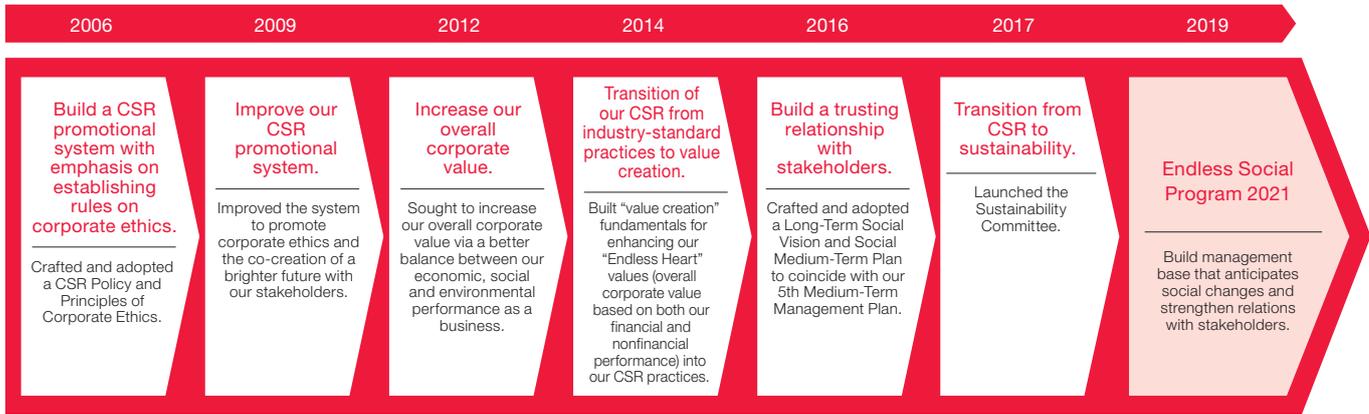


## Social Medium-Term Plan (Endless Social Program)

The Daiwa House Group crafted and adopted an “Endless Social Program (ESP 2021)” for achieving our Long-Term Social Vision. It identifies priority issues based on major trends and our business models along a core axis of our founder’s spirit, and lays out specific targets and plans for attaining them over a 3-year period that coincides with our 6th Medium-Term Management Plan (FY 2019–FY 2021).

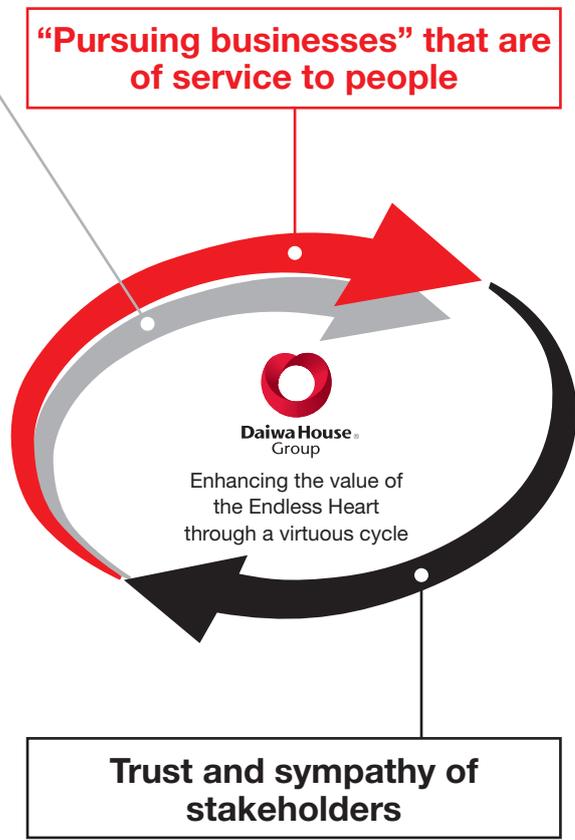
### History of Social Medium-Term Plan



### Key social themes in our 6th Medium-term Management Plan

The Endless Social Program 2021 is underway as a program to raise our social engagement. Over the last three years in particular, we will focus on the three bases as the source of value creation, observing changes in the external environment while identifying bases to strengthen for the future.

“Strengthening our bases” in response to changes in the world		
	Policy	Examples of assessment indices
Human resources base	Build an organization with a diversified motivated workforce that retains the young people it develops	Improvement in “motivation” of entire workforce
Customer base	Build long-term relations with customers and establish corporate brands that bring in new customers	Brand monetary value
Technology and manufacturing base	Enhance productivity and promote responsible procurement together with business partners, on the premise of ensuring construction site safety and quality	Annual holidays on a worksite
Bases to strengthen anew	+	+
	The three bases to strengthen anew are the innovation base to continue to create innovative businesses to solve social issues, the communication base to ensure proper communication with our stakeholders, and the risk countermeasures base to thoroughly implement internal controls and foster corporate ethics among executives and employees. We will promote efforts along these lines.	Percentage developed of large projects based on Community Development Guidelines Establish a system and practices for financial and non-financial communications Business Continuity System score



## Priority issues of our Social Medium-Term Plan (Endless Social Program 2021)

We will build management base in anticipation of social changes and improve relations with stakeholders, by addressing the below 16 priority issues in the 6 bases where balanced improvements are needed.

<p>1 Innovation base</p>	<b>Issue 1: Build platforms for innovating solutions to social issues</b>	<b>FY 2021 targets</b>
	<p>Identify and build ways and means (innovation base) for “creating new businesses” that serve society, as exemplified by SDG projects, and “tuning existing businesses.”</p> <p>Particularly with regard to new business development, strengthen “forms of collaboration,” “human resource development programs” and “systems for evaluating ESG risks and social contributions of businesses.”</p> <p>* The leading premise of all Daiwa House Group business is to “generate cashflow and fulfill social responsibilities.”</p>	
<p>2 Human resources base</p>	<b>Issue 2: Promote social inclusion in real-estate development</b>	<b>FY 2021 targets</b>
	<p>Improve our housing planning and management abilities and promote inclusive and sustainable development based on long-term design and area management so that community and property values rise rather than fall in 2030 and 2055.</p> <p>Introduce broad “inclusive design” concepts into all processes of urban development and large-scale construction handled by our Group.</p>	
<p>3 Third-Party Assessment / Data Section</p>	<b>Issue 3: Work style reform for employees</b>	<b>FY 2021 targets</b>
	<p>(by creating workplace environments that both maximize results and ensure health and safety)</p> <p>Promote changes to workplace environments that allow all our employees to both “maximize the results of their work” and “maintain their mental/physical health and safety,” in line with Corporate Creed and SDG No. 8 “Decent Work and Economic Growth.”</p> <p>* Any and all changes are premised on the importance that our founder placed on the private lives of employees and the right to develop through one’s job, as well as the type of human resource the group seeks.</p>	
<p>4 Third-Party Assessment / Data Section</p>	<b>Issue 4: Upgrade human resource development and recruitment</b>	<b>FY 2021 targets</b>
	<p>(by building programs based on projected 2030 group requirements)</p> <p>Design human resource development and recruitment programs from a long-term perspective (what will be needed in 2030/2055), with the founder’s spirit, the values espoused in our Corporate Creed and our business models as an underlying basis.</p> <p>Prepare training, hiring and work environments based on the fact that millennials will hold midlevel staff and managerial positions, and the bulk of new recruits will be of Generation Z age. Moreover, build systems that allow senior employees, which represent a growing share of the workforce, to continue to exhibit their skills.</p>	

Issue 5: Promote diversity and inclusion

Respect the diversity (race, nationality, ethnicity, gender, sexual orientation, gender identity, handicapped or not, age, faith, social status, etc.) of our employees and build workplace environments where diverse employees are motivated and can demonstrate their abilities. Apply inclusion and diversity concepts to managing operations, decision-making processes and all functions (positions) in order to conceive new ideas for products, services and other processes, and foresee risks from diverse angles.



FY 2021 targets

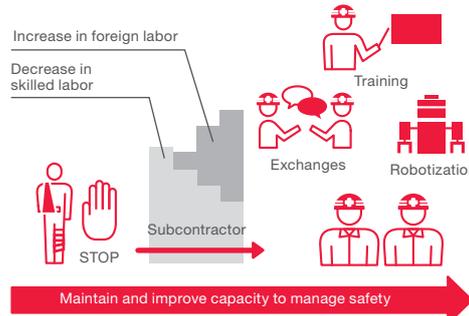
General indices for diversity and inclusion

Targets are set for the below 5 indices.

- ① Percentage of women managers 5%
  - ② Percentage of line leaders amongst women managers 40%
  - ③ Percentage of women engineers 6%
  - ④ Percentage of women sales reps 13%
  - ⑤ Percentage of women amongst new college recruits 30%
- \* Targeted for April 1, 2022

Issue 6: Enforce safety/security at construction sites

Address the declining capacity to manage safety at construction sites resulting from a decrease in skilled labor and an increase in foreign labor amongst subcontractors (due to labor shortages stemming from Japan's changing demographics). Also, address rising industrial accident risks on job sites due to longer hours under the blazing sun.



FY 2021 targets

Frequency of worksite industrial accidents

**0.21**

\* Number of industrial accident related fatalities/injuries per 1 million hours of work (Injuries requiring 4 or more days-off)

Issue 7: Improve productivity in manufacturing operations with the cooperation of business partners

Counter labor shortages and shorten long working hours by using IoT to impart skills and improve productivity. Create workplace environments and practices that retain skilled builders.



FY 2021 targets

Number of days off per annum for construction site workers

**112 days**  
(8 days-off for every 4 weeks)

Annual plant holidays

**117 days**

\* Holidays increased by 3 days every year.

Issue 8: Promote and improve the efficiency of CSR procurement across the Group

Build a PDCA-based management system with use of new ICT, etc., to promote CSR procurement amongst Group company business partners both upstream and downstream.

Eliminate any adverse impacts on society that could lead to reputation-damaging risks like product boycotts, disclose information in line with domestic and international guidelines, and obtain reviews from institutional investors.



FY 2021 targets

Percentage of important suppliers that comply with our CSR Procurement Guidelines

**70%** (Scores of 80 or higher are judged as compliant.)  
\* Important supplier: Suppliers with 300 or more employees

Reply rate to CSR Procurement Guidelines self-check sent to all suppliers

**70%**  
\* CSR Procurement Guidelines are promoted at 7 Group companies. This KGI targets only suppliers of Daiwa House Industry, Fujita and Daiwa Lease.

4 Customer base

Issue 9: Upgrade corporate communications

Establish, maintain and enhance a corporate brand that goes beyond “name recognition” to send a consistent unified message that is tightly coordinated with our founder’s spirit, the values espoused in our Corporate Creed and our management vision.



FY 2021 targets

Japan's Best Domestic Brand Brand monetary value is

**1 billion USD**

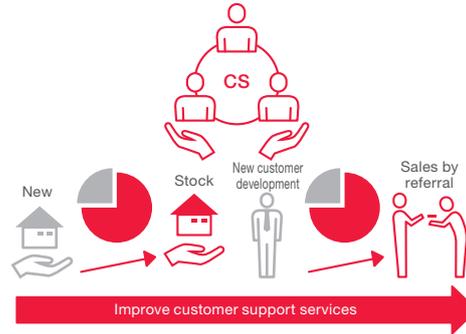
Nikkei Corporate Perception Survey

- ① Favorability (individuals) **70%**
- ② First-class evaluation (businesspeople) **90%**

Issue 10: Promote customer support to maintain long-term relationships

Improve customer satisfaction services in order to prepare for the growing shift in the business environment from new construction to housing stock business and from new customer development to sales by referral.

Build an information system in addition to training and deploying appropriate human resources, in order to make proposals that are appropriate to the lifecycle stage and household changes of owners.



FY 2021 targets

Order rate using our customer base

**70%**

\* Housing: Percentage of sales by referral (Departments in charge will implement strategies in coordination with related departments to attain targets.)

5 Communication base

Issue 11: Integrate and upgrade financial and nonfinancial communications

Integrate and upgrade financial (business) and nonfinancial (ESG) communications from top management, departments at corporate headquarters, branch offices and Group companies.

Particularly for information disclosures, build an efficient system for disclosing nonfinancial information on a consolidated basis in consideration of the various reports and recipients, e.g., stock exchanges, etc.



FY 2021 targets

Establish a system and practices for financial and nonfinancial communications, and promote understanding that financial and nonfinancial communications system is fully integrated.

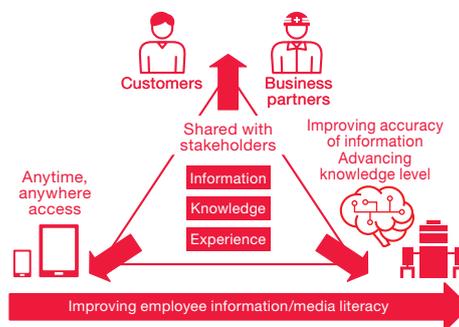
**Build the system by the end of fiscal 2021.**

Issue 12: Keep pace with rapidly evolving communication environments

Keep pace with rapidly evolving ICT in terms of system hardware and employee literacy, by benchmarking against global companies of similar size.

But, aggressively invest to gain a more advantageous position for what regards both business and ESG.

With regard to system design for information management and improving the media-literacy of employees, balance opportunities with conventional risk management.



FY 2021 targets

Establish communication platforms to ready the workforce for the information age.

- 1 Build the means for sharing all sorts of information with stakeholders in Japan and abroad. (Have it up and running in FY 2019.)
- 2 Build the means for effectively using information within the company. (Have it up and running in FY 2020.)
- 3 Support introduction of the communication platform at our Group companies (Have it up and running in FY 2020.)

Managerial Philosophy and Overall Picture

Environment

Society

Governance

Third-Party Assessment / Data Section

**Issue 13: Prepare business continuity plans on the premise of natural disasters/extreme weather**

Adapt systems and business continuity plans (BCP) to a broader range of “hypothetical” natural disasters and abnormal weather events because of climate change and aging infrastructure.

In order to build systems to incur minimal damage, identify risks to our business, work processes of employees and customer lifestyles (building use) from broader and longer perspectives.



**FY 2021 targets**

**BCP score**

**100 points**

\* Progress on the below themes is scored and evaluated by the BCM Subcommittee.

- ① Ensuring employee safety
- ② Ensuring power and backing up information systems
- ③ Upgrading aftersales support services for customers
- ④ Maintaining production purchasing capacity
- ⑤ Keeping the group functional as a whole
- ⑥ Establishing a development system based on the long-term risks of customers

**Issue 14: Establish human rights due diligence at plants**

Establish a process of due diligence for human rights at plants and develop a process for expanding it to Group companies in the future.



**FY 2021 targets**

Establish a process of due diligence for human rights at plants.

**Establish the process by the end of 2021.**

**Issue 15: Establish corporate ethics and compliance rules**

Establish the concept of “being complete in small things” advocated by the Group’s executives and employees as a regular practice. Provide media and training to share a common mindset and promote PDCA practices via awareness surveys and other means, to encourage self-directed action based on a proper understanding of the Daiwa House Group Principles of Corporate Ethics and Code of Conduct.



**FY 2021 targets**

**Internal control system attainment score**

**447 points**  
(15% improvement compared to FY 2017)

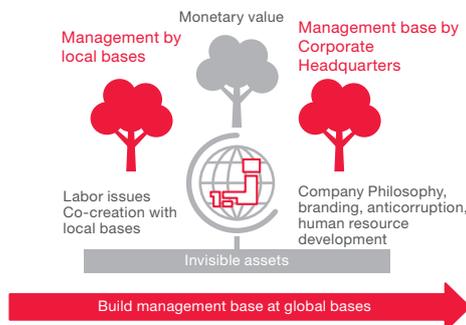
The score is calculated in consideration of the following information.

1. Completeness of internal control system
  - ① Systems for collecting and sharing information (Reporting and sharing of risk information, etc.)
  - ② Management and supervisory systems (Operation of Internal Control Committee and other organizations)
  - ③ Training and awareness programs (Implementation of internal training programs and awareness activities via internal notices, etc.)
2. Degree of damages and losses
  - ① Degree of financial losses and occurrence of serious incidents, etc.

**Issue 16: Build management base for global business development from a long-term perspective**

Build management base at global bases to put roots down in the local area from a long-term perspective of 10 of 20 years. Address themes that neither the overseas bases (general affairs or accounting) nor departments at Corporate Headquarters can handle.

With regard to corruption (bribery), have Group companies carefully manage matters because much attention is paid to the subject in Japan and abroad.



**FY 2021 targets**

Improved score on sustainability survey at overseas bases

**Conduct first survey in fiscal 2020. (Targets are to be set after that).**

\* Surveys target employees at overseas Group companies wholly owned by Daiwa House Industry.