

Sustainability Report 2022 Editorial Policy

Purpose of Publication

To realize management sustainability, the Daiwa House Group has published this Sustainability Report 2022 (hereafter “this report”) for the following purposes.

- (1) **Accomplish accountability:** As a group that maintains the stance of Co-creating a Brighter Future, we will take accountability for contributions to society and the environment as well as reduction in environmental impacts through business.
- (2) **Acquire appropriate third-party evaluations:** We will disclose information based on requests from stakeholders who are particularly interested in corporate ESG (environment, society and governance), including corporate assessment agencies, long-term investors, NGOs, and experts. We especially understand that ESG assessment items of corporate assessment agencies are “a collection of the expectations and demands of a global society and stakeholders,” and are aiming to acquire appropriate evaluations.
- (3) **Utilization for improvements in management:** As part of the “third-party checks” that we use in the PDCA cycle of management, we make improvements on the basis of internal feedback of the points cited in ESG evaluations and dialogues reported herein.

Page Layout, Included Content

- This report is broadly comprised of four parts, namely “Message from the President,” “Feature,” “Implementation Report” and “Third-Party Assessment / Data Section.”
- The “Implementation Report” brings into focus the individual efforts taken for each element of ESG. It also reports on “Commitment from the Executive Officer in Charge” for each category, as well as the progress of initiatives for respective priority issues of the Action Plan for the Environment (P020) and the Social Medium-Term Plan (P067) that we started in fiscal 2019.
- The description of “Corporate Governance,” as is listed in the Contents, is limited to corporate governance (P130 – 136) as pertains to supervision and decision making, while internal control in this report is positioned in the social domain, and

is reported in the chapter on “Risk countermeasures base” (P118–129).

Message from the President P003–006

We publish a message from the President on the relationship between group operations and ESG and on how we contribute through our business to society and the environment.

Feature P007–012

This section features those particular activities undertaken during FY2021 that we would especially like to tell our stakeholders about.

Implementation Report P013–136

- Each category of ESG, together with being outlined in “Commitment from the Executive Officer in Charge,” is also organized and systematically reported on by their respective key issues in “Policy and Concept (Approach to issues),” “Management” and “Main Approach.”
- Reports are offered on corporate governance and the structure that underpins the building of good relationships with stakeholders (customers, employees, business partners, community residents and shareholders) through business and contributions to the global environment.

Third-Party Assessment / Data Section P137–187

Along with a self-assessment of results achieved with the Action Plan for the Environment and the Social Medium-Term Plan, we list third-party assessments and detailed data related to society and the environment.

Reporting Media

Separate Japanese and English editions are issued in PDF format.

Target Readers

The target readers include a wide range of stakeholders such as corporate assessment agencies, long-term investors, NGOs and experts as well as customers, business partners, employees, community residents (including NPOs/ NGOs) and the government.

Reporting Organizations

The report is centered on Daiwa House Industry and Daiwa House Group companies (421 consolidated subsidiaries, 57 equity-method affiliates and 1 non-equity-method affiliate as of March 31, 2022).

Report Period

The report mainly focuses on the 2021 fiscal year (April 1, 2021 to March 31, 2022) but activities before and after this fiscal period are included when necessary.

Referential Guidelines

GRI (Global Reporting Initiative) Sustainability Reporting Standards, International Organization for Standardization “ISO26000,” “Environmental Report Guidelines (2018 edition)” from the Japanese Ministry of the Environment, IIRC “International Integrated Reporting Framework,” “Guidance for Collaborative Value Creation” from the Japanese Ministry of Economy, Trade and Industry.

Issued

July 2022 (Issued once a year, next issue scheduled for July 2023)
* English version is scheduled in September 2022

Contents

Editorial Policy 001
 Contents 002

Message from the President 003

Feature ① Onward! Towards fulfilling
 Our Hopes for the Future! 007

② New Co-creation and Fostering the Next Generation
 Designing the Society of the Future
 with Kotokurie 009

CHAPTER 01 | Implementation Report Environment

Management

Commitment from the Executive Officer in Charge 014
 Long-Term Environmental Vision 017
 Action Plan for the Environment (Endless Green Program) ... 020
 Action Plan for the Environment
 (Endless Green Program 2026) 021
 Action Plan for the Environment
 (Endless Green Program 2021) 022
 General (Expand environmental contribution business) 023
 Reinforcing the foundation of environmental management ... 024
 Environmental management/Supply chain management
 (Environment)/Eco communication

Focal theme

1 Mitigating and adapting to climate change 032
 Response to the Task Force on Climate-related Financial
 Disclosures (TCFD) 040

2 Harmony with the natural environment
 (Preservation of biodiversity) 045

3 Closed-loop resource sourcing and conservation of
 aquatic environments
 (Greater durability and waste reduction) 051

4 Prevention of chemical pollution 057

CHAPTER 02 | Implementation Report Society

Management

Commitment from the Executive Officer in Charge 063
 Long-Term Social Vision 066
 Social Medium-Term Plan (Endless Social Program) 067
 CSR Management 068
 Human Rights Management 070

Focal theme

1 Innovation base 076
 Issue 1: Build platforms for innovating solutions to social issues
 Issue 2: Promote social inclusion in real estate development

2 Human resources base 083
 Issue 3: Work style reform for employees
 Issue 4: Upgrade human resource development and
 recruitment
 Issue 5: Promote diversity and inclusion

3 Technology and manufacturing base 093
 Issue 6: Enforce safety/security at construction sites
 Issue 7: Improve productivity in manufacturing operations with
 the cooperation of business partners
 Issue 8: Promote and improve the efficiency of CSR
 procurement across the Group

4 Customer base 106
 Issue 9: Upgrade corporate communications
 Issue 10: Promote customer support to maintain long-term
 relationships

5 Communication base 112
 Issue 11: Integrate and upgrade financial and nonfinancial
 communications
 Issue 12: Keep pace with rapidly evolving communication
 environments

6 Risk countermeasures base 118
 Issue 13: Prepare business continuity plans on the premise of
 natural disasters/extreme weather
 Issue 14: Establish human rights due diligence at factories
 Issue 15: Establish corporate ethics and compliance rules
 Issue 16: Build management base for global business
 development from a long-term perspective/
 Risk Management/Internal Control/Anti-corruption

CHAPTER 03 | Implementation Report Corporate Governance

Management

Commitment from the Executive Officer in Charge 131
 Corporate Governance 133

CHAPTER 04 | Third-Party Assessment / Data Section

Cooperating with Third Parties and Their Assessment


Cooperating with Third Parties 138
 Main certifications and awards 140
 Inclusion in ESG indices 143

Data Section

Results and self-assessment of the Action Plan for the
 Environment 145
 Results and self-assessment of the Social Medium-Term
 Plan 147
 Environmental Data 149
 Social Data 182
 Corporate Governance Data 187

Third-Party Assurance Report 188

Editorial Postscript 189

Information on GHG in this report has received third-party certification, and an accompanying mark  indicates all data subject to such certification. (See Third-Party Assurance Report on P188.)

The following are the 12 major Group companies referred to in the Social Data section.
 Cosmos Initia Co., Ltd., Daiwa House Realty Mgt. Co., Ltd., Daiwa House Reform Co., Ltd., Daiwa Logistics Co., Ltd., Daiwa LifeNext Co., Ltd., Daiwa Lease Co., Ltd., Daiwa Resort Co., Ltd., Daiwa Living Management Co., Ltd., DesignArc Co., Ltd., Nihon Jyutaku Ryutu Co., Ltd., Fujita Corporation, Royal Home Center Co., Ltd.