



**Daiwa House®**  
Group

Daiwa House Group

# Sustainability Report 2022

OUR FUTURE LANDSCAPE –  
CELEBRATING THE JOYS OF LIFE.





# 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





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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.



## ■ Message from the President

# Toward a world where we live together in harmony, embracing the Joys of Life

I would like to open by expressing my gratitude to stakeholders for the encouragement and understanding they have afforded us in our running of the Daiwa House Group.

Our business climate is becoming increasingly uncertain and unclear, as we face challenges posed by living with COVID-19, environmental problems, the decrease in the working population, and accelerating digitalization. Even so, the Daiwa House Group will continue to value our development as a business useful to society. As a Group that co-creates value for individuals, communities and people's lifestyles, we will build a business model for sustainable growth into the future and aim to help create a world where all can share the Joys of Life in terms of both social and economic value.

## Our Future Landscape — Celebrating the Joys of Life

Our basic approach at the Daiwa House Group can be expressed as “Creating Dreams, Building Hearts” and we have worked together with our customers to achieve this through our various businesses.

In the housing field, which includes single-family houses and rental housing, we have come up with a diverse range of housing styles that reflect social and lifestyle changes and provide solutions to issues faced by customers throughout their lives. In the business field, we have been proactive

in addressing corporate customer needs, for example by developing advanced and cutting-edge logistics facilities or data centers, while also contributing to regional revitalization through the development of higher value commercial facilities or multi-use redevelopments and the installation of renewable power generation business to keep pace with the times.

In each of our businesses, we remain focused on the spirit of “together with our customers” that is part of our “each individual orientation” that the Daiwa House Group has valued since our founding. We will work to anticipate rapidly changing social needs and build lifestyle infrastructure to support people's way of life.

Keiichi Yoshii  
President, CEO

*Keiichi Yoshii*





## ■ Message from the President

### Our Hopes for the Future

Since our founding, the Daiwa House Group has operated in line with the key concepts spelled out by our founder Nobuo Ishibashi: “Don’t do things because they will make a profit, but because they will be of service to society” and “Our Hopes for the Future enable both individual and company growth.” As we approach our 100th anniversary in 2055, the Daiwa House Group has initiated Our Hopes for the Future project that involves participation by every single employee to answer some key questions: what type of society do we want to build and what do we need to do to achieve this? Working with groups of employees, particularly younger staff members, over the course of one year, we have discussed these social issues and debated the purpose of

our company.

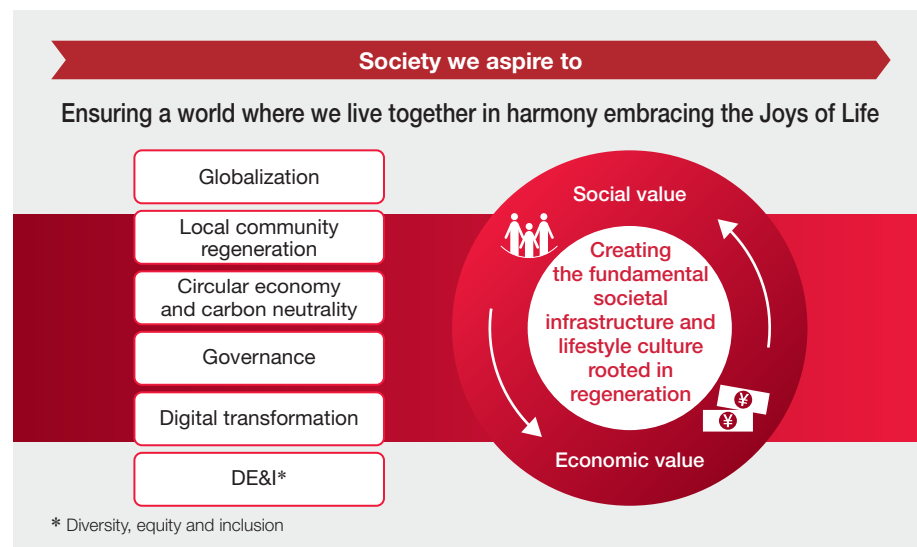
The Our Hopes for the Future elicited through this process were “creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life.” This has been defined as our purpose and we have established this concept as a new compass to guide the growth of our Group.

This newly defined purpose updates the original concepts of our founder and represents our thinking today. By sharing Our Hopes for the Future (purpose) with stakeholders and realizing the ideas contained therein, we aim to develop our future as a much-loved business and increase corporate value.

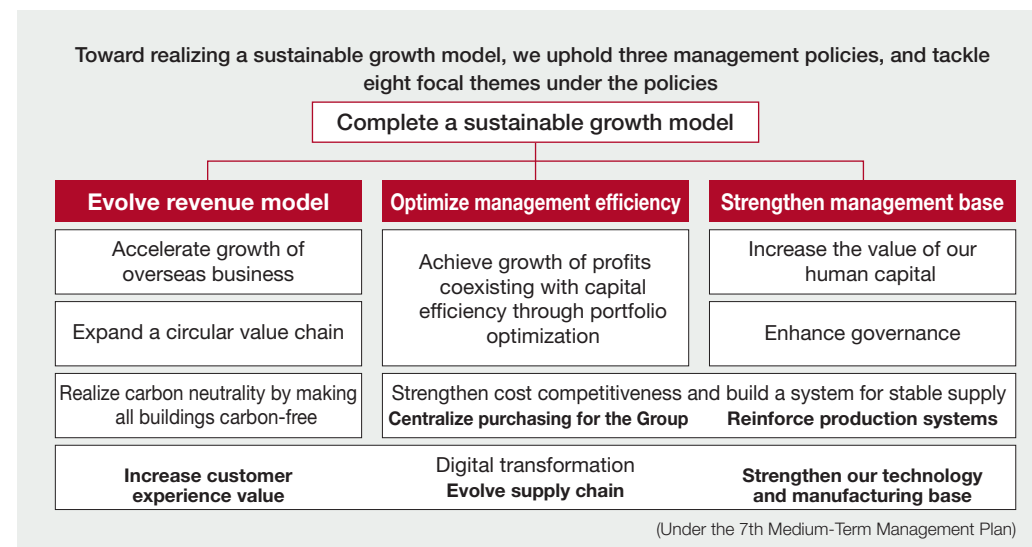
### Towards a world where we live together in harmony embracing the Joys of Life

To achieve a world where we can share the joys of life as proposed in Our Hopes for the Future (purpose), we have defined the actions our Group needs to take: create value premised on regeneration and circulation, use digital technology for real-world innovation, and help achieve diverse lifestyles true to people’s selves. We have also specified six materialities. With an eye on these, our Seventh Medium-Term Management Plan proposes three management policies for growth from here on out: Evolve revenue model, Optimize management efficiency, and Strengthen management base. In this way, we will work to establish a model for sustainable growth.

#### ■ Six materialities and the society we want to create by 2055



#### ■ Management policies and focal themes in the 7th Medium-Term Management Plan







## ■ Message from the President

### Entire company pulling together to achieve carbon neutrality

“Realize carbon neutrality by making all buildings carbon-free” is an initiative to help our children’s future and is one of our greatest duties. As a leading company in the construction industry, this is something we absolutely must achieve.

In August 2021, the Daiwa House Group endorsed the Carbon Neutral Declaration by the Japanese government and we announced targets to take us to carbon neutrality by fiscal 2050. In order to achieve this, we have gone through a process of backcasting and in our recently formulated seventh Medium-Term Management Plan, we have raised our interim targets and by 2030 we aim to reduce greenhouse gas (GHG) emissions by at least 40% across the value chain compared with 2015 levels. To achieve these targets, we will work on a carbon-neutral strategy at all businesses.

For carbon neutrality in our business activities, we had previously aimed to achieve our renewable energy 100% (RE100) target in 2040, but have brought this forward by 17 years to fiscal 2023. The Daiwa House Group already generates 1.3 times more renewable energy than the energy we use across the entire Group and we expect to gain value from these renewable energy supplies. We are also actively working to develop carbon neutral communities through products and services. We are enhancing our offerings for net Zero Energy Houses (ZEH) and Buildings (ZEB) in all businesses and aim for all new properties supplied by the Group by 2030 in principle to be ZEH or ZEB. In addition, we are installing solar panels on all buildings.

By engaging in such a wide range of initiatives, we aim to tackle environmental issues while also generating corporate earnings.

### Making people happy to live in their community

Of the 17 SDGs, one (No. 12) aims for “Responsible consumption and production.” As well as reflecting on the responsible production of the new communities we build, we have also considered whether their consumption is responsible. Livness Town Project is one of our businesses designed to help tackle the problems arising from an aging population and low birth rate, as well as aged buildings. With this project, we are redeveloping Neopolis suburban housing complexes originally developed by our company. Getting involved in this way in community redevelopment, we are working to address responsible consumption issues while creating dynamic, attractive communities. Various initiatives are underway: Working with local authorities and other bodies, we are looking at how to help the elderly stay healthy and families, raise their children. We intend to create communities designed for all generations to enjoy, so that people are happy to live in their community for many years and younger cohorts want to move in.

Looking ahead, we will focus on revitalizing local economies, creating employment, and using renewable energy in regional cities and suburban areas. We will step up our business in multi-use developments and redevelopments that leverage Group resources, so that we can help maximize the potential of the localities outside the major urban centers.



Kamigo Neopolis (Yokohama City)

### Creating a mutually stimulating environment to foster the personal growth for our diverse human resources

When our Company was founded, “developing people through business” was the first statement in the Daiwa House Corporate Creed, underlining just how important human resources development is to the Group.

In October 2021, we opened the new training facility the Daiwa House Group MIRAI KACHI KYOSO Center (*Kotokurie*) in Nara Prefecture, providing us with new facilities to develop our human resources. The center is an open space not only for Group employees, but also for the wider community, offering a venue for people of all ages to study and think together, be stimulated by those around them, and foster personal growth. We expect the center to help develop human resources capable of co-creating value for the future, which in turn will help to create a better society.



## ■ Message from the President

The Daiwa House Group has a record of employing people of many different backgrounds, including mid-career recruits, and developing human resources with varied perspectives. We have furthered the development of the Company by creating a diverse workforce with different attributes and skill sets to develop detailed solutions for our customers problems. We have also grown as a multifaceted company with a diverse business offering, spanning housing construction, real estate development, and general contracting, and this allows us to deliver solutions to customer needs and social issues that change with the times, while also valuing our connections with our stakeholders. I am of the view that we need to maintain and improve this corporate culture as we move ahead.

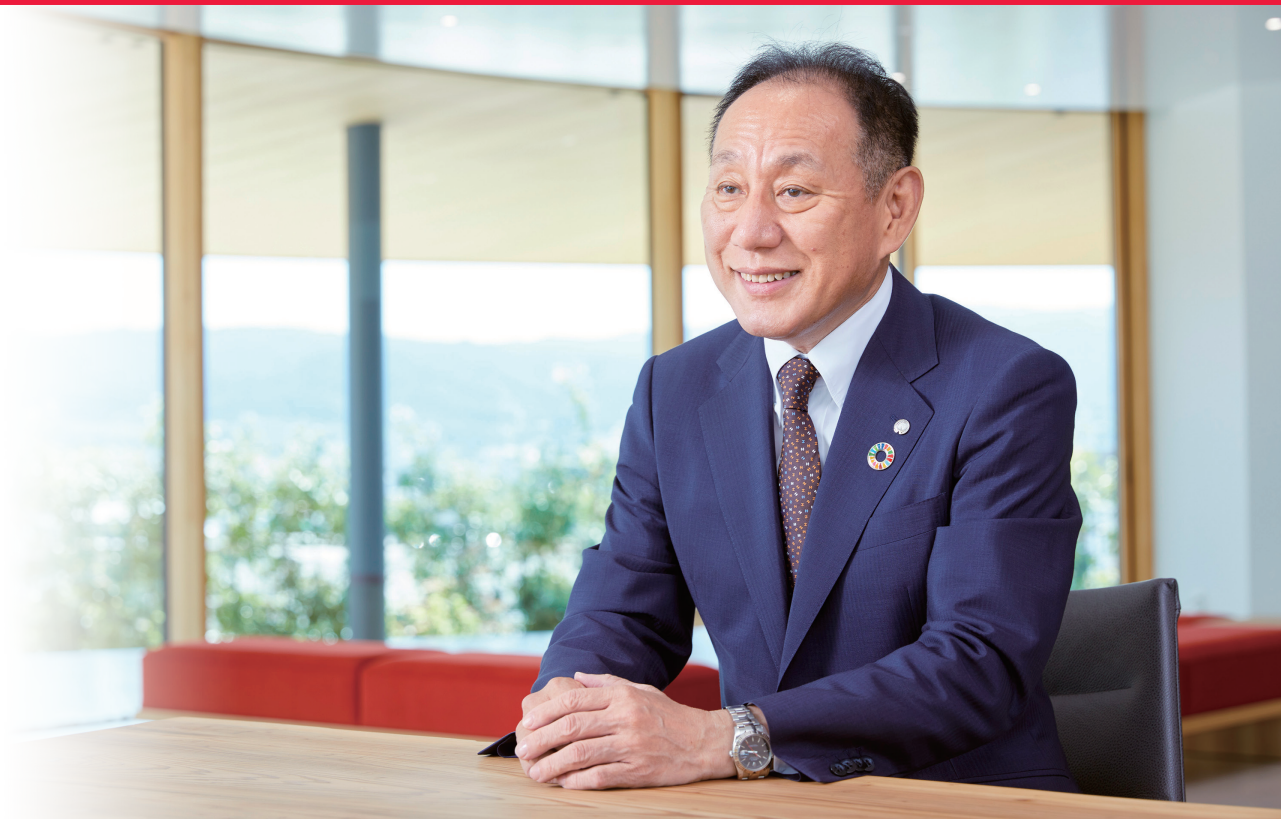
We are also promoting diversity, equity, and inclusion (DE&I) within the organization, ensuring that we have diversity in the managerial ranks and proactively organizing staff exchanges and interactions between Group companies. Through these programs, our future leaders acquire the management skills (such as the ability to engage or draw out new value) that will allow them to make the most of the different sets of values in our organization.

### Future-oriented DX strategy to enrich living and working styles

Digital transformation (DX) at the Daiwa House Group focuses on maximizing value delivered to the customer and ensuring safety, productivity, and quality in our manufacturing, with the overall goal of leveraging digital technologies to transform living and working styles. We are working to develop effective systems to accommodate the difficult conditions faced by the construction industry, such as the urgent

challenge posed by the decrease in the working population and how to cope with heatwaves. We want to take a leading role in construction-sector DX, deploying labor-saving and automated systems while ensuring the safety, productivity, and quality that are critical on construction sites.

We are also working to create new value by leveraging digital technologies to transform operational processes. We are taking a big-data approach to the wealth of information the Group has on our many customers and buildings. This is designed to enhance the value of our information assets and allow us to deliver products and services tailored to individual customer needs and in ways that enrich living and working styles.



### To all our stakeholders

Eyes set firmly on the future, we will be working steadily to drive these initiatives forward, guided by our new compass, Our Hopes for the Future. We will strive to support everyone's lives, helping to build a world where we live together in harmony embracing the Joys of Life. We will continue to keep the spirit of the founder at the heart of everything we do, while flexibly accommodating contemporary needs in order to continue evolving as a company that meets or exceeds the expectations of customers and society.



## Feature | 1

# Onward! Towards fulfilling Our Hopes for the Future!

In preparation for the 100th anniversary of the Daiwa House Group's founding, we formulated the Our Hopes for the Future purpose statement to serve as the Group's compass for the journey ahead. Henceforth we will advance toward realizing Our Hopes for the Future in line with its two themes, the kind of society we aspire to in 2055 and the Daiwa House Group's role in bringing it about.

## Our Hopes for the Future

## Our Future Landscape— Celebrating the Joys of Life

The society we envision and our role in creating it

Creating the fundamental societal infrastructure  
and lifestyle culture rooted in regeneration,  
ensuring a world where we live together in  
harmony embracing the Joys of Life.



1955

The beginnings of Our Hopes

## Hopes for the Future Enable both Individual and Company Growth

Founder Nobuo Ishibashi always said that pursuing hopes is the driver of personal and company growth.

Ever since our founding, we at Daiwa House Group have always engaged, together with all stakeholders, in the pursuit of Our Hopes for the Future. That dedication continues to live on, even today, as the Group's grand aspiration.



2021

Deciding what Our Hopes for the Future are

## Reflecting Our Hopes for the Future Project's conclusions in the Medium-Term Business Plan

During fiscal 2021, we defined Our Hopes for society in 2055, the Group's centennial year, after sounding out the executives and employees and outside stakeholders for their thoughts on the kind of society they would like to see created by then.

The exchanges of ideas and opinions that took place under Our Hopes for the Future Project are carried over into the 7th Medium-Term Management Plan. Now translating the plan into action, we are addressing the materialities it identifies to realize the dreams laid out in our Purpose, Our Hopes for the Future.

Globalization

Local community  
regenerationCircular economy  
and carbon neutrality

Governance

Digital transformation

DE&amp;I\*

2055

Realizing of Our Hopes for the Future

## Making the dreams laid out in Our Hopes for the Future happen



Social value

Creating  
the fundamental  
societal  
infrastructure and  
lifestyle culture  
rooted in  
regeneration

Economic value

Focusing on six  
materialities, we  
are working to  
enhance social  
and economic  
value in our  
pursuit of turning  
Our Hopes for  
the Future into  
reality

\* Diversity, equity and inclusion





# Dialogue highest priority in formulating Our Hopes for the Future

In formulating Our Hopes for the Future, we made dialogue our highest priority. This dialogue consisted of over 30,000 responses to a survey of all Group employees, workshops involving selected employees and college students of great diversity, and managers—over 1,000 participants in all, thus ensuring that stakeholders' views were incorporated in the final version.



Participants across the country used an online whiteboard app to take part in the dialogue at Our Hopes for the Future workshops



## College Student Workshops

**A day is coming when boundaries between the pleasurable and the routine will be blurred, and we will discover value amid the pleasurable**

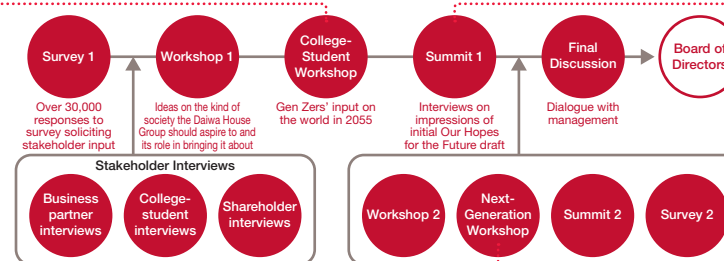
We exchanged views and opinions with 22 college students at four workshops.

## Stakeholder Interviews

### Stakeholder comments

- Partner:** Daiwa House is a builder that goes beyond the confines of just house-building. They even provide our partners with ideas to solve their problems, which underscores their capabilities as a group.
- Gen Zer:** If current decision-makers initiate change, their actions will have positive repercussions for the lives of future generations 40 years down the road.
- Shareholder:** If there's anywhere that Daiwa House is going to grow, it will be in the social infrastructure domain.

## The process behind Our Hopes for the Future



The World in 2055 as imagined at the College-Student Workshop  
(graphic: Yui Saito, Heart of the Earth Inc.)



## Our Hopes for the Future Summit 1

**We will take a long-term perspective in doing the work needed to bring about a social structure enabling our children and their children's children live lives true to themselves**

A diverse cohort of some 1,000 employees who responded to an open call for participants exchange ideas and opinions on the initial draft of the company purpose, particularly the parts that excited or resonated with them.

## Next-Generation Workshop

**Onward toward a society in which not only ourselves but all those around us, all around the world, can achieve happiness! That's the kind of society we want to create**

Employees from different divisions and in different jobs—most in their 20s and 30s who will be in positions of responsibility in the runup to 2055—used scenario-planning methods to thoroughly discuss the kind of society we want achieve by 2055.





## Feature | 2

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

The MIRAI KACHI KYOSO Center (*Kotokurie*) was finally completed in October 2021. What kind of future society and new value will be created in order to realize our philosophy of “Co-creating a Brighter Future”?

Here, we will introduce in detail the purpose of this facility, which is human resource development and approaches to working with local communities, as well as the background behind the completion of the facility, and our future plans.

## □ What are the goals of Kotokurie?

### A place for exploring “the Joys of Life” together

“Don’t do things because they will make a profit, but because they will be of service to society”

Based on the business philosophy of our founder, Nobuo Ishibashi, the Daiwa House Group has been pursuing projects that are aimed at working through community and societal issues. In order to inherit the founder’s DNA, this project was started with the aim of providing education not only as a company, but also the education required by employees.

The objective of our company’s human resource development is not just for company achievements, but to produce human resources that are useful to society. For that reason, we must strive to solve community and societal issues, and develop human resources that can create, utilize, and enhance new values in partnership with customers and the people of the local community, and have fulfilling lives.

This facility was established in order to share this way of thinking with as many people as possible, and to develop human resources that, together with society, can co-create value for the future.



Human Resources and  
Interpersonal Relationships  
Development Department  
Head of the Daiwa House Group  
MIRAI KACHI KYOSO Center  
Masakazu Ikebata

## Three Roles of Kotokurie

### Succession

#### Regional cooperation by passing on the spirit of the founder

The facility, which is focused on communication, consists of wind, sun and water zones in order to pass down the founder’s DNA. In addition, using the facility for new discoveries and dialogue, we are propelling efforts for it to be a place for putting employee training and training programs into practice through regional cooperation.

### Co-creation

#### Diverse values create new values

As a co-creation platform, over and above “open innovation functions” such as industry-academia collaboration and enterprise collaboration that handle various themes, we are promoting support activities toward the formation of “living laboratory functions” in order to enable co-creation of science technology and enterprise together with the public and local activity organizations, and for regional verification.

### Co-education

#### Fostering the people needed for the future together with society

In order to realize “a place where all generations can learn, think and grow together” and “a place for fostering human resources that can co-create value for the future together with society,” we will collaborate with the very children who will shoulder the future, local companies and governments, and we will promote efforts to create a vision together.





## □ What led to the birth of Kotokurie?

# Creating a place for co-creation as an opportunity for our co-creation

What kind of facility do we want to build for the creation of new value and the realization of a society in which people can achieve fulfilment? What elements are needed to foster human resources that are attached to local communities, embrace the concept of social contribution, and that can together move forward to the future? At every stage, from when this project started through to planning and organization, design, construction, and now, the thoughts and ideas of many people beyond the Group have been put into the construction of the center, and it is through extensive discussions and trials that we arrived at Kotokurie.

## Starting point and survey (November 2015)

In consideration for the aging status of our three training centers in Japan, we started studying the construction of a new training facility to develop human resources who will shoulder the future. We visited a number of other training facilities.

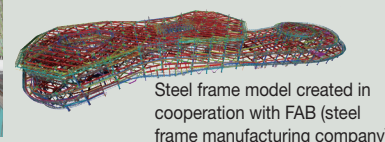
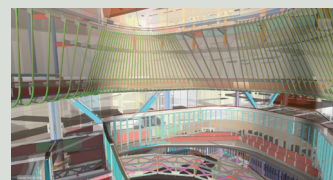
## Full-scale start (March 2018)

## Planning (October 2018)

We thoroughly analyzed the opinions and thoughts that tended to be abstract when creating our concept, and careful, detailed discussions took place again and again so as to fully understand the intentions, such as the background behind our requests and the definition of each word. We kept making adjustments while incorporating results into the drawing and the model.

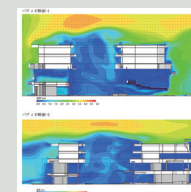
### ■ Comprehensive use of BIM\*

In order to achieve curves and space that are organic, and which connect seamlessly, it was a crucial point to have planning, a structure, equipment and construction that constantly integrated and verified the architectural information.



Steel frame model created in cooperation with FAB (steel frame manufacturing company)

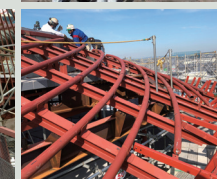
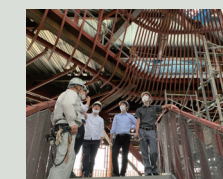
\* This stands for Building Information Modeling. This is a 3D model with building information added and digitized. It is a method that utilizes building information accumulated in the whole life cycle from design to construction maintenance management.



Wind Patio Ventilation Simulation

## Start of construction (July 2019)

Further adjustments continued to be made after the start of construction for the building of complex and organic structures, such as the "Hall of the Sun," which has a stairwell with an evolving shape running through four floors, and the design wall for the exterior walls, which give the impression of the raising up of ruins.



## Review phase

## Planning and design phase

## Construction phase

## Concept creation (April-June 2018)

A total of 150 employees from various roles and positions in the Group attended and discussed what facilities are needed to train the next generation of leaders. We adopted a workshop as our planning technique in order to gather a wide range of opinions. In the discussion, a 3D model was created as needed, and discussions were able to progress by reflecting different opinions in the model.



## Excavation survey (July 2018)

From here, which was once the southern tip of the capital of Japan, we found the remains of residences from that era, and out of respect for Nara's history and culture, a building shape that is reflective of that was born, for example with terrain that is like the raising of the ruins.



## Completion (June 2021) Grand opening (October 2021)







## What are the facilities and functions that can create new value?

# Realization of a unique environment where people can demonstrate their abilities

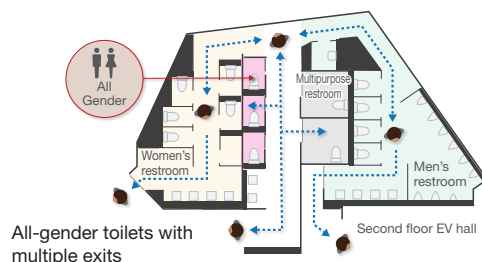
At Kotokurie, based on a direction that aims toward a human-friendly facility where visitors can feel happy and positive, spaces based on the concepts that came out of the workshop and a place for learning have been implemented. At the same time, we have pursued initiatives related to the SDGs, such as environmental performance of the building and landscape, the health and comfort of users, and biodiversity. In recognition of these initiatives, our center was the first in Japan to receive three international certifications\*, LEED® (environment-related), WELL® (health-related), and SITES® (landscape-related). When including two domestic certifications from BELS (energy-saving) and JHEP (biodiversity), our center has achieved a total of five certifications.

International certification



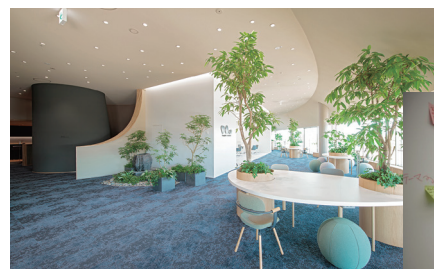
\* LEED, WELL, SITES and associated logos are registered trademarks of the U.S. Green Building Council®, Green Business Certification Inc.™ and WELL Building Institute™, and are used with their permission.

Domestic certification



## 1 Connected open spaces

With consideration for the land's connection with culture and regionality, remains that date back to when this area was the capital of Japan (1300 years ago) have been reflected in the building's exterior, making it possible to imagine what the landscape once looked like. The interior of the building has been designed so that different activities can unintentionally overlap and complement each other. This is achieved by using a floor structure in which all spaces are open, and in which they are all connected by ramps and atriums.



Biophilic Studio



Anywhere Board



Exterior which reflects ruins from the 8th century

Open spaces around the Wind Patio

## 2 A place of learning that stimulates emergence

We designed a training room to enable learning in various styles, such as the "Inspiration Studio" where ideas are born through video production, etc., and the "Biophilic Studio" where visitors can concentrate even better with aromas and natural sounds. In addition, there is an "Anywhere Board" which incorporates the opinions of the workshop, easily moveable desks and chairs, and devices have been placed everywhere to create new value by letting people engage in free discussions.

## 3 Focus on "human- and environment-friendly facilities"

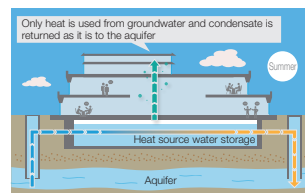
Kotokurie was designed with consideration for D&I and the environment so that people from diverse backgrounds can come together and everyone can live comfortably.

This starts with the installation of all-gender toilets with forethought for a wide range of users, including LGBTQ minorities. Entrances have been devised with signs and movement lanes, including a number of

special entrances. In addition, there is a Prayer Room that can be used for people of all religions and sects, and which can also be used as a calming space through meditation.

We are also focused on the use of "water," and have adopted aquifer thermal energy storage (ATES) which utilizes the characteristics of groundwater that retains a constant temperature throughout the year as an air conditioning heat source for the building. Together with reducing electricity consumption, as exhaust heat from air conditioning isn't emitted into the atmosphere, this leads to the alleviation of the heat-island phenomenon.

The landscape adopts a rain garden as green infrastructure. This controls the outflow of rainwater by enhancing the permeability and water-holding capacity of the soil, and at the same time as contributing to flood control measures in the region, it also encourages the growth of plants.



ATES



Rain garden (Left) During rain  
(Right) Rain water infiltration after rainfall

[Understanding the present for the future \(connections and environment\) \(Japanese text only\)](#)

[Daiwa House Group Training Center on the themes of "Wind, Sun and Water" \(Japanese text only\)](#)



## □ How will it be used in the future?

# As a center that is open to the community, we will creatively develop ways of utilizing it

At Kotokurie, we are working toward 7 actions to enhance the three values of Value for Living, under which everyone can be themselves and have lively and proactive lives, Economic and Social Value, to revitalize society as a whole, regions, towns and people, and Global Environmental Value, to enable the sustainable coexistence of humans and the Earth. We are promoting the cutting-edge “provision of opportunities and environments for learning and connection” with a future mindset by integrating Daiwa House Group’s employee education for the creation of new business value with activities focused on society, such as co-education activities centered around the children of local communities and co-creation activities with diverse stakeholders.

### 7 Actions

- ① Foster human resources that can co-create value for the future
- ② Develop co-educational activities for children who will shoulder the future
- ③ Develop co-creation activities to enable the co-creation of values based on the premise of regeneration and circulation
- ④ Provide opportunities for employees to learn and connect with people both inside and outside the company
- ⑤ Provide opportunities for organizational development based on D&I
- ⑥ Promote support, evaluation and involvement in Kotokurie activities (branding)
- ⑦ Build the foundation for supporting activities



### Kotokurie's support functions

#### Administrative offices

Planning, surveys and coordination

Planning and management side

Coordinator  
Strategy meetings

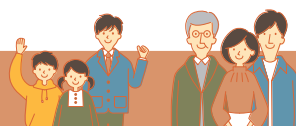
#### Co-creation management team (coordinators and advisers)

This consists of coordinators, advisers and accelerators who receive planning and support for the seminars of various co-creation workshops, subcommittees, working groups and projects, etc., that are linked to the co-creation of value for the future.

#### Co-creation supporter

- General supporter
- Supporters by theme (study groups, projects, etc.)
- Supporters by region (living laboratory activities by region, community co-creation activities, etc.)
- Supporters by target audience and by project such as events

## Co-education



Open projects are held roughly once a month, and programs and workshops are held which are based on various themes, with a focus on Junior Kotokurie to nurture the “power to create the future” of children and “Community Kotokurie” for learning about issues, technologies, and corporate co-creation.



Understanding of regional, social and global issues by diverse actors

Co-educational activities

## Co-creation



As a platform for co-creation activities with various entities and sectors across different industries and fields, our aim is the “co-creation of value for the future” linked to the social good and social impact through “co-creation workshops” and forums on various themes.



Together with various stakeholders

Co-creation activities

## Integration with employee training



Creating new business values for the Daiwa House Group

Employee education

Our aim for “cross-border activities” and program participation through co-education and co-creation for employees to cross the barriers between corporations and organizations, as a place to extract the individuality and positive feelings of participants, is to create a system that produces synergy with mutual overlapping.



## Cooperation with the local community



Under Mori no Kaisho, we are supporting exploratory learning in cooperation with elementary and junior high schools, high schools and universities in Nara prefecture from neighboring areas. We have developed a regional exchange corner for the display of local traditional crafts and for businesses to introduce themselves.





## CHAPTER

## 01

## Implementation Report

## Environment

## Main results in fiscal 2021

## ● Mitigating and adapting to climate change

GHG emissions (per unit of sales)  
vs FY2015

41.4% reduction

## ● Harmony with the natural environment

Ratio of S-ranked timber in  
procurement

94.0%

## ● Closed-loop resource sourcing and conservation of aquatic environments

Construction waste recycling rate

97.7%

## ● Prevention of chemical pollution

Release and transfer of PRTR-  
listed substances (per unit of sales)  
vs FY2012

69.3% reduction

## ● Environmental management

Number of those who acquired the  
Eco Test certification

19,033

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## ■ Implementation Report : Environment

All executives, employees, and business partners to join together to achieve our decarbonization targets

Senior Executive Officer  
Deputy Head of Technology  
Headquarters  
Head of safety (housing),  
Head of Environment

**Hiroshi Kono**



### Commitment from the Executive Officer in Charge

#### Taking up the challenge of carbon neutrality for safer communities

Providing safe and secure buildings is an important mission for Daiwa House Group, which constructs housing and other buildings of all sizes fit for diverse purposes. In this context, it is important for us to strive to protect the joys of life enjoyed by those who live in and use those. The construction industry must always work to protect the community. It is to fulfill this responsibility that we are actively working to tackle climate change. Today, natural disasters are growing in frequency and intensity on a global scale, and the idea of protecting the environment is essential to protecting the lives of each and every individual. To that end, we formulated our long-term vision for the environment, Challenge ZERO 2055, as our ultimate goal. In that vision, we have positioned mitigating and adapting to climate change as one of our key management issues, with the aim of achieving carbon neutrality in 2050. At the same time, we have set a milestone of reducing greenhouse gas (GHG) emissions throughout our value chain by 40% (compared to fiscal 2015 levels) by 2030 (see figure next page). Backcasting from the long-term target, we formulated Endless Green Program 2026, a detailed plan of what we need to do now to ensure we achieve the target. In the coming paragraphs, I explain the plan's five essential points for moving forward our environmental initiatives as a unified group.

The first point is carbon neutrality in community development. We will work to achieve a ZEH rate of 90%, a ZEH-M rate of 50%, and a ZEB rate of 60% in fiscal 2026, with the target that, by 2030, all our buildings will be ZEH/ZEB\*1 and all newly constructed buildings will, in principle, be equipped with solar roof panels. Naturally, some customers will want to avoid installing solar panels because of the initial costs. In those cases, we will offer a plan in which we will install the solar panels instead of the customer, and the customer will use the



## Implementation Report : Environment

renewable electricity that is generated from those panels. In this way, we will aim for carbon neutrality in community development by flexibly proposing different methods.

The second point is carbon neutrality in our business operations. In addition to making all of our newly constructed buildings ZEB as a matter of principle, we will aim to achieve RE100 (100% renewable energy utilization rate) in fiscal 2023, 17 years ahead of our initial schedule. This is the fastest target in the industry. Our Group's training facility, the Daiwa House Group MIRAI KACHI KYOSO Center (*Kotokurie*), which opened in 2021, embodies our will to be carbon neutral. In addition to saving energy through the implementation of such advanced technologies as an aquifer thermal energy storage

system, which uses underground water for the building's air conditioning, it uses renewable energy drawn from solar panels and solar thermal collector panels to achieve ZEB-Ready status. And the center's operations are also powered with 100% renewable electricity. Furthermore, the center has obtained five certifications, including two international environmental certifications, LEED and SITES.

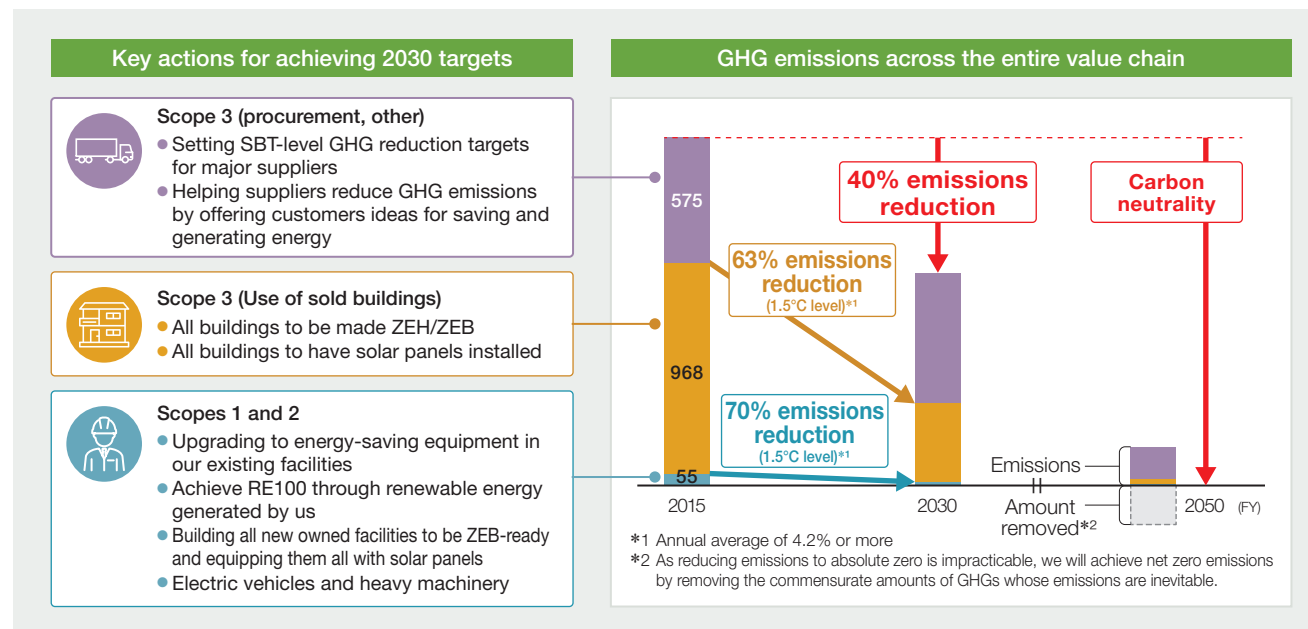
We recognize that the two points introduced above are the most crucial ones of our decarbonization plan, and we are determined to achieve them.

### Our next challenge: How to share our goals with our suppliers

The third of our five essential points is to strive for a more-resilient supply chain, with the environment as our starting point. Previously we have worked with our suppliers to achieve collaboration in delivery, quality, and price; going forward, we must also include an environmental perspective. We will further this effort by sharing our policies on carbon neutrality, zero deforestation, and zero emissions with suppliers. Of course, working to improve environmental issues will require a review of our existing operations, and this will also place a burden on our suppliers. We understand that it is not easy to share these high targets and move forward amid different financial conditions on each side, but environmental concerns are of immediate importance. This is a rather challenging point, so we intend to lead the way by providing support through measures such as convening a carbon-free working group and proceeding with improvements gradually.

The fourth point is that we aim to expand our environmental contribution businesses in order to strengthen our initiatives aimed at meeting the expectations of society and our stakeholders. Specifically, in addition to increasing the number of ZEHs and ZEBs, we will drive order growth for renewable energy power-generating facilities and push forward with next-generation community development projects, such as the *Ko "Re" kara City Project*, which aims to achieve communities using 100% renewable energy. We will also continue to accelerate these activities going forward. The fifth point is that we are establishing the foundations of environmental management and implementing education to improve our employees' environmental literacy. Our employees drive our day-to-day business operations. As such, if they understand what it is they must do so that corporate profitability can coexist with environmental sustainability, this will change the proposals that they make to customers in the course of day-to-day business, and the effectiveness of our plans will improve even more.

### Migration plan for reducing GHG emissions (by scope) on the road to carbon neutrality





## ■ Implementation Report : Environment



### Simultaneously resolving challenges facing the construction industry and addressing global environmental concerns

As a leading company in the construction industry, our Group has been proactively pressing forward with DX (digital transformation) to enhance the productivity of operations from the perspective of solving the serious challenges the construction sector faces, which include the aging of engineers and the shift of young people away from the industry. Going forward, we will seek synergies from combining DX and GX (green transformation), the latter of which is designed to bring about both economic growth and improvements on the environmental front. The establishment of our Smart Control Centers is an example of that. Traditionally, during housing

construction, managers would frequently visit construction sites, spending some 30% of their work time travelling back and forth. Naturally, such travel entails using fuel, meaning GHGs are emitted. Establishing Smart Control Centers that enable management without the need to travel to the construction sites has resulted in improved operations and increased efficiency as well as reduced environmental impact. We currently have 12 Smart Control Centers across Japan and are also working on the industrialization of materials. We are attempting to reduce GHG emissions while also reducing workloads on construction sites by prefabricating house and building components in well-equipped factories. We have just completed a proof-of-concept demonstration of our process and now aim to roll it out gradually. In this way, we feel that improvements are even more significant when DX and GX are undertaken in tandem, an approach that has given us an even stronger push forward. Another important initiative is our plan to visualize GHG emissions by material in our BIM\*2, which we use to integrate and manage construction information. This will enable us to propose to customers ideas how much GHG emissions can be reduced by according to which materials are used to build, which may drive the selection of materials with low GHG emissions. This is something that, traditionally, has been difficult to achieve. If we can pull it off, it will lead to a change in the mindset of companies that produce materials, further accelerating the transition to a carbon-free society. The number of materials input into the system is still insufficient to make this an effective measure, but we will continue to examine the effort's future viability.

### Giving every employee a sense of purpose to improve even more

Our efforts in 2022 and beyond look set to be even further enhanced by the strengths of each of our employees. In 2021, there was a company-wide project in which we had the opportunity to think about Our Hopes for the Future together

with many employees and external stakeholders. I personally believe that this was a very meaningful project. The project was an opportunity for each employee to paint a concrete picture of their purpose, ahead of that of the company, by thinking about the kind of future that they want and how they would be involved in society in order to realize that future. Since people change their behavior when they determine their own objectives, we can expect that this will increase their motivation to tackle the challenges they face on a daily basis, which will jump start our organization as a whole. Such a willingness on the part of each employee is crucial to implementing any plan to overcome the challenges faced by the construction industry and to solve environmental issues. Going forward, we will continue to push forward emphatically toward achieving our targets, with our Group united in our enthusiasm for the future.

\*1 An abbreviation for Net Zero Energy House and Net Zero Energy Building, respectively, referring to a house or building whose net energy consumption is essentially zero or negative.

\*2 Abbreviation for Building Information Modelling, referring to a digitalized 3D model with building information added. It is a method of utilizing building information accumulated across the entire lifecycle of a building, from design to construction and management.



Inside a Smart Control Center





## Long-Term Environmental Vision

### Long-Term Environmental Vision

# Challenge ZERO 2055

The Daiwa House Group aims to realize a sustainable society as a group that co-creates value for individuals, communities, and lifestyles and tries to make “zero” environmental impacts within our Group, globally, and through supply chains.

Our Group formulated the long-term environmental vision “Challenge ZERO 2055” in fiscal 2016, focusing on 2055\*, which marks the 100th anniversary of the foundation of Daiwa House Industry. We aim to realize a sustainable society and try to create “zero” environmental impacts through three stages (procurement, business activities, and products and services) with four environmental priority themes in mind (mitigating and adapting to climate change, harmony with the natural environment, closed-loop resource sourcing and conservation of aquatic environments, and prevention of chemical pollution). Among these themes, seven targets of particular importance are defined as Challenge ZERO in order to accelerate our initiatives with specific milestones for 2030.

\* With regard to climate change, we have set the year 2050 in light of social demands.

### Four environmental priority themes

#### Mitigating and adapting to climate change

We aim for zero CO<sub>2</sub> emissions throughout the product life cycle through uncompromising pursuit of energy saving and utilization of renewable energy in order to achieve a decarbonized society. In addition, we devise measures to avoid and minimize the negative impacts of climate change, and strive for the operation of businesses that are highly tolerant of climate change risk to realize a safe and secure society.

#### Harmony with the natural environment (Preservation of biodiversity)

In order to preserve and improve our natural capital, our Group shall prevent any net loss of biodiversity by ensuring zero deforestation through material procurement and by developing communities filled with greenery in harmony with the natural environment.

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

With the aim of contributing to the emergence of a society committed to recycling, our Group is pursuing the sustainable use of resources by extending the service life of houses and buildings and working toward zero emissions of waste, as well as the use of recycled materials. We also aim for sustainable utilization of water through reducing water consumption, total recycling of resources, and conservation of aquatic environments throughout our supply chain.

#### Prevention of chemical pollution

We shall institute appropriate management of chemical substances throughout the life cycle of houses and buildings to minimize the risk of adverse impacts on the health of people and ecosystems.

### Phase



#### Procurement

Resource extraction  
Transport of raw materials  
Material production  
Material transport



#### Business activities

Office work / Vehicles  
Factories / Logistics  
Construction / Renovation  
Demolition  
Office buildings



#### Products and services

Single-family / Rental housing  
Condominiums  
Renovations  
Commercial facilities / Office buildings  
Environmental energy



### Seven Challenge ZERO

- |  |   |  |  |
|--|---|--|--|
| <b>1</b> Challenge ZERO for CO <sub>2</sub> in community development | <b>3</b> Challenge ZERO for CO <sub>2</sub> in the supply chain | <b>4</b> Challenge ZERO Deforestation        | <b>6</b> Challenge ZERO Waste and Reuse        |
| <b>2</b> Challenge ZERO for CO <sub>2</sub> in business activities   |   | <b>5</b> Challenge ZERO Harm to Biodiversity | <b>7</b> Challenge ZERO Water-Associated Risks |

\* Prevention of chemical pollution is not defined as Challenge ZERO because it is already at the maintenance and management level.



# Long-Term Environmental Vision

## Milestones and goals of seven Challenge ZERO

The Group upholds Challenge ZERO initiatives with a specific year of 2055\* in mind as an ultimate goal. We also define the milestones for 2030 to increase effectiveness of the initiatives.



Procurement



Business activities



Products and services

\* The year 2050 for the item of mitigating and adapting to climate change

### Milestone for 2030

### Goal for 2050

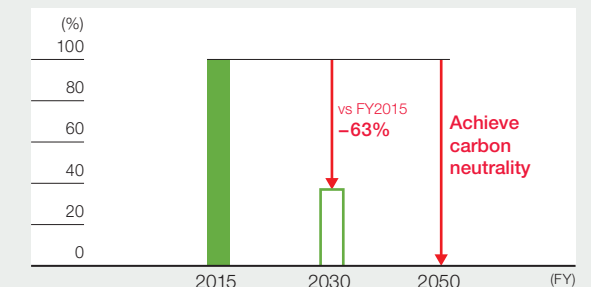
#### 1 Challenge ZERO for CO<sub>2</sub> in community development



- By 2030, we aim to reduce greenhouse gas emissions (total) from newly constructed buildings in the habitation and usage stage by 63% in comparison to FY2015.
- By 2030, we turn all newly constructed houses and buildings into ZEH/ZEB in principle, while also promoting the development of carbon neutral towns with 100% renewable energy by installing solar power generation systems in all buildings.
- We seek to complete renovation of existing buildings to turn them into ZEH/ZEB by application by 2030, while also promoting carbon neutrality through renovations to improve energy efficiency or install energy-generation facilities, as well as the supply of renewable energy.

Through turning newly constructed buildings into net zero energy buildings and by improving energy efficiency and energy-generation installation at existing buildings, as well as through supplying renewable energy, we aim to achieve carbon neutrality by 2050.

#### Reduction target for greenhouse gas emissions from houses and buildings in use



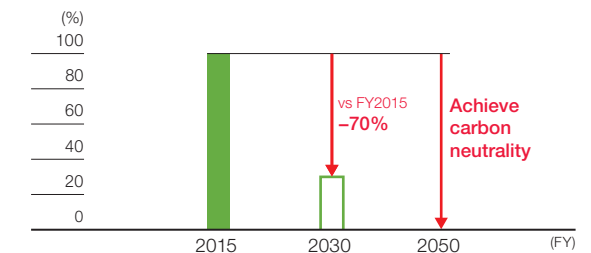
#### 2 Challenge ZERO for CO<sub>2</sub> in business activities



- By 2030, we aim to reduce greenhouse gas emissions (total) in all facilities and all business processes by 70% in comparison to FY2015.
- By further promoting energy saving for existing facilities and achieving ZEB for facilities to be newly constructed, we aim to double the Groupwide energy efficiency (sales unit per consumed energy) by 2030 from the fiscal 2015 levels.
- Working to expand renewable energy, we aim to attain 100% renewable energy for all the electricity used in our Group by 2023.

We implement thorough energy-efficiency measures, turn newly built facilities into ZEBs, and utilize renewable energy to achieve carbon neutrality by 2050 in all facilities and all business processes.

#### Greenhouse gas emission reduction targets in business activities



#### 3 Challenge ZERO for CO<sub>2</sub> in the supply chain



- By 2025, we share with 90% of our principal suppliers the greenhouse gas reduction targets in line with the Paris Agreement and cooperate with them in the initiatives for energy efficiency and renewable energy in order for the principal suppliers to achieve the targets by 2030.

Through collaboration with suppliers, we aim to achieve carbon neutrality in the supply chain by 2050.





## Long-Term Environmental Vision

### Milestones and goals of seven Challenge ZERO



Procurement



Business activities



Products and services

#### Milestone for 2030

#### Goal for 2055

4

#### Challenge ZERO Deforestation



By 2030, we work with suppliers to eliminate from procurement at our housing and construction businesses all timber that cannot be traced to legal harvest.

Through collaboration with suppliers, we aim to achieve zero deforestation arising from materials procurement at all segments by 2055.

5

#### Challenge ZERO Harm to Biodiversity



By 2030, in all housing- and building-related businesses, we take steps to enhance the amount and quality of green space that take into consideration the protection of biodiversity, aiming to create in aggregate at least 2 million square meters of biodiversity-conducive green spaces.

We aim to prevent any net loss of biodiversity by 2055 through sustainable business operation that takes into consideration the protection of biodiversity, and enhancement of the amount and quality of green space in housing, construction, and community development.



We will complete biodiversity assessments of all owned or managed sites and undertake ongoing conservation work at all ecologically significant ones\* by 2030.

\* Factories, company-owned forest sites, hotel vicinities, commercial facilities, city parks, etc.

Through reducing discarded plastics and other efforts, we aim to bring to zero the impact associated with marine plastic waste problems by 2030.

6

#### Challenge ZERO Waste and Reuse



By 2030, we seek to extend the durability and increase the variability of our new buildings. Also, by promoting renovation and remodeling of existing buildings, we help create a market for trading quality housing stock at fair valuations.

We will use only recyclable or recycled materials at our housing and construction businesses by 2055. Through extending the durability of our buildings, we aim to minimize the volume of resources used and waste emissions.



We aim to achieve zero waste emissions and total recycling of resources throughout supply chains at in all housing- and building-related businesses by 2030. We also promote the use of recyclable or recycled materials.

We also aim to achieve zero waste emissions and total recycling of resources throughout supply chains across the Group.



7

#### Challenge ZERO Water-Associated Risks



By 2030, we aim to reduce water consumption (per unit of sales) by 45% vs fiscal 2012 at all sites and properties and in all processes.

We aim for sustainable utilization of water through reducing water consumption, total recycling of resources, and conservation of aquatic environments throughout supply chains across the Group by 2055.



By 2030, we aim to complete water risk assessments in all housing- and building-related businesses in our supply chains, and complete water risk countermeasures at all owned locations and high-risk supplier locations.





## Action Plan for the Environment (Endless Green Program)

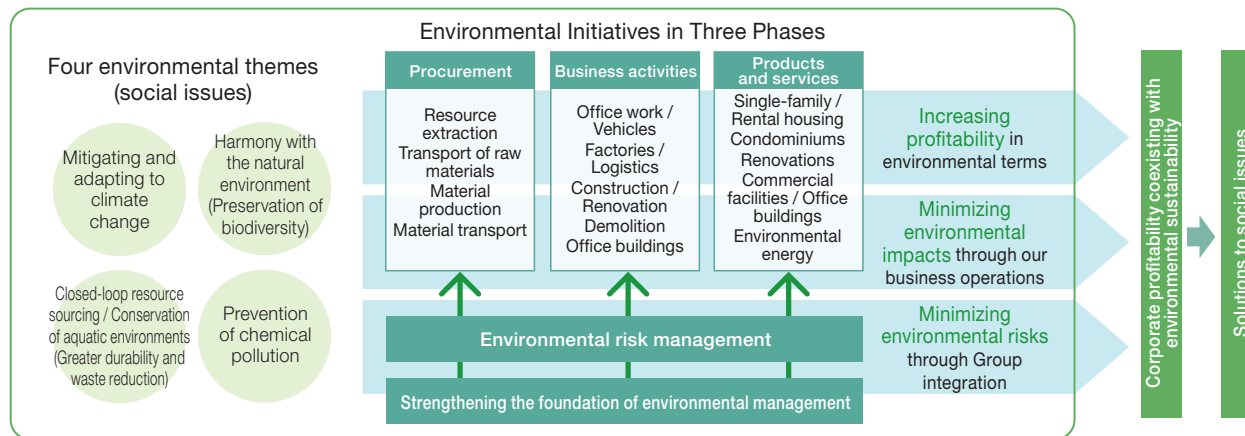
### Concept and History of the Action Plan for the Environment

Calculating backward from the long-term environmental vision, Daiwa House Group have set 2030 as a milestone for achieving the vision. We formulate concrete targets and plans as the Endless Green Program (EGP) nearly every three- five years in accord with the period of a medium- term management plan to promote it.



### Overall Action Plan for the Environment

In the EGP, we identify “four environmental themes (social issues),” which are of much interest to stakeholders and closely related to our business, and we work on them at three phases: procurement; business activities; and products and services.



### Basic policies of Endless Green Program 2026

- Turning all buildings into ZEH/ZEB and installing solar power generation systems in all buildings in all our businesses in principle toward achieving “carbon neutrality in community development”
- Aiming to achieve RE100 in FY2023, as well as turning all the company’s newly constructed facilities into ZEBs in principle, toward achieving “carbon neutrality in business activities”
- Sharing “carbon neutrality,” “zero deforestation,” and “zero waste emissions” policies with suppliers to strengthen our supply chains with the environment as a starting point
- Stepping up our efforts to satisfy expectations of society and stakeholders toward further improving ESG evaluation (expanding environmental contribution businesses, responding to climate change risk)
- Firming up the foundation of environmental management in order for us to implement faster the EGP2026 (enhancing the environmental management system, developing human resources for environmental management)





## Action Plan for the Environment (Endless Green Program 2026)

The Endless Green Program 2026 (fiscal 2022 to 2026) was formulated by calculating backward from the milestones for 2030 in light of “seven Challenge ZERO”s.

Challenge ZERO	Major initiatives under EGP2026	Key metrics	FY2021 results	FY2022 targets	FY2026 targets	Milestones for 2030 (long-term environmental vision)
<b>1</b> CO <sub>2</sub> in community development	• Installing solar power generation systems in all new buildings in principle	GHG emissions reduction rate (vs FY2015)	29.8%	35%	54%	63%
	• Turning all new buildings into ZEH/ZEB in principle	ZEH rate / ZEH-M rate	53% / 5%	80% / 10%	90% / 50%	100%, in principle / 100%, in principle
		ZEB rate	38%	40%	60%	100%, in principle
<b>2</b> CO <sub>2</sub> in business activities	• Turning all the company's newly constructed facilities into ZEBs and installing solar power generation systems in principle	GHG emissions reduction rate (vs FY2015)	20.8%	25%	55%	70%
	• Replacing equipment in the company's existing facilities with the energy-efficient one and electric heavy construction equipment	Energy efficiency (vs FY2015)	Up 1.47 times	Up 1.54 times	Up 1.9 times	Up 2.0 times
	• Achieving RE100 by using electricity generated by the company-owned renewable-energy power stations	Renewable energy utilization rate	18.2%	30%	100%	100%
	• Introducing vehicles fueled by clean energy for internal use	Introduction rate of clean energy cars	0.3%	1%	15%	30%
<b>3</b> CO <sub>2</sub> in the supply chain	• Strengthening engagement with principal suppliers (decarbonization WG, decarbonization dialogue)	Setting rate of principal suppliers' SBT standard GHG reduction targets	34%	40%	90%	Achievement of GHG reduction targets by principal suppliers
	• Strengthening proposals of energy-efficiency and energy-generation solutions for principal suppliers	The number of contracts for energy-efficiency and energy-generation solutions	—	5	50	
<b>4</b> Deforestation	• Averting timber procurement with deforestation risk	Ratio of C-ranked timber	2.7%	3%	0%	0%
	• Conducting policy briefings for suppliers	Setting rate of zero deforestation policy (primary suppliers)	—	30%	90%	100%
	• Promoting adoption of coniferous plywood concrete form	Adoption rate of sustainable plywood concrete form	—	—	20%	100%
<b>5</b> Harm to Biodiversity	• Proposing outer structures of buildings based on the Exterior Planting Guidelines and promoting acquisition of ABINC certification	Eco-friendly surface area of green spaces (vs FY2021)	—	+ 200,000m <sup>2</sup>	+ 1,000,000m <sup>2</sup>	+ 2,000,000m <sup>2</sup>
	• Conducting biodiversity assessments of our own sites and formulating biodiversity preservation plans for significant sites	Rate of formulation of protection plans of significant sites	—	Identify significant sites	100%	100%
	• Replacing plastic goods for distribution with plastic-free ones	Rate of replacement with plastic-free materials	85%	100%	100%	100%
<b>6</b> Waste and Reuse	• Making best use of existing buildings and extending their durability through our Livness business	Number of assets subject to effective use	3,989	4,000	4,500	To be formulated in 2026
		Number of assets subject to durability extension	3,246	4,500	4,900	To be formulated in 2026
	• Shifting waste plastics at our factories to material recycling	Recycling rate of waste plastics material	10.9%	10%	30%	To be formulated in 2026
	• Reducing the use of and promoting recycling of plastic amenities used in hotels	Reduction rate of items subject to the Plastic Resource Circulation Act (vs FY2021) / recycling rate	— / —	10% / 3%	50% / 50%	To be formulated in 2026 / 100%
	• Strengthening engagement with principal suppliers (zero waste emissions WG)	Achievement of zero waste emissions targets by principal suppliers	34.5%	50%	90%	Achievement of zero waste emissions targets by principal suppliers
<b>7</b> Water-Associated Risks	• Thoroughly adopting water-saving devices used in housing and hotels	Water-saving device adoption rate	89.9%	93%	98%	100%
	• Promoting water-saving activities in business facilities	Water consumption reduction rate (vs FY2012, per unit of sales)	46.8%	36%	40%	45%
	• Investigating and reducing water risks by principal suppliers	Implementation rate of water risk surveys	—	60%	100%	Completing response to water risks
Environmental Management	• Expanding opportunities and providing added values for existing businesses through seven Challenge ZEROs	Sales of environmental contribution businesses	0.95 trillion yen	1.2 trillion yen	1.6 trillion yen	
	• Improving environmental literacy and awareness of employees	Number of those who acquired the Eco Test certification	19,033	21,000	38,000	
	• Responding to climate change risk throughout our value chain (in supply chains, production and construction sites, facilities operated by the Company, and product development)	Implementation status of measures for adopting to climate change	—	—	Completing implementation	



## Action Plan for the Environment (Endless Green Program 2021)

In the Endless Green Program 2021 (fiscal 2019 to 2021), which expands the scope of application to all the Group companies including overseas ones, we are going to accelerate integrated environmental management within our Group and globally based on the life cycle approach to ensure that corporate profitability can coexist with environmental sustainability. In particular, we place emphasis on the carbon-free initiative, which is raised as one of the policies in our 6th Medium-Term Management Plan (fiscal 2019 to 2021).

Our Group has extracted materiality (priority issues) in terms of degree of importance to our Group's business and the demands and expectations of society. The materiality was identified with reference to experts' opinions and reviewed as we formulated the Action Plan for the Environment.



Identification of materiality (priority issues)

### Key policies

① Promoting “carbon-free” in the fields of products and business activities for achieving SBT, EP100, and RE100

② Promoting win-win cooperation for reducing environmental risks in supply chains

③ Promoting the development and dissemination of environmentally conscious products and services for boosting business competitiveness

④ Advancing strategic eco communication for improving environmental brand and ESG assessment

⑤ Enhancing integrated environmental management within the Group and globally for advancing environmental management

### Main Targets and Results of Endless Green Program 2021

🟢 : Target for fiscal 2021 achieved

🟡 : Target for fiscal 2021 not achieved (achieved 90% or more)

🔴 : Target for fiscal 2021 not achieved (achieved less than 90%)

Focal themes	Stage	Management indicators	FY2018 results	FY2021 targets	FY2021 results
General (Expand environmental contribution business)	Products and services	• Sales of environmental contribution business	1,117.2 billion yen	1,400.0 billion yen	1,396.9 billion yen 🟡
	Procurement	• Setting rate of principal suppliers' greenhouse gas emissions reduction targets	54%	90%	87.7% 🟡
	Business activities	• GHG emissions (vs FY2015, per unit of sales)	26.3% reduction	35% reduction	41.4% reduction 🟢
	Business activities	Energy efficiency (EP100) (vs FY2015)	1.27 times	1.4 times	1.47 times 🟢
	Business activities	• Renewable energy utilization rate (RE100) • Renewable energy rate	0.23% 84%	10% 100%	18.2% 131% 🟢 🟢
	Products and services	• GHG emissions derived from use of products (vs FY2015, per area)	5.1% reduction	6% reduction	34.9% reduction 🟢
	Products and services	• ZEH sales rate • ZEB sales rate	29% 22%	70% 40%	63% 44.1% 🟡 🟡
	Products and services	• Rate of Green Building Certification obtained	15%	80%	91.6% 🟢
Harmony with the natural environment	Procurement	• Ratio of C-ranked timber	2.1%	0.0%	1.1% 🟡
	Business activities	• Development of the company's facilities filled with greenery (cumulative)	4	9	10 🟢
Closed-loop resource sourcing	Business activities	• Construction waste emissions (per m <sup>2</sup> / New construction)	19.3kg/m <sup>2</sup>	19kg/m <sup>2</sup>	20.0kg/m <sup>2</sup> 🟡
	Business activities	• Construction waste recycling rate	96.6%	97% and above	97.7% 🟢
	Business activities	• Waste plastics recycling rate	90.1%	90% and above	93.4% 🟢
Conservation of aquatic environments	Business activities	• Water consumption (vs FY2012, per unit of sales)	28.2% reduction	34% reduction	46.8% reduction 🟢
Prevention of chemical pollution	Business activities	• Release and transfer of PRTR (vs FY2012, per unit of sales)	49.9% reduction	57% reduction	69.3% reduction 🟢
	Business activities	• VOC emission (vs FY2013, per unit of sales)	20.4% reduction	15% reduction	36.8% reduction 🟢
Strengthening the foundation of environmental management	Environmental education	• Number of those who acquired the Eco Test certification	4,402	15,000	19,033 🟢



P145 Results and self-assessment of the Action Plan for the Environment

### Looking back on the Endless Green Program 2021

In EGP2021, we faced difficulties in promoting environmental activities amid the rapidly changing business environment caused by the COVID-19 pandemic. However, as a result of the PDCA cycle through finely tuned management, we successfully achieved most of the targets, mainly those related to climate change. This is considered the fruit of our initiatives, including those to improve the environmental literacy of employees through the acquisition of the Eco Test certification over the past three years, and to share with them the long-term environmental vision reviewed in 2020. These efforts resulted in environmental activities that were conducted autonomously at the workplace level.

Meanwhile, during the period of the EGP2021 plan, the Japanese government announced the “2050 carbon neutrality” and set ambitious interim targets for 2030 as its milestones. Among those targets, household and business sectors are set as significant targets for GHG reduction, and the expansion of renewable energy is greatly expected centered on solar power generation. These are the very areas relating to the business of our Group, making us reaffirm the importance of our role and responsibility.

In light of the above, under EGP2026 starting in FY2022, we will continue to accelerate our efforts with new ambitious targets covering our value chain with carbon neutrality as the most important theme. In conjunction with this, we will also focus on initiatives for a circular economy and nature positive.



Daiwa House Industry Co., Ltd.  
Environmental Department Manager  
**Katsuhiro Koyama**





## General | Expand environmental contribution business

### Policy and Concept

We aim to strike a balance between environmental stewardship and earnings by developing and promoting environmentally conscious products and services.

The Daiwa House Group sees the environment as a business opportunity. We made “environmental contribution” (environmentally friendly) business sales a KPI under our approach of contributing to the environment through business and making environmental stewardship a value added aspect of what we do. Each company and division defines and sets sales targets for eco-friendly products, and does its best to achieve them using its own initiatives.

P151 Environmental Data Expansion of sales of environmental contribution businesses

### ■ Definition of environmental contribution business

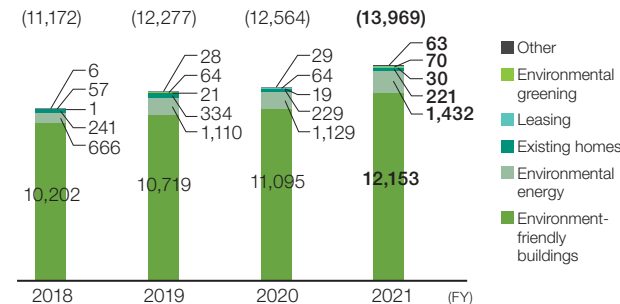
\* For Endless Green Program 2021

Business	Definition
Environment-friendly buildings	Single-family housing
	Rental housing
	Condominium
	Commercial and office buildings
Environmental energy business	Renewable energy, energy saving, electricity retailing business
Existing homes business	Home renovation
	Sale of existing houses
Leasing business	Leasing of energy-efficient equipment, leasing of electric vehicles
Environmental greening business	Overall environmental greening business, Park-Private Finance Initiative (Park-PFI) business
Other business	Sales of environmentally conscious products

### ■ Main approach

Starting with the Environmental energy business, each company and division worked toward our fiscal 2021 target for environmental contribution business sales of ¥1.40 trillion, 32% of Group sales. Despite the pandemic, they rose 11% from fiscal 2020 to ¥1.39 trillion (31.5% of sales), but fell slightly short of the target.

### ■ Sales of environmental contribution business (by business) (100 mil. yen)



### Single-family housing: Increasing the number of ZEHs

In fiscal 2021, we continued the promotion of ZEH homes mainly for made-to-order projects, while boosting ZEH offering for built-for-sale projects as well, covering the entire spectrum of single-family housing. We also hold ZEH seminars on a regular basis for our personnel involved in design and sales to hone their ZEH pitching skills. As a result, the share of ZEH sales rose to 63% (58% in fiscal 2020).



An image of ZEH compliant built-for-sale houses

### Commercial and office buildings: Increasing the number of ZEBs

We develop and market the D's SMART series, a package of environmentally conscious technologies for multipurpose buildings, to promote Zero Energy Buildings (ZEBs). The share of ZEBs in sales came to 44.1% (39.6% in fiscal 2020).

In cooperation with the Energy Conservation Center, Japan and local governments, we regularly hold ZEB seminars to highlight their appeal to customers. We held online seminars in fiscal 2021.



P038 Commercial and office buildings: Promoting understanding, take-up, and growth of ZEBs through seminars and ZEB estimated cost sheet

### Environmental energy: Promoting renewable energy

The Daiwa House Group operates 354 renewable energy power plants generating 561MW\*1 (as of end- March 2022).

In fiscal 2021, we started operating 40 new plants, including large-scale solar power plants in Saga and Nara prefectures. We also implemented numerous projects in an onsite PPA model\*2, whereby solar power generation systems are set up on the roofs of retail stores to supply tenants with renewable energy.



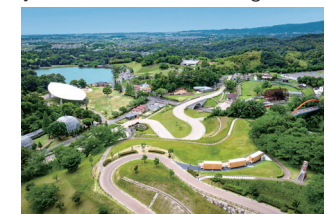
DREAM Solar Natsumidai III (Nara Prefecture)

\*1 Inhouse consumption is excluded

\*2 A business model in which we set up renewable energy power generation facilities at free of charge on the roofs of facilities owned by clients. The generated energy is supplied directly to their facilities.

### Environmental greening business: Promoting Park-PFI business to improve city parks quality

Daiwa Lease Co., Ltd., a Group company, is engaged in Park-PFI business to improve the quality of city parks, in addition to the greening of rooftops and walls. In fiscal 2021, 12 sites for a total of some 5,450,000 m<sup>2</sup> newly came under the management of Daiwa Lease. One such example is the Kuragaike Park Mirai Project (Aichi Prefecture) headed by Daiwa Lease. The park, reopened after renovation, won the 2021 Asian Townscape Award for its extensive and beautiful nature with a field developed for outdoor experience.



Kuragaike Park Mirai Project (Aichi Prefecture)



## Reinforcing the foundation of environmental management | Environmental management

### Policy and Concept

The Daiwa House Group has its Long-Term Environmental Vision shared by our Group companies, and formulates an Action Plan for the Environment in a bid to realize it. Furthermore, we are promoting integrated environmental management within our Group and globally in simultaneous pursuit of reduction in environmental impacts and increase in corporate profitability. One of the basic policies of Principles of Corporate Ethics is “with the environment.” Based on a detailed action plan, worksites and principal Group companies make environmental activities subject to the business performance assessment to work on the PDCA cycle.

### Promoting Environmental Management

#### Environmental management organization

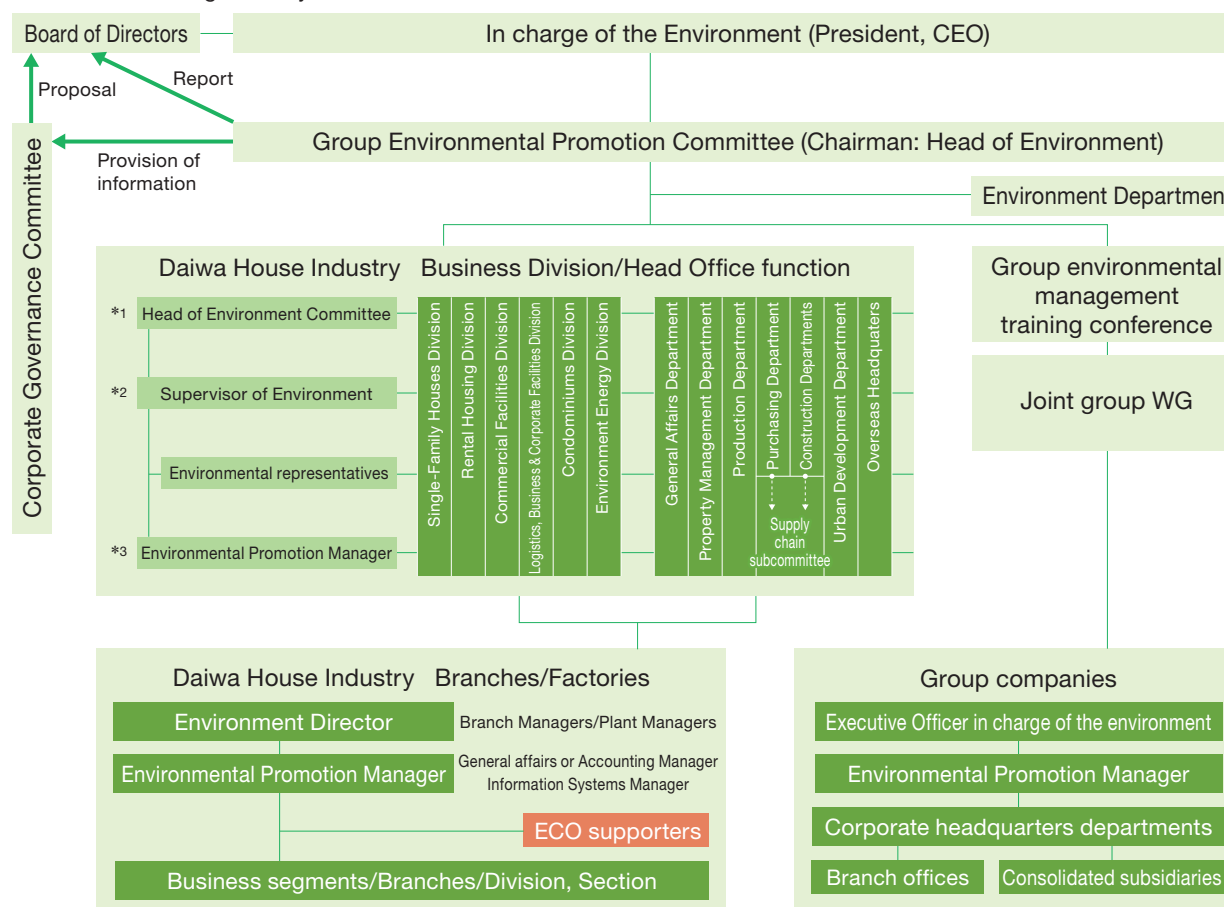
The Group Environmental Promotion Committee oversees our activities involving the environment. The Daiwa House Industry President and Executive Officer in charge of the Environment serve as Environment Director and Chairman, respectively. At biannual meetings, the committee examines risks and opportunities and decides which initiatives we should undertake. An autonomous management system chaired by divisional heads was set up for each of head office functional divisions. Under the system, achievement of environmental targets are reviewed quarterly and a range of other activities are conducted aimed at improvement. Twice yearly we share decisions of the Group Environmental Promotion Committee at an environmental management conference for Executive Officers in charge of the Environment at Group companies.

Important matters concerning our environmental management are reported to the Corporate Governance Committee through the Group Environmental Promotion Committee. The Corporate Governance Committee (including external directors and external auditors) discusses the reports from diverse and long-term perspectives and makes recommendations to the Board of Directors to facilitate sustainable corporate management. In fiscal 2021, the Board

of Directors deliberated a basic plan for Endless Green Program 2026, a new Action Plan for the Environment, and decided the

levels of environmental goals for fiscal 2026.

#### Environmental management system



\*1 Business divisions only

\*2 Appointed from the chief and deputy general manager class of the business management department in the business division

\*3 One person each appointed from the administrative class of the sales, development, design, and construction departments



## Reinforcing the foundation of environmental management | Environmental management


### Reflect achievements in environmental activities in business performance assessment

The Company evaluates the results of environmental activities at all worksites nationwide and 23 key Group companies with a significant environmental impact. The results are reflected in worksite performance evaluations and assessments for officers' bonuses. The aim is to encourage further participation by management and step up our environmental stewardship efforts.

Our worksites devise an environmental improvement plan at the start of each fiscal year. Progress is evaluated using five ranks (S (highest) through D). The evaluations are reflected in the worksites' performance assessments to motivate our employees to engage in environmental activities. Worksites with the best evaluations are commended as the Most Outstanding ECO Worksites. Those with low scores receive follow-up training by the Environment Department, which helps them to analyze what needs improving and devise and carry out concrete measures.

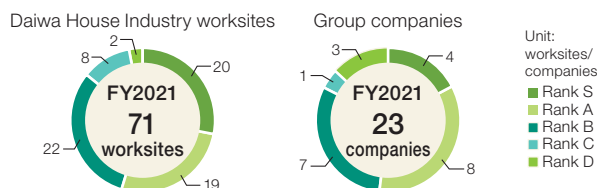
For Group companies we quantitatively evaluate their environmental management system and the achievement of goals under the Action Plan for the Environment. This is incorporated into the Group performance assessments and reflected in assessments for the officers' bonuses.

From fiscal 2022 onward, we incorporate environmental evaluation into the directors remuneration system and management of individual employee goals, thereby building an environmental management structure participated by all employees.

 [P041 Response to the Task Force on Climate-related Financial Disclosures \(TCFD\) Governance](#)

[P069 Management soundness assessment](#)

### ■ Results of performance assessment for environmental activities

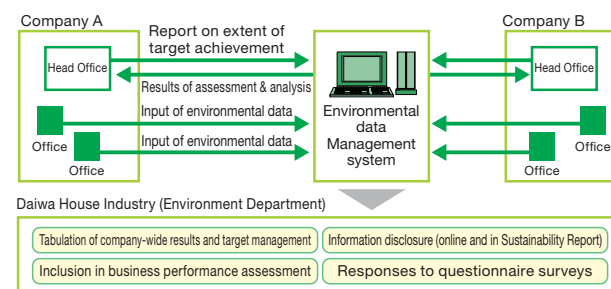


### Reinforcing the foundation of environmental management with information technology

#### Environmental performance data management system

Our Group introduced an IT-based environmental data management system at home and abroad to improve the accuracy and efficiency of the environmental performance data collection process. Based on the analyzed data, we identify worksites with a heavy environmental impact and those where progress has stalled. We are thus able to zero in on areas that need improvement for more effective environmental stewardship.

#### ■ Environmental performance data management system (Japan)



#### System to comply with environmental laws and regulations

We introduced environmental regulation management system\* to build integrated infrastructure in this area for the whole Group. The system has standardized environmental regulation management across our companies and we share developments such as new laws and amendments. This has boosted operational efficiency and significantly deepened our understanding of laws and regulations. In addition, risks are centrally managed and mitigated by using the system to visualize compliance with laws and regulations at individual companies.

\* A website service that makes it possible to clarify environmental laws and regulations to comply with and check and report compliance degree.

### Acquisition of ISO 14001 and implementation of environmental audits


Daiwa House Industry conducts internal environment audits at all worksites, and has acquired ISO 14001 certification, an international standard for environmental management systems, at nine factories considered particularly important. Our Group companies have also acquired ISO 14001, which they update and maintain. Aside from certification, the division in charge uses a manual for each company to conduct periodic environmental audits to verify and provide guidance on the operations of the environmental management system in addition to environmental performance, regulatory compliance, and risk avoidance. The results of the audits are reported to executives as information for management reviews and are used to carry out continuous improvement.

 [P151 Environmental Data ISO 14001 certification](#)

[Environmental Data Sites that have the ISO 14001 certification](#)

### Compliance with environmental laws and regulations in fiscal 2021

In fiscal 2021 there were no penalties or damages incurred for breach of contract regarding the environment and no serious accidents or complaints.

 [P128 Sanction measures due to a violation of law and litigation \(including ESG-related issues\)](#)

[P151 Environmental Data Compliance with environmental laws and regulations](#)





## Reinforcing the foundation of environmental management | Environmental management

### Environmental Education and Awareness-Raising

The Daiwa House Group's compliance rules set out laws, regulations, and social norms to be followed and arrangements to ensure compliance with the Daiwa House Group Principles of Corporate Ethics, Code of Conduct, and other internal standards in operating our business. Training is an important element. Our environmental education system sets out the knowledge and thinking that must be mastered at each level. In particular, the company defines specific competencies required for technical staff by business and job type. Clarifying the knowledge and skills needed for defensive aspects—complying with environmental laws and regulations—and proactive aspects—promoting ZEHs and ZEBs, we provide training programs by job grade. We help boost employees' knowledge, awareness, and recognition through means such as support for those acquiring environmental qualifications and awards for worthy workplace initiatives, thereby fostering environmental stewardship.

### Environmental education

We provide general and specialized environmental education under annual plans drafted at the start of each fiscal year. General education for all employees covers social trends and Group policies regarding the environment and introduces outstanding case studies. Specialized education focuses on defensive aspects such as waste and soil contamination and proactive aspects such as environmentally friendly design via training and e-learning at the division level to promote environmentally friendly buildings and Green Building certification.



P152 Environmental Data Environmental education management

### Eco Test certification

Eco Test certification is a good way to acquire basic knowledge regarding varied and complex environmental issues. We encourage our employees to take the test as part of our efforts to raise environmental awareness. In fiscal 2021, as a result of developing glossaries and prep tests in-house and providing them online as an assistance for test preparation, we had 19,033 certification holders as of end-March, 2022. By linking the certification with the employees evaluations, we aim to have 38,000 Eco Test certification holders across the Group by the end of fiscal 2026.



P152 Environmental Data Number of those who acquired the Eco Test certification (The Group)

Environmental Data Employees with main environmental qualifications

### Contest for outstanding environmental activities

Our Challenge! We Build ECO Contest to recognize exemplary environmental activities at worksites attracted 258 entries in fiscal 2021. Prizes were awarded for outstanding activities in the categories of products and services, in-house activities, and eco-communication. The most outstanding entries received the President's Award and the Executive Officer in charge of the Environment's Award.

Group companies also hold the Challenge! Group ECO Contest which likewise recognizes outstanding environmental efforts, and is aimed at instilling awareness and inspiring all Group companies to try to improve environmental stewardship.

We keep all Group companies informed by highlighting the outstanding initiatives on our intranet and internal newsletters, Nagomi and ECO PRESS.



Nagomi in-house bulletin

Internal environmental newsletter,  
ECO PRESS

### Environmental management policy in real estate portfolio

The Company believes it is essential to mitigate the environmental burden generated by the Company-owned real estate for rent, such as office buildings, commercial facilities and logistics centers. To this end, we identify and minimize the GHG emissions, energy consumption and water usage at these facilities, while working to have them certified as green buildings. Aiming to build a portfolio with low environmental impact, we will install solar panels on the rooftop of them, promote the use of renewable energy, and take other initiatives.



P154 Environmental Data Real estate portfolio



## Reinforcing the foundation of environmental management | Supply chain management (Environment)

### Policy and Concept

The Daiwa House Group's materials procurement and construction activities affect the global environment and stakeholders through the supply chain, including those who work in material-producing countries and processing sites, suppliers, and local communities. We believe that collaboration with suppliers is crucial in reducing negative environmental impacts, and collaborate in all phases of our operations through monitoring suppliers, training, and joint development.

In July 2015, we established a Basic Procurement Policy and CSR Procurement Guidelines for suppliers. The

policy states that our procurement will consider social and environmental impacts as well as Quality, Cost, and Delivery (QCD). Our guidelines cover all primary suppliers and set out comprehensive social and environmental standards, encompassing human rights, occupational safety, and environmental protection.

We have set specific targets regarding climate change in particular, with detailed guidelines and assessment criteria for chemical substance management and timber procurement, and monitor continually.

### ■ CSR Procurement Guidelines (Excerpt of environmental portion only)

#### (1) Business Partner Code of Conduct

5) Environmental Protection	By contributing to the emergence of a society and lifestyles that allow people to live with a sense of enrichment in harmony with their environment, we are taking steps to reduce our environmental impact from two perspectives: business processes as well as products and services.
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#### (2) Corporate Activity Guidelines

5-1	Complying with environmental laws and regulations and responding to the demands of society	Complying with domestic and international environmental laws and regulations, we are striving to reduce our environmental impact by meeting the demands of the global community and our stakeholders.
5-2	Responding to climate change	Promoting energy efficiency and reduction of greenhouse gas (GHG) emissions in our products and services as well as in our business processes (such as procurement and processing), we are focused on utilizing natural sources of energy.
5-3	Promoting resource conservation	Promoting "Reduce, Reuse, Recycle," "Resource conservation, Longer durability, Resource recycling" with consideration for product life cycle (manufacturing, use, disposal) and water resource conservation through thorough water saving and water risk management.
5-4	Managing chemical substances	Providing our suppliers with information on the chemical substances in our products and reducing the use of substances associated with higher risks, we offer products with little impact on our stakeholders' health and the natural environment.
5-5	Protecting biodiversity	Promoting forest preservation through sustainable timber procurement, we are striving to develop towns in harmony with green spaces and designed with harmony with their local environment.

#### (3) Guidelines for Products

- ① Chemical Substance Management Guidelines [Basics]
- ② Biodiversity Guidelines [Timber Procurement]



CSR Procurement Guidelines

### ■ Management

Daiwa House Industry has established basic principles related to the environmental protection aspect of our operations in the Business Partner Code of Conduct section of our CSR Procurement Guidelines. We collaborate on environmental activities through three supply chain organizations: the Trillion Club supplies our materials; the Setсуwa Club supplies our facility equipment; and the Confederation of Partner Companies comprises manufacturing and partner subcontractors.

	Member organizations in our supply chains
Procurement	The Trillion Club The Setсуwa Club
Construction	The Confederation of Partner Companies



P104 Member organizations in our supply chains

### Supplier management systems

We have a secretariat for each of our supplier organizations which supports their operations. Each supplier coordinates with the secretariat to select priority action areas and projects each fiscal year and works to enhance its environmental stewardship.



## Reinforcing the foundation of environmental management | Supply chain management (Environment)

### Increasing suppliers' awareness of our environmental policy

In fiscal 2015 we issued CSR Procurement Guidelines for suppliers and briefed them to heighten their awareness of the guidelines. We held similar briefings for Group companies (Royal Home Center, DesignArc, Daiwa Lease, Fujita, Cosmos Initia, and Daiwa House Reform) and their suppliers. Through such briefings, we asked the suppliers for letters agreeing to the CSR Procurement Guidelines after confirming their understanding of our procurement policy. To deepen suppliers' awareness of our environmental policies, we partially revised the guidelines in fiscal 2019 and again collected letters of consent. The collection rate for seven group companies was 90.6% (7,001 out of 7,727 suppliers) as of end-March 2022.

Suppliers can self-assess their policies and initiatives on our website. They can check if their compliance with environmental laws and regulations and response to climate change accords with our CSR Procurement Guidelines. The self-assessment rate was 45.3% (2,426 out of 5,356 suppliers) as of end-March 2022.



P095 Issue 8: Promote and improve the efficiency of CSR procurement across the Group

P103 Encouraging business partners in CSR procurement

### Monitoring of supply chain

We monitor suppliers through our supply chain organizations to promote environmental stewardship and discover supply chain risks at an early stage.

#### Climate change

The Daiwa House Group surveys primary and some secondary key suppliers yearly on greenhouse gas emission reduction targets and achievements (including numerical figures). In light of the findings, we provide support through decarbonization working groups and decarbonization dialogues, and aim to enhance target setting and associated efforts through continuous engagement.



P034 Reducing greenhouse gas emissions in our procurement and business activities

#### Timber procurement

Our Group conducts an annual procurement of timber survey to check if it is harvested in a legal and sustainable manner. The survey is conducted in a form of assessment sent to all of our timber suppliers. We rank the timber by risk based on survey responses, and ask suppliers that handle timber with low scores to submit an improvement plan to make systematic improvements. From fiscal 2022 onward, we plan to conduct the survey based on new evaluation criteria consistent with our zero deforestation policy.



P048 Preserving biodiversity in our procurement and business processes

#### Water risks

The Group conducts an annual survey to evaluate water intake and emission volumes of principal suppliers' production sites and watershed risks faced by overseas factories. We use the results to develop and improve water risk management arrangements.



P055 Conservation of Aquatic Environments

#### Chemical substances

We ask our centralized purchasing suppliers to submit sheets

detailing chemical substance usage focusing on wooden building materials, and interior and facility building materials with a high impact on indoor air quality, and evaluate adherence to our Chemical Substance Management Guidelines. We ask suppliers to improve non-compliant materials.



P060 Implementation of the Chemical Substance Management Guidelines

#### Waste

The Group initiated a survey targeting our principal suppliers to confirm the targets and results for recycling rates. Based on the result of survey, we plan to set up a working group to improve their recycling rates and take other necessary measures. We use checklists to understand and monitor waste treatment at construction site and factory business partners (all primary subcontractors) on a regular basis. We rectify any problems immediately and bolster management arrangements by taking actions to prevent recurrences and educating our business partners' employees.



P104 Checking our supply chains for ESG issues





## Reinforcing the foundation of environmental management | Supply chain management (Environment)

### Supplier training and support

We collaborate with suppliers through working groups and dialogues for climate change and timber procurement, focus areas for our Group.

#### We launched a decarbonization working group and decarbonization dialogues to address climate change.

Our monitoring confirmed that 87.7% of our suppliers in fiscal 2021 (80.4% in fiscal 2020) had greenhouse gas emissions reduction targets. In order to support suppliers' decarbonization initiatives and ultimately bring about a zero carbon society, we launched a working group with our supplier organizations, the Trillion Club and Setsuwa Club. In fiscal 2021, we held dialogues with 11 companies and provided them with support for target setting. Among those with targets, we held decarbonization dialogues for 12 companies where raising targets was deemed necessary due to their size or annual CO<sub>2</sub> emissions. We are helping suppliers establish more ambitious CO<sub>2</sub> reduction targets and set longer-term targets through one-on-one dialogues, in which we share a direction to be taken by them in pursuit of decarbonization.

#### ■ Setting rate of suppliers' greenhouse gas emissions reduction targets (fiscal 2021)

	Number of principal suppliers	Setting rate of greenhouse gas emissions reduction targets	
		FY2021 targets	FY2021 results
Daiwa House Industry	168 companies	Self-imposed targets 90%	87.7%
Daiwa Lease	20 companies		
Fujita	15 companies		

(as of end- March, 2022)



P152 Environmental Data Status of dialog with suppliers

P167 Environmental Data Progress in the long-term goal

### Requesting submission of an improvement plan for timber procurement and briefings on zero deforestation policy

Based on our procurement of timber survey, we asked 25 suppliers whose timber did not meet standards we developed with environmental NGOs to outline how they planned to obtain sustainable timber, and encouraged them to check official documents and switch sources. We also launched working groups with environmental NGOs and some suppliers with a view to zero deforestation. The working group discussed the definition of zero deforestation and what form it should take from the viewpoint of various stakeholders, and developed new policies for the Group.

We are holding briefings to suppliers to explain our zero deforestation policy, working to promote their understanding of the policy. In fiscal 2021, we gave an explanation to 10 suppliers and encouraged them to switch sources to meet the policy.



P048 Conducting procurement of timber surveys at our suppliers

### Environmental education programs

The Trillion Club has hosted training and education activities for member companies since fiscal 2017. The club supports engagement in the environment through lectures and sharing energy-saving initiatives via study tours of members' offices and production factories. The Setsuwa Club co-hosts product technology exhibitions featuring members' new environmental technologies and seminars to publicize eco-friendly technologies. The Confederation of Partner Companies promotes horizontal development of improvement activities leading to environmental impact reduction, such as the 3Rs in construction sites, and low-CO<sub>2</sub> construction through contests and member journals.

### Daiwa House Industry chosen for CDP's Supplier Engagement Leaderboard for third year running

Daiwa House Industry has been certification for the third consecutive year for inclusion in the Supplier Engagement Leaderboard operated by the CDP (formerly the Carbon Disclosure Project), thanks to its high Supplier Engagement Rating. This is based on a company's ratings with respect to actions to mitigate climate change in four areas—governance, targets, value chain emissions (scope 3), and supplier engagement strategies. The companies in the Supplier Engagement Leaderboard are selected from over 14,000 corporations from around the globe judged to have taken particularly effective measures in the field of supply chain engagement. The Leaderboard for fiscal 2021 included 518 companies (105 from Japan).



P140 On CDP Climate Change A List four years running.  
Received CDP's highest Supplier Engagement Rating for the third consecutive year





## Reinforcing the foundation of environmental management | Eco communication

### Policy and Concept


The Daiwa House Group is committed to continuously improving our environmental activities through communicating our approach and efforts to address environmental issues in an easy-to-understand way in dialogues with stakeholders. We aim for our ESG initiatives to be appropriately evaluated.

### ■ Communication with stakeholders

#### Dialogue with institutional investors and ESG evaluation bodies

In recent years, questions and feedback on our environmental approach and initiatives from institutional investors and ESG (environmental social, and governance) evaluation organizations have been growing. In fiscal 2021, we boosted the quality and amount of information in our sustainability and comprehensive reports, among other channels. We also added a description of our response to TCFD in the Corporate Governance Report. We held small ESG meetings online with institutional investors in October and December; and individually met 11 institutional investors with a keen interest in the environment to deepen mutual understanding of the broader ESG picture. We also exchanged opinions with multiple ESG evaluation organizations on methodologies and items to be assessed. Further, when developing new policies or targets for our initiatives, we talk with outside experts and NGOs to enhance our efforts.

Going forward, we will continue to disseminate environment-related information and hold an ongoing dialogue with our stakeholders, to enhance their understanding of the Group stance and activities, and we will continue to incorporate external opinions into activities to improve their effectiveness.

 **P040** [Response to the Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

**P113** [ESP2021 Endless Social Program 2021 Issue 11: Integrate and upgrade financial and nonfinancial communications](#)

**P138** [Cooperating with Third Parties and Their Assessment](#)

 **ESG small meetings**

### Upgrading communication with environmental website

We release information about the Group's involvement with environmental issues through our websites, sustainability reports, exhibitions, children's environmental education programs, and so on. Among other things, we consider Group websites to be an important means of communicating with various stakeholders, and we constantly endeavor to enrich their contents.

Our environmental website "Efforts for the Environment" hosts videos outlining our long-term environmental vision "Challenge ZERO 2055," environmentally friendly products with latest examples, and "Environmentally Symbiotic Houses of the World," showing houses around the globe adapted to local characteristics. In addition, we regularly post the digital magazine SUSTAINABLE JOURNEY, aimed at the general public, with suggestions for eco-friendly lifestyles on our website.

In fiscal 2021, we posted on our website the introduction of MIRAI KACHI KYOSO Center (Kotokurie), a training facility of the Group. We also prepare easy-to-understand movies and leaflets to enhance customers' understanding of the additional values to be brought about by ecofriendly housing, such as ZEB.



Movie explaining ZEB



ZEB leaflet



**Environmental initiatives**



**SUSTAINABLE JOURNEY (Japanese text only)**

### Co-Creation Forum, a place to learn and deepen understanding together

At Kotokurie, we set up various study groups jointly with companies from different industries, universities and research institutions. These groups are intended to resolve issues faced by society with the ultimate goal of creating new values demanded by society and business value that would delight many people.

We also hold once a month Kotokurie Co-Creation Forum, which is free and open to the public. The forum suggests themes to be tackled by the study groups and provides presentation on the study results and other information, aiming to encourage researchers, citizens, administrative agencies and companies to learn together and deepen their understanding. In late November 2021, we held an online forum titled Study Group on Biodiversity and Ecosystem-based Community Development, which was participated by 140 people. At the forum, participants exchanged opinions on the ecological chain observed in Nara Park, comprising deer eating the grass in the park, insects decomposing the deer's feces, and grass growing using the decomposed feces as nutrients. We plan to hold such forums on a regular basis.

 **P009** [Feature ② Kotokurie](#)



Kotokurie Co-Creation Forum



## Reinforcing the foundation of environmental management | Eco communication

### ■ Efforts by Group companies

Group companies also provide unique programs suited to the nature of their businesses, as part of ongoing relationship building with stakeholders.

#### Highlight our environmental efforts using the enclosures around construction site (Daiwa Lease)

At Frespo Hibarigaoka (Tokyo), a commercial facility developed by a Group company Daiwa Lease, we introduced to the local residents our environmental efforts using the enclosures around the construction site as a medium. This took place under the concept of bringing ecofriendly building and environmental issues closer to home.

LED lighting systems, highly efficient air conditioning, and highly insulated exterior walls reduced primary energy consumption by 51.8% compared to a standard building, and the commercial facility was certified as ZEB Ready. We placed the enclosures up to the completion of the building, in our hope to let the residents know that the facility is an ecofriendly building and to nurture their attachment to the facility. After the opening, information on our environmental efforts is continued to be shared using the free space within the facility as a place for learning.



Enclosures advertising the ecofriendly building



A panel explaining that the commercial facility is certified as ZEB Ready

#### Offering SDGs educational trip (Daiwa Resort)

Group company Daiwa Resort plans and develops SDGs educational programs targeting elementary through high school students. Calling for cooperation from local facilities, it has been providing educational packaged tours that offer area-specific knowledge since January 2019.

At Active Resorts Urabandai (Fukushima Prefecture), one of the resort hotels it operates, various professional programs were developed in collaboration with neighboring facilities under four themes. The programs include the Infectious disease learning program provided at Hideyo Noguchi Memorial Museum, the Earth study program at Grandeco Resort, and the LOHAS nutrition education and environment program offered by the said hotel. In the LOHAS program, for example, children learn about the issues of food loss in Japan and hunger in the world before leaving for the trip, and after arriving at the hotel, receive lectures about insects as human food and the food loss problem. The lectures are provided by the hotel staff who are certified environmental administrator and LOHAS Concierge, etc. After returning home, the children continue thinking about what they can do in their daily life and deepen their understanding.

In 2021, the programs were participated by 17,494 children from 96 schools. The programs are well received by teachers, and feedback from them indicates that the programs make students aware of values that cannot be taught at school and encourage a behavioral change among them to bear SDGs in mind. Going forward, we plan on offering opportunities for learning themed on SDGs also at other 25 hotels operated by Daiwa Resort (as of April 1, 2022) in collaboration with local communities.



LOHAS nutrition education and environment program

#### Desert afforestation volunteer activity (Fujita)

Group company Fujita has Fujita (China) Construction Co., Ltd. (hereinafter, "Fujita China") as a subsidiary in China. Fujita China has been involved in a desert afforestation activity led by Green Life, an NPO, since 2011. The activity that plants trees mainly in Inner Mongolia has been participated by some 300 employees in 10 years. Fostering oases in the desert, the afforestation program reduces yellow dust dispersion and thus helps improve the local environment.

Participating in the activity and seeing the desert in person raises the employees' environmental awareness. With "Till we see Fujita's own forest" as a slogan, Fujita China continues with the activity and makes contribution to the environmental preservation in the community.



Three years after planting, the saplings are growing



A stone monument erected by the NPO as a token of its appreciation



Focal  
theme

1

## Mitigating and adapting to climate change

## Contributions to SDGs

7.2  
7.3

11b

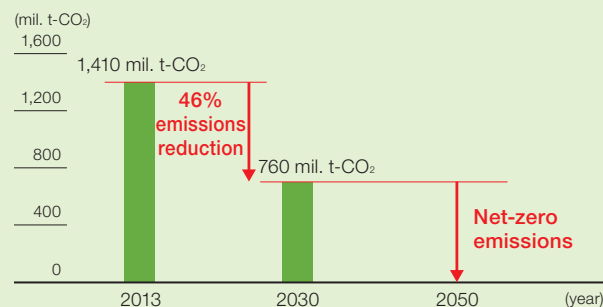
13.1  
13.3

## Policy and Concept

## Social issues

Recent years have seen frequent weather-related disasters thought to be caused by climate change in areas around the world and Japan. To curtail such events, at COP 21 in 2015, countries worldwide adopted the Paris Agreement, which aims to reduce greenhouse gas (GHG) emissions to net zero. In 2020, Japan has pledged to achieve carbon neutrality by 2050. At COP 26 in 2021, countries agreed to keep the goal of 1.5 degrees Celsius alive, which was non-binding at the time of the Paris Agreement. This would require the participating nations to step up measures against climate change. Turning to the situation in Japan, the household and business sectors together account for roughly 30% of the country's GHG emissions, and their emissions have risen by about 30% over the past quarter-century. Meeting the national target of reducing GHG emissions by 46% from 2013 by the year 2030 would require significant reductions from the two sectors.

## ■ Japan's greenhouse gas reduction targets



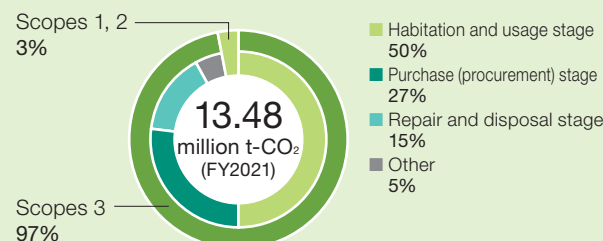
## Our Group's effect on society and the environment

The Daiwa House Group has been working to visualize greenhouse gas emissions\* throughout our value chain in order to achieve zero environmental impact over the life cycle. GHG emissions from our Group's business activities are low at 3% for Scopes 1 and 2 and our Scope 3 emissions (indirect emissions not from our company) account for the vast majority at 97%.

In particular, GHG emissions in the habitation and usage stage of houses and buildings, which tend to be used over the long term, account for about 50%. To address this issue, we are increasing the share of energy-efficient, energy-generating and energy-storing products, and helping to reduce GHG emissions attributable to the household and business sectors in Japan. In addition, we are upgrading existing houses and buildings to be more energy efficient and supplying them with electricity from renewable sources.

\* Some of the greenhouse gasses such as methane, nitrogen monoxide and chlorofluorocarbons are excluded from targets and results management of our Group as their emissions are low and they do not have great influence.

## ■ GHG emissions in our value chain



P165 Environmental Data Reducing GHG emissions in the value chain

## Risks and opportunities for the Daiwa House Group and its responses

In Japan, the government has been tightening energy-efficiency regulations on houses and buildings with the Building Energy Efficiency Act and offering incentives for advanced energy-efficient structures such as ZEHs and ZEBs\*. We maintain and strengthen energy-efficiency measures at Group facilities to reduce the cost of responding to regulations. We are also using our expertise to enhance proposals to our customers in zero-energy housing, buildings, and community development to drive order growth and boost prices. We launched a renewable power generation business on our idle land and aim for further growth using public-sector idle land. We believe it is important to promote the take-up of such products in the longer term independently, without relying on subsidies. Through green building certifications and dialogues with ESG investors and others, we aim to get the environmental real estate market up and running at an early stage.

P040 Response to the Task Force on Climate-related Financial Disclosures (TCFD)

\* Refers to Zero Energy Houses, and Zero Energy Buildings that are designed to achieve net zero energy usage yearly, by improving the energy-saving performance with insulation and energy-efficient equipment, and creating energy through solar power generation or similar means.



## 1 Mitigating and adapting to climate change

### Road Map for the Long-Term Environmental Vision

	1. Challenge Zero for CO <sub>2</sub> in community development	2. Challenge Zero for CO <sub>2</sub> in business activities	3. Challenge Zero for CO <sub>2</sub> in the supply chain
2050	Achieve carbon neutrality in housing, construction, and community development	Achieve carbon neutrality in all facilities and all business processes	Achieve carbon neutrality in the supply chain
2030	GHG emissions in use of newly constructed buildings (total) in comparison to FY2015 <b>-63%</b>	GHG emissions (total) in comparison to FY2015 <b>-70%</b>	Achieve SBT standard target for 90% of key suppliers (target set to 2025)
2021	GHG emissions (by floor area) in comparison to FY2015 <b>-34.9%</b>	GHG emissions (by sales) in comparison to FY2015 <b>-41.4%</b>	Setting rate of GHG emissions reduction targets of key suppliers <b>87.7%</b>
(Results)	Turning all new buildings into ZEH/ZEB as a rule ZEH/ZEB sales rate <b>63%/44.1%</b>	Energy efficiency in comparison to FY2015 <b>2 times</b> Renewable energy utilization rate <b>100%</b>	Energy efficiency in comparison to FY2015 <b>1.47 times</b> Renewable energy utilization rate <b>18.2%</b>

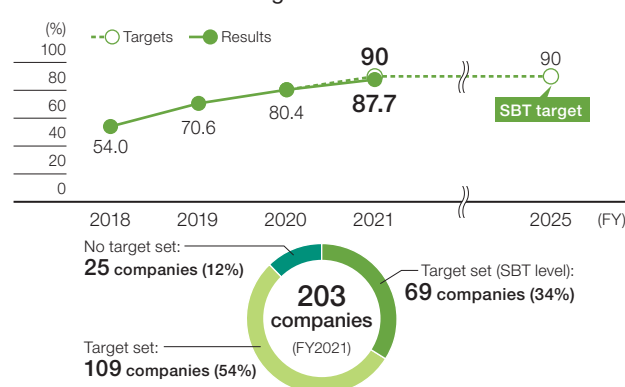
### 1 Self-assessment of the Main Targets and Results of Endless Green Program 2021

🟢 : Target for fiscal 2021 achieved 🟡 : Target for fiscal 2021 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2021 not achieved (achieved less than 90%)

#### 87.7% of principal suppliers set GHG reduction targets, but failing to achieve our goal

In fiscal 2021, we maintained our decarbonization working group of principal suppliers and stepped up efforts to encourage those without GHG emissions reduction targets to set them. The share of those with targets rose from 80.4% in fiscal 2020 to 87.7%, but falling short of our self-imposed target for this metric. We will continue dialogues with suppliers to encourage those without targets to set them, and those with targets to set SBT level targets, which are more ambitious reduction targets.

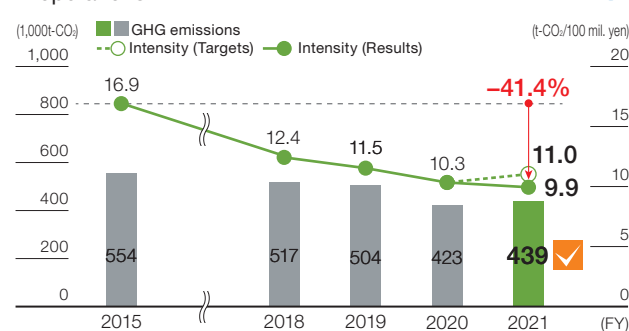
#### Setting rate of principal suppliers' greenhouse gas emissions reduction targets



#### Recovery from COVID-19 increased energy consumption, but meeting our goal with continuous energy-conservation initiatives

Energy consumption increased as operational rates rose at our resort hotels and other facilities in fiscal 2021. Meanwhile, energy consumed by our offices and vehicles declined, meeting our target, due to new working styles such as teleworking and remote sales, and continuous energy-conservation initiatives. We will continue managing energy in accordance with the new normal.

#### Greenhouse gas emissions due to business operations

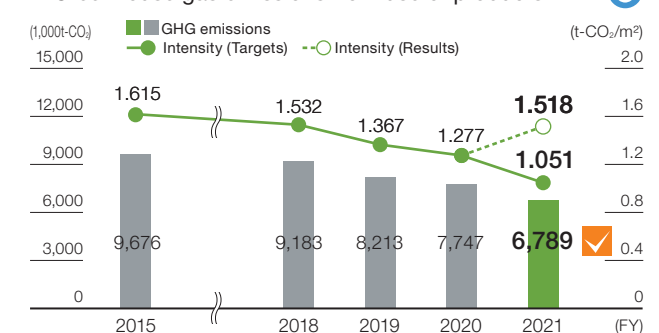


#### Achieved our target with promotion of ZEHs and ZEBs

In fiscal 2021 we developed tools to support marketing and design and provided training sessions, lifting the ZEH sales ratio to 63% and the ZEB sales ratio to 44.1%, both up from fiscal 2020. We achieved our target for greenhouse gas emissions (per area) with a reduction of 34.9% compared with the fiscal 2015 level.

Through promoting ZEH sales for rental housing and holding ZEB seminars for customers, we will significantly improve the sales rates of ZEH and ZEB, striving to provide houses and facilities that are both comfortable and energy efficient.

#### Greenhouse gas emissions from use of products\*



\* Refers to Group GHG emissions in the Scope 3/Category 11 (use of products sold). Calculation method and scope of coverage were revised in fiscal 2021. Data before fiscal 2021 has been retrospectively restated.

## 1 Mitigating and adapting to climate change

### Reducing greenhouse gas emissions in our procurement and business activities

#### Basic Policy

##### Support for principal suppliers to set GHG emissions reduction targets and promote initiatives

The Daiwa House Group works with our supplier organizations to reduce greenhouse gas emissions in the procurement stage. We help our principal suppliers set and implement measures to achieve GHG emissions reduction targets.

##### CSR Procurement Guidelines

(Excerpt from "Responding to climate change")

##### 5-2 Responding to climate change

Promote the reduction of greenhouse gas emissions and energy savings through our products and services as well as business activities (procurement and processing, etc.) and work to utilize natural energy.



[CSR Procurement Guidelines](#)



P024 Environmental Management

##### Making our newly constructed facilities into ZEBs, increasing the energy efficiency of existing facilities, and continuing with systematic equipment upgrades

The Daiwa House Group is helping to bring about a carbon-free society by reducing GHG emissions from our business activities while developing our renewable energy generation business.

In particular, our Group is deploying technology and expertise from the construction business to reduce energy consumption by introducing advanced, energy-efficient technology in newly built facilities and making extensive operational improvements and systematically updating equipment in existing facilities.

##### Policy for our newly-constructed facilities

To minimize energy consumption at the facilities it operates, and to power them with renewable energy, the Group will **build all new facilities it will operate in ZEB specifications as a rule, and install solar power generation systems for self-consumption.**

##### Energy-Efficient Facilities Investment Guidelines for existing facilities

To promote systematic energy-conservation initiatives in our company's and Group's facilities, we formulated internal *Energy-Efficient Facilities Investment Guidelines*. These require **annual cuts to energy consumption (per unit of sales) of 3%** by investing an amount equivalent to 15% of energy costs into energy efficient facilities.

##### EMS Introduction and Application Guidelines for existing facilities

Our Group's *Energy Management System (EMS) Introduction and Operation Guidelines* promote energy efficiency in business activities. In addition to **detecting and reducing wasted energy**, we aim to **curtail power cost increases** from excess demand.

##### Policy on usage of renewable energy at the company's facilities

The Group works to turn the electricity consumed by its own facilities into renewable energy based on the following priorities.

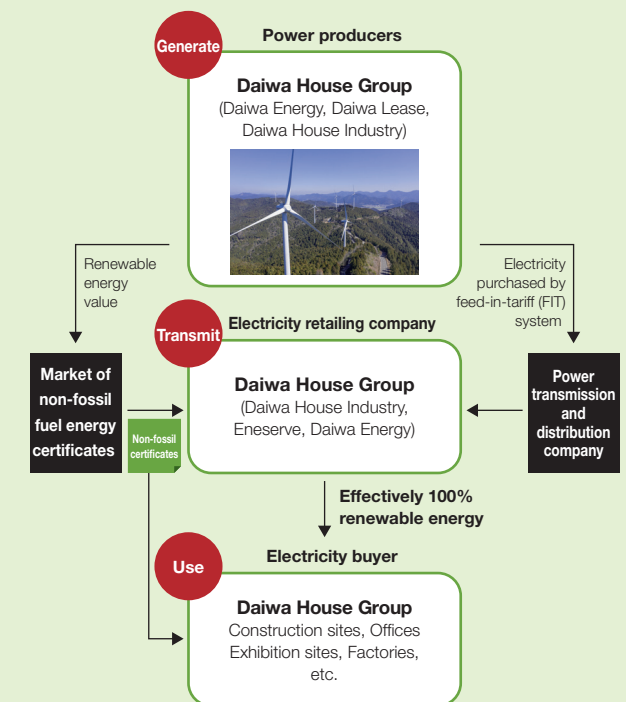
- (1) Install solar power generation systems for self-consumption
- (2) Switch to the renewables-sourced electricity plan\*1 offered by a group electricity retailing company
- (3) Obtain non-fossil fuel energy certificates\*2 as an electricity buyer

\*1 An electricity plan that provides non-fossil fuel energy certificates proving that the electricity is in principle generated with renewables at the Group's own power stations

\*2 Obtain only non-fossil fuel energy certificates, separately from electricity

##### Generate, transmit, and use renewable energy in-house

Our Group targets renewable energy self-sufficiency: we aim for 100% of the electricity used in business activities to come from renewable energy generated in-house. We plan to use the national feed-in-tariff system to accelerate our development of renewables, boosting the share of renewable energy by obtaining certificates for the renewable energy value of electricity generated.







## 1 Mitigating and adapting to climate change

### Reducing greenhouse gas emissions in our procurement and business activities

#### Management

##### Setting principal suppliers' greenhouse gas emissions reduction targets

As approximately 20% of the greenhouse gas emissions attributed to our value chain comes from procurement, we believe it is essential to reduce these emissions at our suppliers' manufacturing stage. We have launched decarbonization working groups comprising our principal suppliers and decarbonization dialogues to help them set and increase greenhouse gas emissions reduction targets to reduce emissions at the procurement stage.

 [P027 Supply Chain Management \(Environment\)](#)

##### Energy management in business activities

In addition to appointing the Executive Officer in charge of the Environment as Energy Director for the entire company, Daiwa House Industry designates energy directors and project promoters at the sector or department level (factories, commercial facility, office) to run energy management and make the policies more efficient. Regular energy project promoters' meetings are held to discuss and share environmental issues, measures, and future plans.

The Daiwa House Group formulates every year an energy conservation investment plan for main Group companies operating hotels and other commercial facilities that use large amounts of energy. In calculating the payback period, which is one of the decision criteria for making investments, we take internal carbon pricing into account.


##### Installation of solar power systems on our own facilities

As part of efforts to reduce greenhouse gas emissions, we install renewable energy equipment at our new offices, commercial buildings, sports clubs, and nursing care facilities and are boosting in-house consumption of electricity we generate. The Office Relocation & Opening Manual and the Facilities Setup Policy respectively stipulate that offices and sports facilities must set up solar power generation systems.

#### Main approach

##### Greenhouse gas emissions reduction at the procurement stage

We are working to get our suppliers to collaborate with us in measures set forth in the "Responding to climate change" section of our *CSR Procurement Guidelines*. Suppliers can assess their own initiatives, and we survey our 203 primary suppliers for greater detail on GHG emissions reduction targets and results to understand their efforts. In fiscal 2021, we continued holding a decarbonization working group for suppliers without such targets, and helped them set targets. At one-on-one decarbonization dialogues with suppliers to raise their awareness, we shared our thinking of how companies should operate in a decarbonized society, and encouraged them to set more ambitious GHG emissions reduction targets.


 [P028 Increasing suppliers' awareness of our environmental policy](#)


[P165 Environmental Data Reducing GHG emissions in the value chain](#)

##### Promoting ZEB in newly-constructed facilities

Our group has a policy to aim at developing all of our new facilities as ZEBs and is working on initiatives to fulfill this aim.

MIRAI KACHI KYOSO Center (Kotokurie), a training facility of the group opened in October 2021, is an advanced, environmentally conscious building that meets strict domestic and international standards. It obtained the following international certifications: LEED (for green buildings), WELL (health), and SITES (landscape), and Japanese certifications: BELS (energy) and JHEP (biodiversity), besides achieving ZEB certification.

 [We open a training facility, the Daiwa House Group MIRAI KACHI KYOSO Center \(Japanese text only\)](#)

 [Our Group's training facility themed on Wind, Sun and Water \(Japanese text only\)](#)



Kotokurie (Nara Prefecture)



LEED is an international certification program that evaluates environmentally friendly green buildings.



WELL certification is a rating system for measuring the wellbeing and health of a building and its users.



SITES certifies the environmental performance of landscapes. In Japan, only a few sites have been certified.



## 1 Mitigating and adapting to climate change

### Reducing greenhouse gas emissions in our procurement and business activities

#### Energy efficiency activities for existing facilities to attain EP100

The Daiwa House Group runs Group Energy Efficiency Joint Working sessions for 13 main Group companies operating hotels and other commercial facilities that use large amounts of energy. The sessions share cases of energy efficiency investment and improvements by Group companies, as well as the latest technological developments, to step up our efforts. Besides replacing equipment with the latest one, we are rolling out energy saving measures taken by each department and group company across the group such as adding energy-efficient control devices on existing outdoor air-conditioning and transformers, and improvements based on the audit on energy-efficiency measures by the Energy Conservation Center, Japan. In operation, we developed and deployed a unique energy-saving potential diagnosis tool to identify energy-efficiency measures and visualize scope for improvement as we continue our energy conservation efforts.



P156 Environmental Data Leading-edge project to reduce GHG emissions at our Company and Group facilities (new construction)

#### Fully switching to renewable energy-derived electricity and started purchasing non-fossil fuel energy certificates as an electricity buyer to attain RE100

In March 2018, the Daiwa House Group joined RE100, an international initiative on renewable energy operated by the Climate Group, an international NPO. Our goal was to attain 100% renewable energy for all the electricity used in our Group by 2040. As we made a significant progress toward this goal, we decided to attain it by 2023, 17 years ahead of the initial schedule.

We adopted in full swing renewable energy-derived electricity at our worksites, housing showrooms, construction sites and factories in fiscal 2021. From November 2021, we started to purchase non-fossil fuel energy certificates as an electricity buyer, which we appropriated for assisting the renewable energy application at some of our rental buildings, where switching to renewable energy-derived electricity was difficult. As a result, the renewable energy utilization rates of the Company and the Group came to 53.9% and 18.2%, respectively.

The renewable energy-derived electricity and non-fossil fuel energy certificates we introduced take advantage of the renewable energy value of the electricity generated at renewable energy power plants we manage and operate nationwide. This facilitates our renewable energy self-sufficiency—we generate, transmit, and use it in-house.



P168 Environmental Data Progress in the long-term goal



100% renewable energy declaration plaque  
Our company certifies worksites that operate with 100% renewable energy as RE100 sites. As of end- March, 2022, 69 sites out of 80 sites have been certified.

#### Aggressive renewable energy development has seen electricity output exceed usage

In order to accelerate the adoption of renewable energy across the Daiwa House Group, we launched the DREAM\*1 Project. Under the concept of Wind, Sun and Water, we are developing wind, solar, and hydroelectric power generation systems.

In fiscal 2021, 56 plants with capacity of 37 MW started operations, including DREAM Solar Saga Tosu (Saga Prefecture: 3 MW) and DREAM Solar Natsumidai III (Nara Prefecture: 2.5 MW), for a total of 433 renewable energy plants\*2 in operation. As of end-fiscal 2021, the Group's renewable energy power generation facilities where we are the generator had capacity of 565 MW\*2 and with annual output of 635 GWh, exceeding significantly the Group's power consumption (484 GWh).

As a result, our renewable energy rate reached 131% in fiscal 2021.

\*1 D: Daiwa House Group, R: Renewable, E: Energy, A: Asset, M: Management

\*2 Includes in-house consumption



P159 Environmental Data Renewable energy-based power generation and renewable energy rate



DREAM Solar Natsumidai III (Nara Prefecture)



## 1 Mitigating and adapting to climate change

### Helping to reduce greenhouse gas emissions through our products and services

#### Basic Policy

##### Promoting ZEH, ZEB and Green Building Certifications

To reduce greenhouse gas emissions from houses and buildings used by customers over long periods, we are promoting advanced, environmentally conscious ZEHs (net Zero Energy Houses) and ZEBs (net Zero Energy Buildings). ZEH refers to single-family housing, rental housing, and condominiums, and ZEB to commercial and office buildings.

We are also working to obtain the Green Building certification recognized by third party institutions as a performance index of our efforts to develop environmentally conscious buildings. We are further stepping up our comprehensive environmentally conscious initiatives inclusive of energy efficiency.

#### Management

##### Establishing internal systems and providing education and tools to bolster marketing capabilities

The company appoints Environmental Promotion Manager for each of business divisions, who is tasked with promoting initiatives by setting annual targets for the sales of environmentally conscious products, in coordination with departments in charge of environment.

To achieve their targets, business divisions provide sales and design staff with education and e-learning courses on environmentally conscious buildings such as ZEH and ZEB, and improve their knowledge and marketing capabilities. To customers, we developed tools to convey the advantages and costs of environmentally conscious buildings in an easy-to-understand way, as well as energy calculation tools, thereby expanding our initiatives in the area.

The targets set at the beginning of each year are reviewed quarterly to confirm progress. The achievement level of targets are reflected in the performance evaluation.

#### Main approach

##### Single-family housing: Further increasing the number of ZEHs

The Company worked to increase the number of ZEHs mainly in made-to-order houses toward its aim of achieving a ZEH sales rate of 70% or higher in fiscal 2021. We provided ZEH seminars targeting sales and design staff on an ongoing basis to improve their skills for marketing ZEHs. Another initiative was a campaign in which we subsidized customers' installation of solar power systems to publicize the advantage of ZEH. As a result, the share of ZEH sales in made-to-order houses for fiscal 2021 was 63%, up 5 percentage points from fiscal 2020. Marketing ZEH intensively in build-for-sale projects as well, the Company will further increase the number of ZEHs in all single-family houses it provides.

The Company's proprietary home energy management system (D-HEMS) is the standard equipment in its mainstay products steel-frame xevo  $\Sigma$  (sigma) and wooden frame xevo GranWood. D-HEMS visualizes in real time the amount of electricity generated and sold by solar power generation, as well as electricity, water, and gas consumption in the home, raising the energy-saving awareness of residents. With D-HEMS, they can also control remotely the air conditioning and lighting equipment from dedicated terminals or smartphones, which facilitates energy conservation. Providing not only ZEH housing excellent in energy efficiency, but also a means of reducing energy consumption in daily life, we aim to achieve a decarbonized society while increasing customer satisfaction.



An image of ZEH compliant built-for-sale houses



D-HEMS

##### Rental housing and condominiums: Promoting ZEH-M

The company has been promoting ZEH-M in rental housing and condominiums.

In the rental housing division, to enhance our proposals to owners, we provided ZEH-M seminars targeting our sales and design staff, and improved their understanding of our initiative and basic knowledge of ZEH-M. In cooperation with companies managing ZEH-M housing, we provided explanation to prospective tenants about the advantages and environmental performance of ZEH-M for their satisfactory choice. In this way, all parties involved in ZEH-M are working as one in bringing awareness to ZEH-M.

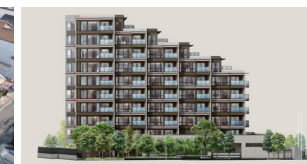
In the condominium division, we started ZEH-M initiatives in fiscal 2018 and continued with the efforts in fiscal 2021 using ZEH-M subsidy schemes. We provided seminars to our sales staff and new employees to explain the aim of our initiatives and gave them basic knowledge of ZEH-M.

As of end-fiscal 2021, we had developed 35 ZEH-M buildings (32 rental buildings and three condominium buildings with a total of 462 units).

Going forward, we plan to continue to promote ZEH-Ms, and offer homes with reduced environmental impact that meet all their residents' needs.



A ZEH-M compliant rental housing



Premist Ohori 2-chome (tentative name), a ZEH-M compliant condominium (Fukuoka Prefecture)





## 1 Mitigating and adapting to climate change

### Helping to reduce greenhouse gas emissions through our products and services

#### Commercial and office buildings: Promoting understanding, take-up, and growth of ZEBs through seminars and ZEB estimated cost sheet

As low awareness of ZEBs is an obstacle to our efforts, we hold ZEB seminars to promote take-up and growth of ZEBs. The seminars present government policies and goals together with an overview of ZEBs and our ZEB construction examples, and our ZEB construction clients give testimonials on the advantages of this type of building. The seminars make ZEBs more familiar, and we want them to lead to more construction. In fiscal 2021 we held an online ZEB seminar in August for a total of 376 participants.

For corporate customers, a scarcity of information for making a decision has caused delays in the internal approval process, creating an obstacle to constructing ZEBs. To resolve this problem, the company developed a ZEB estimated cost sheet that summarizes the ZEB specification items, construction details, energy conservation effects in figures and payback period. Using this sheet, we work to visualize the performance of ZEBs. Feedback from customers commented, “The sheet expedited the internal decision-making,” and “We leveraged the sheet to convince the company,” indicating that the sheet is boosting take-up and growth of ZEBs.

Moreover, to enhance our ZEB proposals to customers, we developed and started operation of a tool to support energy-saving design. The tool is intended to set numerical targets for energy conservation in the building planning phase and incorporate them into the actual design. Consisting of the actual examples of energy saving designs, a list of technologies we introduced, and simple estimation of energy-saving performance at the planning phase, the tool enables ZEB proposals to be made from the planning phase.

As a result of these initiatives, in fiscal 2021 we constructed 193 ZEB specification buildings (ZEB Oriented, ZEB Ready, Nearly ZEB, and ZEB). The ZEB sales rate in buildings for offices, factories, and warehouses was 44.1%. Through holding ZEB seminars and utilizing various tools assisting our proposals and design, we will promote take-up and growth of ZEBs.



P160 Environmental Data Number of units designed to ZEB specifications or guidance standards

#### Community development: Funabashi Grand Oasis, Japan's first large-scale mixed purpose development with 100% renewable energy

Funabashi Grand Oasis, in Funabashi City, Chiba Prefecture, consists of single-family housing (26 lots), rental housing (39 units), rental condominiums (223 units), condominium housing (571 units), and commercial facilities, with a project area of 57,456.19 m<sup>2</sup>. The project uses 100% renewable electricity from the construction through the habitation stage, mainly from the Saganuma Hydroelectric Power Plant (roughly 2 MW output) in Hida City, Gifu Prefecture, which we started fully operating in October 2018. By obtaining non-fossil fuel energy certificates (with tracking information)\* for power from the plant, the Daiwa House Group has achieved 100% renewable energy, from generation, through transmission, and use. At end-March 2021, all construction work was finished and the use of 100% renewable power in the habitation stage got into full swing.

In recognition of these efforts, we received two awards in fiscal 2020: the 2020 Minister of the Environment's Award for Climate Action and Encouragement Award in the third Eco-Pro Award from the Sustainable Management Promotion Organization (SuMPO). In fiscal 2021, we were also awarded Encouragement Award in the ninth Platinum Award.

\* Non-fossil fuel energy certificates separate the environmental value (e.g. no emissions of greenhouse gases) of electricity derived from renewable sources, making it tradable. Tracking information can help identify the power plant where the environmental value was generated.



Development of a 100% renewables-powered town  
(Japanese text only)

#### Promoting acquisition of Green Building Certifications

In fiscal 2021 we worked to acquire Green Building certification for at least 80% of the buildings we develop ourselves. Progress in Green Building certification is checked each quarter to improve our efforts. In fiscal 2021, the acquisition of BELS, CASBEE\* and LEED\* certification primarily for logistics centers and other D Project buildings, which account for a large percentage of the buildings we develop, lifted the weighting of Green Building certification to 91.6%.

\* BELS: Building-Housing Energy-efficiency Labeling System; CASBEE: Comprehensive Assessment System for Built Environment Efficiency System; LEED (Leadership in Energy and Environmental Design): a rating system to evaluate the environmental performance of buildings and cities



P154 Environmental Data Rate of Green Building Certification obtained



BELS-certified DPL Isehara (Kanagawa Prefecture)



## 1 Mitigating and adapting to climate change

### Topics

#### Increasing the number of ZEBs

Watanabe Pipe Co., Ltd. develops the water and residence business as a general trading company and the green business as a comprehensive agricultural service provider, with a network of over 550 sites across the nation.

Following its Gifu Service Center (SC) completed in September 2020, which was certified as ZEB, the highest among all types of ZEBs, Watanabe Pipe had many SCs in the nation built under ZEB specifications. Its Ichikawa-kita SC located in Ichikawa City, Chiba Prefecture, a new office building completed in August 2021, has been developed as a ZEB featuring a comfortable workspace and significant energy savings, which was enabled by exterior walls and subfloors with enhanced insulation performance, highly efficient equipment, illumination sensors, total heat exchangers and solar systems of 16 kW. The company won this project as it had a track record in design and construction of SCs for Watanabe Pipe, along with expertise in ZEB. In the proposal, we utilized the ZEB estimated cost sheet to help expedite their decision-making. Using this project as a model case, we will standardize ZEB specifications and increase the number of the company's ZEB offices by maintaining a cooperative relationship.



P038 Promoting understanding, take-up, and growth of ZEBs through seminars and ZEB estimated cost sheet



Watanabe Pipe Co., Ltd. Ichikawa-kita SC



#### Adapting to climate change —How to prevent heatstroke on construction sites

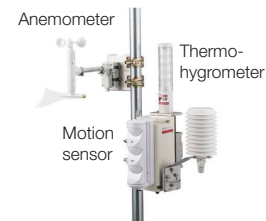
In recent years, global warming has been increasing the number of extremely hot days, and we are at a greater risk for heat stroke. In particular, on construction sites, where workers work outdoors, it is extremely important to prevent heatstroke in response to climate change.

To prevent heatstroke, Daiwa House Industry and the Confederation of Partner Companies thoroughly set up areas at construction sites where workers can rest in the shade, supply drinking water at all times, and provide educational programs. In fiscal 2016, we deployed the WEATHERY environmental sensor developed in cooperation with its manufacturer at worksites. It incorporates sensors to detect motion, wind speed, and temperature & humidity. When it detects a temperature, humidity, or wind speed above a reference value, it triggers an indicator light and voice alert and notifies the manager by email. This enables managers to monitor the weather when offsite, so they can act promptly to prevent heatstroke or prepare for damages from strong winds. In fiscal 2021, we installed a peak of 810 units in August.

In addition to these efforts, in fiscal 2021 we offered grants to business partners to purchase products to prevent heatstroke, and set up comfortable resting areas with shading net on a trial basis as measures to prevent heat at construction sites. These are scheduled to be expanded nationwide from fiscal 2022 onward. We will continue working to prevent heatstroke on construction sites.



P097 Risk assessments of construction site health and safety



WEATHERY Environmental Sensor



A resting area with shading net

#### Validation experiment of demand response program to develop rental housing products powered by IoT and ZEH-M

The Company aims to develop ZEH-M rental housing products utilizing IoT. Toward this end, we conducted a validation experiment for power conservation based on demand response\*1 program jointly with a group company Daiwa Living, Energy Gateway, Inc. and Informetis Co., Ltd. Out of the tenants residing in the rental housing managed by Daiwa Living, we asked some 25,000 households that met certain conditions for cooperation in the experiment, which was held for two weeks in March 2022. The participants were notified hours or a day before the possible occurrence of power shortage, and were requested to save electricity. We then validated their behaviors toward reducing power consumption by checking the reduction in electricity usage and their use of home appliances through an AI-based electricity visualization system\*2. The result shows an average of 30% reduction in electricity consumption per participant.

Based on this result, our policy is to refine our IoT D-room\*3 and develop rental housing products powered by IoT and ZEH-M. Products to be developed will propose various means of saving electricity in both physical and intangible areas, including the automatic remote control of air conditioners in times of power shortages.

\*1 Demand response is to change demand patterns of electricity by controlling demand-side resources to match supply and demand

\*2 A system that calculates household energy consumption by estimating the type of home appliances and power supply status based on the analysis of waveform data of power usage

\*3 A rental housing in which home appliances are operated with tablet and voice



Validation experiment of demand response program to develop rental housing products powered by IoT and ZEH-M (Japanese text only)



AI-based electricity visualization system



## 1 Mitigating and adapting to climate change

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)



#### Supporting the TCFD Recommendations and enhancing disclosure

The impact of climate change is becoming more severe every year, and the frequent occurrence of extreme weather, natural disasters, and other events, for which climate change is thought to be a cause, threatens the safety and security of homes and living, which form the foundation for the value that the Daiwa House Group offers. Meanwhile, since the adoption of the Paris Agreement, nations and governments around the world have taken a sharp turn toward “decarbonization,” and expectations of the role that the private sector should play are changing significantly.

Nevertheless, because the changes in the external environment accompanying climate change are highly uncertain, it is important to hypothesize multiple scenarios and respond to the risks appropriately while recognizing the business opportunities at the same time.

Therefore, in addition to utilizing the “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” framework recommended for disclosures by TCFD as a tool for verifying the rationality of our initiatives on climate change, the Daiwa House Group intends to actively disclose information in line with the TCFD recommendations, paving the way to constructive dialogue with investors and others.

In keeping with this idea, the Daiwa House Group announced its support for the TCFD recommendations in September 2018 and joined the TCFD Consortium which was founded in May 2019.

In fiscal 2021 (October and December 2021), we held small ESG meetings for institutional investors, which we launched in fiscal 2018, and also engaged in individual dialogues with 11 institutional investors. Opinions we received at these interviews are fed back to relevant division and personnel and are taken into account in improving our reports.

P030 Eco Communication

#### Transition plan to achieve carbon neutrality

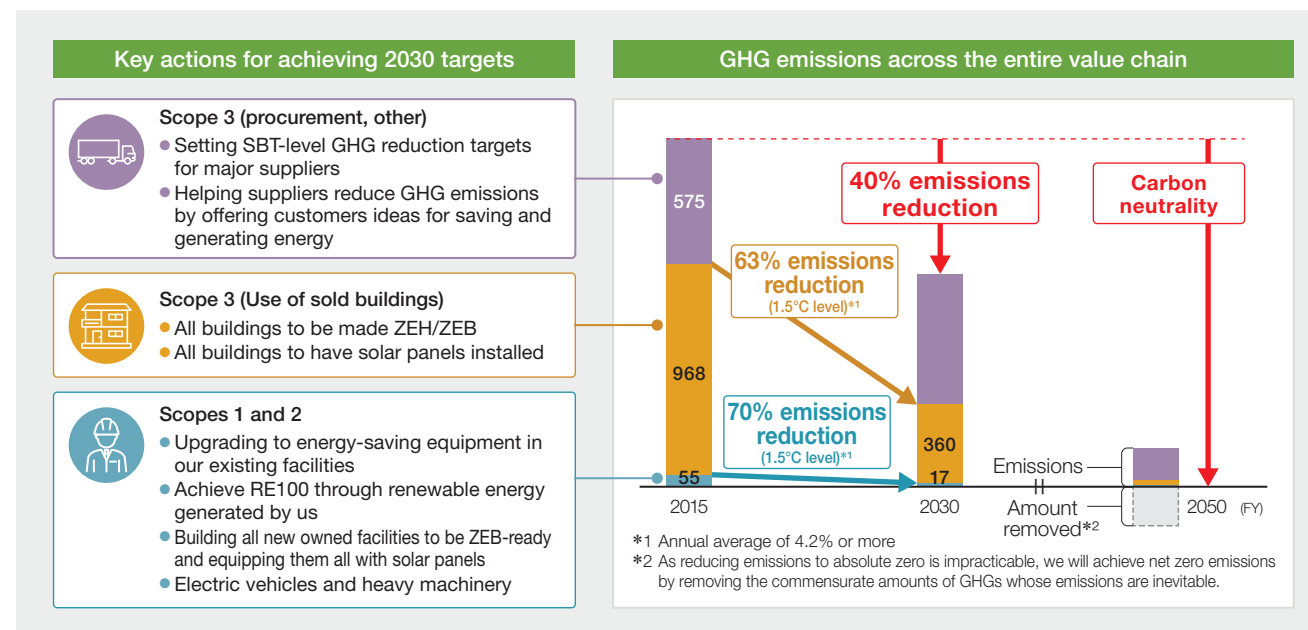
The Daiwa House Group has positioned mitigating and adapting to climate change as one of its key management issues and has continued efforts toward achieving carbon neutrality by 2050 as declared in the Long-Term Environmental Vision. In the carbon neutral strategy under the 7th Medium-Term Management Plan that started in fiscal 2022, we set as a milestone a 40% reduction in GHG emissions by 2030 compared to FY2015 throughout our value chain (scope 1, 2 and 3). Toward this target, we accelerate our initiatives in all aspects of the entire business.

In particular, GHG emissions in our business activities

(scope 1 and 2), in which we are directly involved, must be reduced by 70% from the FY2015 level by 2030. This should be attained by achieving RE100 (renewable energy utilization rate of 100%) at the earliest possible time with renewable energy generated in-house.

Among the three scopes, the largest portion of GHG emissions is attributable to the use of housing sold (scope 3 category 11). Aiming to reduce emissions from this area by 63% compared to FY2015 by 2030, we decided to make all new buildings into ZEH and ZEB in all businesses as a rule, and install solar power generation systems on all buildings.

#### Migration plan for reducing GHG emissions (by scope) on the road to carbon neutrality







## 1 Mitigating and adapting to climate change

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)



#### Governance

The Daiwa House Group has positioned mitigating and adapting to climate change as one of its key management issues and has appointed an Executive Officer in charge of the Environment with responsibility for implementing climate change strategy. We have established the Group Environmental Promotion Committee, which is chaired by the Executive Officer in charge of the Environment. The Committee, which meets biannually, deliberates and make decisions on fundamental matters related to the Group's environmental initiatives, including climate change, as well as risks and opportunities related to the environment, and supervises Group-wide environmental initiatives.

In addition, the Endless Green Program, the environmental action plan formulated alongside the Medium-Term Management Plan, contains the Group-wide strategy, performance targets, plans, and risk management policy on climate change issues, and important matters are reported to the Board of Directors. During the term of the program, the Executive Officer in charge of the Environment reports on progress to the Board of Directors once a year in time with the compilation of results for each of the management metrics and conducts a timely review of strategy, targets, and plans.

In fiscal 2021, the Board of Directors deliberated a basic plan for Endless Green Program 2026, a new environmental action plan, and decided the levels of environmental goals for fiscal 2026.

In line with the start of the 7th Medium-Term Management Plan, the Board of Directors also reviewed the directors remuneration system and introduced non-financial evaluation indicators to the system in fiscal 2022. The indicators include environmental indices, such as reduction in CO<sub>2</sub> emissions and CDP's Climate Change score set forth by the Plan.



P017 Long-Term Environmental Vision

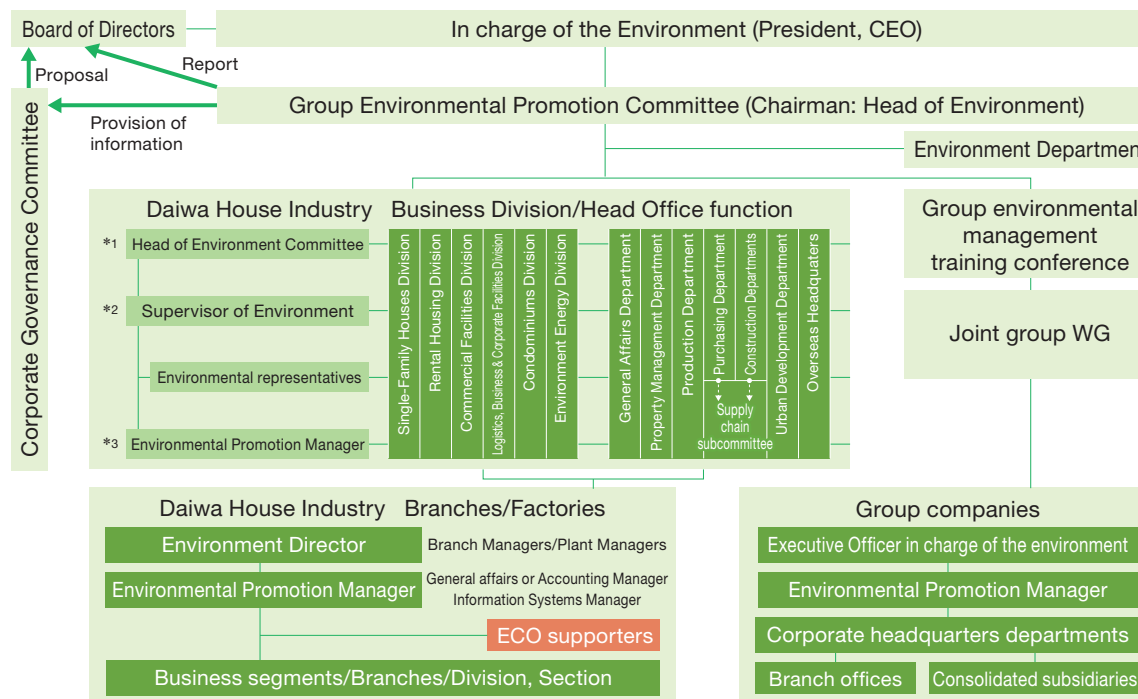
P024 Environmental Management

P133 Corporate governance system



Introduced a performance share restricted stock plan

#### Environmental management system



\*1 Business divisions only \*2 Appointed from the chief and deputy general manager class of the business management department in the business division

\*3 One person each appointed from the administrative class of the sales, development, design, and construction departments

#### Details of conference bodies

Conference body	Principal members	Principal roles in handling climate change	Conference frequencies
Board of Directors	Director, External Director	Supervision of climate change strategy	Monthly
Corporate Governance Committee	Representative Director, External Director, Auditor, External Auditor	Discussing and reporting important items about climate change strategy to the board of directors	Biannually
Group Environmental Promotion Committee	Executive Officer in charge of the environment, Environment Director (Business division), Head of Head Office function	Drafting and examining climate change strategy and adopting the final text, managing the progress of the Group management metrics	Biannually
Group environmental management training seminar	Group companies Executive Officer in charge of the Environment	Promoting climate change strategy across the Group	Biannually
Environment Committee (Business division)	Division heads, Environment Director, Environmental Promotion Manager	Implementing climate change strategy, managing the progress of individual management metrics	Biannually

#### Calculation formula for performance goal achievement coefficient in directors remuneration

$$\text{Performance goal achievement coefficient} = \{ (1) \text{ CO}_2 \text{ emissions reductions (business activities}^{*4}) + (2) \text{ CO}_2 \text{ emissions reductions (building use}^{*5}) \} \times (3) \text{ CDP Climate Change score}^{*6}$$

\*4 CO<sub>2</sub> emissions at Group offices, plants, construction sites, and business facilities. Coefficient may vary from 0 to 0.5 depending on the degree of achievement.

\*5 CO<sub>2</sub> emissions resulting from Group sales and the use of developed residential housing and buildings. Coefficient may vary from 0 to 0.5 depending on the degree of achievement.

\*6 CDP, an international NGO, rates corporations on an eight-point scale according to their actions and strategies for climate change. Coefficient may vary from 0.8 to 1.2 depending on the rating.



## 1 Mitigating and adapting to climate change

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)



#### Strategy

The risks and opportunities associated with climate change can be considered as those caused by “transitions,” such as the strengthening of regulations, advances in technology, and changes in the market that will occur with the move toward a decarbonized economy, and those caused by “physical change,” such as acute extreme weather and chronic temperature increases that will result from global warming. In addition, the impact could manifest not only in the short term, but also over the medium-to-long term.

Therefore, we have classified the factors involved in the various changes in the external environment associated with climate change into “transitions” and “physical changes,” estimated the period that will be impacted, and assessed the financial impact at three levels—large, medium, and small—to identify the significant risks and opportunities.

#### 5 steps for strategy development

##### STEP 1 Assess the priorities of climate change risks

- List risk items
- Describe the impacts on business
- Assess the priority of risks

##### STEP 2 Identify scenarios

##### STEP 3 Evaluate the impacts on business

- Identify financial items that may be affected by risks and opportunities
- Consider calculation formulas and estimate financial impact

##### STEP 4 Consider countermeasures and reflect them in policy and strategy

- Grasp our response to risks and opportunities
- Consider measures to respond to risks and to seize opportunities
- Reflect them in policy and strategy

##### STEP 5 Disclose information

#### Main Risks and Opportunities Related to Climate Change

Affected period: Short: less than 1 year; Medium: over 1 year but less than 5 years; Long: over 5 years

Degree of financial impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details		Period of impact	Level of financial impact
Risks	Transitions	<b>• Cost price increase due to change in specifications owing to tougher regulations of the Building Energy Efficiency Act</b> Reducing greenhouse gas emissions in the household and business sectors is an urgent issue in Japan. The Building Energy Efficiency Act was enacted in 2016, requiring compliance with energy conservation standards from 2017 for non-residential buildings with a floor area of 2,000 m <sup>2</sup> or more. This was expanded to buildings with a floor area of 300 m <sup>2</sup> or more from 2021. If the scope of the applicability of these requirements expands further or the energy conservation standards are raised higher, this may lead to higher cost prices for the houses and buildings we provide.	Short term	Medium
		<b>• Increase in operational costs due to expansion of carbon tax and emissions trading system</b> As various countries step up their efforts for decarbonization to achieve the Paris Agreement, Japan has announced a policy of achieving carbon neutrality by 2050, giving rise to the possibility of new regulations and schemes such as a carbon tax and emissions trading system being adopted in Japan. Already a green tax was adopted in Japan, but internationally the tax rate is said to be low. Therefore, there is a high likelihood of it being raised in the future as carbon tax. If the carbon tax rate increases substantially or the emissions trading system expands, we will have to cope with higher operational costs and additional work involved with regulations, possibly leading to lower efficiency.	Medium term	Small
	Physical changes	<b>• Increase in risk of heat stroke at construction sites due to rise in summer maximum temperatures</b> In Japan, it has been pointed out that the number of heat stroke patients increases significantly when the wet bulb globe temperature (WBGT) is over 28°C (extreme caution), and it is possible that the risk of heat stroke for workers at the construction sites of the Group, which focuses on the Japan market, will increase further in the future. Therefore, should summer maximum temperatures rise, it is possible that the risk of heat stroke will increase for workers at construction sites where outdoor work is unavoidable, which could lead to longer construction periods and lower productivity for onsite work.	Short term	Small
		<b>• Damage to our facilities due to meteorological disasters and increase in insurance premiums</b> When meteorological disasters like storms and floods occur as climate change becomes increasingly severe, there is a high possibility that various company facilities, including offices, factories, and logistics centers owned by the Group, will be damaged. Much of this damage can be covered by non-life insurance, however, going forward, if the frequency and intensity of meteorological disasters increase, it could lead to an increase in indirect costs associated with higher insurance premiums or decreased sales due to suspension of service businesses.	Medium term	Small
Opportunities	Physical changes	<b>• Impact on supply chain due to meteorological disasters</b> Should the manufacturing sites of suppliers be damaged by meteorological disasters such as localized heavy rain, heavy snow, and typhoons due to extreme weather, and their operations suspended and transportation routes impacted by events such as road closures, it could result in hindrances in construction periods.	Short term	Small
		<b>• Increase in demand for houses and building with low greenhouse gas emissions</b> The core businesses of the Group are contracting and subdivision of houses and buildings, which account for about 54% of its consolidated net sales. Further, over 90% of these sales are in Japan. The Japanese government has indicated a policy target to achieve net-zero energy for new houses (ZEHs) and buildings (ZEBs) by 2030, and should incentives to support achievement of this target be continued and expanded, it is possible that demand for ZEHs and ZEBs, which have high unit prices per building, will increase.	Short term	Large
	Transitions	<b>• Generation of carbon credits through provision of low-carbon houses and buildings</b> As various countries step up their efforts for decarbonization to achieve the Paris Agreement, Japan has announced a policy of achieving carbon neutrality by 2050, giving rise to the possibility of new regulations and schemes such as a carbon tax and emissions trading system being adopted in Japan. Japan has already adopted the J-credit system, but the emission trading system is not applicable nationwide and the demand for credits is limited. If an emissions trading system is adopted nationwide, demand for carbon credits will rise, with the potential to be a business opportunity via new added value for being able to create credits through providing low-carbon houses and buildings.	Long term	Medium
		<b>• Expansion of environmental energy business due to rising demand for renewable energy</b> Japan's Sixth Strategic Energy Plan, announced in October 2021 is aimed at achieving the targets under the Paris Agreement. Although the plan stated renewable energy will account for 36 – 38% of power sources in the target energy mix for 2030, Japan's renewable energy percentage was 18% as of 2019, which is low relative to other major countries. However, over the past few years, the number of organizations participating in RE100 both in and outside Japan has increased, and it is possible that demand for renewable energy will rise and the environmental energy business involved in the development and supply of these will expand going forward.	Medium term	Medium
Physical changes	Products and services	<b>• Rising demand for houses and buildings equipped for meteorological disasters</b> The IPCC's Sixth Assessment Report pointed out the possibility of an increase in the intensity of tropical cyclones, such as typhoons, as global warming progresses. Storms and heavy rain also cause significant damage in Japan, and it takes a long time for life to return to normal afterwards. Therefore, it is possible that demand will rise for comfortable housing free of power outage and other interruptions to daily life even in case of a meteorological disaster, for buildings with energy self-sufficiency that ensures business continuity, and for communities that are resilient.	Medium term	Medium



## 1 Mitigating and adapting to climate change

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)

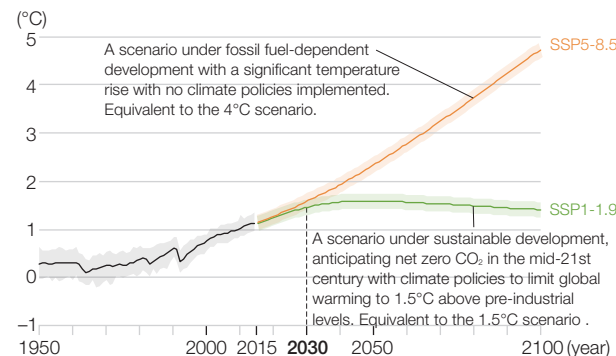


#### — Result of scenario analysis —

In order to formulate a business strategy that can adapt flexibly to future changes in the external environment based on identified risks and opportunities, the company evaluates the impact on business using several scenarios. In conducting the scenario analysis, we referred to the 1.5°C scenario as the scenario for “transitions,” and to the 4°C scenario as the scenario for extreme “physical change” to verify the rationality of our business strategies.

In the recently conducted simplified scenario analysis, demand for the net-zero energy houses and buildings provided by Daiwa House Industry as well as its environmental energy business are expected to expand under any scenario as of 2030, and we confirmed that the revenue growth is likely to exceed any negative financial impact, reaffirming the rationality of our response to risk and the importance of recognizing business opportunities more proactively. The scope of the simple analysis was limited to the significant risks and opportunities for the housing, commercial and office building businesses, and the environmental energy business, which are the Group's core businesses. Going forward, we will strive to further expand the businesses included in the scope of analysis as well as to increase the comprehensiveness of the risks and opportunities and refine the scenario analysis.

#### ■ Changes in global average temperature



Source: IPCC AR6 WG I SPM Fig. SPM.8(a)

#### 1.5°C scenario

A scenario under sustainable development to limit global warming to 1.5°C above pre-industrial levels.

Reason for selection	The scenario is aligned with Net Zero by 2050 (1.5°C goal) declared by Japan, in which we mainly operate, and involves relatively high transition risks.
Result of analysis	An increase in operational costs due to strengthening of regulations is expected, which can be covered by revenue growth due to increased sales of ZEHs, ZEH-Ms, ZEBs, and the environmental energy business.
Reflection in policies and strategies	Under the banner of “turning carbon neutrality into a growth engine for all businesses,” we have decided on policies of making all new buildings into ZEH and ZEB as a rule, and installing solar power generations systems on all buildings. We monitor progress using sales rates for ZEH, ZEH-M and ZEB as key management metrics and reflect the results in our business strategies.  <div> <div>📖</div> <div>P021 <u>Action Plan for the Environment (Endless Green Program 2026)</u></div> </div> <div> <div>📖</div> <div>P145 <u>Results and self-assessment of the Action Plan for the Environment</u></div> </div>

#### — Main approach —

We provide sales and design staff with education and seminars on ZEH and ZEB to improve their knowledge and marketing capabilities. To customers, we developed tools to convey the advantages and costs of environmentally conscious buildings in an easy-to-understand way, as well as energy calculation tools, thereby expanding our initiatives in the area. The targets set at the beginning of each year are reviewed quarterly to confirm progress. The achievement level of targets are reflected in the performance evaluation.

- 📖 P037 Further increasing the number of ZEHs  
Promoting ZEH-M
- 📖 P038 Promoting understanding, take-up, and growth of ZEBs through seminars and ZEB estimated cost sheet

#### 4°C scenario

A scenario with maximum GHG emissions under fossil fuel-dependent development with no climate policies implemented.

Reason for selection	The scenario with the biggest physical impact was selected to hypothesize the most extreme situation.
Result of analysis	Additional costs could arise due to supply chain disruptions and asset impairment due to damage to our facilities caused by heavy rain and heavy snow, and construction delay damages as extremely hot days will increase, which can be covered by sales growth of products to mitigate and adapt to climate change.
Reflection in policies and strategies	We have decided on policies of thoroughgoing measures against heatstroke at construction sites and development and popularization of products with low GHG emissions and products adapted to physical changes. We monitor progress using the number of heatstroke cases, GHG emissions per unit of floor space through provision of products, and sales rates for ZEHs, etc. as key management metrics and reflect the results in our business strategies.  <div> <div>📖</div> <div>P039 <u>Mitigating and adapting to climate change Topics</u></div> </div> <div> <div>📖</div> <div>P145 <u>Results and self-assessment of the Action Plan for the Environment</u></div> </div>

#### — Main approach —

We deployed environmental sensor at our construction sites in an effort to act promptly to prevent heatstroke or prepare for strong winds. We also formulated a business continuity plan for our supply chain, based on which we promoted measures, such as procuring materials from multiple suppliers and manufacturing sites. In the single-family housing business, we released the “Anti-Disaster House” equipped with the All-Weather Three Battery Linking System which can secure power, heating, and hot-water for some ten days in case of power outages even when it is raining. We have sold a total of roughly 450 such houses by the end of fiscal 2021. In fiscal 2021, roughly 70% of single-family homes had solar power generation systems and about 50% had storage batteries.

- 📖 P039 Adapting to climate change —How to prevent heatstroke on construction sites
- 📖 P121 Prepare business continuity plans on the premise of natural disasters/extreme weather





## 1 Mitigating and adapting to climate change

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)



#### Risk Management

We recognize that climate change risk is one of the risks with a significant impact in the medium- and long-term, and we have integrated this risk into the Group-wide risk management process. We identify and assess risks and opportunities in order to conduct a careful analysis roughly every three years in conjunction with the formulation of a Medium-Term Management Plan and Action Plan for the Environment, which we apply to the identification of priority issues for the Plan, with these issues reflected in the major policies and targets of the Plan.

More specifically, the Environment Department identifies “changes in the external environment” accompanying the transition to a decarbonized economy and “physical changes” associated with global warming. We assess important risks and opportunities based on their likelihood and potential financial impact. Each department considers concrete measures to address the important risks and opportunities thus identified, and we establish key management metrics and targets for the Group, each department, and each worksite in the Action Plan for the Environment and take necessary action. We also manage progress through the biannual Group Environmental Promotion Committee at the Group-wide level, the biannual departmental environmental committee for each department and a biannual ECO diagnosis/training session for each worksite.



#### P024 Environmental Management

##### P121 Prepare business continuity plans on the premise of natural disasters/extreme weather

#### Metrics and Targets

Aiming to minimize the risks and maximize the opportunities associated with climate change, we have established short-, medium-, and long-term targets for the promotion of initiatives.

We have established these targets as a set of metrics for the Medium-Term Management Plan. We have also established more detailed management metrics and targets in our Endless Green Program, the action plan for the environment formulated to align with the period covered by the Plan, in order to accelerate our initiatives with the aim of striking a balance between earnings and environmental sustainability.

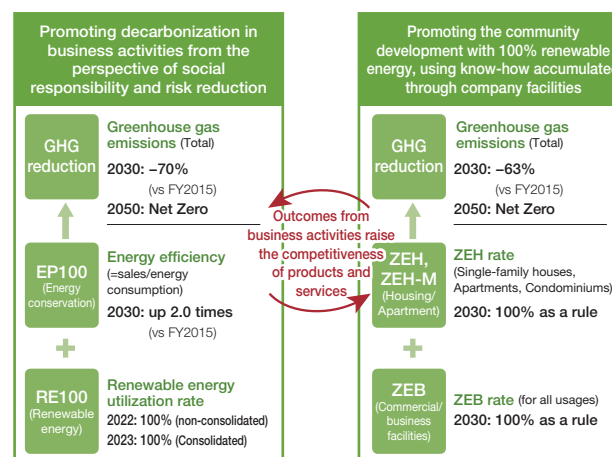


#### P151 Environmental Data Sales of environmental contribution businesses

#### P160 Environmental Data ZEH sales rate /ZEB sales rate

#### P165 Environmental Data Reducing GHG emissions in the value chain

#### P168 Environmental Data Progress in the long-term goal



#### Major issues for the Group and its responses

Below are the issues and our responses as we work toward achieving carbon neutrality throughout our value chain by 2050.

Reduction in the GHG emissions directly attributable to the company (scope 1 and 2) necessitates electrification of heavy machinery at construction sites and trucks used in logistics, so as to encourage the use of renewables-derived electricity. To decrease the GHG emissions in supply chains (scope 3 category 1), we promote the adoption of materials with low GHG emissions in the design phase with the use of LCCO<sub>2</sub> Calculation Tool connected to Building Information Modeling (BIM)\*. We also expect that manufacturers of materials with large emissions, such as iron and steel, cement, and aluminum, will develop innovative manufacturing technologies and make themselves renewables powered. As to the GHG emissions from downstream leased assets (scope 3 category 13), we will work to promote energy efficiency in cooperation with tenant companies, while at the same time increasing the supply of renewables-derived electricity to the areas exclusively owned by them.

In terms of governance, we will increase the frequency and accuracy of reviews on progress provided by the Board of Directors, and promote our initiatives for carbon neutrality flexibly from the very top down to the frontlines.

In the area of information disclosure, we see response to international requirements as a pressing issue, such as a set of new sustainability-related disclosure standards being discussed by the International Sustainability Standards Board (ISSB), disclosure of potential financial impacts as recommended by TCFD, and the Taskforce on Nature-related Financial Disclosures (TNFD). To that end, we maintain a firm grasp on trends at home and abroad and prepare for such disclosure based on dialogues with institutional investors and experts.

\* Digital three-dimensional models that incorporate building information. Enables consistent use of information throughout the life cycle of a building, from design to construction, and maintenance.

Focal  
theme  
2Harmony with the natural environment  
(Preservation of biodiversity)

## Contributions to SDGs



11.7



12.8



14.1

15.1  
15.2

## Policy and Concept

## Social issues

The G7 Summit (G7 Cornwall Summit) in June 2021 adopted the Nature Compact (G7 2030 Nature Compact) to halt and restore biodiversity loss by 2030 with a goal of achieving nature positive. The forest cover\*<sup>1</sup>, which accounts for 31% of the land surface, is shrinking every year, with a decrease of some 180 million hectares in 2020 from 1990. This necessitates using lumbering in sustainable ways that removes new deforestation. To make matters worse, biodiversity and ecosystem services in Japan have been in long-term decline for the past half-century\*<sup>2</sup>. Accordingly, in order to help achieve stable and sustainable local ecosystems, we need to preserve areas of biological significance, utilize natural environment around us, such as the traditional countryside known as “satochi,” or “satoyama,” and form an ecological network in which living creatures are adequately connected to thrive\*<sup>3</sup>. Recent years have seen the marine pollution problem due to at least several million tons\*<sup>4</sup> of discarded plastic worldwide every year—a clear signal that reducing single-use plastic items is also a significant issue.

\*1 Source: Forests and Forestry White Paper (2020)

\*2 Source: Ministry of the Environment “Comprehensive Assessment of Biodiversity and Ecosystem Services 2021” (JBO 3)

\*3 Source: The status of biodiversity (Biodiversity White Paper) (2020)

\*4 Source: *Kaiyo Plastic Gomi ni Kansuru Jokyo* (“The ocean plastic refuse situation”), Ministry of the Environment, February 2019 (in Japanese)

## ■ Annual changes in forest cover worldwide

Year	Forest cover (1,000 ha)	Change (1,000 ha/vs 1990)
1990	4,236,433	
2000	4,158,050	−78,383
2010	4,106,317	−130,116
2020	4,058,931	−177,502

Source: United Nations Food and Agriculture Organization (FAO) “World Forest Resource Assessment (FRA) 2020”

Partially edited from “Annual changes in forest cover worldwide, 1990 – 2020”

## Our Group’s effect on society and the environment

To reduce the environmental impact of the Daiwa House Group’s many development projects nationwide, we take steps to ensure that we understand project sites’ environmental potential before commencing work. Only then do we move ahead with a project, taking care to minimize any harm to the ecosystems of the site. Further, the Company is committed to creating ever-higher quality green spaces by having those on owned properties certified and communicating its results to customers with our expertise when pitching ideas for their projects, and by enhancing the amount and quality of green spaces with consideration to the network of ecosystems at each site.

Meanwhile, the structural and interior materials we use in our products (houses and buildings) entail consumption of large quantities of lumber. In a given year, the Daiwa House Group consumes some 270,000 m<sup>3</sup> of timber from several countries of origin around the world. To help minimize deforestation, we encourage use of legally and sustainably harvested timber throughout our supply chain.

With regard to marine plastic pollution, single-use plastics are used by the Group as well, such as some of the office supplies our businesses consume and the plastic shopping bags given to customers at our hotels and commercial facilities. To contribute to countering plastic pollution of the ocean, we are working to switch the single-use plastics to non-plastic products and reduce the use of plastic shopping bags.

## Risks and opportunities for the Daiwa House Group and its responses

In the event that a development project contributes to the loss of a local ecosystem, we face the risk of a loss of business opportunities or the cost of restoring the ecosystem. As we procure timber over the long term, demand for legally and sustainably harvested timber will surely increase, as this is one of the main materials our Group uses. Concerns have arisen that procuring such timber will become difficult, possibly generating a hike in the purchase price.

In response, we have adopted our *Biodiversity Guidelines: Development & Community Creation*. One of the management indexes we have established for developments above a certain scale is “compliance with (development) voluntary standards.” For timber procurement, we have formulated our *Biodiversity Guidelines: Timber Procurement*. We are taking steps to minimize risk by extending its scope across our Group and revising our timber assessment criteria from time to time in collaboration with environmental NGOs.

In addition, to reduce the use of single-use plastics, we replace forms and office supplies with non-plastic products at our offices, and start charging for shopping bags at our home centers and other facilities we operate.

Meanwhile, we also see scope for growth in environmental greening businesses and other similar greening projects for the value they add to houses and buildings. Our Group proactively promotes housing, facilities, and community development in harmony with the natural environment and takes into consideration the protection of biodiversity; at the same time, we are working to create a mechanism to maintain and preserve greenery. Through these efforts, we aim to improve the appeal of the community, enhance asset values, and contribute to the formation of a positive community.



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

### Road Map for the Long-Term Environmental Vision

	4. Challenge ZERO Deforestation	5. Challenge ZERO Harm to Biodiversity
2055	<b>Zero deforestation arising from materials procurement at all segments</b>	<b>Prevent any net loss of biodiversity attributable to our business activities or community development</b>
2030	Work with suppliers to eliminate from all our procurement any timber that cannot be traced to legal harvest	Create in aggregate at least 2 million square meters of biodiversity-conducive green spaces
2021	Ratio of S-ranked timber in procurement <b>94.0%</b> Ratio of C-ranked timber in procurement <b>1.1%</b>	Compliance with voluntary standards for biodiversity conservation (development) <b>100%</b>
(Results)		Development of the company's facilities filled with greenery (cumulative) <b>10</b> Single-use plastic bag purchases (vs FY2017) <b>-78.0%</b>

### Self-assessment of the Main Targets and Results of Endless Green Program 2021



Target for fiscal 2021 achieved



Target for fiscal 2021 not achieved (achieved 90% or more)

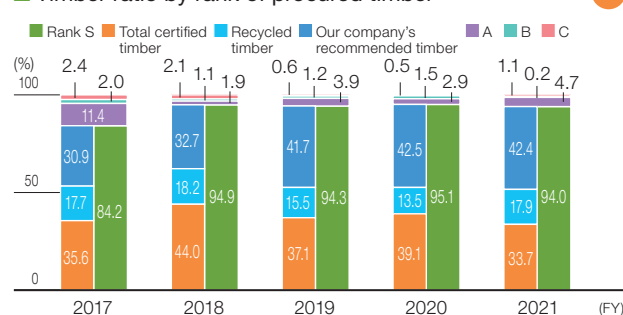


Target for fiscal 2021 not achieved (achieved less than 90%)

#### C-ranked timber with sustainability issues rose to 1.1%

In fiscal 2021, we continued to share the Company's procurement standards with our suppliers through the *CSR Procurement Guidelines*, and moved forward on raising the percentage of S-ranked timber used while improving the situation regarding C-ranked timber. In fiscal 2021, the volume of timber procured from Sarawak, Malaysia increased due to the disruption in timber procurement caused by the global lumber shortage. As a result, our use of C-ranked timber rose, a deterioration of 0.6 percentage point from fiscal 2020, while the use of S-ranked timber fell, a deterioration of 1.1 percentage point. Going forward, we will adopt the new evaluation criteria consistent with our zero deforestation policy and once again promote efforts to eliminate the use of C-ranked timber.

#### Timber ratio by rank of procured timber



#### Target achieved, with the number of greenery development projects\*1 amounting to ten

During fiscal 2021, Daiwa Lease's BRANCH Sapporo Tsukisamu Koporopa in Hokkaido joined our roster of facilities that have acquired "Urban Oasis" SEGES\*2 certification. Moreover, our Group's training facility, the Daiwa House Group MIRAI KACHI KYOSO Center (Kotokurie), acquired two certifications, SITES\*3 and JHEP\*4. This achieved our target of having ten company-owned facilities with plenty of greenery in aggregate.

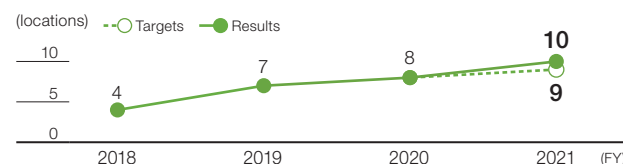
\*1 Projects and facilities that have been certified for their greenery and biodiversity by a program such as JHEP, ABINC, and SEGES

\*2 SEGES (Social and Environmental Green Evaluation System series): A green certification program operated by the Organization for Landscape and Urban Green Infrastructure to assess the positive impact of green spaces on society and the environment.

\*3 SITES: A system to comprehensively evaluate sustainability of landscapes, certified by Green Business Certification Inc. (GBCI) in the U.S.

\*4 JHEP: A system in which the Japan Habitat Evaluation and Certification Program quantitatively evaluates and certifies initiatives that contribute to biodiversity preservation and restoration.

#### Greened own property developments

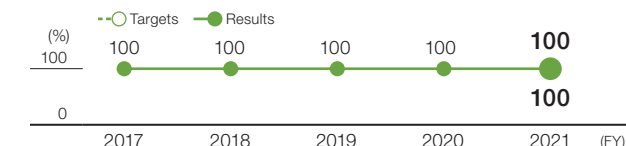


#### The target reached by maintaining and continuing compliance with voluntary standards for biodiversity conservation on large development projects

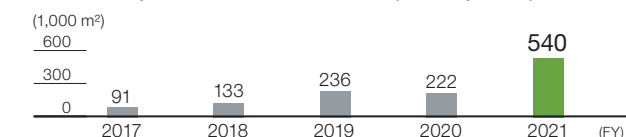
In fiscal 2021, the total area of sites developed by our development segment expanded 318,000 m<sup>2</sup> from the previous year (222,000m<sup>2</sup>) to 540,000 m<sup>2</sup>. The percentage of compliance with our own voluntary standards\* according to our *Biodiversity Guidelines: Development & Community Creation* has been stable at 100% since 2012, meeting the target.

\* For our large-scale development projects, our evaluation tool comprising 30 independently determined and self-evaluated items applied a rank of B or higher regarding our compliance with our voluntary standards. These evaluations are performed by the individuals in charge of the respective projects, and the state of compliance with standards is determined by the various departments of the Head Office.

#### Compliance with voluntary standards for biodiversity conservation (development)



#### Trend in performance of site area (development)







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

### Preserving biodiversity in our procurement and business processes

#### Basic Policy

##### Procuring sustainable timber

The business operations of the Daiwa House Group are dependent on the abundant natural capital provided by our environment. In particular, our procurement activities can have a major impact on biodiversity and the natural environment. The aspect of our natural capital that is most affected by our Group is timber. So we need to procure timber in consideration of the legality and sustainability of logging areas. Toward this end, in fiscal 2021, we revised our *Biodiversity Guidelines: Timber Procurement* formulated in fiscal 2010 to make it consistent with our zero deforestation policy. Going forward, we are working to adopt timber with consideration to the legality and sustainability toward reducing deforestation to zero.



P048 [Formulation of zero deforestation policy and revision of Biodiversity Guidelines: Timber Procurement](#)

P172 [Environmental Data Biodiversity Guidelines: Timber Procurement](#)



[CSR Procurement Guidelines](#)

#### Zero Deforestation Policy

The Daiwa House Group:

- Purchases timber (lumber) and wood products only from suppliers with declared Zero Deforestation\* policies
- Purchases timber and wood products only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of labor and indigenous peoples in the country of origin
- Purchases only timber and wood products whose traceability is certain
- Is extending the scope of its Zero Forest Destruction timber and wood product policy beyond construction materials, wood used below grade, framing crosspieces, and flooring to include plywood concrete form panels; wood used in principal fixtures, fittings, doors, and windows; and wallpaper

\* Zero Deforestation refers to:

- (1) Timber not harvested by clear-cutting of natural forests or other biodiversity-harming means
- (2) Timber from forests planted using methods harmless to high carbon stock (HCS) areas
- (3) 100% recycled material

#### Creating sustainable landscapes at Company facilities

Daiwa House endeavors to protect biodiversity through efforts that include certification of Company facilities by external certification systems, conducting biodiversity surveys within Company facilities (regulating reservoirs, other sites), and activities to protect indigenous species at construction sites.

#### Initiatives for significant sites at Company facilities

Our Group initiated surveys concerning biodiversity at all of its facilities to identify the impact of these facilities to biodiversity. In the sites of our Group's factories and hotels, extensive land for development, and those with green area, we strive to minimize the risk of biodiversity loss (negative impact) in order for us to continue sustainable business. Particularly for the sites that are deemed significant in terms of biodiversity, such as sites adjacent to protected areas, we will consider measures to manage and preserve them in consideration of the natural environment.

#### Start of Daiwa Plastics Smart Project, an initiative to deal with marine plastic pollution

The Daiwa House Group has endorsed the Plastics Smart campaign conducted by the Ministry of the Environment, and has set as its goal bringing to zero the impact associated with marine plastic waste problems by 2030, the year that the SDGs are set to be achieved. We are therefore taking action to reduce plastics. In March 2020, the Daiwa House Group formulated its *Plastics Usage Guidelines*, a policy for the proper use of plastics, which includes the reduction of discarded plastics.



P170 [Environmental Data Plastics Usage Guidelines](#)

#### Management

##### Cross-segment CSR Procurement Subcommittee

The formulation of our *Biodiversity Guidelines: Timber Procurement* provided the impetus for establishing a CSR Procurement Subcommittee in 2010. Its activities span all Group segments involved in purchasing, development, construction, sustainability, and the environment to ensure consistent implementation of CSR procurement. In 2018, we extended its scope to all seven Group companies and networked purchasing and construction personnel at all their business locations so they could work together to ensure CSR procurement congruent with the guidelines, as well as applying the PDCA cycle to drive improvements.



P103 [Application of the CSR Procurement Guidelines](#)

#### The Daiwa Plastics Smart Project

In accordance with the *Plastics Usage Guidelines*, we prohibit the use of single-use plastics for office supplies and sales-promotion kits used in-house, as well as cutlery served to customers, and replace them with alternatives. In addition, for office supplies and sales-promotion kits used in each workplace, we have created unified forms using our unique "Forest Certified Paper\*\*" to promote the switching.

\* Two types of paper are available: Forest Certified Paper produced from forests certified under Forest Certification Systems, such as FSC and PEFC; and so-called "mixed products" containing raw materials (including some waste paper) from certified forests and from forests that comply with the guidelines set forth by the certification systems.

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

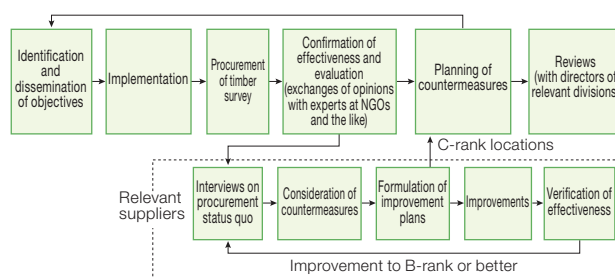
### Preserving biodiversity in our procurement and business processes

#### Conducting procurement of timber surveys at our suppliers

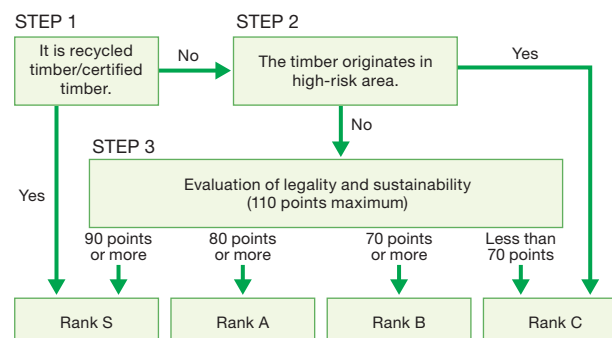
To implement our *Biodiversity Guidelines: Timber Procurement*, we conduct an annual procurement of timber survey\*. Timber is categorized into one of four ranks—S, A, B, or C—pursuant to the assessment procedure. We update the assessment criteria as necessary after exchanging ideas with environmental NGOs and experts. The criteria also incorporate certain criteria set by three third-party forestry stewardship certification organizations, such as the S rank assigned to timber certified by the Forest Stewardship Council® (FSC, a forest certification organization), the Programme for the Endorsement of Forest Certification Schemes (PEFC), or the Sustainable Green Ecosystem Council (SGEC). For assessing source-country risk for compliance, biodiversity, human rights, and the like, we also use FSC's Global Forest Registry risk assessment tool to get full, accurate picture of the situation. And we publish the survey results and well as report them to cooperating stakeholders (such as the environmental NGOs) so they can give us expert feedback that we can apply in future policy. From fiscal 2022 onward, the assessment will be made using the new criteria consistent with the zero deforestation policy by adding plywood concrete forms to the scope of the survey.

\* Timber covered by the survey includes construction materials, framing crosspieces, timber used below grade, plytimber, and flooring.

#### Procurement of timber survey flow



#### Survey results evaluation flow



P172 Environmental Data Biodiversity Guidelines: Timber Procurement

### Main approach

#### Switching sources results in significant reduction of C-ranked timber use

The fiscal 2021 survey covered the timber used for the major components (construction materials, framing crosspieces, timber used below-grade and finishing materials) in housing and rental housing products (obtained through centralized purchasing) and buildings (obtained through decentralized purchasing) of our Group.

The results for fiscal 2021 indicate that 94.0% (95.1% in FY2020) of the timber we used was S-ranked, while our use of C-ranked timber increased to 1.1% (0.5% in FY2020), showing a deterioration from fiscal 2020. This was due to increased procurement of some timber from high-risk areas as a result of the global lumber shortage, despite our efforts to switch sources by requesting the 25 suppliers of C-ranked timber to make improvements by means of thoroughly checking the timber's public documents and procuring more timber from low-risk areas in fiscal 2020. From fiscal 2022 onward, we will work to make improvements by evaluating timber based on the new criteria consistent with the zero deforestation policy.

#### Formulation of zero deforestation policy and revision of Biodiversity Guidelines: Timber Procurement

To enhance our engagement for achieving zero deforestation goals, in fiscal 2020 we established a Zero Deforestation Working Group to discuss the concept from its definition on up. Through the working group, whose membership includes environmental NGOs and our timber and wood-product suppliers, we formulated in fiscal 2021 a new policy for achieving zero deforestation as the Group envisions it through collaboration with a diversity stakeholders, each with their own perspective on the issues. We also revised our *Biodiversity Guidelines: Timber Procurement* to make it consistent with our zero deforestation policy.

#### Rare species protection and “Ikimono Kansatsu-Kai” at Company facilities

At the Company's Mie Factory, the presence of a near-threatened freshwater mussel in a regulating reservoir of approximately 6,000m<sup>2</sup> on the plant premises has since 2012 led to ongoing efforts to protect the species. Such initiatives have included reservoir draining for cleaning, the installation of fishways, and publication of the Biodiversity Research Report. Additionally, in 2017, Mie Prefecture, the Company, Azuma Industry and an NPO, “Chotto Shizen,” entered into the four-way “Mie Biodiversity Partnership Agreement,” which is one of the biodiversity conservation activities promoted by the prefecture.

In addition, we hold an “Ikimono Kansatsu-Kai” (aquatic animal observation) in cooperation with Mie Prefecture and a local NPO where community residents including elementary schoolers can come together to have contact with living creatures and learn. Cumulatively, some 450 people have participated. We include the results of these biological surveys in pamphlets our website as part of our cooperation in efforts to conserve local ecosystems.



“Ikimono Kansatsu-Kai”



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

### Preserving biodiversity through our products and services

#### Basic Policy

##### Preserving existing planting new greenery through community development projects

In addition to our initiatives to promote green community development as part of our effort to preserve or restore natural assets and ecosystems, the Daiwa House Group strives to transform the way people live and work to ensure greater harmony with nature. In order to create positive value for nature, we believe it is important to offer to customers proposals that take biodiversity into consideration and effective landscape approach. Planting and greening of exteriors involved by the Group have a direct impact on the natural environment, and form the foundation of local ecosystems. Thus, not only do we work to increase the amount of green space, we also aim to enhance the quality of green spaces by treating such spaces created by the Group as a connected network of ecosystems where living creatures can thrive. In this way, we seek to realize harmony with nature through our business operations, and are promoting communities filled with greenery.

#### Biodiversity Guidelines: Development & Community Creation

Daiwa House Industry, acknowledging the importance of contributing to the creation of a rich network of ecosystems, remains committed to minimizing its impact on biodiversity through its construction of large-scale real estate developments, housing and buildings in urban areas. We are now promoting initiatives in keeping with the six points in our guidelines.

 P172 Environmental Data Biodiversity Guidelines

#### Biodiversity Guidelines: Development & Community Creation

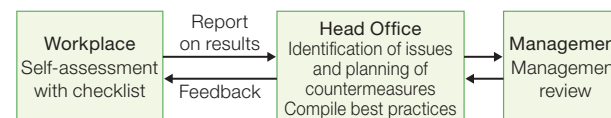
1. Ascertain the potential of the natural Environment
2. Preserve and plant greenery
3. Be careful to preserve a sufficient natural environment as a habitat for small animals
4. Take care to create a connected network of habitable environments for the ecosystem
5. Take steps to minimize the environmental impact of construction work
6. Pay adequate consideration to ecological maintenance and management

#### Management

##### Implementation of Biodiversity Guidelines: Development & Community Creation

Daiwa House Industry has developed its own checklist containing specific things to be addressed regarding the six items to which we need to pay attention for large development projects including built-for sale houses, rental houses, and condominiums, in accordance with the *Biodiversity Guidelines: Development & Community Creation*. Based on the checklist, we quantitatively assess proposals for each building to ensure compliance with the voluntary standards. Moreover, we share information on the buildings, mainly those that achieved a certain level of positive results from the checklist with other relevant departments by introducing case examples.

##### Implementation flow of Biodiversity Checklist



##### Implementation of Planting Design Guideline

In our condominium business, external experts provided supervision as we implemented the *Planting Design Guidelines* in 2014. We use these guidelines when we systematically formulate and design a greening design concept, select tree types, or perform planting management and maintenance.

##### Proposing indigenous species under the slogan “Let’s keep green”

Toward realizing a society where people live in harmony with nature, the Group is pitching greenery proposals that take into account the ecological network. When we propose exterior greening and planting plans to customers, we recommend that half of trees (tall trees and shrubs) we plant be indigenous species appropriate to each region. This is made under the slogan “Let’s keep green.” Together with our customers, we will maintain greenery in consideration of the network of ecosystems, and

pass onto the next generation rich ecosystems and sustainable community development.

#### Main approach

##### Promoting uptake of ecofriendly tree nameplates

In our hope to nurture a long-lasting attachment to garden landscapes, we are also using tree nameplates so that customers in built-for-sale houses can feel closer to nature. Such nameplates are made from Japanese cypress tree wood, obtained through forest thinning, which is a method of forest preservation. The writing is performed by laser printing, rather than the use of paints, and its surface is coated with natural beeswax so when their useful life has come to an end they can be safely returned to the soil to decay in an environmentally considerate manner, without worry.

We will enhance our greenery proposals for development and made-to-order projects and work to increase the green coverage and create green communities.



Planting of katsura trees and a tree nameplate

##### Measures for biodiversity preservation in large-scale construction (Fujita)

Our Group's Fujita conducted voluntary ecosystem surveys in cooperation with local nature conservation groups for a land readjustment project in Osaka. It established a protected wetland for important species, including wild birds, while seeds of rare plants have been collected and stored prior to the development. We also exterminated specified non-native plant species with a potential impact on the local ecosystems.



Establishment of a temporary protected wetland for grey-headed lapwing, one of the near threatened species in Osaka





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

### Preserving biodiversity through our products and services

#### Promotion of the environmental greening business (Daiwa Lease)

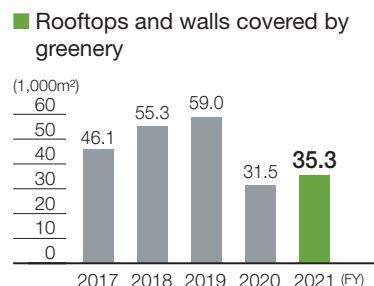
Daiwa Lease, a Group company, offers ideas for comprehensive greening of facilities. These include a variety of diverse, value-adding devices such as VERDENIA, an office greening service that uses indoor plants to gently stimulate the senses; and EcoRoofs, flat roofs built over metal that display superbly insulating properties; and gardens incorporating social and therapeutic horticulture (STH) concepts, a recent focus of interest.

Daiwa Leases' roof- and wall-greening installations became 35,300 m<sup>2</sup> in fiscal 2021 (31,500 m<sup>2</sup> in fiscal 2020), which accounted for some 12.3%\* of the area the Ministry of Land, Infrastructure, Transport and Tourism announced it wants to see covered by greenery installations nationwide. The Company intends to continue contributing to the greening of urban environment by offering comprehensive greening ideas.

\* Calculated from the latest (2020) published data



Completed EcoRoof installations



#### Ongoing monitoring surveys

In preserving biodiversity, we believe that environmental surveys are important not only when a development is being pursued but also thereafter. Particularly in areas where valuable species have been confirmed to exist, we conduct ongoing monitoring in collaboration with government agencies and other stakeholders.

#### Topics

##### ABINC certification for a condominium Initia Wako (Saitama Prefecture)

Initia Wako, a condominium of our Group's Cosmos Initia, has MORILABO in its site, a shared garden with a clubhouse, with the aim of creating a housing in harmony with nature. Here, residents can experience outdoor life in a rich natural environment and enjoy learning about biodiversity through interacting with nature at first hand. Through offering such an environment, we propose a housing that nurtures children who can think and act autonomously. As Osaka Fureai Forest spreads on the northwest side of the property, we have planted indigenous species, created hiding places for creatures, and attracted butterflies and birds. By incorporating such a mechanism allowing residents to live in harmony with local ecosystems, we have developed green spaces that take the ecological network into consideration.

As a result of initiatives like this, 2 properties in our Group's condominium business acquired certification as "bio-coexistent business locations®" in fiscal 2021, as have in aggregate 7 sites since fiscal 2016.



MORILABO, a shared garden of Initia Wako



Certification by the Association for Business Innovation in harmony with Nature and the Community (ABINC)®

##### Royal City Aso Ichinomiya Resort (Kumamoto Prefecture) acquires ABINC certification and JHEP certification (AAA-rating)

Given its location within Japan's Aso Kujū National Park, we are developing ASONOHARA—a home-in-the-woodlands project inside our Royal City Aso Ichinomiya Resort—on the premise of preserving and recreating the meadows typical of the local landscape. We are working to preserve or recreate the natural surroundings in all their diversity by ensuring plenty of green spaces—everything from meadows to wooded areas, setting aside spots inside the residential block for encouraging grass growth, creating semi-natural meadows, and maintaining existing woodlands. This degree of engagement led to the project's acquiring both ABINC and JHEP (AAA-rating) certification.

On-site surveys discovered two grass species red-listed by the Ministry of the Environment and Kumamoto Prefecture as critical, *Corydalis raddeana* and *Aster tataricus*, as well as spotless grass yellows (*Eurema laeta*), a butterfly red-listed as a valuable species by the Ministry. In fiscal 2021, we conduct monitoring of progress in meadow creation to control non-native species, including tall goldenrods (*Solidago altissima*), and retain indigenous species that constitute meadow landscapes, including Japanese silver grasses (*Miscanthus sinensis*). We will keep working to nurture meadowland through community outreach and initiatives to preserve the valuable species living on site.



Valuable species: Spotless grass yellow butterfly



JHEP certification (highest rating)

Project	Start of project (FY)/Business type (area)	Location	Surrounding environment	Activities/Status report
Forest Housing Aso Ichinomiya Resort ASONOHARA	2019/Development (126,064 m <sup>2</sup> )	Aso, Kumamoto prefecture	Residential area developed on a tract of tableland	ABINC and JHEP (AAA-rating) certification acquired for some plots developed in 2019. Monitoring surveys continue to be conducted. (Reports undisclosed)

Focal  
theme

## 3

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

## Contributions to SDGs



6.4

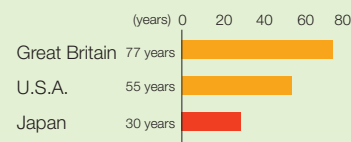
11.3  
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12.5

## Policy and Concept

### Social issues

In conjunction with rising world population and other issues, consumption of the world's natural resources has surged over the years. Consequently, environmental damage resulting from resource depletion and increasing waste generation has grown serious. The 2030 Agenda for Sustainable Development adopted at the United Nations Summit in 2015 underpinned the intention to dramatically reduce waste generation by 2030. The circular (closed-loop) economy concept, which calls for the continual repurposing and reuse of things of value such as products and components, is also gaining increasing attention, particularly in Europe. In Japan, as various recycling laws continue to progress and expand, a foundation is being established to encourage the emergence of a society committed to reducing, reusing, and recycling. The service life of a Japanese house averages about 30 years—extremely short compared to that typical of houses in Europe and North America. This is also considered an issue from the viewpoint of effective use of resources. With regard to water resources, the United Nations warns that the world's available water will decrease by 40% by 2030. Japan, meanwhile, enacted the Basic Act on the Water Cycle in 2014 as it continues to promote the appropriate and efficient use of water.

### ■ Average service life of housing, by country



Source:

Great Britain: Housing and Construction Statistics (1996, 2001)

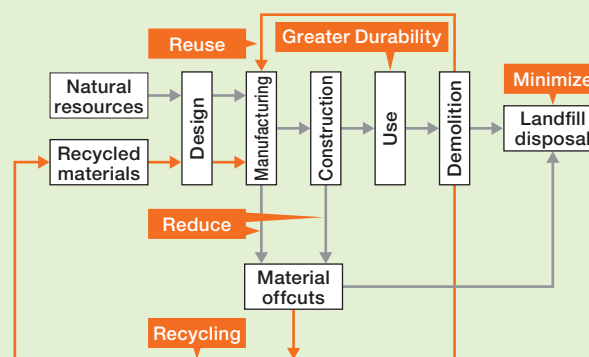
U.S.A.: American Survey (2001, 2005)

Japan: Housing and Land Statistical Surveys (1998, 2003)

## Our Group's effect on society and the environment

When one looks at the life cycle of a house or building from the perspective of resource conservation, it is evident that a new building uses many resources, some of which are discarded as scrap during the construction process. Moreover, after being used for many years, the structure must be demolished after it has served its purpose, with all components finally discarded as waste. Clearly, a policy of conservation of these natural resources would lead to waste reduction, use of recycled materials, recycling, and resource conservation in addition to extending the service lives of houses and buildings. Extending the durability of these structures would have significant benefits. The Daiwa House Group constructs a number of buildings for various applications. By leading the shift away from the Scrap & Build approach toward a Stock-type Society that aims to use high-quality houses for a long time, we are making significant contributions to minimizing our use of resources. We reuse and recycle waste generated during the construction and dismantling processes such as waste glass and plastic waste and thus help control the use of new resources not only within our company but also in various industries.

### ■ Flow of resource cycling in housing and building construction



## Risks and opportunities for the Daiwa House Group and its responses

Improper handling of waste remains a risk if there is a lack of mechanisms for properly managing and recycling the construction waste discharged from the tens of thousands of construction sites created every year. Concerns have also arisen about the potential for future increases in management costs due to stringent regulations on waste and water resources as well as increased processing costs due to the shortage of industrial waste disposal sites. In response, we at Daiwa House Industry have strengthened our management system by assigning waste management specialists to each district and conducting evaluations on all of the waste disposal companies. We have also established a system for collecting construction by-products generated at housing construction sites and recycling them within our own factories. We have thus reduced the risk of improper handling and improved the recycling rate at the same time. Meanwhile, we recognize a business opportunity in markets for houses and buildings with a long service life. We are developing houses that can continually be inhabited over the long term, and together with this, have developed a long-term warranty system. We provide proposals for repair and maintenance through inspection opportunities, which is leading to increased orders for home renovation. Moreover, eight Daiwa House Group companies\* have established a system for properly evaluating and marketing the Company's existing houses, and we are focused also on bolstering our brokerage business when people make plans to move.

\* Eight companies are Daiwa House Industry, Nihon Jyutaku Ryutu, Daiwa House Reform, Daiwa House Chintai Reform, Daiwa LifeNext, Daiwa Living, Cosmos Initia and DesignArc.



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

#### Road Map for the Long-Term Environmental Vision

	6. Challenge ZERO Waste and Reuse	7. Challenge ZERO Water-Associated Risks
2055	Achieve zero waste emissions and total recycling of resources throughout supply chains across the Group	Use water sustainably throughout supply chains across the Group
2030	Achieve zero waste emissions and total recycling of resources throughout supply chains at in all housing- and building-related businesses	Water consumption at all sites and properties and in all processes (per unit of sales) vs FY2012 <b>-45%</b> Complete waster risk countermeasures at all owned locations and high-risk supplier locations
2021	<div>Production</div> <div>Construction waste emissions (per unit of sales) <b>57.5 kg/million yen</b></div> <div>New Construction</div> <div>Construction waste emissions (per floor area) <b>20.0 kg/m<sup>2</sup></b></div> <div>Construction waste recycling rate <b>97.7%</b></div>	<div>Water consumption (per unit of sales) vs FY2012 <b>-46.8%</b></div> <div>Scope of water-risk awareness</div> <div>Principal owned business locations and principal suppliers of three Group companies</div>
(Results)		

#### Self-assessment of the Main Targets and Results of Endless Green Program 2021

😊 : Target for fiscal 2021 achieved 🟡 : Target for fiscal 2021 not achieved (achieved 90% or more) 😞 : Target for fiscal 2021 not achieved (achieved less than 90%)

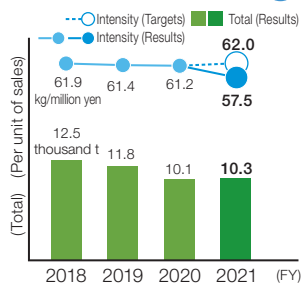
#### Waste emissions have been decreasing, but target missed in new construction

Our Production Department reached its target, a result of work to unify to the extent possible the dimensions of components having different cross sections and continuously devising ways to use cuttings and scrap effectively.

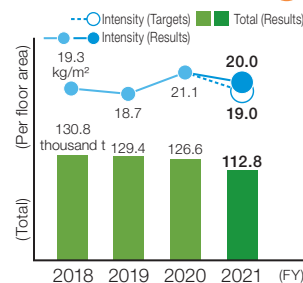
Meanwhile, for new construction site, waste emissions showed a downward trend in both total amount and intensity, but we missed the target. The result was due to increased emissions of waste glass and ceramics, such as plasterboard, caused by an increase in construction of nursing care facilities from fiscal 2020, which is apt to generate more waste emissions per floor area unit. We will work to reduce waste emissions by flexibly changing the type of plasterboard according to the ceiling height, a material widely used in nursing care and other residential facilities.

#### Construction waste emissions

##### Manufacturing



##### New construction

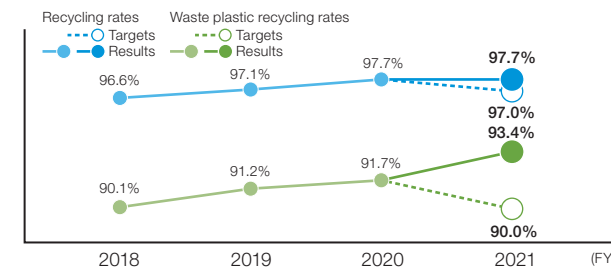


#### Target achieved by maintaining a high level of recycling rates

The members of the Daiwa House Group continually strive to sort waste conscientiously at our construction sites, sharing recycling routes among worksites and reducing the types of waste that are difficult to recycle. As a result of these efforts, the target was achieved in fiscal 2021.

When it comes to waste plastics, the Plastic Resource Circulation Act enforced in April 2022 has obliged waste generators to reduce and recycle plastic waste. The Group had already set the target for the recycling rate since fiscal 2019, striving for total recycling of plastics. As a result, we again achieved the target of 90% in fiscal 2021.

#### Recycling of construction and plastic wastes



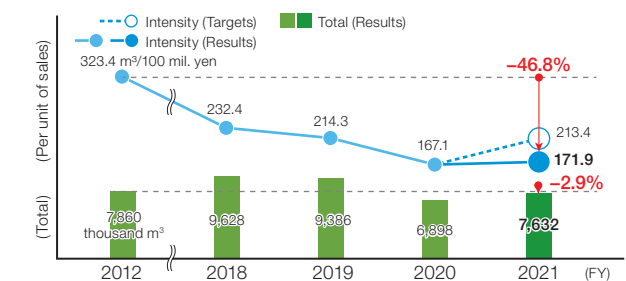
#### Target achieved for water consumption per unit of sales

Our Group promotes water consumption reduction activities with a Groupwide target set for the reduction. In fiscal 2021, water consumption increased from fiscal 2020 due to a recovery in guest numbers at resorts, sports facilities, and hotels, which had declined amid the spread of COVID-19.

Nonetheless, water consumption per user decreased at resorts, sports facilities, and hotels as we made replacements with water-saving devices.

As a result, we achieved the Groupwide fiscal 2021 target for water consumption per unit of sales.

#### Total water consumption and intensity



\* The data has been revised to correct some errors in the overseas water consumption for fiscal 2019 and 2020.





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

## Waste reduction and zero emissions at production and construction sites

### Basic Policy

#### Reduce, reuse, and recycle construction waste (the 3Rs)

The Daiwa House Group produces all housing and system construction products at its own factories in keeping with the corporate mission, Industrialization of Construction. In order to minimize waste, in the development and design phases, we seek to allocate materials in ways that can help reduce waste and in the construction stage, we process materials to the exact dimensions at our factories, then assemble them on the site to reduce on-site processing work. Moreover, we are promoting waste recycling by having our employees thoroughly sort waste in all the phases of production, construction, dismantling and renovation.

## Management

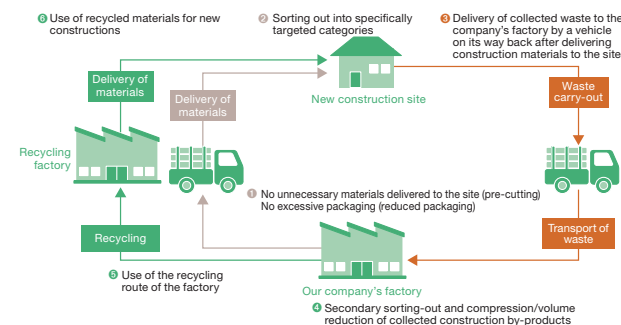
### Adopting product development, design, and construction processes conducive to resource conservation and recycling

For residential, single-family housing, rental housing, and system construction products, Daiwa House Industry reduces waste generation by improving current materials to achieve resource-efficient design and by improving the layout procedures we use for materials to ensure minimization of timber waste from the materials processed at construction sites. In addition, we are promoting reuse and recycling of the waste materials generated at single-family housing, rental housing construction sites by separating the waste into 19 categories in accordance with our voluntary standards that are more stringent than legal standards, which require separation of waste into five categories. We periodically make visits and conduct evaluations, based on our proprietary checklists, to business operators tasked to collect, transport and dispose of waste, and confirm that they perform proper management.

### Improving the recycling rate with our Plant Depo

Industry have introduced a system we call Plant Depo that is intended to reduce the improper treatment of waste while promoting the recycling of construction waste. Through this system, we collect construction waste at our new construction sites and truck it to the factory using the same truck used to transport materials to the construction site. There, it undergoes secondary sorting and is compressed to reduce its volume. By using this factory recycling route, we have achieved zero emission of waste.

#### Plant Depo System

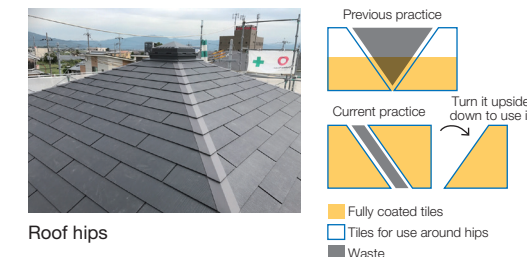


## Main approach

### Completely coated roofing significantly reduces resource use

We often use slate roofing tiles for our houses, placing them so the upper halves of each course covered by the lower halves of the next course, leaving only the lower halves exposed. Previously we coated only the lower halves that remained exposed; but this practice wastes large swathes of roofing when they have to be trimmed for roof hips. To address this, we tried applying coatings to the entire surfaces of the tiles. Trial installations demonstrated that it reduces the volume of slate tiles needed around roof hips by about 30% and reduced the volume (by weight) of wasted tiles by some 80%! We have since

standardized the use of completely coated slate roofing tiles for roof hips on single-family and rental housing nationwide. The change also helps reduce the on-site waste disposal workload.



Roof hips

### Uptake of modular construction for stores and offices

Daiwa House Industry has developed system construction products designed for standardized outer walls and structural members of similar size and specification and is promoting their adoption by offices, stores, facilities for the elderly, warehouses, and medium sized factories. In addition to conserving resources through comprehensive rationalization of steel-frame buildings, these system construction products can be factory-manufactured and processed to the specified design dimensions for principal members; moreover, they help minimize the generation of waste at the construction site.

During fiscal 2021, 29.5% of single-story and 6.3% of two-story buildings we built used our modular construction products.



Mie Branch of Daiwa Logistics Co., Ltd. (Mie Prefecture)



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

## Resource cycling in housing and building construction

### Basic Policy

**Promoting the development and adoption of resource-recycling products (exhibiting greater durability and longer service life and conserving resources)**

Houses and buildings are constructed with a large amount of resources and used for residential and other purposes over many years. Therefore, the reduction of the materials and parts used for them to the minimum level required to ensure the necessary performance, as well as the extension of the service life of the buildings, can be ideal resource conservation measures. In addition to designing and developing houses and buildings with an extended service life, we believe that proper maintenance can extend the useful life of a structure. Accordingly, we have established our own support services and long-term warranty system.

We are also focusing on developing a system for evaluating and distributing existing houses in order to maintain high-quality housing stock properly over a long period.

### Management

#### Promoting the extension of house service life and utilization of housing stock

By developing houses that can be continually inhabited over the long term, we are reducing the frequency of rebuilding, and this contributes to cutting the volume of resources used.

In addition, to maintain and improve the value of the quality housing stock created in this way, eight Daiwa House Group companies banded together to launch our Livness brand. It provides a one-stop customer touchpoint for our housing stock business. Customers who want remodeling ideas or help selling off their current home need go nowhere else. And to encourage formation of a market able to appropriately assess the value of quality housing stock, we have also established the Provision of Quality Housing Stock Association, a general incorporated association, in collaboration with other industry players.

### Main approach

#### Initiatives for the real estate stock business brand “Livness”

As well as Daiwa House Industry's optimally renovating and remodeling existing buildings to help create a market for trading quality housing stock at fair valuations, eight Group companies have collaborated to launch Livness, a brand to serve as a one-stop customer touchpoint for all our real estate stock businesses. Livness is involved in mediating purchase and sales of single-family houses and condominiums, buying them for resale and reselling them, and offering the full range of services customers need whether they're looking for a previously occupied house or want to remodel or renovate. In fiscal 2021 we bought and resold 1,031 properties, up from 842 in 2020. Of these, single-family houses and condominiums accounted for 522 properties (433 in 2020), and we renovated or remodeled 89,008 (96,719 in 2020).



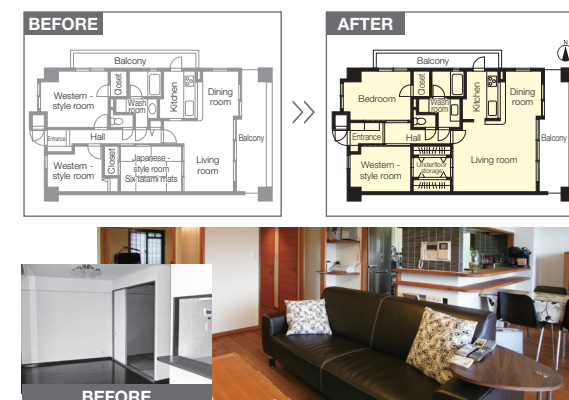
### Topics

#### Remade a secondhand condominium into a healthy housing to help residents stay in their home longer

A group company Daiwa House Reform has renovated a dwelling unit of an existing condominium into a healthy housing for a married couple suffering from sick house syndrome.

The 3-bedroom unit owned by the customers has been remade into a healthy housing with natural materials, such as solid wooden floors coated with persimmon tannin, one of the Japanese traditional painting materials, and walls and ceilings painted with diatomaceous earth by taking off the original cloth. The room plan has been also changed. To let in the sunlight and wind, the living room and a room next to the entrance were connected with a storage space. The new, open and comfortable residence delighted the couple, who commented that their health had improved since they started living in there, resulting in more time to spend and relax at home. We will continue serving customer needs with renovation and buying existing homes for resale to help residents stay in their home over a long period.

Example 2 of Livness renovation (Japanese text only)





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

## Conservation of aquatic environments

### Basic Policy

**Identifying and minimizing risks to water resources, and reducing water consumption in our corporate facilities as well as houses and buildings**

Water supplies are forecast to tighten drastically due to climate change, and the importance of conserving aquatic environments is nearly universally recognized.

Risks concerning water resources vary greatly depending on regional characteristics, so the Daiwa House Group assesses comprehensive water risks, water stress, and flood risks based on hazard map at each facility, for water management appropriate for the local risk level. We also identify water-related risks at the factories of our suppliers, which enables us to manage identified risks throughout our supply chain. In addition, for continuous use of water resources, we work to reduce water consumption in business activities across the Group, thoroughly manage wastewater at factories, and reduce water consumed in houses and buildings we design and build.

### Management

#### Efforts in managing water risks throughout the supply chain

Since our Group procures materials produced in Japan and overseas via our suppliers, we believe that it is important to identify risks associated with water resources and take measures throughout the supply chain, all of which we done in a systematic manner.

Since fiscal 2018, we have been continually surveying the Group's three major suppliers (Daiwa House, Daiwa Lease Co., Ltd., and Fujita Corporation) to get a full picture of progress they've made reducing water consumption and how the siting of their factories impacts water risk. As timber is the principal raw material in our business, we also assess water risk levels in timber-producing countries and tally the volume of timber procured.



P176 Environmental Data Water risk assessment results in timber-producing countries

### Main approach

#### Water risk evaluation at suppliers' overseas factories

In fiscal 2021, we surveyed 203 principal suppliers to three Daiwa Group companies (the Company, Daiwa Lease, and Fujita) to ask them about water intake, wastewater discharge, water-related issues, capital investment, and compliance, and whether they had any water-related targets, as well as to ascertain the siting of their factories. Some 97% of the surveyed suppliers responded. When we dug deeper using water risk assessment tools like WRI Aqueduct\*1 and WWF-DEG Water Risk Filter\*2 at companies with overseas factories sited in high-risk areas, we discovered some factories whose risk was judged high. But we also confirmed that measures to avert risk were in place, including procurement from a broader range of sources.

As part of business continuity plans (BCP), we also started multi-sourcing and management of supplier locations. We will work to further strengthen the systems by re-examining the hazard map of each site, devising countermeasures, and developing a systemized emergency contact system.

\*1 A tool for analyzing water risk in the world published by the World Resources Institute (WRI)

\*2 A tool for quantifying water-related risk developed jointly by the World Wide Fund for Nature (WWF) and the Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)

#### Assessing water stress levels at Group facilities

In setting targets for the Endless Green Program 2026, an environmental action plan, the Group sought to have targets for reducing water consumption by factoring in the water stress in the areas where our facilities are located. The water stress levels were evaluated using WRI Aqueduct, a water risk assessment tool. The results confirmed that there are no facilities in Japan at a water stress level above our internal criteria. We therefore decided to set targets within a range that is deemed reasonable to each facility.

Some overseas facilities are located in areas faced by water stress, but we confirmed that the volume of such water accounts for less than 1% of the total water consumption of the Group.

#### Water risk assessment at Group facilities

From the facilities operated by our Group companies, we chose those with high water consumption such as factories, resort/sports facilities and hotels, and quantified their water resources risks including items such as the regional characteristics and how each facility is managing risks\*1, using WRI Aqueduct and WWF-DEG Water Risk Filter. The results confirmed that there are no high-risk facilities.

In addition, to take countermeasures for Group facilities with high flood risk, we confirmed hazard map for the offices and factories that serve as significant sites for business continuity management (BCM). We checked whether they are located in areas with risks for flood, storm surge, and tsunami inundation. To those found to be with such risk, on-site investigations are being made in order to identify the risks in more detail and implement countermeasures.

\*1 The assessment was conducted based on the situation in fiscal 2016 and the assessment results for the facilities owned as of March 3, 2018 are mentioned.

#### Water risk assessment results

Segment	Country	Risk*2 (locations)				
		(Low)	Risk*2			(High)
		1	2	3	4	5
Factories	Japan	—	28	—	—	—
Resort facilities	Japan	—	29	—	—	—
Sports facilities	Japan	—	69	—	—	—
Hotels	Japan	—	46	—	—	—
Total water consumption for each risk level		—	4,793,000 m <sup>3</sup> *3	—	—	—

\*2 Risk levels. 1: Very limited risk, 2: Limited risk, 3: Some risk, 4: High risk, 5: Very high risk

\*3 As of end- March, 2022





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

## Conservation of aquatic environments

### Water conservation across the Group

We are continuously taking measures, such as to make replacements with water-saving devices, at resorts, sports facilities, hotels, nursing care facilities, commercial facilities and stores where water usage is high, and in tandem with this, we share case studies amongst Daiwa House Group companies and develop them horizontally. In addition, for sports facilities and hotels to be newly constructed, we adopt water-saving devices such as water-saving showers and toilets, as well as water volume regulating faucets in the design phase.

Our water-conservation efforts also include setting targets for offices, factories, warehouses, and spas that use water over a defined threshold.

 P176 Environmental Data Water conservation measures at each facility


### Water recycling at our Head Office building and a resort hotel

At Head Office building (Osaka Prefecture) of Daiwa House Industry, we reuse waste water from air conditioners, etc. and rainwater for washing toilets after treating them for recycling. A resort hotel operated by a group company is using miscellaneous waste water and rainwater for washing toilets and for being sprayed.

 P177 Environmental Data Water recycling in each facility

### Promotion of employment of water-saving equipment for single-family houses and rental houses

The entire Daiwa House Group is engaged in deploying more water-saving devices. To reduce water consumption once people have moved into their houses, we continue working towards 100% installation of water-saving fixtures—such as low consumption toilets and kitchen faucets, as well as water-saving shower systems (low flow shower heads with shut-off valves)—in our single-family and low- and medium-rise rental houses and condominiums. And for remodeling and hotel businesses, we have set targets to ensure their increased installation.

 P177 Water-saving device adoption rate, Adoption rate by department

#### ■ Adoption rate by department

Department	Adoption rate
Single-family housing business	100%
Rental housing business	90.9%
Home renovation business	99.6%
Condominium business	97.7%
Commercial and office buildings business	100%*

\* Hotel business only

## Topics

### Adopted Rain Garden, a technology to control stormwater (Daiwa House Industry and Fujita)

At the Daiwa House Group MIRAI KACHI KYOSO Center (Kotokurie), we are working on the effective use of rainwater and measures against natural disasters.

At the facility, rainwater that falls on roofs is collected for washing toilets, using as pond water on the premises, and for watering plants in the garden. The effective use of rainwater has reduced the consumption of tap water and also slashed the running cost of the facility.

For its landscape, we introduced an environmentally friendly Rain Garden, utilizing a proprietary technology of a Group company Fujita. With an infiltration rate of nine times higher than a typical soil that is carried in (decomposed granite soil), the special soil for Rain Garden helps rainwater quickly penetrate into the ground. Allowing rainfall on the facility premises to enter into the soil, the system can reduce the amount of rainwater discharged off site, or can delay the peak of discharge, thus helping to prevent urban flooding. Its ability to recharge underground water and excellent water retentivity are also expected to serve as a heat-island countermeasure.



The Rain Garden on the facility premises. With its high infiltration rate, the soil allowed the heavy rainfall in 2021 to completely soak into it in five hours.

### Saving water by installing waterless urinals and water-saving devices on shower stalls at sports facilities (NAS)

When building new facilities for the company's Sports Club NAS, we are installing waterless urinals and water-saving showers, in an effort to conserve water resources and reduce water costs.

As sports clubs consume a lot of water, saving water at these facilities is also a key to reductions in energy required for hot water supply, utility costs, and CO<sub>2</sub> emissions.

On the other hand, provision of water at shower rooms and pools is an essential element of the service to customers, so limiting water consumption and good service quality may cause an unavoidable trade-off. To maintain the quality of our service, we carefully select the latest water-saving devices and achieve water-saving steadily with stable maintenance and management of devices.

As the effect for cutting water consumption was confirmed at clubs where water-saving devices were installed in fiscal 2021, we rolled out them to other clubs. We have installed waterless urinals at 20 clubs and water-saving showers at 29 clubs in fiscal 2021.

#### ■ Number of water-saving devices installed at major clubs and percentage reduction in water consumption



Waterless urinals

Club	Number of waterless urinals	Number of water-saving showers	Percentage reduction in water consumption*
NAS Shinkawasaki	6	50	4.5%
NAS Seya	5	44	4.7%
NAS Nishinippori	6	60	3.4%
NAS Fujisawa	4	50	5.2%

\* Compared with the consumption before installing water-saving devices



# Prevention of chemical pollution

## Contributions to SDGs

3.9  
3.d

11.6



12.4

## Policy and Concept

### Social issues

In line with the commitment signed in 2002 at the World Summit on Sustainable Development (Johannesburg Earth Summit 2002) which aims by 2020 to use and produce chemicals in ways that do not harm human health and the environment, the relevant regulations have been tightened mainly in the U.S. and Europe through TSCA\*<sup>1</sup>, the EU's REACH regulatory framework\*<sup>2</sup>, and the RoHS Directive\*<sup>3</sup>. Domestically, restrictions on the management of various chemical substances such as amendments to the PRTR Law\*<sup>4</sup> and the Chemical Substances Control Law\*<sup>5</sup> have been tightened. In 2016, it became mandatory to conduct chemical risk assessments in the interests of occupational health and safety. In terms of buildings including houses, the sick building issue has been pointed out. Some achievements were seen thanks to the new regulations, but the Ministry of Health, Labour and Welfare lowered some of the Indoor Threshold Limit Values of Chemical Substances in fiscal 2018. In this situation, further multidisciplinary approaches by the construction and medical industries are expected. The upcoming 5th International Conference on Composite Materials (ICCM5) will review on progress toward the Johannesburg Earth Summit goals and establishing new ones. There should be progress on international agreements to further prevent chemical-substance pollution. Regarding issues of soil contamination, more stringent management is required to prevent adverse health effects and pollution dispersion.

\*1 The Toxic Substances Control Act is a regulation on toxic substances that took effect in the U.S.A. in 1977.

\*2 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): The new EU chemicals legislation in force since June 2007

\*3 RoHS (Restriction on Hazardous Substances): An EU Directive on the restriction of hazardous substances in electric and electronic equipment, which prohibit the use of these substances

\*4 The Pollutant Release and Transfer Register (PRTR) and SDS system have underpinned the law aimed at promoting voluntary improvement of chemical substance usage by business operators and are preventing obstacles to environmental protection.

\*5 A law aimed at controlling environmental pollution by introducing a preliminary examination of new chemical substances and applying regulations appropriate for the properties of the chemical substances

### Our Group's effect on society and the environment

The Group uses all manner of chemical substances at its factories and construction sites, and many are released into the air and local waterways. This, along with maintaining a healthy environment for employees, necessitates rigorous management of such substances based on full appreciation of how and where they are used, to ensure they are used properly. Other steps we take to minimize their impact include reducing use of harmful substances and deploying alternatives. This is also effective from a prophylactic perspective. Further, regarding the use of our housing and buildings after delivery, while there are growing concerns about the health effects of volatile organic compounds (VOCs) emitted from building materials, we are seeking to reduce risks by collaborating with suppliers to develop and popularize low-VOC building materials and by providing appropriate information. Moreover, almost all of our construction sites—some several thousand annually—involve drilling work, and we are therefore always faced with the risk of spreading soil contamination. For this reason, we are striving to minimize the risk by examining land use history and dealing with the surplus soil appropriately.

### Risks and opportunities for the Daiwa House Group and its responses

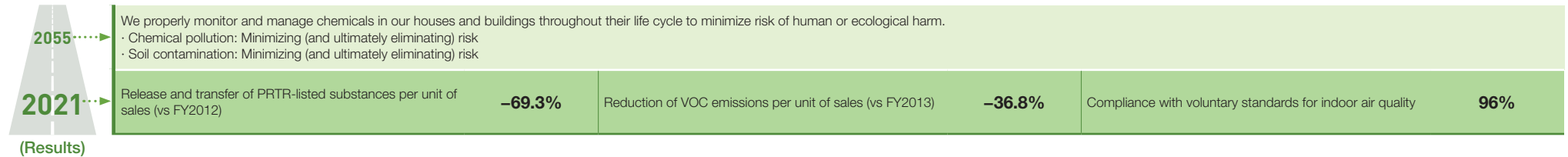
Were someone's health to ever be harmed by sick house syndrome or something similar caused by building materials we used in our houses or buildings, the Group would be exposed to the risks of lost customer trust and onerous costs associated with remediating the problems, and it would tarnish our brand image. We therefore established *Chemical Substance Management Guidelines* and have shared them with suppliers. We confirm the details of any restrictions on the use of substances and the quantity of emissions stipulated in the Guidelines. Regarding indoor air quality, we also set voluntary standards that are more stringent than the government-established maximums. Every year, we implement improvements at certain number or more of properties after measuring and assessing the measured values. Meanwhile, by responding to requirements related to health considerations for houses and buildings, it can be expected that we improve our competitiveness and increase our market share. To that end, we collaborate with our suppliers to promote the standardization of low-VOC building materials, and advance the development and popularization of health-conscious specifications with more emphasis on the indoor air environment.

Apart from compliance with all relevant laws and regulations, we face the risk that soil contamination could be discovered after a land purchase, rendering the property nearly impossible to commercialize. To ensure against this, before purchasing a site for a project, as a matter of principle we investigate the property's history. Should soil contamination be detected, we take appropriate contamination countermeasures. In cases of contamination or high likelihood of contamination of tracts whose purchase we are not involved in directly, we leverage our rich know-how for dealing with contamination to offer customers ways to effectively utilize their property, undertaking development of brownfield sites (land not in use due to contamination) after doing appropriate surveys and managing the contamination properly.



## 4 Prevention of chemical pollution

### Road Map for the Long-Term Environmental Vision



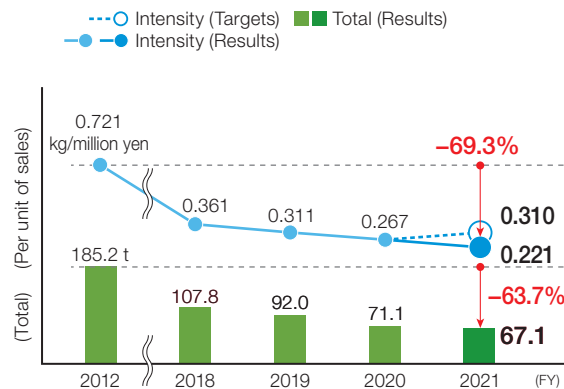
### ■ Self-assessment of the Main Targets and Results of Endless Green Program 2021

👤 : Target for fiscal 2021 achieved    🟡 : Target for fiscal 2021 not achieved (achieved 90% or more)    🛑 : Target for fiscal 2021 not achieved (achieved less than 90%)

#### Release and transfer of PRTR-listed chemicals achieved targets by reducing solvent concentration in paints and changing how welding is done

In fiscal 2021, release and transfer of PRTR-listed chemicals per unit of sales declined by 69.3% from fiscal 2012, meeting our target, by modifying the scope of painting at our company's housing factories and changing how welding is done at building sites, as well as reducing solvent concentration in paints and using aqueous paints at the Group's Daiwa Lease.

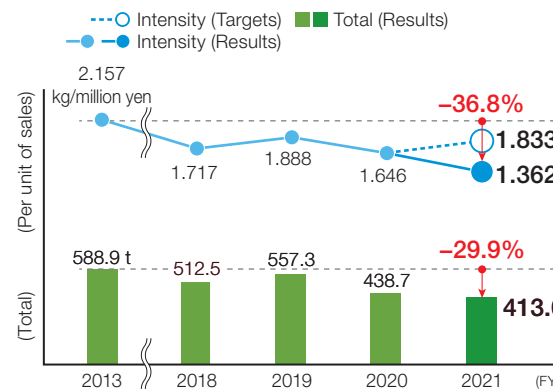
#### ■ Release and transfer of PRTR-listed chemicals



#### VOC emissions achieved targets by using aqueous paints and modifying how paint is applied

In fiscal 2021, VOC emissions per unit of sales declined by 36.8% from fiscal 2013, meeting our target, by modifying the scope of painting at our company's housing factories, using aqueous paints at the Group's Daiwa Lease, and promoting electrostatic application at the Group's DesignArc.

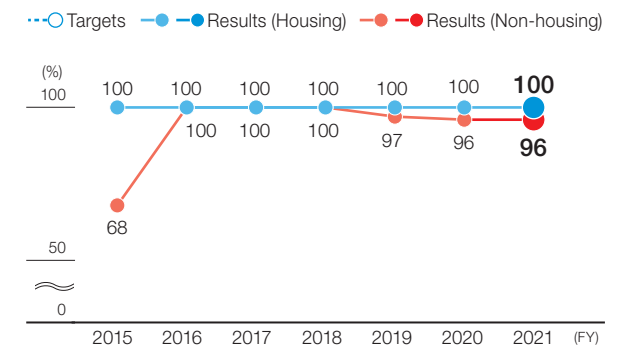
#### ■ VOC emissions



#### Housing segments hit targets, other segments fall short

In fiscal 2021, our housing segments met their targets for VOC emissions and release and transfer of PRTR-listed hazardous substances, following fiscal 2020. Other segments, however, achieved only 96%, thus falling short of our voluntary target levels. Moving forward we will step up our efforts in this area, for instance by ensuring enough ventilation when work is being done. And in our housing segments, we will continue switching to alternative low formaldehyde emitting materials.

#### ■ Compliance rate with voluntary standards for indoor air quality of residential facilities







## 4 Prevention of chemical pollution

### Reduction in toxic chemicals in our procurement and business activities

#### Basic Policy

##### Reinforcement of control of chemicals contained in procured construction materials and reduction in hazardous chemicals in production stage

In order to minimize the risk of chemical substances in our factories, the Daiwa House Group is focusing on those chemicals targeted by the PRTR and is prioritizing those exhibiting especially high toxicities such as carcinogenicity, reproductive toxicity, and mutagenesis. These are the chemicals whose use we seek to reduce. Furthermore, in an effort to control air pollution, we are taking steps to reduce the amounts of VOCs present in paints.

#### Management

##### Acting across segments

Daiwa House Industry takes a cross-segment approach to reducing use of harmful chemicals at its factories. For instance, Development Department selects for low-harm materials when new materials specifying new ones, and it also improves construction methods to reduce use of harmful chemicals. Production Department has achieved greater coating efficiencies by improving how welding is done and modifying how paint is applied, and it has switched to using milder solvents for cleaning and thinning purposes. And Purchasing Department is working to reduce the harmful substance content of paint used to repair exterior surfaces, for instance by asking manufacturers to develop alternative paints. In this way, we are working across the company to reduce pollution risk from harmful chemical substances.

##### Preventing air pollution and water pollution

In addition to having taken preventive steps by taking measurements and performing inspections as per the Air Pollution Control Law and Water Pollution Control Law at all our factories, we at Daiwa House Industry have strengthened our management system and comply with emissions standards

regarding soot and drainage. With regard to wastewater in particular, we perform ongoing maintenance and are more stringently monitoring discharge from the wastewater treatment facility for the electrodeposition coating equipment, which is the main source of discharge to public waterways. In addition, our factories in Kyushu, Nara, and Ryugasaki deploy D's FEMS and are monitoring for abnormalities in wastewater facilities. In fiscal 2021, no values were detected in excess of water-quality, smoke-emission, or other benchmarks set forth by environmental laws and regulations.

As part of our community-based initiatives to maintain water quality, our Tohoku, Niigata and Okayama Factory have concluded an agreement which stipulates stricter wastewater discharge requirements than the national ones with each city and local irrigation associations, etc. These plants communicate with local communities through regular reports of their water quality monitoring results and other activities.

#### Main approach

##### Reducing solvent concentration in paints and thinners, using aqueous paints

The Company and the Group's DesignArc reduce PRTR-listed chemicals by undertaking ongoing efforts to transition their anticorrosive paints for steel frames and thinners for cleaning painting machines into those that use weak-type solvents.

In addition, at the Group's Daiwa Lease Co., Ltd., together with reducing the concentrations of solvents, it is also moving forward on trial and verification of its drying equipment developed inhouse to increase the use of aqueous paints for repairs.



Drying equipment developed inhouse

##### Reducing chemical substances by reducing amount of welding

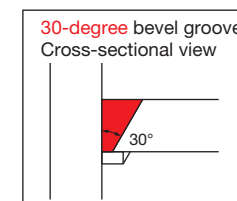
As a result of the revision of the "Structural Steelwork Specification for Building Construction JASS6" by the Architectural Institute of Japan in January 2018, a 30-degree

groove angle was newly added to the single bevel groove\* with 35-degree groove angle. While general adoption had not progressed, our Nara Factory was one of the first to adopt this standard for H-beam steel flange welds in offices and other buildings, including our company's training facilities, and achieved reducing the amount of welding.

As a result, the projects which adopted the standard successfully reduced by 10% release and transfer of PRTR-listed chemicals (manganese and its compounds).

In fiscal 2021, the projects handled by the Chubu Factory also adopted the 30-degree bevel groove. We will continue working to reduce PRTR-listed substances by increasing the adoption of the 30-degree bevel groove.

\* A groove to allow the two parts to be joined together



Reducing the amount of welding (the area in red) by changing the degree of the bevel groove

##### Amount of paint used reduced through painting method change

Group company DesignArc changed how they paint some large components, switching from air blowing to electrostatic application. This improved coating efficiency and reduced the amount of paint used by some 16%. It also enhanced uniformity of the coating film, resulting in higher quality and lower costs.

##### Reducing amounts of paints and welding by improving construction methods

For our single-family housing products, we have reduced the amount of paint conventionally used for repairs by fixing the backside of the surface elements.

For the large roof beams of our rental housing, we are now able to identify welding areas on the beams and weld only the minimum required sections by linking the branches' CAD data with the factories' equipment management system. Compared to the operation before the introduction of the system, we expect to reduce the number of welding plates by 9,558 and the welding length by 1,784 m annually, with a plan to reduce PRTR-listed substances (manganese and its compounds).



## 4 Prevention of chemical pollution

### Reduction in toxic chemicals in our products and services

#### Basic Policy

##### Improvement in the indoor air quality of residential facilities

To minimize (ultimately zero) the risk of chemical substances, it is important to reduce the use of toxic chemicals and substitute them with benign alternatives at the development and planning phases of our houses and buildings and to confirm that no indoor air quality problems are present after construction. At Daiwa House Industry, we are taking steps to improve indoor air quality in residential housing by enforcing countermeasures against the sick house phenomenon by using industry-leading building materials and by constructing houses to healthy specifications that meet standards for the presence of VOCs.

#### Chemical Substance Management Guidelines

Daiwa House Industry has formulated our *Chemical Substance Management Guidelines* to help us deliver products with a low impact on the health of our customers and partners, not to mention the environment.

The guidelines are positioned as part of our *CSR Procurement Guidelines*, and their prohibitions and restrictions on certain substances are applied to all procurement items. The guidelines designate some 480 substances for management in three ranked categories: prohibited, subject to control or restricted, and subject to monitoring. We share data on the chemicals used in products with all business partners as we work to minimize use of high-risk substances.

#### ■ Management levels under the Chemical Substance Management Guidelines

Management level	Target
Level 1 <Use prohibited> Substances and substance groups that are prohibited to be used in all products.	All procured products
Level 2 <Control required / Use restricted> Substances and substance groups for which the status of use in major construction materials should be identified. (Some materials have restrictions on their use.)	
Level 3 <Monitoring required> Substances and substance groups for which the status of use in major construction materials should be identified.	Housing products (single-family, low-rise rental housing)



P027 Supply Chain Management (Environment)



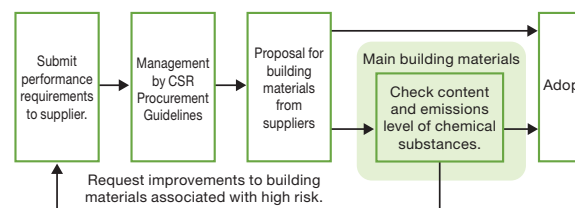
CSR Procurement Guidelines

#### ■ Management

##### Implementation of the Chemical Substance Management Guidelines

Applying the guidelines, we identify chemical substances in our building materials and take steps to minimize any risk they present, monitoring for their presence as well as the amounts they contain and emit. In our *CSR Procurement Guidelines*, we also extended the scope of the Chemical Substance Management Guidelines to take in Daiwa Lease, DesignArc, and Cosmos Initia as well as Daiwa House Industry, and we also share them with our suppliers.

#### ■ Operation flow of the Chemical Substance Management Guidelines



##### Establishing the voluntary standards for the Specific Measurement-required Substances under the Housing Quality Assurance Act

In order to provide better indoor air environments, our Group established stricter voluntary standards (targets) for the five Substances designated for mandatory measurement\*1 under the Housing Quality Assurance Act\*2 than the guideline values specified by the national government\*1. In fiscal 2018, we established the Indoor Air Quality Measurement Guidelines, after the Ministry of Health, Labour and Welfare changed the

guideline values. We follow the Guidelines to measure indoor air quality to achieve better indoor air environments.

\*1 Substances designated for mandatory measurement and national guideline values: Formaldehyde (100 µg/m³), toluene (260 µg/m³), xylene (200 µg/m³), ethylbenzene (3,800 µg/m³), and styrene (220 µg/m³)

\*2 Act regarding the promotion of quality assurance of houses

#### ■ Main approach

##### Proactively adopt low-VOC building materials and improve indoor air quality concentrations

Daiwa House Industry as well as our Group companies Daiwa Lease, Fujita, and Cosmos Initia provide many residential facilities and school buildings. To contribute to better indoor air environments, all the interior finishing materials we use are rated as Japanese formaldehyde emission class F four star\*. Even for interior finishing materials, we use formaldehyde-free glass or rock wool or other alternatives. In addition, to assess and improve indoor air quality we measure it on completion of construction the Indoor Air Quality Measurement Guidelines. Measurements are taken in built-for-sale houses and rental condominiums as well as residential buildings such as nursing facilities where users spend long periods indoors. And we measure air quality in hotels, hospitals, nurseries, and buildings for other uses.

\* The rank with the least release, with no restrictions on use for indoor finishes

##### Developing and publicizing health-oriented specifications

We test and evaluate our principal timber construction materials employing a chamber test\* to measure their release of formaldehyde and other chemical substances. The results have directed us toward shifting to alternatives with lower emissions of formaldehyde and other VOCs. Regarding single-family housing, we are developing to health-oriented specifications that focus on the indoor air environment so we can provide housing that ensures even better indoor air environments.

\* A test using a small chamber to determine the speed and concentration of chemicals released from construction materials



## 4 Prevention of chemical pollution

### Prevention of soil contamination

#### Basic Policy

##### Minimization of soil contamination risk when buying properties

We work to minimize if not eliminate risk due to soil contamination with rigorous management spanning the procedures from soil surveys to contamination countermeasures throughout property-acquisition to construction process as well as for land we own.

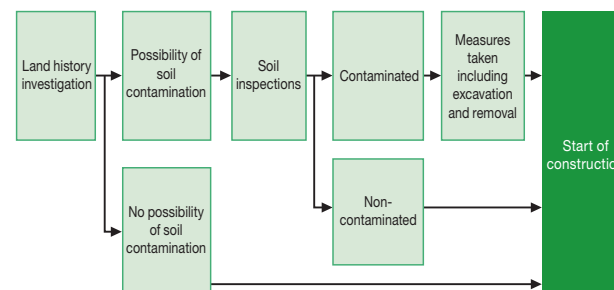
#### Management

##### Preventing the spread of soil contamination accompanying land transactions and construction

In principle, prior to purchasing any land, we investigate into the history of the land we intend to market later. If it is determined from the soil history investigation that soil contamination might be present, we undertake soil inspections. If soil contamination is found, we will sell the property only after contamination countermeasures have been put in place. Moreover, when soil is carried in or carried out during construction work, we confirm the regional source of that soil and conduct a quality inspection on the soil and in areas where a contamination risk arises from the soil that is carried in or out. We then select an appropriate disposal site based on the results of the soil inspections and take steps to prevent secondary contamination.\*

\* Spread of contaminated soil into non-contaminated areas

##### Flow for prevention of soil contamination risk in association with land transactions



P080 Deliberation by Business Investments Committee

#### Main approach

##### Brownfield Redevelopment

Daiwa House Industry has an expert unit that accurately assesses the soil-contamination risks involved whenever a transaction involves a brownfield site, whether we're building for property owners or acting as intermediaries for customers who want to buy or lease a property to build on. This approach benefits customers and society alike, since such sites often go undeveloped for years due to the associated risks: Once we've had the competent units survey the soil and appropriately manage any contamination, customers can build on and use the site with peace of mind, and communities can similarly develop more suburban as well as urban brownfield sites.



P026 Environmental Data Environmental Education and Awareness-Raising

P152 Environmental Data Environmental education provided (FY2021)





## CHAPTER

## 02

## Implementation Report

## Society

## Main results in fiscal 2021

- Improvement in “motivation” of entire workforce

77%

- Line leaders amongst women managers

22.6%

- Percentage of important suppliers that comply with our CSR Procurement Guidelines

44.9%

- Order rate using our customer base (Housing sales by referral)

41.4%

- BCP score

86 points

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## ■ Implementation Report : Society

Review our current culture and usual ways of doing things to create a style of human capital management unique to Daiwa House

Managing Executive Officer  
Head of:  
Human Resources,  
Human Resources and Interpersonal  
Relationships Development,  
Sustainability,  
and Human Rights Promotion  
**Junko Ishizaki**

### Commitment from the Executive Officer in Charge

#### **Our Future Landscape—Celebrating the Joys of Life: Realizing Our Hopes for the Future**

Last year, Daiwa House Group formulated its Purpose, Our Hopes for the Future, which detail the type of society we want to help create and the role we must play in creating it as advance toward 2055, our centennial year. As we go forward in our work to bring about this society, the most important factor is our people, being aware and taking action grounded in each employee's personal purpose. If we fail to act based on our purpose, Our Hopes for the Future will be merely a figment of our imagination.

We recognize that people are the essence of the spirit of the founder, Nobuo Ishibashi, given that he made “develop people through business” the first point of our corporate creed. No matter how much science and technology develop or how convenient the world becomes, ultimately it is people who make the decisive difference. People, then, must be a strength of our Group.

In an age of rapid change and many unanticipated developments, we believe that to harness the power of people in generating new value, every employee must be conscious of society; think about what they can do, make decisions, and take action; and communicate and collaborate with others. Further, we believe that these things must be ongoing not only now, but also through 2055 and beyond.

We will bring about even greater change by connecting, collaborating, and engaging with each other in an organic way while also valuing each individual's abilities and aptitudes. We believe that our future landscape will be even better if we band together, enjoying these changes as we continue to move forward, as if climbing up a spiral staircase.



## ■ Implementation Report : Society

### Building an organization for the future – developing a company of motivated employees who take pride in their work

As noted, our Group values people. Going forward, it will be more important than ever to leverage dialogue in combining the strengths that each individual has developed in terms of their individual abilities, perspectives, and experiences. While this may seem obvious, it will not come about without our making changes.

Under the Seventh Medium-Term Management Plan, which runs from fiscal 2022, we will promote the review and redesign of our existing human resources and other various systems and the working environment. We will solidify the

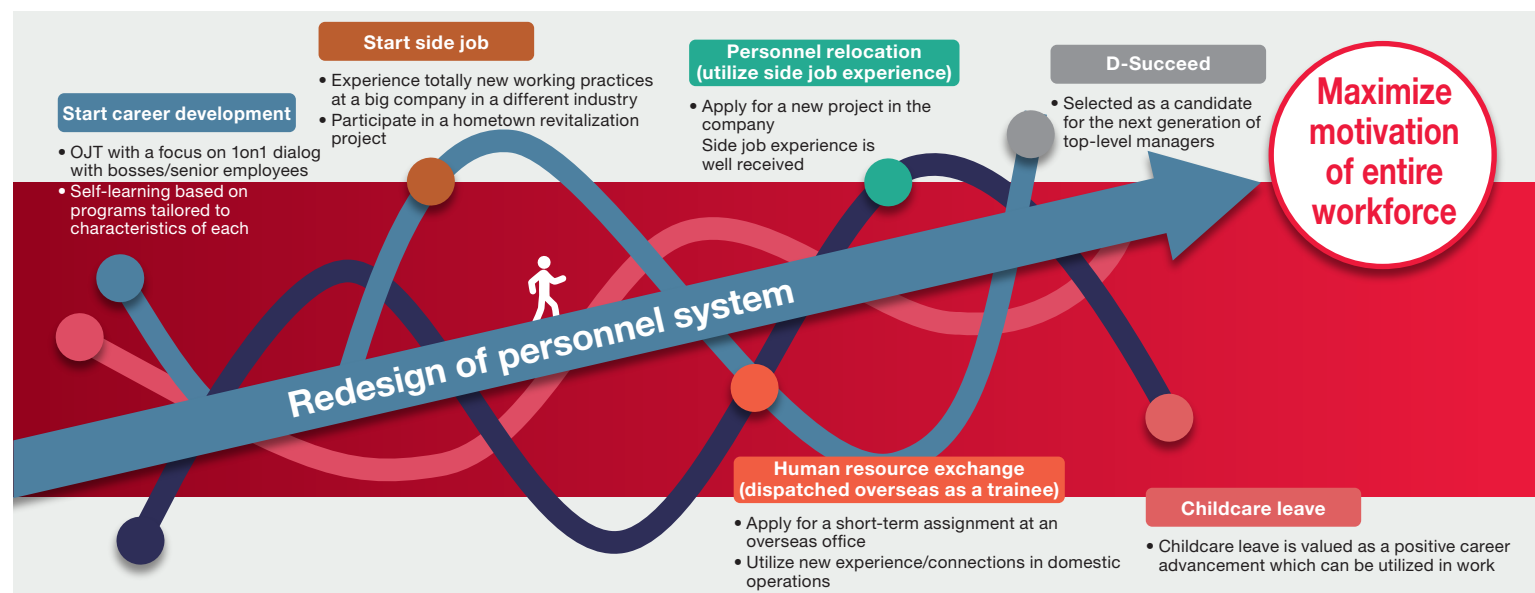
foundations of our unique style of human capital management to not only recognize diversity, but also incorporate it into our human capital strategy and use it to drive creation of new value. We will discuss what should stay and what needs to change with the future in mind.

We believe that without individual growth, there can be no organizational growth. People will cease to be inquisitive if they do not derive motivation from their jobs; and if they have no pride in their work, they will stop advancing. I was previously CEO of a company whose principal business was building management of condominiums and other buildings. The majority of building management work consists of routine tasks, such as cleaning according to guidelines, keeping an eye on and maintaining facilities, and responding to tenant inquiries, before going home

at the end of the day. While some employees perform their duties to the letter, others think about, for example, what they can do to make something cleaner, how they can communicate better with occupants, or how they can remember occupants' faces and names, and then devise and implement ways to do so. These employees were not trying to do anything complicated or difficult by any means; rather, they were simply thinking about the tenants and customers and how to make their day more pleasant. Tenants' reactions—words of appreciation and compliments—provide feedback that translates into motivation and pride, and in turn, spurs their inquisitiveness and drive to make things even better.

In the organizational context of a company, there are always rules to follow and numerical targets to reach, and achieving them tends to become an objective in itself. I feel that my mission is to make the company one where each individual can work and grow naturally, in their own way, with a clear vision of what the organization is aiming for.

### ■ Image of individual career plans (under the 7th Medium-Term Management Plan)







## ■ Implementation Report : Society

### Kotokurie—a space for learning and creating together

Last year, we opened the Daiwa House Group MIRAI KACHI KYOSO Center (*Kotokurie*). The Center serves as a base for people, particularly local children, to learn together, for us to co-create with stakeholders, and for employee education to generate new value for the Daiwa House Group. Kotokurie incorporates SDGs (Sustainable Development Goals) into its concept, and it has been designed and devised to give everyone an equal chance to learn. Kotokurie also serves as a gathering space, where all activities are integrated with employee education, and where we collaborate with the local community to think about and work out ways conducive to everyone being themselves and thriving.

The world in 2055, which we attempt to depict in Our Hopes for the Future, is more than 30 years away. And although

many experts have their forecasts for the future, nobody really knows what the world will look like then. What we do know is that no matter what the world looks like, we will have to live in it. By bringing together as possibilities the differences in experiences and sensitivities of many individuals, regardless of cultural background, gender, disability, or other attributes, and discussing these with the future in mind, I believe that we can create a resilient society that will let us overcome any adversity.

### Creating Dreams, Building Hearts together with our partners

To make our company into one where employees can be themselves, it is important to build relationships that allow them to feel that they can state and express their thoughts without reservation or fear of consequences, and where they can

empathize with each other. It is important that we build good partnerships not only with our employees, but also with our customers, business partners and other stakeholders, so that we can create new value together through dialogue. We will continue to emphasize “Creating Dreams, Building Hearts” and create together with our partners a world in which we can share the joy of living together.



Exterior of Kotokurie





## ■ Implementation Report : Society

### Long-Term Social Vision

#### Long-Term Social Vision

As a Group that co-creates value for individuals, communities, and people's lifestyles, the Daiwa House Group is strengthening contact with our five types of key stakeholders, and contributing to society through our business activities.

1 Customers	We are sincere in our communication with everyone, and put our full efforts into offering high-quality products and services. We do our best to satisfy our customers and win their trust.
2 Employees	In addition to caring for the health and safety of our employees, we also strive to create an open and fair work environment, and to give every member of staff the opportunity for personal development.
3 Business partners	We value our collaboration and cooperation with our business partners, and work to create appropriate mutual relationships. In line with the principle of free market competition, we work to realize the healthy development of the whole industry.
4 Community residents	We respect the culture and customs of each region, and support the sustainable development of society through our business activities and social contributions.
5 Shareholders	In the spirit of the company's Management Vision, "Co-creating a Brighter Future," we work to optimize two-way communication with our shareholders to have purposeful dialogues with them.

#### Key social themes

Innovation base	Strengthen systems to promote business and real-estate development that helps solve social issues.
Human resources base	Build an organization with a diversified motivated workforce that retains the young people it develops.
Technology and manufacturing base	Enhance productivity and promote responsible procurement together with business partners, on the premise of ensuring construction site safety and quality.
Customer base	Build long-term relations with customers and establish corporate brands that bring in new customers.
Communication base	Upgrade both financial and nonfinancial corporate communications and train the workforce for the information age.
Risk countermeasures base (Being complete in small things)	Hone business continuity plans for natural disasters, etc., and establish corporate ethics, human rights and compliance rules for domestic and overseas bases.

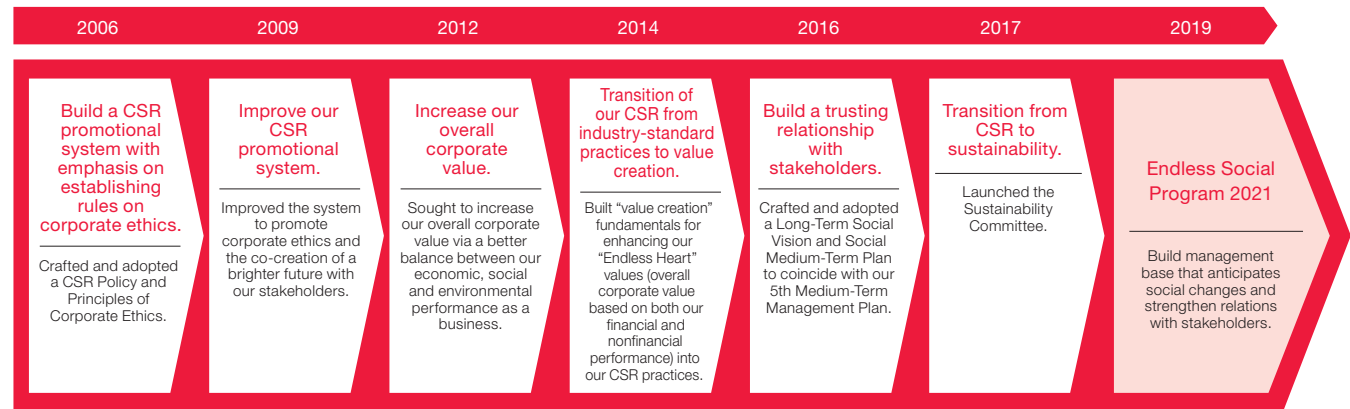


## ■ Implementation Report : Society

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

The Daiwa House Group crafted and promoted 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, laying out specific targets and plans for attaining them over the 3-year period that coincides with our 6th Medium-Term Management Plan (FY 2019–FY 2021).

#### ■ History of Endless Social Program 2021



#### Overall picture of Endless Social Program 2021

The Daiwa House Group manages its business in accordance with our Company Philosophy (Corporate Creed) of “developing people through business,” generating synergies in pursuing business and reinforcing our management foundation.

With our business models and value chain as an underlying basis, the Endless Social Program 2021 prioritizes “strengthening our six bases” as a focal theme for the social domain (S) of ESG. Through the well-balanced enhancement of these bases, we will build our management base and improve relations with stakeholders in anticipation of future social changes from a long-term perspective. We are working to achieve sustainable management by seeking synergies with our business activities while also contributing to the sustainability of society and the resolution of social issues.



Social Medium-Term Plan (Endless Social Program)  
(Japanese text only)





## Implementation Report : Society CSR Management

### Policy and Concept

The Daiwa House Group established the Daiwa House Group CSR Guidelines in 2004 with the aim of realizing a sustainable society and the sustainable growth of the Group.

We will continue to fully engage in CSR management to meet the expectations and needs of society.

#### The Daiwa House Group CSR Guidelines

##### Strategies for enhancing the value of “Endless Heart”

We will continue to live up to society's expectations for us as a good corporate citizen both by being cognizant of achieving a good balance between social, environmental, and economic goals in our business activities and through integrity in our dealings with stakeholders.

- 1 We contribute to society through our business by applying our proprietary technology and expertise.
- 2 We strive to understand requests submitted to our company through dialogue and through our relationships with our stakeholders. As a good corporate citizen, we do our best to respond.
- 3 We strive to adhere to corporate ethics, human rights, and regulatory compliance.



[The Daiwa House Group CSR Guidelines](#)

### Management

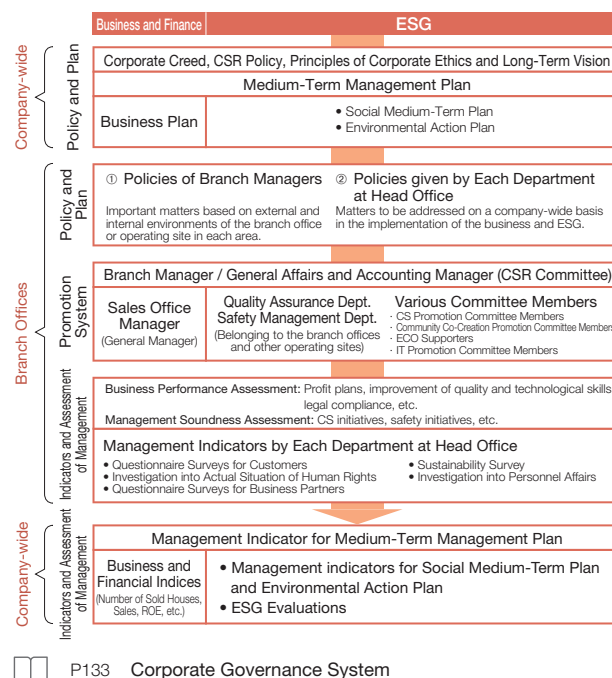
#### Overall picture of CSR management system

Daiwa House Industry holds the Corporate Governance Committee (Chairman: Chief Executive Officer [CEO]) meetings for the principal purpose of achieving sustainable management and contributing to enhancing corporate value over the medium-to long-term. As for the efforts toward achieving SDGs and ESG, the Corporate Governance Committee is provided with information on important items from the Group Environmental Promotion Committee (Chairman: Executive Officer in charge of the Environment, Current: Senior Executive Officer) and Sustainability Committee (Chairman: General Manager of Management Administration Headquarters, Current: Executive

Vice President), and exchanges opinions with them.

The Group Environmental Promotion Committee is in charge of the “environment” field, and the Sustainability Committee is in charge of the “society” field. With the understanding of the actual state of the important issues in their respective fields, both Committees deliberate and determine the details of improvement, and instruct and oversee company-wide efforts related with the decisions made. It also plays a role of providing information to the Corporate Governance Committee and developing matters deliberated at the Corporate Governance Committee.

#### Overall picture of CSR management system



### CSR management system of branch offices

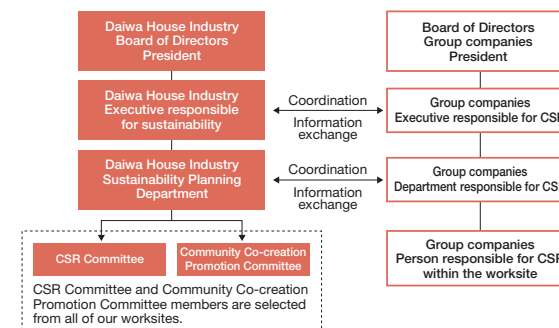
We have clarified the fact that the branch managers are the “representatives of the President” in the organization and transferred the powers to manage the worksites to their managers in the whole country. Such managers implement management suited to the characteristics of local communities and the conditions in such offices and sites by existing together with stakeholders such as local customers and business partners.

### CSR promotion system

Sustainability Planning Department and other departments of the Head Office led thereby have functions of planning and adjusting CSR related policies, systems and items to implement in relation to CSR, and the Board of Directors decide important matters.

Each worksite selects a CSR Committee member and a Community Co-Creation Promotion Committee member. The former instructs and educates everyone with corporate ethics and compliance, while the latter promotes planning and implementation of matters related with community co-creation activities, as well as activities to raise our employees' awareness on the need to contribute to society. All of the Group companies also appoint a manager for CSR, and are building a system to promote CSR activities.

#### CSR promotion organization structure of the Daiwa House Group







## ■ Implementation Report : Society CSR Management

### ■ Main approach

#### Plan (Policy and Plan)

##### Formulation of branch managers' policy

Our company provides explanation on its management policy with the managers of its nationwide branch offices at the annually held "Nationwide Branch Managers' Meeting." At this meeting, in addition to the business policies and plans, the company-wide policies and plans in relation to the ESG including corporate ethics and compliance, risk management, personal development, ensuring occupational safety and health at the workplace are announced. At each branch, Branch Manager's Policy is formulated in light of the above-stated policies, plans and issues, etc., that each branch has.

#### Do (Implementation)

##### Thorough enforcement of the Principles of Corporate Ethics and Code of Conduct

Each branch does business in cooperation with various stakeholders and establishes its organizational foundation by endeavoring to develop its human resources, improve the quality of buildings and take other actions under the Branch Manager's Policy. The Group prepared the "CASEBOOK" as an educational pamphlet and distributed copies thereof to all employees at each workplace of the worksites in order to enable them to share the way of thinking shown in the "Principles of Corporate Ethics and Code of Conduct" constituting the basis of such endeavors and act thereunder. In addition, it implements training programs on corporate ethics and human rights awareness-raising regularly.



P125 Distribution and utilization of educational booklet "CASEBOOK"

#### Check (Confirmation and Evaluation)

##### Branch office business performance assessment

While the business performance assessments of each worksite have in the past primarily focused on profit plan-oriented evaluations, in October 2019, the company added the new items of "quality and technological skill assessment" and "legal compliance assessment." This addition will have these items take root at our sites toward achieving sustainable growth.

##### Management soundness assessment

We have in place a management assessment system in order to firmly establish the "improvement in management efficiency" and "reinforcement of the management foundation" in the worksites. Management soundness of each worksite is evaluated based on assessment items that widely cover ESG issues, the results of which are reflected to the amounts of bonuses paid to branch managers and employees.

##### Implementation of Sustainability Survey

Since fiscal 2004, the Daiwa House Group has been conducting an in-house Sustainability Survey each year to gauge the status of practice of the Principles of Corporate Ethics and Code of Conduct by employees in their respective workplaces.

The answers are analyzed in detail, and feedback is given to all worksites and Group companies to encourage improvement activities. Since fiscal 2018, the survey has begun to focus on employees' motivation. And, from fiscal 2020, we started to comprehensively analyze the answers against questionnaire surveys targeting our business partners and customers, in an effort to identify issues. The results are aggregated by worksite and are utilized to improve the work environment and employee awareness and behavior in terms of both worksite and operation.

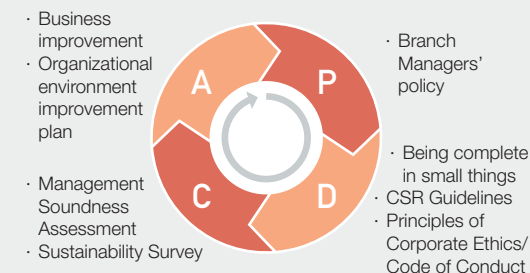
#### Action (Improvement)

##### Organizational environment improvement plan based on Sustainability Survey

After the implementation of the Sustainability Survey, taking the opportunity of general assemblies, each workplace shares the trend of the employees' awareness and future tasks read from the survey results. Moreover, measures for addressing the most important improvement items are collated in the form of branch managers' policies, which will be used for the next year's improvement activities.

For improvements, branch managers and other managers take the lead in working to create a sound organizational climate where each employee can fully demonstrate their capabilities.

#### ■ PDCA Cycle for management of worksites





## ■ Implementation Report : Society Human Rights Management

### Policy and Concept

Daiwa House Group adhere to international standards including the Universal Declaration of Human Rights, the United Nations Global Compact, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). Through our business, we strive to fulfill our commitment of contributing to the realization of a society where human rights are respected, as a Group that co-creates value for individuals, communities, and people's lifestyles. In January 2018, we instituted the "Daiwa House Group Human Rights Policy" with the understanding of "the corporate responsibility to respect human rights," which is stated in the UN's "Guiding Principles on Business and Human Rights." The Policy has been made public through our Group official website.

For our business partners, we have established the CSR Procurement Guidelines as comprehensive social and environmental standards concerning human rights, labor

practices, environmental protection, and anticorruption (including bribery). The Guidelines include the Business Partner Code of Conduct, which stipulates respect for human rights as one of the codes. We provide explanation about these rules to business partners and have them submit a letter of consent on the Guidelines. In this way, we clearly convey our expectations for respecting human rights.

It is our future task to establish human rights management practices that also encompass our supply chain and value chain, which will further expand and become complicated as overseas business increases. To ensure that no human rights are violated by the business of the Daiwa House Group, we will reinforce a mechanism to grasp and monitor the impact and extract and improve issues from the viewpoint of human rights due diligence. CSR procurement of timber survey is one such existing activity.

The awareness and actions of every employee help foster respect for the dignity and basic human rights of our diverse stakeholders as laid out in this basic policy. For this reason, we are keen to provide education of human rights and how to respect them. To avoid complicity in human rights violations through our business activities, we formulated our Vision of Human Rights Awareness-Raising in 2015 to encourage employees to actively participate in human rights awareness-raising activities. The Vision has been distributed it to all employees to ensure they are aware of it, and all employees prompted to participate in human rights-training programs at least once a year.



P103 [CSR Procurement Guidelines](#)



[Principles of Corporate Ethics and Code of Conduct](#)  
(Respect for human rights)

[Basic Policy of Respect for Human Rights](#)

\* The Vision of Human Rights Awareness-Raising can also be accessed at the above website.

### ■ Main content on human rights in the bases

Bases	Main themes on human rights* Items in brackets are priority issues for the relevant ESP	Pages
Human rights management (Due diligence for human rights in the entire value chain)		P070-075
Innovation base	Social inclusion in real-estate development (Issue 2)	P080-082
Human resources base	Occupational safety and health of Group employees (Issue 3)	P086-088
	Promoting diversity among Group employees (Issue 5)	P092
Technology and manufacturing base	Safety and health of employees in our partner subcontractors, improvement of work environment (Issue 6)	P096-097
	Ensuring the quality and safety of products (Issue 7)	P098-101
	Responding to human rights and labor practices in the supply chain (Issue 8)	P102-105
Customer base	Proper communication with customers (Issue 9)	P108-109
	Responding to issues of consumers (product users) (Issue 10)	P110-111
Communication base	Community co-creation activities and contribution to local communities	P117
Risk countermeasures base	Establishing due diligence for human rights at plants (Issue 14)	P123
	Restriction of marketing communication leading to human rights violations, personal information management	P128



## ■ Implementation Report : Society Human Rights Management

### ■ Management

#### Human rights management system

The Daiwa House Group is aware that no corporate entity can operate its business without its employees, and “business activities that respect human rights” and “business activities that are not complicit in violating human rights” by corporate entities are examples of duties fairly conducted by each and every employee. Therefore, we have organized a system to survey and understand human rights risks and to respond (including improvement and relief) according to the philosophy that awareness-raising and education activities for employees engaged in all of the operations is the most important commitment in human rights management.

In particular, we recognized “discrimination” as a “social issue that cannot be explained reasonably by ignoring personal

individuality and based on the person’s affiliated group or social category and that is treated differently (detrimentally).”

Because real estate, including buildings, is valuable to our customers, our business has the characteristic that the value we create results from our employees engaging in direct communication with our customers, business partners, community residents and a wide range of stakeholders. Therefore, if our employees do not possess a correct understanding of the issue of human rights, they may be unconsciously complicit in acts of discrimination. Accordingly, we intend to strengthen our activities in this area by continuously conducting information exchange and engagement with human rights-related organizations and experts in human rights issues. We understand that the present issue is to be able to implement a human rights management system at overseas sites at the same level as in Japan.

#### Establishment of Human Rights Promotion Department

Recognizing that, in the course of our business activities, there is growing pressure to take responsibility for any human rights problems that may arise in the supply chain and that we live in a time when calls for awareness of human rights are stronger than ever, the Daiwa House Group in October 2021 established a new Human Rights Promotion Department in our Management Administration Headquarters.

The new department has the following primary duties.

- (1) Planning and implementation of measures for human rights training and raising awareness of human rights among Group employees
- (2) Planning and support for the implementation of action on resolving incidents of harassment and of measures for preventing reoccurrence
- (3) Planning and support for the implementation of measures to prevent discrimination or other infringements of human rights in the course of our business activities
- (4) Operation of the harassment Human Rights Hotline for internal reporting

#### ■ Human rights management system

Target stakeholders	Policy	Impact survey and monitoring	Planning and implementation of response to issues	Whistleblowing system and consulting services
All stakeholders	<ul style="list-style-type: none"> <li>· Daiwa House Group Human Rights Policy</li> <li>· Principles of Corporate Ethics and Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>· Understanding of human rights issues through engagement with “various organizations and NGOs” representing individual stakeholders.</li> <li>· Understanding from surveys</li> </ul>	<ul style="list-style-type: none"> <li>· Promotes responses of each department in the Head Office and worksites responsible for handling human rights issues</li> </ul>	<ul style="list-style-type: none"> <li>· Response to human rights issues given to various whistleblowing systems</li> <li>· Daiwa House Industry Official website, Consultation service</li> </ul>
Customers	<ul style="list-style-type: none"> <li>· CS philosophy</li> </ul>	<ul style="list-style-type: none"> <li>· Questionnaire survey relating to CS</li> <li>· Inspection relating to safety and quality of buildings</li> </ul>	<ul style="list-style-type: none"> <li>· Improvement via CS Committee</li> <li>· Improvement of building safety in accordance with quality assurance system</li> </ul>	<ul style="list-style-type: none"> <li>· Daiwa House Industry Customer Consulting Center</li> </ul>
Our employees	<ul style="list-style-type: none"> <li>· Daiwa House Group Human Rights Policy</li> <li>· Principles of Corporate Ethics and Code of Conduct (Respect for human rights)</li> </ul>	<ul style="list-style-type: none"> <li>· Sustainability Survey</li> <li>· Employees’ awareness survey (View Research 100)</li> </ul>	<ul style="list-style-type: none"> <li>· Workplace awareness improvement based on Sustainability Survey</li> <li>· Improvement of our worksites based on questionnaire survey for business partners</li> </ul>	<ul style="list-style-type: none"> <li>· Human Rights Hotline</li> <li>· Risk Information Hotline</li> <li>· Lawyer Hotline</li> <li>· Global Whistleblower System</li> <li>· Auditors whistleblowing system</li> <li>· General Affairs Department of each branch (consulting services for harassment, etc.)</li> <li>· LGBT external consultation service</li> </ul>
Business partners (partner subcontractors, employees of suppliers)	<ul style="list-style-type: none"> <li>· CSR Procurement Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>· Questionnaire survey for business partners</li> <li>· Self-assessment on CSR Procurement Guidelines</li> <li>· CSR procurement of timber survey</li> </ul>	<ul style="list-style-type: none"> <li>· Request for improvement to business partners through CSR Procurement Subcommittee</li> <li>· Business partners’ voluntary promotion of improvement by self-check</li> </ul>	<ul style="list-style-type: none"> <li>· Partners Hotline</li> </ul>



## ■ Implementation Report : Society Human Rights Management

### Various whistleblowing systems

The Daiwa House Group has several hotlines, accessible to all stakeholders, in place to check, detect, and correct infringements of human rights, violations of law, and acts of dishonesty at an early stage. When solving reported problems, in accordance with the Whistleblower Protection Act and the company regulations, the intention of the consulters is respected and the facts are confirmed through interviews with people involved and other means and then efforts are made to take appropriate actions and prevent recurrences. Information on critical cases is shared with managers in branch offices through compliance training, legal training, etc., to ensure such cases are widely disseminated within the Group.

We also respond sincerely to the opinions of stakeholders received on the web by sharing them with the relevant or nearby worksites after having confirmed the details and issuing an alert or taking other actions. A Risk Management Subcommittee has been established comprising the departments in charge of the consultation hotlines. This subcommittee regularly monitors the status of responses to the inquiries made through the hotlines, and reports critical cases to the Board of Directors.

### Protection of whistleblowers

Seeking to enhance the rationality and uniformity of these whistleblowing systems, The Daiwa House Group Whistleblowing Regulations were formulated to apply to all such systems with the exception of the Auditors' Whistleblower System. The Auditors' Whistleblower System has a different nature as it allows access to Auditors, who are outside the company's business execution functions, and is separately covered by the Auditors' Whistleblower Regulations. In order to protect whistleblowers, these regulations clearly state that any information that may identify whistleblowers, the content of their reports, evidence, and so forth is strictly confidential, that identifying whistleblowers without good reason is prohibited, and that discriminatory treatment of whistleblowers or those who took part in ascertaining the truth of such cases is prohibited. All whistleblowing hotlines accept anonymous reporting to protect whistleblowers.



### ■ Scope and operation of whistleblowing systems

Name	Division	Purpose	Scope	Main means of reporting
Human Rights Hotline	Human Rights Promotion Department	① Early detection and resolution of harassment or other infringements of human rights. ② Accept inquiries and seek a resolution in cases where a serious lack of fairness is suspected in performance evaluation.	All employees of Daiwa House Group (including executive officers, employees, post-retirement specially commissioned employees, contractual employees, part-timers and temporary employees, temporary helpers, and any person who was an officer or employee within one year of the date of the whistleblowing report)	telephone, email, post
Risk Information Hotline	Legal Department	① Based on the Risk Management Regulations, gather information on risks for the entire Group ② Also collect further information on violations of law and acts of dishonesty.	All employees of Daiwa House Group (including executive officers, employees, post-retirement specially commissioned employees, contractual employees, part-timers and temporary employees, temporary helpers, and any person who was an officer or employee within one year of the date of the whistleblowing report)	Telephone Online reporting form
Partners Hotline	Sustainability Planning Department	Early detection and resolution of problems that may lead to violations of law or other inappropriate behavior by Group employees in their relationships with business partners (including labor problems, human rights, and preventing corruption)	All business partners that deal with Daiwa House Group	telephone, email, fax
Lawyer Hotline	Legal Department	Expand the risk information collection channel while ensuring the anonymity of reports.	All employees of Daiwa House Group (including executive officers, employees, post-retirement specially commissioned employees, contractual employees, part-timers and temporary employees, temporary helpers, and any person who was an officer or employee within one year of the date of the whistleblowing report)	telephone, email
Global Whistleblower System	Legal Department	Provide a whistleblower system that allows reports from overseas worksites in their local languages. * The languages supported are those of the Group's main overseas worksites.	All employees of Daiwa House Group (including executive officers, employees, post-retirement specially commissioned employees, contractual employees, part-timers and temporary employees, temporary helpers, and any person who was an officer or employee within one year of the date of the whistleblowing report)	email
Auditors whistleblowing system	Audit and Supervisory Board Member's Office	In line with Supplementary Principle 2.5.1 of the Corporate Governance Code of Japan, more objective verification and appropriate action can be taken due to the establishment of a means of direct reporting to Auditors, who have a supervisory function independent from operation departments.	All employees of Daiwa House Group (including executive officers, employees, post-retirement specially commissioned employees, contractual employees, part-timers and temporary employees, temporary helpers, and any person who was an officer or employee within one year of the date of the whistleblowing report)	Online reporting form
Reporting using the form available on the Daiwa House Industry Official website	Depends on content	Accept inquiries from community residents or other stakeholders and take appropriate action as necessary	Community residents or other stakeholders	Form on the Daiwa House Industry Official website
Customer consultation service	CS Promotion Department	We have established a system for sincerely and quickly responding to complaints and opinions received from customers on the basis of company rules that comply with the ISO 10002 international standards for complaint handling aimed at consumer protection.	Customers	telephone, email Form on the Daiwa House Industry Official website





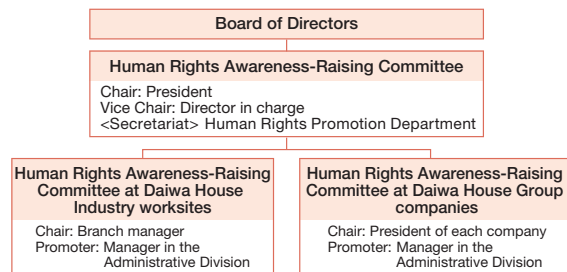
## ■ Implementation Report : Society Human Rights Management

### System for promoting human rights awareness-raising activities

The Group has set up a Human Rights Awareness-Raising Committee, headed by the President, to periodically check the implementation status of human rights awareness-raising activities across the entire Group and to supervise the operation of the Daiwa House Group Human Rights Policy.

In fiscal 2021, reports on training and our human rights promotion structure (organization chart) were received from all Daiwa House Industry's branch offices and Group companies (30) in Japan. The periodic check aims to ensure thorough implementation of regular training at each site and to create a system to immediately respond to individual human rights problems in consultation with the following committees and departments.

#### ■ Organization of the Human Rights Awareness-Raising Committee



#### ■ Major subcommittees relating to and departments in charge of human rights, and themes discussed therein

Subcommittees/ departments	Major themes discussed (human rights-related)
Human Rights Promotion Department	Human rights in general, harassment (Supervision of the Daiwa House Group Human Rights Policy) Whistleblowing hotlines (Human Rights Hotline)
Human Resources Department	Wages, work hours, freedom of association, collective bargaining rights, etc.
Sustainability Planning Department	Disciplinary Committee Secretariat, whistleblowing hotlines (Partners Hotline)
CSR Procurement Subcommittee	Human rights in supply chains

### Assessment and mitigation of impacts on human rights

To eliminate power, sexual, and other forms of harassment, investigations are conducted to determine the facts and other circumstances in response to inquiries regarding harassment or human rights infringements made using the Human Rights Hotline or other company whistleblowing systems, in accordance with the Group's harassment prevention regulations and Daiwa House Group Whistleblowing Regulations, with the Disciplinary Committee to determine what action is to be taken should the investigation indicate that inappropriate behavior has occurred. Furthermore, the annual Sustainability Survey of all employees includes questions on the subject of harassment to assess the extent of latent harassment and facilitate improvement measures.

In an initiative aimed at ensuring that employees respect human rights, we call on our primary suppliers based in Japan to operate their businesses in a way that is free of harassment, child labor, and forced labor in accordance with the CSR Procurement Guidelines. We also require annual reporting using the Self-assessment on CSR Procurement Guidelines and collect the results as a means of assessing the level of compliance.

We are also taking action on human rights with respect to timber used in large volumes in the construction industry. In 2021, we adopted a timber procurement policy aimed at achieving zero deforestation that aims to purchase timber only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of labor and indigenous peoples in the country of origin. We also requested suppliers to establish policies on labor and human rights by 2030 so as to prioritize safety and prevent the infringement of human rights in the country of origin. The procurement of timber products from suppliers who fail to establish policies on human rights problems will be prohibited.

### ■ Main approach

#### Stakeholder engagement in applying human rights due diligence

The Daiwa House Group's Human Rights Policy stipulates that the Group will implement human rights due diligence and respect the human rights of its stakeholders (particularly its customers, employees, business partners, and community residents) through initiatives based on the existing policies relating to business activities and guidelines. We conduct various surveys, employing questionnaires, to monitor the impact of our business activities on our stakeholders, and our engagement with our stakeholders is based mainly on the results of such questionnaires.

The Daiwa House Group cooperates with various groups which aim to solve human rights issues, from the perspective of human rights due diligence. Some Group companies are working toward improvement with the cooperation of outside experts by, for example, inviting lecturers of training from human rights groups.



## ■ Implementation Report : Society Human Rights Management

### ■ Main instances of dialogue with human rights groups

Group	Description	How results of dialogue were utilized
Global Compact Network Japan (GCNJ)	We have participated since 2018, and were involved in a number of subcommittees during FY2021, including the Supply Chain Subcommittee and Human Rights Education Subcommittee. Subcommittee activities include hearing the latest information from experts and engaging in group discussions that present examples of work being done by different companies.	We participate as part of the company's human rights due diligence.
The Global Alliance for Sustainable Supply Chain (ASSC)	We met with a number of external organizations during FY 2021 who were able to help us investigate human rights issues facing foreign workers in Japan. This included becoming a member of this organization for resolving human rights and labor issues for foreign workers in February 2022.	In the future, Daiwa House Group intends to continue monitoring the labor and human rights conditions for foreign workers at construction sites and manufacturing business partners.
Fair Recruitment and Human Rights Center	Since joining in FY 2011, Daiwa House Industry has followed fair and rational recruitment and human rights awareness-raising practices that are non-discriminatory and based on applicant capability and suitability. Furthermore, company employees engaged in recruitment or with responsibilities for human rights awareness-raising underwent assessment interviews by evaluators from the Fair Recruitment and Human Rights Center in October 2021 to certify that recruitment and human rights awareness-raising practices exceed the level set by the center.	Daiwa House Industry first received certification from the Fair Recruitment and Human Rights Center in FY 2015 and the recertification issued in November 2021 was the third such renewal. Points highlighted by the certification process served as the basis for improvements, including the posting of additional information on the recruitment website and the updating of the recruitment manual to prohibit personal inquiries.

### Assessment of business partners human rights risks

The CSR Procurement Guidelines of Daiwa House Industry include our Business Partner Code of Conduct, and we had business partners working inside our plant and construction companies working at construction sites (all primary subcontractors) submit a letter of consent when the Guidelines were instituted. The Guidelines and the Business Partner Code of Conduct set out workplace safety, labor-related matters and other matters (including forced or compulsory labor, child labor and harassment), and observance is monitored using our original checklist. By doing this, we are able to detect human rights risks in our supply chain. If a problem is detected, we correct it as it arises and provide education to prevent recurrence. Additionally, the Company carries out annual surveys by means of questionnaires toward business partners to check if there is any unfairness or inadequacy in the details of order placement to business partners or the attitude of our employees. In this way, we establish sound and good relationships, free from violations of human rights.

With regard to timber procurement—which involves particularly high human rights risks concerning violation of

the human rights of the indigenous inhabitants of production areas— among other materials that our company purchases, we conduct surveys and monitoring of business partners under the authority of the Procurement Department, which accounts for most of our timber procurement, the Product Development Department (housing), the Construction Department (general construction), the Condominium Division, and Group companies. In the event that a business partner which has procured timber does not satisfy our requirement standards, we conduct a hearing and take corrective action.

Recently the number of non-Japanese citizens working at construction sites is increasing, and there have been cases of unjust employment procedures being followed, and unlawful employment conditions (e.g. unpaid wages), which has become a social problem. In view of such situation, we operate internal rules pursuant to the Guideline for “Subcontractor Guidance concerning Foreign Worker Acceptance Program” set by the Ministry of Land, Infrastructure, Transport and Tourism, and take care so the rights of foreign workers will not be violated. When a foreign worker is to work at a construction site operated by the Company, we make it a rule to verify his legitimate employment eligibility in advance, and to confirm his identity when he arrives at the site.


In fiscal 2021, no formal complaint was filed against the Company concerning forced labor or child labor.

### Assessment of employees human rights risks

The Daiwa House Group responds promptly, individually and specifically to consultations concerning violation of human rights from customers and stakeholders other than our employees and employees of our business partners, and conducts the Sustainability Survey annually as an effort to confirm the level of employees understanding and permeation of the Daiwa House Group Principles of Corporate Ethics and Code of Conduct including respect of human rights. We have been conducting this survey since fiscal 2004 and in fiscal 2021 we received 48,579 cases from the entire Group.

Not a few opinions calling for improvement of work environment are received via the survey and the Human Rights Hotline every year. For the purpose of respecting these fundamental human rights at work, we have adopted a computerized management system to accurately register daily working hours and attendance and absence at all the offices. The system records the time of arrival and departure to and from work and status of overtime work. At the same time, we have been taking various measures to reduce working hours, by eliminating late-night overtime work to mitigate the physical and mental burden on employees and by reviewing the overall operation of the company.

In addition the entire class of executives is made thoroughly aware that appropriately regulating employees' working hours is the very least that we should observe in compliance with the labor law. The Code of Conduct stipulates its practice of fair recruitment. While it's natural for us to observe the Labor Standards Act, we are also working on fair recruitment/selection of employees as a promoter company of the Fair Recruitment and Human Rights Center. Daiwa House Industry and our Group company Daiwa Lease have acquired certification as a “company proactively committed to fair recruitment and human rights awareness-raising”.

 [P028 Increasing suppliers' awareness of our environmental policy](#)

[P047 Preserving biodiversity in our procurement and business processes](#)

 [The Principles of Corporate Ethics and Code of Conduct](#)



## ■ Implementation Report : Society Human Rights Management

### Assessment of temporary employees human rights risks

The company conducted a questionnaire survey targeting temporary employees to identify issues in the relationships with temporary employees and make use of the answers in nurturing a cleaner corporate culture. In fiscal 2021, we received responses from 979 temporary employees. Results of these responses were aggregated and then provided to each worksite as feedback and are utilized in improvement.

### Total number of discrimination cases and corrective actions implemented

At our branches and Group companies, human rights awareness-raising promoters are assigned to create a system to immediately respond to and report individual human rights problems. To facilitate access to consultation, the branch human rights awareness-raising promoters and harassment prevention experts are appointed in a way that maintains gender diversity. The number of consultations from the worksites in FY 2021 was eight.

\* Consultation and action on harassment also includes the Human Rights Hotline, which provides employees with an alternative means of internal reporting or consultation that is separate to reports made from their branch.

### Response to issues relating to harassment by employees

To counter sexual harassment; harassment over pregnancy, childbirth, childcare, or elderly care; abuse of authority; racial harassment; and other threatening, high-handed or discriminatory behaviors in workplaces, the company stipulated new harassment prevention regulations pursuant to revisions in relevant laws in June 2020 as a complement to existing work rules. In these regulations, we demonstrate our stance of never permitting harassment, which must be observed by all employees and executives.

Also, points of contact for reporting and consultation staffed by two people are put in place at the Head Office as well as each branch nationwide. A mechanism has been put in place for staff to receive support and advice as needed from the Human Rights Promotion Department of the Head Office as to

how to handle and solve harassment cases. Persons in charge of consultation at each branch are provided regularly with special programs for handling harassment. In addition to distributing an anti-harassment guidebook aimed at preventing sexual harassment from those outside the company and improving awareness of self-defense, rules were also established to cover visits to clients and participation in social gatherings in the course of sales activities.

The company's Human Rights Hotline, which is available to all employees, accepts inquiries relating to harassment and is intended to facilitate the early detection and resolution of workplace harassment incidents.

In resolving complaints, in line with the Daiwa House Group Whistleblowing Regulations, we conduct hearings with both the consulter and the employee(s) in question and listen to what third parties say to grasp the situation in a fair manner. If correction is deemed necessary, we take disciplinary action against the employee(s) after deliberation by the Disciplinary Committee.

To ensure that appropriate action is taken by the company, a lawyer with extensive knowledge of how to deal with harassment matters was retained as an advisor in October 2021 to work in partnership on prevention measures and when incidents arise.

From February 2020 we started an educational program for all sales managers nationwide, inviting instructors from Trust Coaching to provide coaching. The program was extended to construction and design division managers in FY 2021 in an effort to prevent harassment by encouraging better workplace communication and relationships of trust between managers and employees.

### Implementation status of human rights awareness-raising activities against employees

#### Human rights awareness-raising training

The company is focused on human rights awareness-raising training for obtaining proper knowledge. All employees across the Group, including managers, receive human rights awareness-raising trainings more than once a year. This includes job-grade-specific training for executives, managerial staff, chief staff, and new recruits to ensure that they fulfill their

responsibilities with regard to human rights in a manner that is in accordance with their roles.

In February 2022, an outside expert was invited to meet with the Board of Directors and conduct a training program entitled "Business and Human Rights: Human Rights Issues in the Supply Chain". The training covered what is happening with business and human rights problems around the world, including the Uighur issue, and what companies should be doing in response.

Furthermore, the UN's Guiding Principles on Business and Human Rights and a DVD produced by Daiwa House Group about the Act for Eliminating Discrimination Against People with Disabilities are distributed to each worksite and Group company.

Training based on these resources informs employees about the company's stance on human rights (Policy on Human Rights) that serves as a basis for undertaking human rights due diligence. In April 2016, human rights awareness-raising training programs were implemented at our overseas sites as well. We will continue to select human rights themes and provide trainings not only in Japan but also overseas in consideration of local culture and customs.

#### Jinken-no Hiroba (Human Rights Plaza)

The in-house newsletter Jinken-no Hiroba (Human Rights Plaza) was published three times in fiscal 2021 on the Daiwa House Group's intranet for the purpose of raising employee human rights awareness. The theme for the March 2022 issue was Communication using assertion. We intend to continue with employee education aimed at preventing harassment and the infringement of human rights.



# Innovation base >> Continuously comes up with innovative solutions to social issues

## Strengthen systems to promote business and real-estate development that helps solve social issues

Contributions to SDGs



### Policy and Concept

#### Megatrends that Impact Bases

- Contraction of the single-family house market due to Japan's falling population
- Prosperity with businesses that solve the Sustainable Development Goals (SDGs) and other social issues
- A rising rate of ethical consumption
- Expanding ESG investments

#### Social issues

The tide of a declining birthrate and an aging population, a demographic issue most prominent in Japan, will exert an enormous impact on the economy in the future in the form of a shrinking market. In tandem with this, it has the potential to be a factor in a dramatic transformation of how business is conducted.

In addition, as globalization of economies escalates the severity of competition, on our present course there is a rising danger of a potential collapse in social sustainability. Given this, as symbolized with ESG investments, society increasingly demands that corporate activities be conducted in an ethical manner.

On top of such a major transformation in what society values, soaring advances in ICT and other science and technology have become the backdrop to the emergence of what could be venture companies and startups that possess the competitiveness to disrupt conventional business models.

Coming up against these new competitors, there is the fear that solely relying on the extension of existing business models will be insufficient to gain a competitive advantage. We will need to prepare for all manner of disruptive creation that may occur in the future, and from the perspective of solving those issues that confront society, as reflected by the SDGs, it will be ever more important to develop a business model that will not be focused on established preconceptions.

#### Risks and opportunities for the Daiwa House Group and its responses

Although the Daiwa House Group has constructed a business model that can adapt to the changes of the times, given today's dramatic transformation in values and an accelerating pace of technological advances, innovation entails risks that have the potential to destabilize the Group's business model. For this reason, it is essential to create a new business model that contributes to solutions for the issues that face society, without being sidetracked by preexisting notions.

When existing businesses are growing steadily, it is difficult to say that organizations possess a sufficient sense of danger with regard to innovation. Moreover, while each Group company has their core competencies in place, we recognize that the reinforcement of management foundations to foster innovation by seizing upon synergies within the Group and the ongoing development of new businesses that help resolve the challenges facing society are important management challenges.





## 1 Innovation base

### Overview of Endless Social Program 2021

#### Issue 1: Build platforms for innovating solutions to social issues

Identify and build ways and means (innovation base) for “creating new businesses” that serve society, as exemplified by SDG projects, and “tuning existing businesses.” 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.”

\* The leading premise of all Daiwa House Group business is to “generate cashflow and fulfill social responsibilities.”

Since fiscal 2018, our business development initiatives have included participation in Open Innovation Base “Xport (cross port),” sponsored by the Osaka Chamber of Commerce and Osaka Institute of Technology. In fiscal 2021, we conducted a program in our pursuit of collaboration with innovative corporate partners on the theme of “new, innovative ideas for achieving local revitalization and redevelopment of towns and the future.” We also took part in a program that generates business ideas through exchanges made with international universities, which was established by the same sponsors. Through this we received business proposals to “utilize unoccupied homes and land as a regional resource” from the youth demographic. Likewise, the Daiwa House Future Labo, our Open Innovation Program, is soliciting innovative ideas on how to transform preexisting notions about the sale of residential housing.

We will continue with these initiatives in fiscal 2022 in pursuit of innovations to the relationships and sales practices that have come to be taken for granted in the residential housing industry.

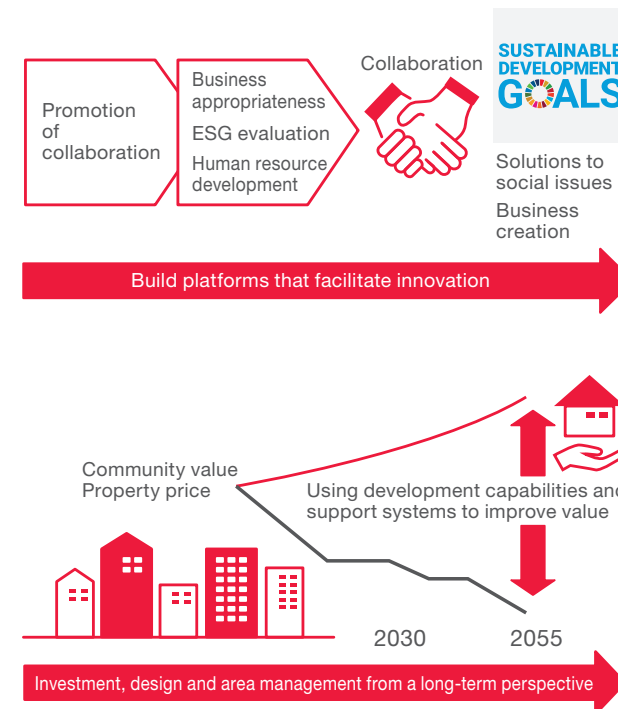
#### Issue 2: Promote social inclusion in real estate development

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.

Introduce broad “inclusive design” concepts into all processes of urban development and large-scale construction handled by our Group.

Following on from fiscal 2020, we are constructing a management framework geared toward instilling inclusion design in real estate development in fiscal 2021. While in the past it has been the Sustainable Community Development Promotion Committee that has taken the lead in advanced urban development, the Company has established a new management structure for the vigorous pursuit of urban development from a long-term perspective with the establishment in April 2022 of a preparatory task force for the Urban Environment Development Business Division. With urban development work by the Group adopting a long-term perspective, this new structure will undertake mixed-purpose developments built with value-enhancing design and area management in mind, avoiding the problem of developments losing attractiveness after they are completed.

Other social inclusion initiatives we will promote in real estate development include the establishment of community organizations in new developments and the redevelopment of housing complexes named Neopolis that were initially constructed by Daiwa House. The Livness Town Business Promotion Department launched in April 2021 will continue its work on enhancing the attractiveness of existing communities, seeking to resolve local issues from a resident’s perspective. While promoting social inclusion with new development projects, we will at the same time redefine the appeal of existing towns by redeveloping them.





## 1 Innovation base

### Issue 1 | Build platforms for innovating solutions to social issues

#### Approach to issues

Always keeping in mind “what will benefit the world,” the Daiwa House Group has developed businesses that generate both economic and social value. Starting with our founding product, the Pipe House, we have developed businesses that allow for personal contact with customers right on a business site, including the development of retail and wholesale facilities for land use that takes motorization into account, and the development of logistics facilities suited to growth in e-commerce.

Society is confronted by issues that are becoming both more severe and more diverse. In tandem, though, are the growing expectations of stakeholders, mainly institutional investors and public institutions, as well as global corporations, for businesses that work to solve social issues. This is based on the adoption of SDGs (UN's Sustainable Development Goals), the Paris Agreement, and the circular economy package. This trend, we believe, will gain momentum going forward.

For the Daiwa House Group, the creation of businesses that find solutions to social issues is the embodiment of our founder's spirit. It is important to identify and build ways and means (innovation base), in addition to our conventional “originating on site,” to build a new framework that is capable of “creating new businesses” that serve society, and “tuning existing businesses.” To achieve this, we intend to incorporate open innovation into our intellectual property strategy to enable a more diverse approach to creation while adopting systems and practices that encourage business development driven by social issues and the medium-to-long term.



Strategy for Intellectual Property

#### Management

##### Social and environmental measures in R&D and new business development

In addition to the basic areas that support safe and secure living, Daiwa House Industry's Central Research Laboratory focuses on 4 main social issues which are “stock-type society,” “low birth rate and aging population,” “environmental energy,” and “stable food production” as key areas. We have set as our goal residences that stand up well to major earthquakes and disasters, residences with consideration to comfort and health, and RE100 (100% renewable energy) residences and community development to elicit the values needed by the world through our research and development.



P038 Community development: Funabashi Grand Oasis, Japan's first large-scale mixed purpose development with 100% renewable energy

##### Evaluation of ESG aspects in business investments

When conducting due diligence for a corporate merger or acquisition (M&A), we investigate and evaluate the risks and opportunities posed by the target company, undertaking a broad review from an ESG perspective that encompasses both financial and non-financial information.

This due diligence assesses factors such as business risks and potential synergies with the target company's competitive advantages and qualitative characteristics. This is done by means of an investigation of the target's business that covers its corporate culture and business model as well as its financial and tax aspects, and also an ESG due diligence that covers: (1) Environment: Action on environmental problems and environmental impacts, (2) Social: Working environment and labor management, and (3) Governance: Internal controls and risk management systems and compliance levels. If, as a result of these evaluations, we determine that the subject company or business has no long-term future, or if we judge that it does not satisfy the level of risk we are willing to bear, we will choose not to make the investment.

If the target company has or is suspected to have contact

with antisocial forces, or if such a company is involved, we will not conduct M&A under any circumstances.

Furthermore, due diligence and the post-merger integration (PMI) are undertaken as a seamless process that incorporates action on ESG considerations.

##### Promoting digital transformation (DX)

Technical innovations that incorporate digital technology are becoming increasingly important to our industry as it faces aging demographics and shrinking numbers of skilled builders. Indeed, an acceleration in digitalization can be expected across all areas of society as the impact of COVID-19 drives a shift to new living practices and business models.

Given these developments, the Daiwa House Group has been taking action on the digitalization of our value chain and back office in anticipation of this changing social environment, having led the industry by establishing a digital construction project in fiscal 2019 and following this up with a telework promotion project in fiscal 2020.

We are targeting new value creation by adapting to social change through the implementation of DX in both our business and bases, and also by working to create an environment that encourages open innovation.



DX Annual Report (Japanese text only)



## 1 Innovation base

### Issue 1 | Build platforms for innovating solutions to social issues

#### ■ Main approach

#### Efforts to create a system for innovation

We have been participating in the “City Open Innovation Base Xport (cross port)” program established by the Osaka Chamber of Commerce, and continue to host the Daiwa House Future Labo program for open innovation. This program is a vehicle with which we draft and promote specific business projects. Alongside our goal of providing acceleration support and capital investment for venture companies, we have cooperated with large companies that focus on technology and research by forming alliances, and create ideas that utilize the knowledge of universities and other research institutions. We strive to create an innovative business that cannot be achieved with just our own resources, but in cooperation with external partners.

In addition, we see this place as a venue that functions as a hub platform that fosters students’ flexible ideas and works to incubate facilities inside and outside Japan to create communication networks.

Since February 2022, our open innovation program has been soliciting submissions on the theme of “Innovative ideas on how to transform preexisting notions about the sale of residential housing.” Amid the changes in consumer behavior brought about by the pandemic, the residential housing market is likewise seeing growth in new forms of communication suited to the new normal, including engaging with customers remotely or in other contactless ways. Accordingly, to accelerate this trend, we are seeking ideas for services or business models that use cross-tech (X-tech) to overturn sales methods and other modes of engagement that to date have been accepted practice in the residential housing industry. In the future, we will continue our work to establish systems and practices that will serve as our innovation base for the resolution of social issues and allow us to go beyond the residential housing industry and transcend industry borders to engage actively in alliances with external partners.

大和ハウス工業 オープンイノベーション

#### Build the Future.

築こう、未来を。



Internal view of the Xport



[Open Innovation Program \(Japanese text only\)](#)

#### Operation of businesses that find solutions to social issues

To build a sustainable society, always keeping in mind “what will benefit the world,” the Daiwa House Group has placed a priority on creating businesses that seek to resolve social issues while also reducing negative impacts on the global environment and on society.

The Daiwa House Group sees its mission as being to face up honestly to the numerous problems and challenges confronting society, including through efforts to provide highly resilient buildings and homes fit for a society in which everyone is able to participate, and to play our part in creating a sustainable society by developing and delivering products and services, working in partnership with stakeholders in ways that allow us to teach and learn from one another and to deepen mutual understanding.



[P182 Social Data 1-1](#)

[Major business collaborations and validation experiments to create for innovation and to solve social issues](#)

[Social Data 1-2](#)

[Examples of major products for solving social issues](#)

#### Promotion of innovation in logistics

Daiwa House Group’s logistics solutions have developed through four stages.

The first was the design and construction of facilities in our role as a construction company. The second was the establishment of a new business model for matching landlords and tenants. The third was the development of medium- and high-rise logistics centers following revisions to the Leased Land and House Lease Law permitting fixed-term commercial leases.

The fourth stage was the Group’s involvement in establishing what is believed to be the first special-purpose company (SPC) for logistics centers in Japan made possible by the enactment of the Law on Securitization of Specified Assets by Special Purpose Companies (SPC law). The Group has since expanded its activities as a developer, including through the securitization of logistics real estate, with its D Project currently having more than 300 buildings located around Japan.

In addition to logistics centers, we are also driving new trends in the logistics strategy of many companies by supplying customers with optimal solutions that utilize artificial intelligence (AI), robots, the Internet of Things (IoT), and big data to overcome the diverse challenges they face, which include labor shortages at logistics centers and managing the shift toward higher volumes and smaller lot sizes.



DPL Nagareyama



Conveyance robot

#### Developing long lasting, safe, and secure products

The company is developing products that can offer to customers safety and peace of mind for a long term. Setting earthquake countermeasures for buildings as one of the priority implementation categories in particular, and based on the knowledge and lessons learned from recent large-scale earthquakes, we are continuously reviewing specifications for seismic resistance ability, materials and equipment.

We are also working to improve product life and durability with a particular focus on measures against the permeation of rainwater and humidity into walls.

Other efforts include our ongoing R&D to help create living environments for customers that are both healthy and energy efficient.



[Technology \(Japanese text only\)](#)

[Clean-Air Design \(Japanese text only\)](#)



## 1 Innovation base

### Issue 2 | Promote social inclusion in real estate development

#### Approach to issues

The Daiwa House Group, as a Group that co-creates value for individuals, communities, and lifestyles, aims for sustainable development of business through interactions with customers and local community consisting of local people, local business partners, local governments, and local companies. Expanding economic disparity, regional depopulation, super aging in urban areas and other social problems impacting communities must be solved. This is our belief, and for that reason we are aggressively taking action for inclusion and consideration to communities as we undertake “community development.”

For new real estate development projects, guided by a vision “Community value into the future,” we are tackling social issues by capitalizing on our strength of having a wide range of business domains. Aging and depopulation are recognized as issues faced by existing residential districts. In the Livness Town Project to address these issues, we are working to redevelop Neopolis housing complexes that were initially developed by the company. Aspiring to redefine the appeal of towns with redevelopment, we established Livness Town Business Promotion Department to facilitate the project for Neopolis sites across the nation.

At the Cocolan Cultivation Center in Miki City, Hyogo Prefecture, we are engaging with the elderly and disabled people to grow Cocolan, a type of moth orchid also known as Phalaenopsis, in a community-building initiative with the local region.

In forest-side towns, we are working with owners, the local community, and administrative agencies to organize a variety of events. We have also set up and are running community spaces and an Owners Club members’ site.

In developing businesses in coordination with local communities, the company has signed agreements with administrative agencies for cooperation during disasters and other agreements for sustainable community development, working to resolve social issues together with local communities.

In this way, we will work to facilitate inclusive and sustainable community development together with local

residents so that community and property values rise rather than fall into the future.

#### ■ Management

##### Launch of Livness Town Business Promotion Department

We originally developed our Neopolis suburban housing complexes to address housing shortages during the postwar period of rapid economic growth. Now, 40 years later, cities are facing different problems in the form of a declining birthrate and aging population and an increase in unoccupied homes. By redeveloping, rather than revitalizing, Neopolis sites to make these living places more attractive, which we see as a responsibility we must bear as a developer of these towns, we established the Livness Town Business Promotion Department in 2021. To date, we have embarked on this redevelopment at eight Neopolis sites, and we are working to build relationships with these communities. During fiscal 2021, this will include holding a large number of community events to inform local residents about what is happening and provide an opportunity to think about the challenges these communities face.

##### Promotion of public-private partnerships

Public-private partnerships have attracted attention as a means of improving the efficiency of new urban developments and public services by going about the construction, management, and operation of public facilities through collaboration between the public and private sectors.

The Daiwa House Group is working to create a social business model that can serve as an engine for regional revitalization, resolving a wide variety of social problems by taking maximum advantage of the technology and expertise built up by the Group over time as well as the benefits of working in partnership with local government and local businesses.



Our business field



P182 Social Data 1-3

Major examples of public-private partnership projects

#### Deliberation by Business Investments Committee

The Business Investments Committee is an organ that evaluates and deliberates the feasibility and risk of the real estate development projects and other business investments that are significant for the company. For real estate development projects, a hurdle rate is set to IRR (internal rate of return). If the IRR exceeds the standard, a resolution to execute investment is adopted. At the same time, the Committee conducts multidimensional risk assessment (16 departments, 26 items), including ESG, such as whether or not the execution of investment is consistent with management philosophy, management strategy and brand image of our company, legal risks, soil and underground water contamination, ground risks, disaster risks (flooding, other), environmental issues and appropriateness of construction cost. So even if an investment project clears the condition in the economic viewpoint, execution of this investment differs substantially from what we aspire to be, or our vision, exerts great influence on the environment or in other cases, such investment is not approved. We also conduct periodic revisions to risk assessment items. The same evaluation method is applied to other business investments.

##### ■ Risk assessment for investment decision (for real estate development projects)

[Economic risk assessment]  
· Setting of hurdle rate to IRR\*

\* Set based on the WACC (weighted average of shareholder's equity cost and liability cost) standard with risk premium and other factors added

+

[Multidimensional risk assessment (16 departments, 26 items)]

- Consistency with management philosophy, management strategy and brand image
- Legal risk
- Impact on the environment, including soil/underground water contamination, ground risks, disaster risks (flooding, other) and environmental problems.
- Appropriateness of construction cost, etc.



P061 Preventing the spread of soil contamination accompanying land transactions and construction





## 1 Innovation base

### Issue 2 | Promote social inclusion in real estate development

#### Managing relationship-building with local communities in redevelopment projects

As our redevelopment projects, in many cases, go hand in hand with the land readjustment projects and the urban redevelopment projects, we need to discuss the revitalization of the community and community issues with the leading actors of local communities as well as nearby residents, propose plans that can offer solutions to said issues, and form consensus and establish an association to promote the projects as association projects. In land readjustment projects, there are many cases in which we fully take charge of the readjustment associations' responsibilities and we have formulated a flow that checks what was agreed on regarding project management with the readjustment associations in order to clarify the project processes.

#### Consideration to Creating Comfortable Lives with urban development projects

Our company regulations for designing in our urban development projects oblige us to pay consideration to creating comfortable lives, which policy is applicable to all properties. As an example, the regulations call for designing pedestrians' traffic lines to traffic facilities (stations, bus stops, etc.) as well as to particular facilities (medical and public services, commercial facilities, business hubs and other central locations in the area) and, with housing and city blocks taken into account.

Under the concept, "Friendly Design" based on universal design, we develop and design housing products so that diverse people including the elderly, children, and people with disabilities can build a comfortable life. We have the policy of making the main traffic lines such as the traffic line to traffic facilities barrier-free as a company regulation, promoting community development that enables diverse people to enjoy a comfortable life.

#### ■ Main approach

##### Local revitalization through land readjustment projects and urban redevelopment projects

The land readjustment projects is intended to develop and improve public facilities such as roads, parks, rivers, readjust land, and promote housing land utilization. Based on the general contract with the readjustment associations organized by local people, the Daiwa House Group participates in the management of the associations' projects, going ahead with the project smoothly by securing business feasibility through acquisition of reservation land. With local people's requests in mind, we are engaging in land utilization and facility construction according to local situations. Specifically, we are developing public facilities such as roads and parks, and reforming land that is poorly connected with roads or whose form is bad. We maintain the land so it can be used efficiently and adjust the usage of the land and construct buildings according to the community. We are also undertaking projects with local communities that consider factors such as community building and resilience improvement.

The urban redevelopment projects seamlessly and comprehensively develops buildings, premises, and public facilities in existing urban areas. The Daiwa House Group participates in projects from the position of entrusted operators for specific businesses, participating association members, and reserve for space acquisition, to promote housing supply in urban areas.

Along with the urban redevelopment projects, the Daiwa House Group also undertakes condominium renovations. By renovating condominiums that have aged or that need work to provide barrier-free access or because they are unoccupied, this business is helping to provide new housing and to increase the value of buildings and other city assets.

Through housing and industrial land readjustment projects, urban redevelopment projects, and condominium renovation projects, our Group creates new housing and employment and contributes to local revitalization.

We have participated in a total of 30 projects (including those ongoing) from 2019, 6 land readjustment projects as an entrusted operator (including those planned for the future), 18 of our own urban redevelopment projects, and 6 condominium

renovation projects.

#### Community engagement in urban development

From fiscal 2019 to 2021, we implemented community engagement programs for 13 urban development projects that, in terms of area, accounted for a total of 605,725 m<sup>2</sup> (over 10 residential subdivisions that Daiwa House Industry's Urban Development Department were involved in from the design stage). As key components of these community engagement programs, we assisted residents in forming and activating community associations, built assembly halls and supported interactive events amongst residents and neighbors, and built systems to finance community management with proceeds made from renewable energy sales. In Japanese Red Cross site lifelong activity town (CCRC) business, we entered into a collaborative arrangement with Maebashi City in Gunma Prefecture to establish an organization able to take on a variety of activities in which companies and organizations work together to make the community more attractive.

At 14 forest-side towns around Japan, we have been engaged in the redevelopment of these towns, having established the Kurasu Mori (forest living) brand in 2020, and are working with owners, the community, and administrative agencies on a variety of events and online exchanges. We have entered into collaborative arrangements with a total of six local governments, with activities including urban development and offering encouragement for relocation. We have also progressively established Kurasu Mori Sharing Salon community spaces at each place as well as, in 2021, an Owners Club members' site for forest-side towns. At Royal City Aso Ichinomiya Resort ASONOHARA, our nature-friendly urban development includes measures for nurturing meadowland.

We are also engaged in community building with the local region at the Cocolan House orchid growing facility at Midorigaoka Neopolis (Aoyama District) in Miki City, Hyogo Prefecture. This initiative involves working with the elderly and disabled to cultivate Cocolan, a miniature variety of moth orchid, utilizing technology developed by the Daiwa House Group. It has also included making presentations to former pupils of the local elementary school and holding a Garden Marche event at the site as we strive on a daily basis to spread joy among everyone who lives in the community.



## 1 Innovation base

### Issue 2 | Promote social inclusion in real estate development



Zao Short Stay House

Progress of Kurasu Mori  
(as of March 31, 2021)

P183 Social Data 1-4

[Examples of community engagement](#)[Community Development Case Studies](#)[Daiwa House forest-side towns \(Japanese text only\)](#)[Cocolan orchid growing \(Japanese text only\)](#)

#### Collaboration with tenants and local community

The company is promoting initiatives for sustainable community development together with local governments that also address regional issues, taking steps to establish an inclusive stance and the ability to assist commuters who have difficulty returning home when a disaster strikes, including building tenants. This includes agreements for cooperation during disasters with local governments upon developing new real estate projects, and agreements with the governments of towns in which Neopolis residential districts are located. Disaster cooperation agreements we sign upon construction of logistics facilities stipulate that we provide evacuation shelters and temporary storage of supplies. At Miki in Hyogo Prefecture and Yokohama in Kanagawa Prefecture that are home to Neopolis sites, activities undertaken pursuant to the cooperation agreements include demonstration events for “Communities where people can reside for a long period” and holding consultations with administrative agencies on how this can be put into practice.



P183 Social Data 1-5

[Major examples of cooperation agreements with local](#)

#### [governments](#)

#### Communication with tenants of facilities and local citizens

Based on the philosophy of community co-creation, and as a responsible corporate citizen, the Group aims at building a society in which every person can enjoy true abundance, always striving to achieve and maintain great harmony with local communities. To this end, we are promoting community development primarily at multi-purpose commercial facilities developed by our Group companies nationwide, in cooperation with tenants and local citizens.

A Group company Daiwa Lease is working to revitalize and add vigor to local communities through cooperation with local citizens and NPOs, while resolving various issues faced by society, such as a declining birthrate and an aging population, depopulation, and weakening personal connections.

#### Case report: Smile Action

Smile Action is a collective term for the social and local contribution initiatives planned and implemented by Daiwa Lease. With “Creating the chain of smiles” as a slogan, and in cooperation with tenants and local citizens, Daiwa Lease is promoting various activities at commercial facilities it operates, in order to contribute to local communities, environment and society.

By inviting customers to drop in and join the activities while shopping, the Action is intended to make a commercial facility a member of the community in which it operates.



[Daiwa Lease Co., Ltd. official website Contribution to local communities \(Japanese text only\)](#)

#### All new single-family houses will have the “Housing Removal Support Eligible Housing System (Flat Rate Guaranteed Rent System)”

From December 20, 2016, as an industry first effort, we applied the “Housing Removal Support Eligible Housing System (Flat Rate Guaranteed Rent System)” of the Japan Trans-housing Institute (JTI) to all newly constructed single-family houses\*1. As a result of this, the minimum rent income\*2 for “home rental system” residences that are certified as eligible for the “Flat Rate Guaranteed Rent System” will be guaranteed for the first 50 years after construction. Furthermore, after 50 years, the minimum rent income guarantee will finish but life-long rental is still available.

As a result, the building owners can expect stable rent and it is possible for the tenants to rent houses with cheaper rents than the surrounding market. Regardless of age\*3, customers who purchased our new single-family houses and were issued a certificate of eligibility, as well as customers with newly built homes that are currently being lived in, can use this system in a variety of situations in the child-raising generation such as when they want to move into a bigger house or when the senior generation wants to relocate to the suburbs from the urban area. In addition to the merits of both the senior generation and the child-raising generation, this system also has social significance as a property of society because it utilizes houses that no longer meet people's lifestyles without letting them become unoccupied homes.

\*1 Depending on the area and the condition of the property etc., the house may not be eligible.

\*2 Depends on the region.

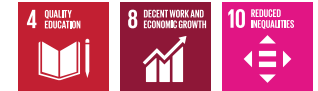
\*3 Normally, for applying the JTI system, persons 50 years and older are eligible but at Daiwa House Industry we allow the use by anyone regardless of age.



## Human resources base » Steers our sustainable development in directions that carry on our founder's spirit

Build an organization with a diversified motivated workforce that retains the young people it develops

### Contributions to SDGs



### Policy and Concept

#### Megatrends that Impact Bases

- Shrinking population, aging of society, shrinking workforce
- Advancing development and deployment of AI (artificial intelligence) and automation
- Shifting of workforce core to Millennials and members of Gen Z
- Widening of educational gaps

#### Social issues

With rapid aging of Japanese society, the shrinking of Japan's labor force is a major headache for human resources departments. This is especially true in labor-intensive sectors, which already anticipate difficulty in being able to continue getting their work done with the same worker numbers as in the past. Meanwhile, rapid advances in ICT are accelerating the practical deployment of AI and other technologies like IoT and robotics. As exemplified by the emergence of self-driving cars, their increasing deployment will likely drive greater automation of tasks and workload reduction as computers and robots take over tasks performed by humans.

Parallel to these developments, two younger generations—Millennials and Generation Z (Gen Z)—will start making up the core of the labor force. Members of these demographics grew up with ICT, and using social media to interact with others is routine for them. They also tend to value work-life balance, and because they are more open to diverse values, moves are afoot around the world to entrench inclusiveness—practices conducive to maximizing the capabilities of organizations and the individuals who work in them.

#### Risks and opportunities for the Daiwa House Group and its responses

Ever since its founding, the Daiwa House Group has hired and trained people on the conviction that “human resources underpin the enterprise.” And we believe that, for us in construction and real estate—both new idea-generating sectors, human resources of excellence are pivotal to further development of our business model.

However, Japan's shrinking working population makes it harder to find the people businesses need to expand, with negative implications for the human resources the Group has always considered an indispensable strength. By bolstering our human resources base to suit a new era, we are seeking to provide personally rewarding workplaces.

As part of this, we want to promote/advance/progress/diversity, equity and inclusion, practices for prizing employees' individuality, from the very top down to the frontlines of our organization. We will continue focusing on acquiring, training, effectively deploying, and recognizing people able to adapt to social change. With this approach we intend to shore up our human resources, the foundation that bestows a competitive edge we want to remain constant regardless of progress in ICT and automation and reductions in labor intensiveness.



## 2 Human resources base

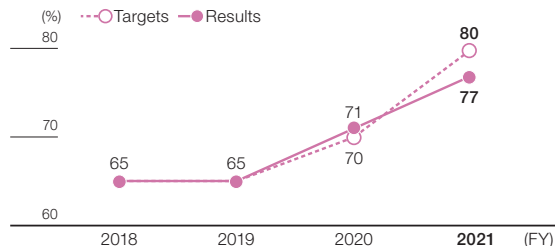
### ■ Overview of Endless Social Program 2021

#### Issue 3: Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)

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.”

\* 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.

#### ■ Improvement in “motivation”



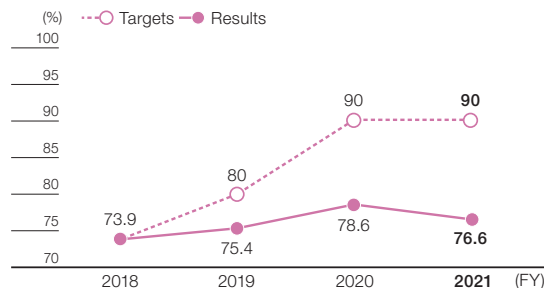
In fiscal 2021, work style reform involved updating the system for performance evaluation and mentoring interviews targeted at chiefs and regular employees, focusing on fostering three major outcomes by which performing well at their work will make employees feel motivated and happy: work environments conducive to trust in the company, pride in work, and solidarity with colleagues. In addition to adding performance targets (process), productivity, and contribution to the organization as evaluation criteria, we also changed from having a standardized set of criteria for assessing all employees' ability to perform their duties to having different criteria depending on the content of their work and employee trades. Other objectives included promoting employees' health and safety and encouraging health and productivity management practices and entailed training on “line care” for managers and self-care for young employees.

In fiscal 2021, 77% of employees report feeling motivated because their work is gratifying, which we see as a very strong result although still slightly short of our target of 80%. Given the multiplicity of business- and job-specific issues that need addressing in a company as diverse as ours in business interests and employee trades, we still have a way to go to develop and implement programs conducive to further motivating employees. In fiscal 2022, we intend to embark on the development of new programs to build our innovation base, maximizing value for both individuals and the organization by leveraging the work done to date and continuing our active investment in human capital and the creation of venues and opportunities for growth.

#### Issue 4: Upgrade human resource development and recruitment (by building programs based on projected 2030 group requirements)

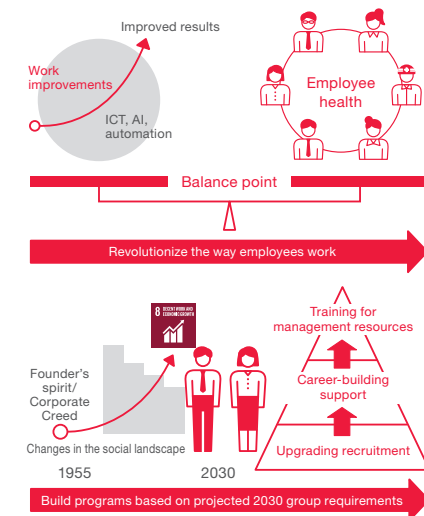
Design human resource development and recruitment programs from a long-term perspective (what will be needed in 2030/2055), with the values espoused in spirit of the founder, our Corporate Creed and our business models as an underlying basis. Prepare training, hiring and work environments based on the 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.

#### ■ Retention rate of young employees (3 years after joining the company)



To be better able to find the talent we need, we proactively participated in recruiting events to increase contact with college students, a main source of new hires, and raise the profile of our corporate brand among them, as well as working to support recruiters more effectively. And in personnel training, along with continuing the Daiwa House Juku for nurturing future managerial personnel, we introduced in fiscal 2020 a succession planning for branch managers as a first step into management. Named D-Succeed, this is a comprehensive system to select, evaluate, nurture and promote talented individuals as candidates for managers. By April 2022, the first year of the program, 14 members were appointed to new branch managers.

Young-employee retention in fiscal 2021 improved from fiscal 2019 to 76.6%, but this was short of target. From fiscal 2021, we started specified employment of new graduates by business division and job type. Creating a system where they can be assigned duties they wish, we seek to retain young employees. As the COVID-19 pandemic is making it difficult for us to have contact with students, in fiscal 2023, we will be working on increasing opportunities to meet students by combining offline and online approach as a new hiring method.







## 2 Human resources base

### ■ Overview of Endless Social Program 2021

#### 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 diversity and inclusion 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.

#### ■ General indices for diversity and inclusion

Unit: %

KGIs	FY 2019 results	FY 2020 results	FY 2021 results	FY 2021 targets
Women managers	4.1	4.5	4.9	5.0
Line leaders amongst women managers	25	21.5	22.6	40.0
Women engineers	4.9	4.9	4.8	6.0
Women sales reps	10.2	9.9	10.2	13.0
Women amongst new college recruits	24.8	23.5	25.8	30.0

In fiscal 2021 we moved to improve the D&I situation at the organization level by providing training for female manager candidates and those in technical posts, and introduced a teleworking system to offer diverse working style options, aside from holding a seminar to all employees.

Training initiatives during the year included a training for women moving into managerial positions to serially foster female managers, forums with the Working Group of Women Active in Business of the Daiwa House Group's Construction Technology Committee, and unconscious bias training for newly appointed managers, male as well as female. Motivated by the COVID-19 pandemic, we instituted work-from-home, full flextime, and staggered work shift systems based on telework

trials undertaken prior to fiscal 2019.

The percentage of women in managerial positions is one of our key goal indicators (KGIs). With respect to this goal, we achieved 4.9% against a target of 5.0%, with steps taken to expand work style options. We also failed to achieve our targets for "Line leaders amongst women managers," "Women engineers," "Women sales reps," and "Women amongst new college recruits." In fiscal 2022, along with stepping up our initiatives to increase flexibility in work styles, we will be continuing with training and dialogue, including the newly established D&I meetings of the Daiwa House Group Construction Technology Committee.

We will also move to improve "office diversity scores" and "business division diversity scores," which are D&I composite scores introduced in fiscal 2019, through analyzing our achievements.



### Topics

More information about diversity and inclusion (D&I) at the Daiwa House Group can be found on the Daiwa House Industry official website.



[Diversity and inclusion at the Daiwa House Group begins with dialogue \(Japanese text only\)](#)

Listed in the Gender Equality Initiatives in Japan publication of the United Nations Global Compact Network Japan (GCNJ) to which the Daiwa House Group is a signatory.



[Notice of publication of Gender Equality Initiatives in Japan on GCNJ official website \(Japanese text only\)](#)



## 2 Human resources base

### Issue 3

## Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)

### Approach to issues

The Daiwa House Group company philosophy (corporate creed) includes an injunction informing relations with employees: “A company’s progress depends directly on ensuring a good working environment for its employees.” In line with this, we believe ensuring workplaces conducive to safety and health is an essential element of encouraging employees’ development and providing an environment allowing them to give full play to their capabilities. Providing such workplaces is instrumental in enhancing two of our business strengths: data collection capability and problem solving skills and our wellspring for creating economic and social value. Further, SDG No. 8, “Decent Work and Economic Growth,” lays out a universal approach for decent work applicable in developing as well as advanced economies.

In Japan, serious societal issues impact employee recruitment and retention, especially workforce shrinkage due to a rapidly aging and declining population and separation from the workforce to care for elderly parents. Meanwhile, with calls for tackling the COVID-19, there is progress in ICT, AI, automation, and other technologies with implications for labor practices, and work style reform is also a focus of attention. Daiwa House Industry has continuously worked to improve work styles by putting together and implementing strategies to eliminate excessively long working hours, encourage employees to use up their annual paid vacation days, and provide a framework for assessing hourly productivity benchmarks. These have begun to bring results: employees are clocking fewer overtime hours and displaying greater awareness about work styles.

We will continue to further reform work styles with the double aim of having all employees maximize the results of their work and maintain their mental/physical health and safety. By so doing, Daiwa House Industry will continue adapting to changes in its situation and the social context, implementing innovative programs and frameworks and overhauling how it organizes and manages itself.

### Management

#### Dialogue with employee representative

Within the company, we have established a “president’s suggestion box” and “Advance Board,” systems which enable employees to directly suggest improvements to management and Head Office in charge.

#### Introduction of cross-border career support system

Despite the high priority we place on strengthening human capital, the company recognizes that it does not on its own provide enough opportunities for growth and self-directed career development by employees in the form of cross-border experience or working in a different field. In response, we have established a cross-border career support system that focuses on secondary employment in particular and enables employees at their own initiative to take up challenges and opportunities for growth independently of the business divisions, branch offices, and other existing internal company structures.

A range of options have been made available to help employees improve their skills and knowledge in their primary employment and to take up new opportunities for networking or other challenges. Specifically, these are company-arranged secondary employment whereby work at another employer is arranged by the company, self-arranged secondary employment whereby the employee themselves arranges to work at another employer, in-house secondary employment whereby the employee spends some of their working hours on a project or other work at a different department while remaining a member of their current department, and secondment to a different company whereby the employee can experience work that is different from their current employment by spending a fixed period working at a different company.

### Main approach

#### Award for health management

Fifteen Group companies were selected on March 9, 2022 as 2022 Certified Health & Productivity Management Outstanding Organizations engaging in superior health management in collaboration with insurers (health insurance associations and other main parties in the health insurance business), as certified by the Nippon Kenko Kaigi.

Also, Daiwa LifeNext Co., Ltd. was selected as one of the White 500, the top 500 companies in the large enterprise category.



[Fifteen Daiwa House Group companies selected as 2022 Certified Health & Productivity Management Outstanding Organizations \(Japanese text only\)](#)

#### Flexible work styles

Improving employee motivation and comfort is a pressing issue for modern society. Resolving this issue calls for action on a variety of fronts, including time, space, and information and communications technology (ICT).

Work styles have changed dramatically since the spread of COVID-19. To achieve a constant telework rate of 50%, the company is establishing activity-based working (ABW) and setting up satellite offices.

In addition to embarking on a staggered work shift system in 2015 to better support employees looking after children or family members or with restrictions on when they can work, we also introduced a flextime program with no core hours in 2021.

Changes in employee work styles also have a large impact on productivity. We make proactive use of ICT in our efforts to boost employee productivity.



[P184 Social Data 2-1  
Childcare leave uptake](#)

[Social Data 2-2  
Various types of welfare programs](#)



## 2 Human resources base

### Issue 3

## Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)

### Use of people analytics

There have been instances in the past of over-reliance on particular individuals, with work depending on the intuition and memory of specific people. At Daiwa House Group, we are shifting away from this memory-based approach and toward records-based working practices. That is, by undertaking the digital transformation of human resources, we are adopting recruitment evaluation practices that are comprehensive as well as fair and equal, using AI for decision support of structured interviews, based on our recognition that uncovering, fostering, and utilizing hidden talent will be essential to future corporate growth. We are also utilizing the accumulated results of aptitude testing to help appoint people to appropriate positions, comparing against employees in each business segment who have demonstrated high performance after joining the company. Regular surveys and one-on-one meetings are conducted with young recruits in an effort to identify and prevent the risk of their early resignation.

### Risk assessment concerning labor issues

Daiwa House Industry monitors employees' working hours and health to assess the occupational safety risks they face and ascertain, analyze, and address causes.

#### Identifying the actual status of overtime work

We endeavor every month to identify the actual status of overtime work throughout the company in order to eliminate excessively long workdays and comply with the Article 36 Agreement. We conduct a status survey on work hours once every quarter in order to identify the actual work hours and effectively prevent unpaid wages.



P184 **Social Data 2-3**  
Average overtime hours

### Labor-related non-compliance issues

#### Overwork

All employees who have worked overtime work and work on holidays exceeds 80 hours in a month, regardless of their wishes, are to be examined by an occupational health physician (OHP). We have also introduced an online OHP service as a means of ensuring that these health checks occur in a timely manner.

#### Undeclared overtime

Daiwa House Industry has prioritized eliminating undeclared work and seeks to visualize the reality on the ground to form a full, accurate picture and use it as starting point for remedies. In fiscal 2021, we introduced a new attendance management system to accurately identify work hours based on PC log. When undeclared work is discovered, we retroactively pay the overtime put in and reprimand the responsible managers.

### Risk assessment concerning the health and safety of employees

#### Periodic medical examinations

The Daiwa House Group is aiming to achieve a medical examination rate of 100% with efforts underway to thoroughly follow up those with abnormal test results and maintain/improve the health of all employees, all designed for early detection, early treatment and health risk management. In addition, specific health guidance, a collaborative health program with a health insurance union, is provided where health improvement seminars are offered to help employees improve their health.

#### Medical examination of employees putting in many hours

At Daiwa House Industry, the company's Occupational Health Promotion (OHP) reviews the results of the regular employee checkups as well as providing advice based on self-checks employees perform themselves.

In compliance with the Occupational Safety and Health Act, which mandates examinations for those who put in exceptionally long hours, the company is to require employees whose monthly total of overtime work and work on holidays exceeds 80 hours (including executives/managers) to have an

interview with the OHP and receive instruction to prevent health problems.



P184 **Social Data 2-4**  
Periodic medical examinations and health guidance

#### Mental healthcare

A system has been put in place to help employees check their stress levels themselves, with the mental health of employees being verified and monitored by a specialist external agency based on data from regular stress checks conducted by Well Link Co., Ltd.

The analysis is not limited to providing feedback to individuals and also includes a group (organization) analysis with results based on a companywide average being communicated to each branch office according to the scale of their operations and tips for a better work environment being posted on the intranet for information sharing purposes. All employees can perform self-checks on the website for a year until the next fiscal year.

New managerial appointee training includes instruction on mental health care (e-learning) covering prevention of mental issues, dealing with people who have developed mental problems, improving the work environment in ways conducive to better mental wellbeing, and importance of spotting signs of mental illness, all with focus on line-care.

A self-care training program for recruits has been in place since fiscal 2017 (e-learning from fiscal 2020). In addition, a line-care training (e-learning) was provided to all managers (workplace managers) in fiscal 2018. The training has been provided to new managerial appointees (who were promoted to managerial positions) from fiscal 2019. As teleworking has spread fast in fiscal 2020 on account of the pandemic, we are providing to all managers (workplace managers) a line-care training tailored for teleworking (e-learning).



P184 **Social Data 2-5**  
Mental health training attendance



## 2 Human resources base

### Issue 3

## Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)

### Response to global health issues

Our Code of Conduct requires the Group to take care of health and safety. We have established a system to ensure health management against contagious diseases above the statutory level. Our employees are obliged to take periodic medical examination every year, including chest X-ray examination to find tuberculosis, lung cancer, pneumonia and other diseases at an early stage.

As a company that operates offices outside Japan, we recognize the importance of addressing global health challenges, including COVID-19 and the world's three main infectious diseases (tuberculosis, malaria, and HIV/AIDS), and we take action accordingly. In our company, we consider the risk of contracting specific diseases during work taking place abroad to be higher than the risk when working within Japan. As such, we recommend that employees working abroad (116 employees as of April 1, 2022) undergo inoculation against hepatitis A and B, tetanus, rabies, Japanese encephalitis, and typhoid fever, according to the state of each country and in consultation with a health physician.

To manage risk, the company issues alerts related to contagious diseases to all Group employees based on warnings issued by the Ministry of Foreign Affairs and World Health Organization (WHO).

For early detection and treatment of health problems that may occur during overseas assignment, the company also provides periodic medical examination with additional check items to prevent lifestyle-related diseases to personnel posted overseas and their accompanying family members. Those identified as requiring early examination and treatment by a doctor are temporarily sent home as a corporate directive in consultation with our occupational health physician, in order to be followed up at a hospital in Japan.

To help counter the spread of COVID-19, the company has taken steps that include launching a headquarters response team and calling on all employees to take precautions. The response team has drawn up pandemic-response guidelines and guidelines for accommodating government calls for preventive measures, among other actions. Placing top priority on the lives of employees, the company has taken actions at overseas bases that include the issuing of local alerts as well as encouraging a return to Japan by those employees and their accompanying family members who are posted to locations where there is a high level of COVID-19 infection.





## 2 Human resources base

### Issue 4 | Upgrade human resource development and recruitment

#### Approach to issues

Based on a belief that human resources are the Group's greatest assets, we aim to “develop people through business” as stated in its Company Philosophy (Corporate Creed). In addition to the above, our Principles of Corporate Ethics and Code of Conduct emphasize the development of human resources, and the fostering of a corporate culture where we pursue human resource development with medium-and long-term perspectives, and each individual is able to plan their own growth and self-improvement.

As human resources become increasingly mobile and competition to recruit talent intensifies, our ability to offer attractive work styles and arrangements to working people is being tested. Various generations including millennial mid-level employees and managers, and Generation Z will be working together in the future. This calls for a workplace environment that fosters mutual understanding to bridge the value gap between generations and accommodates diverse ideas of what a career should be.

Our policies focus on enriching our employees' lives over the long term, from hiring through retirement. We aim to train our people to anticipate future trends and take on challenges fearlessly, unconstrained by established concepts. We want them to be thorough in carrying out their everyday duties, which embodies the meaning of “being complete in small things.” We aim to recruit by offering employment opportunities suited to the times, thereby retaining and developing next-generation employees, and recruiting and developing talented individuals to become managers.

During the hiring process, on premise of application, we absolutely inform participants of their acceptance after one round of screening. Following acceptance, employees are informed of their working conditions, and upon agreement they are formally hired.



P184 **Social Data 2-7**

Investment in and annual average time allotted to human resources development

**Social Data 2-8**

Employment and turnover

#### Management

At our company, we have developed management for human resource development based on OJT and Off-JT combined with an evaluation system. Participants in training seminars are given questionnaire surveys, the results of which help us understand points to be improved upon and gauge the effectiveness of the training. From here, we are able to map out an improvement plan based on the PDCA cycle.

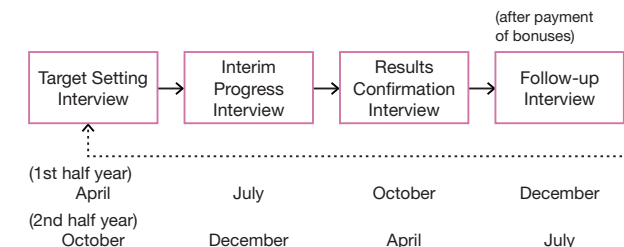
The Human Resources Department cooperates with all other departments to check on recruitment performance and determine priority items for the coming year to secure the next generation of human resources.

#### Linkage with evaluation systems

To facilitate the further development of human resources, grade-specific evaluation systems are implemented under management by the Human Resources Department. Through management that links human resource development with evaluation systems, the Daiwa House Industry periodically confirms progress in human resource development, and facilitates the further growth of employees. The Human Resources Department continuously operates and improves the evaluation systems, thereby promoting human resource development by managers. All our employees are subject to periodic performance evaluations.

In the evaluation management system targeted at chiefs and regular employees, the superior has an interview with each subordinate at least once every quarter. The superior and the subordinate also share the common recognition about points for development, thereby promoting the further growth of the subordinate. The evaluation results of a subordinate by the superior can be confirmed by the subordinate himself/herself, so that abilities required at work can be clearly identified.

In the target management system aimed at managers, target setting and appraisals are periodically conducted through interviews with the higher superior, thereby facilitating the achievement of organizational targets, and encouraging the further growth of managers.



#### Business Division/Group Company Collaborative Training Support System

We hold a human resources development liaison council meeting every month, aiming at the sustainable enhancement of educational measures. The Human Resources and Interpersonal Relationships Development Department, the primarily responsible department, takes the leadership in the system, where training details and methods are shared, and desirable pedagogy to enhance the personality and capabilities of employees are discussed, with training representatives from individual business divisions.

Similarly, information is periodically exchanged with training representatives from individual Group companies, in order to promote human resource development across the Group.

#### Career counseling system

A career counseling system is in place to avoid mismatch between employees' capabilities and the workplaces or career paths they are in, which prevents them from achieving their full potential. Moreover, they can report their career development design concepts while each department has a regular report system for employees' job skills.

#### Centralization of hiring and recruitment data

We have established a system for the centralized management and utilization of employment information, and put up a dedicated organization (Shared Service Center) that operates this system, thereby promoting this system throughout the Group.



## 2 Human resources base

### Issue 4 | Upgrade human resource development and recruitment

#### ■ Main approach

##### Hiring locally in Japan and overseas

In order to go ahead with community-based business sustainably, we are promoting recruitment activities locally with each branch operating across Japan.

In fiscal 2021, we hired 31 mid-career recruits as full-timers. By allowing career-track employees to choose to work either nationally or locally, we respect their intention about their places of work, contributing to the creation of local employment. In Group companies outside Japan, we are promoting local recruitment in each site under the philosophy of recruiting and developing local talent.

##### Initiatives to recruit and train talented human resources

###### Training program for high school graduates

In a program for some high school graduate recruits, we have instituted a two-year construction college (full time) study exchange scheme. For two years after joining the company they receive practical training at construction sites during extended college breaks. At other times they are given no work at all, and told that their duty is to study. They maintain contact with the company while the education program is running via regular on-site training and face-to-face meetings. Quarterly consultations with a public health nurse provide lifestyle support. The high school graduates gain expertise and acquire qualifications quickly. The program also aims to equip them to function as adult members of society and help their personal development. The number of recruits who took part in the program since its kickoff in fiscal 2018 is as follows: seven (fiscal 2018), nine (fiscal 2019), seven (fiscal 2020), 12 (fiscal 2021) and 12 (fiscal 2022).

##### Human resources development through OJT

###### OJT Elders

Managers (sales office managers, section managers, and other line supervisors) are in charge of OJT, and are therefore responsible for systematically providing training and support for new employees throughout our entire organization. In addition,

we appoint OJT Assistants (close to newcomers in seniority) who can provide counsel casually. To facilitate efficient on-the-job training in the workplace, they study OJT basics, how to pass on skills, and how to get involved via e-learning. This raises their awareness regarding new employee development following appointment.

###### Training support patrol system

Staff from the Human Resources and Interpersonal Relationships Development Department known as “round supporters” conduct interviews with new employees to ensure that the OJT Elders system is functioning smoothly and that guidance and training are being provided consistently to new recruits. They check on how well the new employees are progressing and how their training and education are developing.

##### Human resources development through Off-JT

###### Recruit training

An educational program with an annual curriculum is in place as recruits, in their first year of employment, are expected to learn the basics of a Daiwa House Industry employee as well as a responsible member of society. New recruits learn the code of conduct in basic training, which takes about a week. New recruits involved in design and sales as well as construction receive onsite training and gain expertise in manufacturing and construction. Their practical knowledge and skills are evaluated at other training sessions during the year.

###### Training for mid-career recruits

Studying the company's history, founder's spirit, and CSR activities prepares recruits for their jobs, and teaches them our approach.

###### Training for newly appointed branch managers

This training is for newly appointed branch managers. It offers a chance to learn how to fulfill one's role, become better prepared, and acquire evaluation criteria for making decisions that can be applied on the job.

###### Training for newly appointed managers

Newly appointed line managers (branch managers, section

managers, group leaders, office leaders and others) are given this training to develop preparedness, leadership skills, practical knowledge and thinking skills to use in practice as persons in charge within the organization.

###### Training for team leaders [Optional]

The training targets regular employees just promoted to chiefs. In tune with changes in their expected roles, participants reflect on their career aspirations and the company's future, and through dialog with other participants, look to figure out the picture of a good leader. The training provides an opportunity for them to transform themselves into such a leader.

###### Training for female manager candidates

Female manager candidates are trained for leadership roles so that they can accommodate the diversity among all staff members and proactively improve the workplaces and operations they are involved.



## 2 Human resources base

### Issue 4 | Upgrade human resource development and recruitment

#### Senior executive and future president training

##### Daiwa House Juku (Training Program)

The Daiwa House Juku, a Groupwide training program, was launched in May 2008 to educate and train next-generation leaders of the Daiwa House Group where they learn management skills by developing strategies for real business challenges. A total of 407 employees have completed the course, with 178 of them promoted to executive officers or higher (as of April 1, 2022).

#### D-Succeed, a succession planning for branch managers

The company had long provided a training for branch managers candidates, which are key roles in branch office management. In fiscal 2020, we established and started operation of a succession planning to intensively and systematically select, nurture and promote the candidates for the positions of branch managers. Not only do we screen candidates according to predetermined criteria, but we also conduct a 360-degree evaluation and other assessments in light of the criteria, and offer trainings and coaching to reinforce their leadership. This completed our system to serially produce and foster the next generation of management staff. Since the program commenced, 14 new branch managers and two Group company presidents have been appointed (as of April 1, 2022).



#### Regarding notification of personnel in the event of important business changes

At our company, in the event that there is an important business change that may have an effect on our employees, we notify them approximately half of a year in advance.

In fiscal 2021, no dismissal took place for the reason of personnel reduction.

#### Consensus content and ratio of all employees as subjects of group negotiation agreements

At our company, there is no in-house labor union to date, but we acknowledge constitutional freedom of association. Also, in accordance with Japan's Labor Standards Act, we have an Article 36 Agreement with representatives of a majority of employees at each worksite in Japan. The agreement concerns overtime and holiday work and covers all employees except for managers and supervisors.

#### Achieving equal pay for equal work

In the company's domestic operations, employees engaged in general work to handle core operations are divided into national and local employees. These employees are paid based on their capabilities, performance and contribution, with no gender gap in the payment of basic salary for each position.

The Daiwa House Group, moreover, abides by each country's minimum wage standards, paying fair wages to all employees, taking into account local commodity prices.

#### Action on eliminating gender pay gaps

It was not until the 2000s that Daiwa House Industry launched a full-scale employment of female workers for main career track. The number of female employees holding key positions, therefore, is much lower than that of their male counterparts, which can be attributed to the length of their service. While efforts are underway to improve the work environment for female employees who have completed major events in their lives and increase their awareness and capabilities, the percentage of female employees in managerial positions remains low in proportion to the total number of female employees and this is one reason behind the gender difference in average wages. To alter the status quo, we are taking the following actions.

#### Development of women managers

At our company, we are furthering women's participation in the workplace, which leads to continuous development of female managers.

#### Expansion into sales and technology divisions

Women have been a rarity in the construction industry. To support women in the sales division, we held career training sessions for women in sales positions in each department and gave talks to managers on training techniques. In the technology division, programs we held to help retain our female engineers included information exchange meetings among female engineers at the district level in the housing construction department, interviews with female engineers after they return from childcare leave, and joint information exchange meetings among three construction companies within the Group.



P184 Social Data 2-6  
Gender pay gap

P185 Social Data 2-9  
Diverse human resources



## 2 Human resources base

### Issue 5 | Promote Diversity and Inclusion

#### Approach to issues

For the Group to contribute on the global stage, we must be able to adapt flexibly to an ever-changing society and diverse value systems. We thus need to create new value to tap into potential markets. We have to nurture a workplace culture where we can draw on perspectives and concepts informed by our employees' diverse value systems, gender identities, generations, ethnicities, languages, cultures, disabilities (if any), and lifestyles. We must create an organization able to continuously generate ideas regardless of the commonsense and received wisdom that have prevailed to date.

We have been proactive in furthering women's participation in the workplace (one aspect of diversity), as a litmus test for our diversity initiatives. As we move forward, we will enhance our diversity management, including female empowerment practices, so that a variety of personnel can maximize their potential regardless of gender, disability, gender identity, sexual orientation, age, or nationality.



Diversity and Inclusion



P185 Social Data 2-9  
Diverse human resources

## I Management and Main approach

### Adoption of office diversity scores

In fiscal 2019, we introduced office diversity scores to aid in assessing office management soundness, with the aim of promoting diversity across the entire company. We evaluate these four items: ratio of female section chiefs, ratio of childcare leave taken by males, ratio of disabled workers, and retention of young workers. Quantifying at the individual office level enables us to measure progress and promote diversity from the bottom up.



P069 Management soundness assessment

### Developing diverse human resources

Our personnel system is being improved to help female employees deal with life events (child bearing and rearing, etc.) and build their careers.

A team dedicated to diversity promotion, including female empowerment, has been established. Improvements in the performance of female employees are evaluated every year in numerical terms to keep track of developments and make further improvements, with a questionnaire survey conducted regularly.

With an office strategy in place for the era of depopulation from employees' viewpoints, moreover, workplaces compatible with diverse lifestyles will be created, based on a concept of "promoting creativity and productivity through comfortable, healthy offices."

#### LGBTQ initiatives

We are striving to foster a workplace culture where LGBTQ people can perform to the best of their abilities with peace of mind. This includes the introduction of a Same-sex Partnership System.



Introduction of a Same-sex Partnership System  
(Japanese text only)

### Establishment of Daiwa House Bloom

Through a contract to cultivate Cocolan, a miniature variety of moth orchid, the Group company Daiwa House Bloom is seeking to provide rewarding work for the disabled and the elderly. Since April 2022, this initiative has been helping five former pupils of a special needs school in Hyogo Prefecture make a start in life as valued members of society. It also provides gardening work on a workshare basis for elderly people, most of whom live outside the main cities.

As expressed by how, in the language of flowers, these miniature orchids bring wellbeing wafting across the air, the participants are putting their hearts into their gardening work so that the blooms will build emotional



Cocolan House  
(Miki City, Hyogo Prefecture)

connections with others and foster warm relationships.

### Continuous employment and support to the termination of employment

#### Career design support system

We introduced a "career design support system" in 2008, through which the company supports its employees who plan to leave the company before their mandatory retirement age, and take up new employment or become self-employed in accordance with their own lifestyle.

This system is aimed at highlighting the life of each individual one step closer, and preparing an environment where they can nourish autonomy and independence, thereby providing opportunities for creating human resources who will broadly exercise their abilities in society. As of April 2022, 258 persons have used this system.



Expansion of career design support system (Japanese text only)

#### Life design seminar

We carry out a "life design seminar" each year for employees who turn 60 years old. The seminar deals with the personnel system and treatment from age 61 to the mandatory retirement age of 65, and the interim working style and lifestyle. Inside/outside lecturers conduct additional seminars on the public pension system, corporate pension system, and health management, in the interest of support of our employees' life plans.





# Technology and manufacturing base >> Reflects customer and social values in products and services

Enhance productivity and promote responsible procurement together with business partners, on the premise of ensuring construction site safety and quality

Contributions to SDGs



## Policy and Concept

### Megatrends that Impact Bases

- Japan's low birth rate, aging and decreasing population, and shrinking workforce
- More frequent natural disasters, consistent severe heat
- Full-scale immigrant society
- Rise of AI (artificial intelligence) and automation
- Spread of ethical consumption

### Social issues

The shrinking workforce not only leads to shortages of human resources, but also presents an issue in passing down manufacturing skills. At construction sites, in particular, skilled workers and site supervisors play crucial roles, but it may become difficult to continue to develop such human resources.

As the workforce shrinks, the number of foreign workers is increasing as an immigrant society becomes a reality. It may be difficult to maintain our previous style of *monozukuri* due to language barriers and differences in values. Moreover, frequent natural disasters and consistent severe heat owing to the global warming are making the construction site operations even more arduous.

As these various factors combine, maintaining safety at construction sites has become a matter of concern. A shortage of veteran workers and site supervisors, an increase in the numbers of foreign workers unable to communicate sufficiently, and operations under the blazing sun year round, may lead to an increase in labor accidents.

Meanwhile, improvement in production technology and progress of the Internet of Things (IoT) are speeding up the trend toward automated production of materials needed for construction and automation of construction itself. Such new technologies may improve safety management and enhance productivity. It is likely to increase ethical consumption with consideration for the global environment, people, and local communities, and raise corporate awareness of CSR procurement.

### Risks and opportunities for the Daiwa House Group and its responses

For the Daiwa House Group, engaged in multiple businesses, including housing, general contracting, and real estate, a key feature is the hybrid operation, combining plant-based production of construction materials with on-site construction. The Daiwa House Group is also one of the top companies in terms of the number of construction sites in Japan.

These characteristics are strong advantages of our Group, but they also put us at a risk of poor operational management if there is a shortage of site supervisors. Accordingly, we are taking measures to minimize this risk by strengthening collaboration with our business partners that handle construction work, and improving productivity through utilization of the IoT.

In addition to construction safety management, we are also focusing on initiatives relating to CSR procurement.



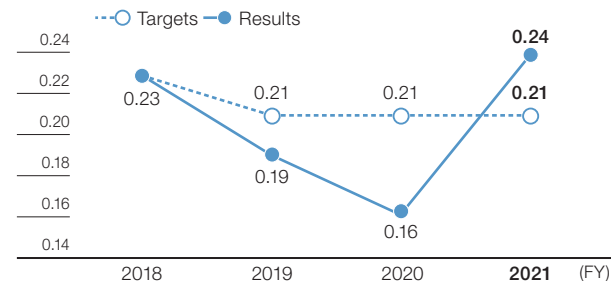
## 3 Technology and manufacturing base

### ■ Overview of Endless Social Program 2021

#### 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.

##### ■ Frequency of worksite industrial accidents



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

In fiscal 2021, we revised our educational methods and undertook efforts to strengthen our management system in order to enhance the safety and health of skilled builders on site (employees of our business partners). Safety education includes the adoption of interactive VR teaching materials, non-verbal and easy Japanese videos for foreign workers, the creation of signs in foreign languages, and special training for fall prevention devices (full-harness type). For our safety management system, we hold remote meetings and various Community Councils, provide training, and supervise construction sites remotely via ITV (industrial TV) on an ongoing basis for the sake of greater operational efficiency based on ICT and prevention of the COVID-19 infections.

Despite these efforts, we couldn't achieve our target for the frequency rate KGI for fiscal 2021 at 0.24. We will see

more changes in safety and health for construction sites. We have introduced measures to prevent the spread of COVID-19, and are developing new teaching materials for safety. While steadily establishing the above-mentioned measures, we will also continue our efforts on the fundamentals of safety, such as regularly issuing our safety management newsletter, promoting use of the serious accident case study panel, and installing environmental sensors to help cope with the severe heat.

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

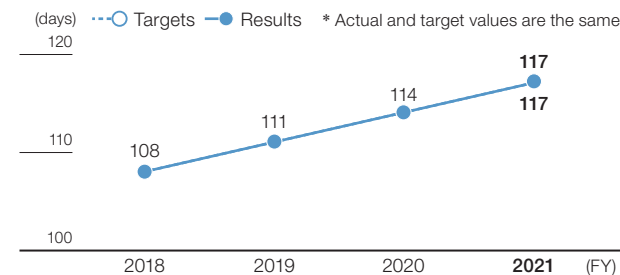
Counter labor shortages and shorten long working hours by using IoT to impart skills and improve productivity. Create workplace environments and practices with a high retention rate of skilled builders.

##### ■ Number of days off per annum for construction site workers

FY 2021 results	FY 2021 targets
<b>112 days*</b>	<b>112 days</b>
(8 days-off for every 4 weeks)	(8 days-off for every 4 weeks)

\* Total of sites adopting a face recognition access control system. Approx. 80% of sites on average took holidays as scheduled.

##### ■ Number of days off per annum for factory workers

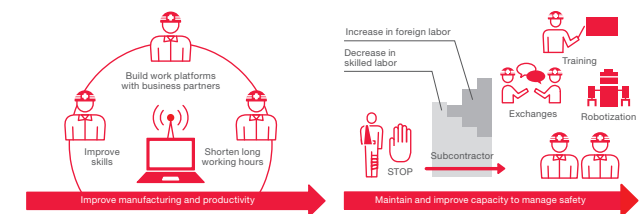


In fiscal 2021, we trialed in three locations a remote support initiative for information on construction with the Confederation of Partner Companies (partner subcontractors), to improve

productivity at sites. We have also launched digital construction projects. In our plants, 8 (including concentrated welding line for pillars and processing of surface elements) out of 11 projects involving automation have been completed by fiscal 2021. In the future, we will strive to improve productivity and reduce costs by utilizing new welding, transportation, inspection, painting, and material handling automation technologies in four housing-related processes and two construction-related processes. In addition, we will focus on the development of painting and transportation automation technology to provide a comfortable work environment.

In terms of quality assurance, we have started remote inspections using wearable devices (smart glasses). For human resources development, under the Certification System for Skilled Engineers and Technicians, 1,503 site workers and 185 plant workers of partner subcontractors are certified as expert, excellent or senior technicians, with financial support provided for their wages. In addition to the existing questionnaire surveys for business partners and whistle-blowing system for our partners, we have established a point of contact at each plant to allow onsite subcontractors to directly submit their suggestions about the working environment to the Head Office Production Department.

Through these efforts, we have made scheduled holidays known to all plants and construction sites, and as a result, we largely achieved our KGI target for site and plant annual holidays in fiscal 2021. In fiscal 2022, we will verify and adopt technologies, such as ICT and the IoT, and raise the skills and motivation of employees of our partners, to improve productivity by ensuring quality and reducing working hours.



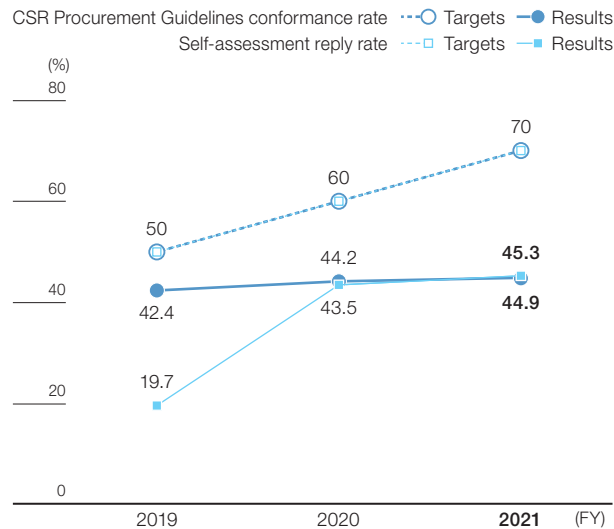


### 3 Technology and manufacturing base

#### 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 in the supply chain. 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.

##### ■ Group CSR procurement



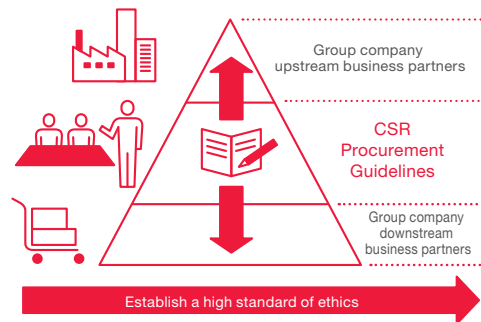
In fiscal 2021, we continued re-collecting letters of consent to the CSR Procurement Guidelines, reaching 94.1% in submission rate (5,100 out of 5,420 companies). Online self-assessments were also implemented as a way to confirm how far our partners are engaged in initiatives and building systems for CSR procurement. We also continue distribution of an Ethics Card for Partner Employees.

The fiscal 2021 results of KGI for the CSR Procurement

Guidelines conformance rate and for the self-check reply rate were 44.9% and 45.3%, respectively, both improving year on year by 0.7 percentage points and 1.8 percentage points, but falling below the targets. This was due to the low level of visibility and recognition of the self-assessment. In addition, compared to suppliers in the upstream part of the supply chain, many of the downstream partner subcontractors tend to be smaller-scale companies, which struggle to meet the standards for the path that we believe ought to be taken. Our intention is to continue dialogs with our business partners in order to promote CSR procurement.

##### CSR Procurement Subcommittee

To promote CSR procurement, we established the CSR Procurement Subcommittee in 2010, consisting of representatives from Procurement, Construction, and other related departments. The CSR Procurement Subcommittee shares information to advance CSR procurement and in fiscal 2021, discussed themes, such as our Zero Deforestation policy, human rights issues in procurement, results of the procurement of timber survey, and self-assessment results.



P028 Increasing suppliers' awareness of our environmental policy



## 3 Technology and manufacturing base

### Issue 6 | Enforce safety/security at construction sites

#### Approach to issues

Business at the Daiwa House Group is done with the cooperation of many business partners from across our supply chains. Cocreation with our business partners has always been important to us, as shown by our policy to “grow and develop together with our business partners,” which is enshrined in our Employees’ Charter. The majority of our business partners and employees are construction companies that work at plants or on sites. Betterment of safety, health, and working conditions based on respect for human rights is a universal theme. The Daiwa House Group believes that providing job environments where diverse human resources can work with peace of mind helps our business partners secure and retain human resources, and leads to maintaining and strengthening our technology and manufacturing base.

Japan’s shrinking workforce due to its low birth rate and aging population are mirrored in the aging of skilled builders and the increase in the number of foreign workers at construction sites. Building safety management systems that address these issues is increasingly important. Technologies that help secure safety and peace of mind in construction sites are evolving, through reducing workloads, streamlining tasks, and robotizing dangerous work. Meanwhile, there remain many areas of work with processes reliant on manpower. The challenge we face is to build a pleasant working environment for women, elderly workers, and foreign workers, who will play important roles at construction sites in the future.

With this situation in mind, we are working with its business partners to develop and adopt ICT while strengthening safety and health systems to reassure people working on our sites, to achieve the issue “Enforce safety/security at construction sites.”



P086 Work style reform for employees

#### Management

##### General management of safety and health by the Board of Directors

We have appointed the Executive Vice President as Chair of the Central Occupational Safety and Health Management Committee, at the center of safety and health management. In this way, we ensure general management of safety by the Board of Directors.

Furthermore, Daiwa House Industry holds regular meetings of the Central Occupational Safety and Health Management Committee, which is composed of company executives and heads of the technology, production, and administrative departments. The committee meets to get a solid grasp of the current state of occupational safety and health at the company, and to discuss related issues. The details of the meetings are announced at a joint board of directors’ meeting, with the participation of directors and executive officers, and are incorporated into the process of setting the “Basic Policy to Promote Safety and Health at Work.”

As an organizational structure for safety management, the Senior Executive Officer and the Executive Officer are in charge of General Safety Management. In total, five Executive Officers overseeing single-family houses, apartments, and construction are appointed in charge of Safety at the Design and Construction Department, which promotes the design & construction of buildings. Important matters concerning safety at each branch are reported by each branch as necessary to the Executive Officer in charge of General Safety Management, from the Executive Officers in charge of Safety at the Design and Construction Department and from the Safety Management Department. The Executive Officer in charge of General Safety Management also escalates important matters to the Directors and Audit and Supervisory Board Members when necessary. Through the general management of measures related to safety and health as above, the routes of orders to each branch are clarified.

##### Dissemination concerning safety and health to employees

Our company has established health and safety management regulations. In addition to the interest of preventing industrial accidents or third-party injury before it happens, these standards are also outlined as part of our effort to create safe and healthy workplaces. In order to establish basic safety and health targets as common knowledge among employees, our “Basic Policy to Promote Safety and Health at Work” is distributed each year. To achieve these targets, employees, and officials in charge of each workplace are to fully understand the contents of the “Basic Policy to Promote Safety and Health at Work” and together create a safety-and-health promotion plan. Additionally, through a majority of general office work issued by our Safety and Health Committee and Council, understanding of our safety and health system is to be reinforced and further promoted as common knowledge. Through efforts such as these, we aim to achieve “zero accident,” highly efficient workplace environments.



P186 Social data 3-1  
Safety targets for fiscal 2022

##### Safety guidance in construction sites

At Daiwa House Industry, we are continually making improvements to construction site working conditions as a collaborative effort of the Safety Management, Technology, Design and Construction, and Production departments. Guiding these improvements are our regulations on safety and health management, and data we obtain by tracking accident frequency rate and other indices. We also are providing guidance and training to our employees and our subcontractors’ personnel through periodic and surprise patrols of job sites and a Safety and Health Council.

When contracting with new partner subcontractors, we evaluate their abilities to manage work and safety, and provide them with safety guidelines they have to follow.



P186 Social data 3-2  
Occupational safety and health education





### 3 Technology and manufacturing base

## Issue 6 | Enforce safety/security at construction sites

### Reinforcing safety, quality, and compliance in plants

Our partner subcontractors as primary subcontractors are permanently posted at our plants, to manufacture housing and construction products through assembling components and welding. In Production and Procurement Departments, “safety, quality and compliance are prioritized in all operations.” The organizational structure for promoting that arrays the various plant-specific committees (Safety and Health Committee, Quality Committee, Environment Committee, etc.) around the plant’s “Plant Risk Management Committee,” which acts as a conduit for sharing information and coordinating operations with the Corporate Headquarters. They also share with business partners information about events that have occurred and risks that are foreseen at other plants. The Risk Management Committees at Daiwa House Industry’s plants are instrumental in reducing ESG risks, providing support and guidance using monitors to solve production issues and uniting the Head Office and production floors in efforts to manage risks.

It also makes arrangements to avoid too much overlap of construction activities by planning construction procedures and workloads, taking into account the problems (financial conditions, construction capacities, employee turnovers, and construction periods, etc.) identified through hearings and visits to construction subcontractors.

### Risk management system for work safety

We primarily operate in the construction industry, and therefore accidents on construction sites are risks of high priority. We therefore require serious accidents to be reported to the Secretariat of the Daiwa House Group Risk Management, and endeavor to prevent the recurrence of such accidents on a company-wide scale, in combination with the safety and health and other management systems.

### ■ Main approach

#### Risk assessments of construction site health and safety

In fiscal 2021, we assessed risks at all of our branch offices (including new construction sites), plants and departments. Working from our “Risk Management Activity Policies,” we applied the PDCA cycle to legal compliance with the Construction Industry Act and other laws and regulations, workplace safety assurances, workplace environmental development, and other aspects.

#### Third parties’ examination and evaluation of employees’ health and safety

Daiwa House Industry is not certified with OHSAS 18001, but the Health and Safety Committee is held at least once a month at each branch to communicate and share information on safety and health. Also, full-time industrial physicians are stationed at both the Head Office and the Tokyo Head Office, each of which has over 1,000 employees.

Five out of nine Daiwa House Industry’s factories have been certified with OHSMS (Occupational Health and Safety Management System) while safety audits are conducted at those uncertified according to the OHSMS standards.

#### Responding to industrial accidents and major accidents

There were four industrial accidents that took place among construction sites and plants in fiscal 2021. There were no fatalities in the industrial accidents. There was one fatality at a construction-related business partner due to heat stroke. Major disasters and accidents (such as fatal accidents caused by the fall of a crane, pile driver, etc.), should they happen, are investigated for causes, with preventive measures communicated and implemented through special patrols. As crashes and falling accidents, which account for the largest number of accidents that lead to four or more days of absence from work, are highly likely to lead to fatalities or other serious consequences, we instruct employees through internal

communications and patrols to use horizontal nets and full harness fall-arrest equipment during the erection of structures.



P186 **Social data 3-3**  
Number of construction site industrial accidents

### Questionnaire survey for business partners to improve safety at construction sites and work environment

The company utilizes the results of “questionnaire surveys” for members of the Confederation of Partner Companies conducted once a year to improve safety at construction sites and work environment.

#### Solution implemented based on results of the survey for business partners in fiscal 2021:

##### Complaint from a business partner

Work on holidays was required to make up for a delay in construction and get it back on schedule.

##### Our solution

Ensured operation closure on days off in our process management, and cooperated with partner subcontractors in providing educational program and guidance for improving builders’ work efficiency at construction sites to tackle causes for construction delay.



### 3 Technology and manufacturing base

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

#### Approach to issues

The Daiwa House Group provides people with buildings that give a sense of safety and peace of mind as a “Group that co-creates value for individuals, communities and people’s lifestyles.” People expect to use such buildings for a long period of time and hand them over across generations. This is why we promise to deliver high-quality products, and make efforts to improve quality throughout the entire life cycle of buildings, from product development to design, construction, maintenance, and to scrapping (demolition). The Daiwa House Group has pursued the Industrialization of Construction that achieves better and stable quality of buildings, lower costs, shorter construction periods, and environmental friendliness. Working together with our partners, we have built up our technology and manufacturing base.

Labor shortages in the construction industry have become acute due to Japan’s dwindling population. Shortages of skilled builders and engineers who oversee construction sites are already becoming prominent. The Daiwa House Group is a general contractor engaged in the construction of major buildings and is also a housing manufacturer that produces construction materials in its plants. With these and other efforts, we are revolutionizing manufacturing for the entire supply chain by utilizing ICT and the IoT. The Confederation of Partner Companies, which is made up of partner subcontractors, has been active in improving technology through its subcommittees.

In the three years up to fiscal 2021, we have increased productivity in our manufacturing, based on the use of ICT and the IoT in collaboration with our partners upon ensuring quality. In response to frequent requests from partner employees to ensure they receive days off, we aim to provide higher salaries, more days off, and accommodation of their wishes. Such efforts cement relationships of trust with our partners and improve our technological capabilities, helping to establish a technology and manufacturing base that can cope with the changing times.

#### Management

##### Quality Assurance System

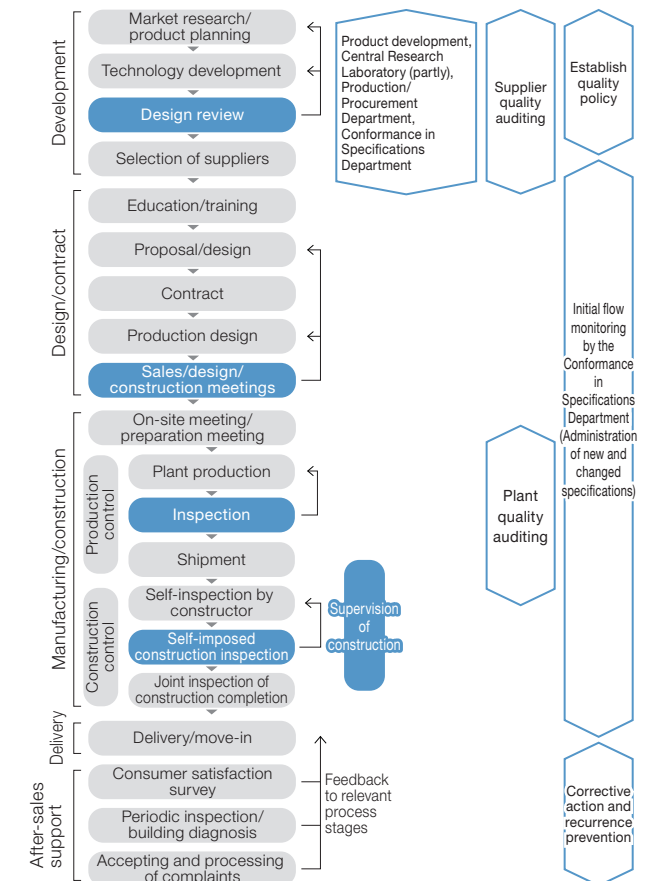
Daiwa House Industry pursues quality improvement throughout the production process, from development to design and contract, production and construction, to after-sale services. As shown in the diagram right, we conduct inspections and take measures to improve development, production and construction, and other individual processes, with a quality policy defined based on feedback from recurrence prevention activities and various processes. The General Manager of the Product Development Department is responsible for communicating technical information on products under development, while the construction supervisor is responsible for confirming that the building is built according to the design drawings. We also evaluate the quality of our products in both physical and intangible areas through questionnaire surveys, periodic inspections, and various inquiries received following delivery to customers, thereby maintaining quality that satisfies the end customers who use our products. Input received from customers is incorporated into individual processes for improvement with respect to the physical quality of products, the quality of services provided by employees, and the operational quality of our systems and structures.

##### Continuous improvement (feedback sheets)

We have developed a feedback sheet to obtain a wide range of product quality information about defects, inefficiencies, and aspects that lack user-friendliness or ease of use that are discovered at the point of manufacture or maintenance (aftersales) and respond to these issues promptly. The Quality Assurance Department is in charge of processing this feedback and passing on the details to the responsible department, swiftly resolving any defects and improving products.

As a rule, decisions on action are made within one month, and adopted proposals are used to continuously improve technical standards and design documents.

#### Quality assurance system flow (Housing)





### 3 Technology and manufacturing base

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

### Remote inspections using wearable devices (smart glasses)

In fiscal 2021, we began remote inspections whereby site inspectors wear smart glasses while the employee(s) responsible for the inspection stand by in the back office, where design documents are managed, to quickly share the necessary diagrams and detail plans with site inspectors. Site inspectors can also receive advice from those responsible for the inspection based on information projected onto the smart glasses. Through this practice, we aim to improve efficiency and reduce the duration of inspections. At the same time, this initiative improves safety by eliminating the need to carry paper plans. In fiscal 2022, we are engaging in efforts to establish remote inspections by conducting the verification and inspection of equipment handling and procedures through this cooperation between the site and back office.

### Conformance in Specifications Department given the authority to implement cross-sectoral management and transmit specifications information

Daiwa House Industry has created a Conformance in Specifications Department to prevent the reoccurrence of noncompliance like the cases that occurred since 2014 in on-site construction, factories, production and purchasing and product development. However, the fourth noncompliance (prior to the establishment of the Conformance in Specifications Department) was found in 2019, leading to the rebuilding of the system for supervising design and construction work in our Head Office. To further strengthen our legal compliance system, we established the Legal Compliance and Quality Assurance Department reporting directly to the president on August 1, 2019. The Conformance in Specifications Department also belongs to said division.

For the design, production and construction of single-family houses and apartments, the Conformance in Specifications Department manages the technical information related to new and changed specifications that will directly impact the safety and peace of mind of customers, especially those for fireproofing and structural performance, and conveys necessary information to related departments so as to limit the

reoccurrence of nonconformity.

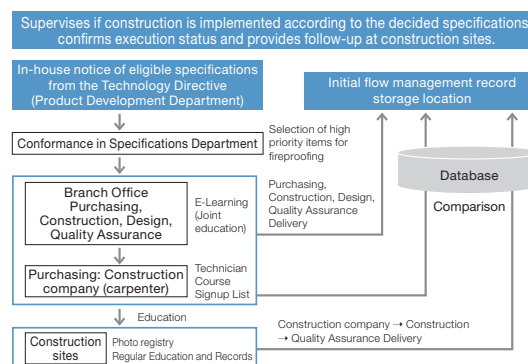
In particular, regarding important items for fireproofing and structural performance, we educate our staff on whether information has been reliably conveyed in response to changes in situations such as improvements and revisions and new product development, etc. and the system records if construction has been carried out properly as an initial flow management.

If the department finds any noncompliance or irregularities with regard to specifications, it has the authority to halt product development, manufacturing, or sales, and impose control over the related departments. Furthermore, the Head Office appoints a person from its Technology Division who has experience in various fields to be a Product Design Checker. This person has the specialized knowledge to check the details of both new and modified designs regarding items that guarantee customer comfort, such as sound insulation and thermal efficiency, and also supervises the process to ensure its proper implementation.

“D-SPEC” (a system that automatically highlights the points in construction most critical to fireproofing and generates drawings) allows us to provide important specifications to engineers and technicians in advance for each property, enabling more accurate checking during inspections.

Properties are examined both on drawings and on site, and the information gained through the examination is shared among the relevant divisions of the Head Office to prevent nonconformity of business premises.

#### ■ Overview of initial flow management



### Implementation of the ISO 9001 Quality Management System Standards

At Daiwa House Industry's plants throughout Japan, we are automating, streamlining, and using more robots to achieve thorough quality standardization in an integrated production system that extends from parts machining to assembly. Our plants nationwide, together with the Production Division and the Procurement Department of the Head Office, have acquired ISO 9001 certification, the international standard for quality management systems. In our Production Division and Procurement Division, ISO 9001 quality management systems have been implemented as a tool to further promote efforts to enhance and stabilize product quality.

Regarding implementation, we are undergoing audits by an external certification body for the assurance of product and service quality and safety.

### Building codes that make it easier for business partners to work at our plants

We have established standards for building and renovating our plants to build good relations with stakeholders, provide for ourselves a manufacturing base and contribute to the greater effort to protect the global environment. We plan reinforcement work to ensure even factories that were built long ago conform to new earthquake resistance standards. We strongly believe that providing safe work environments where plant personnel feel motivated improves employee retention rates and fuels the impetus to pass down skills. In turn, a skilled and dedicated workforce supports management at both the companies supporting our plants and the plants themselves.

Our “plant and control building construction and renovation manuals,” guidelines relating to maintenance, specify infrastructure codes and require us to use universal design as the fundamental train of thought, incorporate CASBEE (Comprehensive Assessment System for Built Environment Efficiency) and fire prevention measures, and provide break rooms, smoking areas, infirmaries, and other amenities for personnel from business partners to use. Moreover, when it comes to building cafeterias, the manuals encourage gathering opinions from both our business partners' employees and our own workforce so that the resulting cafeteria is built to a greater level of satisfaction.



### 3 Technology and manufacturing base

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

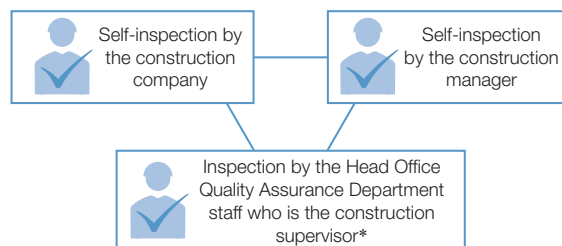
### ■ Main approach

#### Impact assessment on product safety

##### Housing (single-family house and apartment businesses)

Japan has rigorous standards for building safety to protect building owners and residents (consumers), based on the Building Standards Act. Having ensured compliance with the Building Standards Act, we add to legally required inspections both construction quality self-inspections carried out by the construction company and construction manager with the goal of achieving zero accidents, and a triple check system that requires a Quality Assurance Department inspection as the construction supervisor. A building must pass this inspection before it can be delivered.

#### ■ Triple Check System



\* As part of the physical inspection—an essential part of a completion inspection—this inspection is conducted by focusing additionally on one particular process. The Quality Assurance Department staff also reviews all quality records.

As construction supervisor, the staff member also verifies the drawings, monitors the legal status of approval and authorization, and monitors the design process through in-process inspections.

Training sessions are regularly held for the Quality Assurance Department staff to improve their skills.

##### Construction (commercial facilities and general construction business)

Performing quality control in every process is essential for delivering high-quality products to customers. In addition to self-inspections conducted by building contractors and construction supervisors, our Quality Assurance Department conducts

supervisory onsite inspections and quality checks on design, construction, and facilities with the aim of ensuring zero accidents.

#### Support for issues faced by partner subcontractors

##### Start of the certification system for structural specialists

In recent years, due to the increasing size of projects ordered and the use of advanced technology, it has become necessary to strengthen our structural technology capabilities to facilitate our efforts in the competition for orders for buildings such as hospitals, data centers, and precision machine factories. In addition, advanced technical knowledge has become necessary for determining performance at the point of order on our own development projects.

With this in mind, in fiscal 2021, we established and began the Certification System for Structural Specialist, which impartially evaluates and celebrates the technical abilities of structural engineers. The system was created to drive cutting-edge technology, cultivate foundational technical skills, and motivate structural engineers.

Once a year, a two-part review process is conducted to select a Structural Leader by reviewing an individual's structural design work, external activities such as those at architectural institutes, and papers they have submitted over the past year. There are a number of rankings, starting with Bronze, and through successive selection, participants can attain the highest ranking of Structural Specialist. Selected structural engineers will work toward developing advanced technologies through various means, such as in-house design reviews, technical consultations, and technical presentations. In addition, as the technical leaders of the structural engineers, they will work to promote the enhancement of structural technology capabilities to improve the technical capabilities of the company's structural organization as a whole.

##### Assistance in human resources training

We provide our business partners financial support to train young technicians in specialized skills for housing construction. In fiscal 2021, we began the Training Program for New Housing Technicians for foundation, exterior, and interior technicians who are eligible for the second year of this subsidy. 28 technicians participated in the four-day online training program and obtained

three types of special training certifications. A construction workshop on the theme of interiors was due to take place after this but was postponed due to the COVID-19 pandemic. We received a great deal of feedback through this online training program, which we will use to inform our efforts in 2022. In addition, the Certification System for Skilled Engineers and Technicians certifies engineers and technicians with outstanding skills to strengthen the on-site construction system, improve the production systems of plant business partners and enhance their quality. Training for new housing technicians, semi-comprehensive construction store owners, and prospective full-time supervisors in fiscal 2021 was again conducted in the form of online classes instead of conventional group training in cooperation with each branch and branch office.

In addition, the following programs are in place at each plant to develop and improve the skills by qualified technicians:

- (1) Skill-specific training by qualified technicians
- (2) Skill competition (as a qualifying session for our national competition)
- (3) Certification of national competition winners as “excellent technicians” and “senior technicians” (Those who are certified guide and instruct junior technicians to help them improve their skills.)

##### Career advancement in the construction industry

The “Construction Career Up System” (hereinafter referred to as “the system”) is a scheme designed to improve the work conditions by reserving construction technicians' qualifications, social security data, and work experiences, resulting in a fair evaluation of skills. Operation of the system started in April 2019, supported by the Ministry of Land, Infrastructure, Transport and Tourism as part of work style reforms.

We introduced the system company-wide in October 2019, and in April 2020, we began managing the entry and exit of construction technicians at construction sites with face recognition so that work history information can be stored on the system. In addition, we have undertaken a number of measures to promote participation in the system so that it is widely adopted. While the registration rate has increased, not all technicians are participating in the system. In fiscal 2022, we will work toward promoting participation by making use of the Ministry of Health, Labour and Welfare's Subsidy to Support Securing Human





### 3 Technology and manufacturing base

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

Resources (Promotion Courses such as Construction Career Up System) and implementing measures such as group registration meetings for technicians at small construction stores.

### Support for issues faced by factory business partners

#### Passing on skills and employee retention

##### [Nationwide building skills contest]

At Daiwa House Industry, we have teamed up with our plant business partners to jointly organize a building skills contest for the purpose of reviewing and overhauling quality and safety practices and to improve the building skills needed to do business. The contest had been held by meeting up at a certain factory in past years though, in fiscal 2021, following on from fiscal 2020, we decided to hold it online conference to prevent the spread of COVID-19. We held seven events for three skills: welding skills, “skill challenge” and “open” categories, woodwork and exteriors, and painting skills in housing and construction categories. The contest was held from November 11 to 12, 2021 by connecting our factories remotely with a total of 55 employees participating from the factories. The contest effectively improved both the skill and motivation of our business partners’ personnel by assessing and awarding the skills they demonstrated from quality and safety perspectives.

##### [Line-specific training]

In the past, supervisors attended group training, but as this became difficult due to the COVID-19 pandemic, line-specific training was planned and conducted remotely using iPads in 2021.

The training targets the same production lines at different plants. Participants record videos providing an outline of their plant’s line and its issues, and through the exchange of information, explanations, and cases where improvements were made, participants are able to discover ways to improve their work environments.

We received feedback through questionnaire surveys that the training was valuable and informative due to the opportunity to exchange opinions with colleagues who produce the same products and remotely view each plant’s lines, while plant tours are not possible due to COVID-19. In the future, we hope to

expand the number of lines this training covers and establish a forum for exchanging opinions among employees at different plants.

(Number of training sessions: 4, training participants: 32, staff: 21)

### Improve productivity with the use of information and communication technologies (ICTs)

#### Digitizing construction sites

In the construction industry, serious labor shortages and the aging of the workforce have become major issues. According to the Ministry of Internal Affairs and Communications’ Labor Force Survey, there has been a decrease in the number of new entrants to the construction industry, with more than 30% of existing construction workers being 55 years old or above, while those younger than 30 accounts for only about 10%. To improve the industry work conditions, the Ministry of Land, Infrastructure and Transport is promoting 8 days off every 4 weeks for construction workers. Reducing working hours is also a pressing issue from the viewpoint of securing human resources. Considering such social conditions, the company is improving work efficiency by sharing the information obtained onsite and monitoring worksites remotely to control process, quality, and safety with an AI-based image analysis system, all to achieve work style reform for supervisors and builders at construction sites.



#### Installation of webcams at all single-family house construction sites

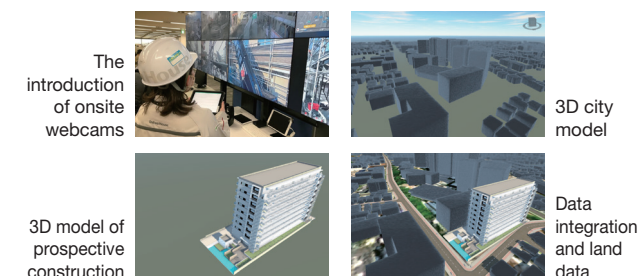
Supervisors of small-scale construction sites, such as those for single-family houses, are often assigned to multiple sites at one time, resulting in a significant time burden due to travel. In addition, workers at construction sites are also left waiting for a supervisor to arrive, which leads to long working hours. In response to this issue, we will be installing webcams as standard equipment at single-family house construction sites from February 2022. This

practice enables construction site supervisors to check onsite conditions and communicate effectively with workers through terminals and monitors, even when they are unable to attend in-person. In addition, safety instructions and matters for safety patrols can be communicated as needed to multiple sites from a remote location to prevent onsite accidents. We aim to promote the digital transformation of construction through the use of AI to analyze images obtained from webcams and other practices to improve the work efficiency of construction site supervisors at single-family houses by 30% by fiscal 2026.

#### Verifying layout plans for nationwide chain facilities with open data and BIM\* standardization

The verification of BIM standardization in the construction of nationwide chain facilities using our LOC System, which combines the needs of land owners who wish to make effective use of their real estate and companies seeking a base for new business development, was selected by the Ministry of Land, Infrastructure and Transport as a fiscal 2021 BIM model project. In addition, we were able to investigate decision-making efficiency by linking BIM standardized building data to PLATEAU, a three-dimensional urban model spearheaded by the Ministry of Land, Infrastructure and Transport, and checking layout plans and the surrounding areas.

\* Building Information Modeling. Digital three-dimensional models that incorporate building information. It enables consistent use of information throughout the life cycle of a building, from design to construction and maintenance.





### 3 Technology and manufacturing base

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

### Approach to issues

At the Daiwa House Group, we look at our suppliers as business partners out to complete the same job. The fact that we can offer customer-satisfying quality owes to a vast supply chain of material and equipment manufacturers, installers, aftercare service providers, and other supporting businesses. Demands from institutional investors and NGOs regarding corporate environmental and social initiatives have expanded from the non-consolidated to consolidated level, and as far as supply chain management. International rules and securities exchange guidelines also require Group CSR procurement efforts and enhanced information disclosure. We are entering an age where competitive superiority can be gained by satisfying social requirements, including human rights considerations, while at the same time offering good quality/ pricing.

The Daiwa House Group strives to comply with the “Regulations for Construction Work Contracting” of the Construction Industry Act and to conclude fair contracts. We also transact business with business partners who are protected under the subcontracting law in the full spirit of the law. Through the use of ICT and other technologies, we are building management systems for reliable and effective CSR procurement. As our business rapidly expands internationally, the Daiwa House Group works to achieve a sustainable society through promoting CSR procurement with its business partners.

### Management

#### Cooperating with trailblazing organizations in CSR procurement

##### Global Compact Network Japan (GCNJ) Taking part in the Supply Chain Subcommittee

In April 2018, Daiwa House Industry announced its participation in the UN Global Compact (UNGC), a universal principle advocated by the UN on human rights, labor, the environment, and corruption prevention.

We are also member to the GCNJ Supply Chain Subcommittee consisting of UNGC member companies, and the SDGs Subcommittee. These subcommittees feature case studies and lectures by experts on recent CSR trends, with CSR promotion measures developed for various companies based on member companies’ experience in wide-ranging industries. Knowledge obtained from the subcommittee is reflected in the Daiwa House Group’s CSR programs.

##### Registering with EcoVadis

Daiwa House Industry registered with EcoVadis from fiscal 2019 as a supplier and started to disclose required information. We maintain a Gold rating since then.

 [P141 Company receives top Gold EcoVadis sustainability rating](#)

#### Participation in the Declaration of Partnership Building

Daiwa House Industry participated in the Declaration of Partnership Building established by the Cabinet Office and other organizations. Through this declaration, we have affirmed to society that we will adhere to appropriate business practices with subcontractors. To establish coexistence and mutual prosperity with business partners, we will comply with the declaration’s requirements on business with subcontractors, which include those relating to “appropriate pricing,” “appropriate execution of contracts and payment of subcontracting charges,” “handling of intellectual property and expertise” and “prevention of unfair practices that may accompany change, e.g., to ways of working.”



[Participation in the Declaration of Partnership Building \(Japanese text only\)](#)

#### Managing business partners in terms of QCDSME

At Daiwa House Industry, we select and manage new business partners in terms of Quality, Cost, Delivery, Morals, Safety and Ecology (QCDSME).

In selecting new partners, we first screen documented evidence of their quality, environmental considerations, delivery performance, costs, and management against our regulations on purchasing operations. Then, for those that pass this initial step, we audit and assess their quality management policy and system, and additionally evaluate safety and health conditions and practices at their plants, considerations they take for nearby residents, their environmental measures, and customer services and employee training programs. We only conduct business with suppliers who clear a certain level of evaluation. After commencing business with them, we use the same approach for follow-up assessments. In selecting new partner subcontractors, we review their application against QCDSME criteria and interview them as per our engineering regulations on subcontractors.

These processes help us to verify the candidate company’s compliance record, safety and health assurances, their distancing from antisocial forces, legal permits in their possession, their participation in Japan’s public health insurance program, and other defining features. With those that pass, we conclude a Basic Subcontractor Agreement and obtain a trade name proof of registration from them. All engineering regulations apply to the new partner subcontractor. At construction sites, alongside managing the site in terms of QCDSME, we clarify the roles that we and the subcontractors play in that process.



### 3 Technology and manufacturing base

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

### CSR Procurement Guidelines

Our CSR Procurement Guidelines establish 7 principles that underline the social and environmental responsibilities we expect of our business partners in a “Business Partner Code of Conduct.” They expand off this code to more articulately define 20 social and environmental requirements for our business partners under our “Corporate Activity Guidelines.”

Fundamentally, the code is straightforward and tuned to the times. For example, the “compliance” principle places the onus on business partners to act ethically and lawfully. Where the code lists “considerations for occupational safety and health,” business partners are expected to concern themselves with health and safety by preventing industrial accidents, attentively managing sanitation and hygiene, and preparing for unforeseeable events like natural disasters. “Fair business activities” aims to keep business operations free of graft and to prevent corruption. Moreover, the code’s call for business partners to “respect human rights” is a strong denouncement of forced labor, child labor, harassment, and the infringement of human rights, etc.

The Partners Book, which is in line with the “Business Partner Code of Conduct” and the “Corporate Activity Guidelines” is provided to all employees of business partners for educational and training purposes. Besides all of this, we have “Guidelines for Products” that specify our control policy with regards to chemical substances contained in construction materials and biodiversity in timber procurement – two areas that bring a high level of risk to our supply chains but can be audited and traced well upstream. While the “Business Partner Code of Conduct” espouses broad universal values that underscore public interest in reasonable work hours, minimum wage and other issues, the “Guidelines on Corporate Activity and Products” are business tools that we flexibly revise in line with social demand.



[CSR Procurement Guidelines](#)



[P027 Supply Chain Management \(Environment\)](#)

[P028 Increasing suppliers’ awareness of our environmental policy](#)

[P047 Preserving biodiversity in our procurement and business processes](#)

[P074 Assessment of business partners human rights risks](#)

### Application of the CSR Procurement Guidelines

When contracting with new business partners, we explain to them the purpose of our “CSR Procurement Guidelines” and have them submit a letter of consent that they will honor the guidelines. These guidelines clearly prohibit the recent social issues of child labor, forced labor, and harassment, and encourage not only the Daiwa House Group, but business partners as well to show consideration for human rights on the corporate level.

As part and parcel to doing business with us, we require business partners to analyze and report the chemical substances found in the parts and materials we purchase from them for use in single-family houses and low-rise rental housing. We use our “Chemical Substance Management Guidelines [Basics]” (Guidelines for Products) for this. With all other parts and materials we purchase as well, we require business partners to honor our guidelines by way of information briefings, design documents, etc.

At the same time, every year since fiscal 2011, we have audited timber suppliers as per our “Biodiversity Guideline [Timber Procurement].” These audits determine if the Group is procuring timber logged in a way that illegally violates the rights of indigenous people. They are required to verify the legality and sustainability of timber they procured and are instructed to make improvements highlighted in audit results.

Beginning in fiscal 2017, we started monitoring compliance with our “CSR Procurement Guidelines” by having our business partners conduct self-assessments. In fiscal 2021, there were no reports of human rights infringements prohibited in our CSR Procurement Guidelines.

### Encouraging business partners in CSR procurement

At Daiwa House Industry, we assist 3 member organizations that operate in our supply chains, in the interest of “Co-creating a Brighter Future” with our material suppliers, etc. Through these organizations, we learn of demands and issues our business partners have with us. Together, we promote CSRs via closely knit communications, e.g., conveying to our business partners from time to time things we want them to respect in business processes.

We seek out, identify, and improve behavior of our Group employees that can be interpreted as ethical and compliance problems, and also problems among our suppliers, by way of a “questionnaire survey we send to our business partners” and a “Partners Hotline” that they can use to contact us. These tools help our business partners to keep business free of graft and corruption, and prevent human rights infringements.

To promote CSR-oriented procurement, we established the CSR Procurement Subcommittee in 2010, consisting of representatives from Procurement, Construction, and other related departments. Through this subcommittee, we maintain collaboration with order placement personnel at each branch, and promote responsible procurement across the Group.

This subcommittee shares environmental and social issues related to procurement, monitors the procurement practices of the entire Group and works to make improvements.

To address risks in the supply chain, we have established CSR procurement guidelines, which cover topics such as occupational safety, human rights, corruption prevention and environmental risk reduction, which we explain to business partners before asking them to sign a written agreement. In addition, we conduct periodic self-assessments based on CSR procurement guidelines as a way of checking compliance with the guidelines.



[P027 Supply Chain Management \(Environment\)](#)

[P104 Member organizations in our supply chains](#)



### 3 Technology and manufacturing base

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

### Local procurement

Daiwa House Group's core business is construction, which means we depend on local building-trades service providers (a business that takes over onsite work) and building-materials suppliers. Further, to earn the trust of and build long-term relationships with customers, we have to take a mid-to long-term perspective and be locality-oriented in sales and post-sale customer services, which entails hiring the people to do this work from the community as well. Therefore, we cultivate relationships with community stakeholders to build the Group's business foundation of expertise, human resources, and customers, drawing on local resources in hiring and procurement.

#### Member organizations in our supply chains

At Daiwa House Industry, we assist the below member organizations with their operations.

#### The Confederation of Partner Companies (4,467 companies): Composed of manufacturing and construction companies

The Confederation of Partner Companies has 78 branches nationwide and its activities have focused on the improvement of safety, quality, technology, and work efficiency, as well as the promotion of environmental conservation efforts. The Confederation members share ideas and knowledge through the information site "D-PC/WEB Ren" to ensure smooth communication and collaboration.

#### The Trillion Club (238 companies): Composed of material suppliers

The Trillion Club serves to improve the financial standing of both member businesses and Daiwa House Industry, by enhancing material quality, respecting delivery schedules, developing new construction materials and innovating technologies. It promotes mutual development and friendly relations by taking full advantage of regional characteristics and facilitating information sharing through these categories of promotional activities.

#### The Setсуwa Club (163 companies): Composed of housing equipment manufacturers and sales companies

The Setсуwa Club has enhanced cooperation and collaboration by product and technology exhibitions and various other activities. The Club has four branches in the Kansai, Kanto, Chubu, and Kyushu regions.

 P027 Supply Chain Management (Environment)

### Communications with the Confederation of Partner Companies

The Confederation of Partner Companies, a membership organization of construction subcontractors and manufacturing business partners, consists of regional confederations (comprising each branch and manufacturing partners), prefectural confederations (comprising representatives from each prefecture) and the confederation headquarters. Construction representatives, branch managers, plant managers and directors of Daiwa House Industry closely communicate with one another through each organization's meetings to share knowledge and information on safety, product quality, technological skills, work efficiency, engaging with environmental issues, human resource development, etc., thereby coming up with improvement plans.

## ■ Main approach

### Checking our supply chains for ESG issues

To identify risk factors in our supply chain, we periodically check and monitor the work progress of all primary subcontractors at construction sites and plants, using a checklist prepared by us that includes such items as workplace safety, labor relations, and waste disposal.

If there are any problems, we will take corrective measures in a timely manner, and implement actions to prevent recurrence by reviewing the system concerned and providing education to the employees of the construction subcontractor in question. With new business partners, we stipulate our CSR procurement requirements in contracts with them and provide education so

that they conduct themselves appropriately as a whole.

#### Monitoring business partners for ESG issues

We had our business partners conduct self-assessments in November 2021 against the "CSR Procurement Guidelines" to gauge how well they adhere to the guidelines. On this occasion, a questionnaire survey for business partners was also conducted at the same time to increase the rate of response. We have also issued a "Partners Book" for our business partners and encourage them to conduct awareness-raising activities based on the areas that receive low scores on CSR procurement guidelines-based self-assessments.

· Self-assessment subjects:

The Trillion Club, the Setсуwa Club, the Confederation of Partner Companies, and other suppliers that submitted agreements on CSR procurement guidelines (5,100 companies)

· Number of responses: 2,426 (45.3% response rate)

#### Response to rights of indigenous people

As we procure timber from all over the world, we have established CSR Procurement Guidelines – Biodiversity Guidelines [Timber Procurement] as our policy in order to avoid complicity in biodiversity destruction or human rights violations. In accordance with these Guidelines, we conduct a CSR procurement of timber survey annually, to check if no timber is procured from areas categorized as "high risk areas (tree species)" with high possibility of violating the rights of indigenous people. In cases where we confirm actual conditions of procurement from such areas, we will conduct corrective activities against relevant suppliers. Furthermore, we timely amend assessment items including high-risk areas based on information obtained from NGOs and forest certification bodies possessing detailed information on logging areas worldwide.

 P027 Supply Chain Management (Environment)

P028 Monitoring of supply chain

P047 Preserving biodiversity in our procurement and business processes





### 3 Technology and manufacturing base

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

### Action taken with suppliers with marked ESG risks

In fiscal 2021, via the company's own checking and monitoring system or via the various whistle-blowing systems it operates, it received no reports of human rights abuses that violate the company's CSR Procurement Guidelines. With regard to work safety violations, appropriate corrective measures are taken at construction sites and the related data is compiled and analyzed by Head Office's departments.

In the event of harm caused to customers or hosting communities, or compliance violations, matters are quickly corrected at the worksite and related information is centralized by the Risk Management Committee.

If ESG risks are identified upstream in Daiwa House Industry supply chain, the business partner who is violating the environmental (chemical substances, biodiversity, etc.) or social (human rights, anti-corruption, etc.) standards set forth in our "Guidelines for Products" is instructed to correct the matter.

We check the content of and quantity of emissions from chemical substances contained in building materials as required by the designated specifications exchanged between our suppliers and us. In fiscal 2021, no materials were found to present a risk.

Regarding biodiversity, in the fiscal 2020 procurement of timber survey, we requested various improvements of 25 companies that were handling C-ranked timber and timber with insufficient traceability, such as thorough verification of official documents and switching to suppliers in low-risk areas. As a result, in 2021, the ratio of S-ranked timber reached 94.0%, while C-ranked timber comprised 1.1%.



P048 [Conducting timber procurement surveys at our suppliers](#)

P060 [Implementation of the Chemical Substance Management Guidelines](#)



## Customer base >> Solid long-lasting relations with customers

Build long-term relations with customers and establish corporate brands that bring in new customers

Contributions to SDGs



### Policy and Concept

#### Megatrends that Impact Bases

- Declining number of housing starts and rising rate of unoccupied houses
- Shifting of workforce core to Millennials and members of Generation Z
- Changes in housing demand
- Changes in consumption behavior

#### Social issues

Against the backdrop of the declining birth rate and aging population in Japan, the decline in the number of new housing starts, and conversely, the increase in unoccupied houses, are emerging as social issues. From the perspective of disaster and crime prevention needs that come with the rise in unoccupied houses, this issue runs the risk of lowering values in the regional community.

On the other hand, today we are in a period of increasing single-person households, and the younger generations, the so-called millennials and Generation Z, are purchasing their own homes. This portends a mainstreaming of purchasing behavior based on a sense of values that differs from the conventional dream of “your own home.”

What we can also anticipate is that rather than an uncompromising demand for a newly constructed house, there will be rising sentiment of existing homes being an acceptable alternative. In addition, becoming more apparent is that share houses and living somewhere other than a principal residence are among the changes in the ways that customers hope to live.

Moreover, in light of this being an age in which customers can obtain information for themselves via the Internet, conducting ever more in-depth communication and earning relationships of trust with customers is the key to “being chosen” by customers.

#### Risks and opportunities for the Daiwa House Group and its responses

As the number of new housing starts in Japan is in decline, the future holds risks that may arise in the form of difficulties when offering housing proposals.

In response, we will strengthen corporate communications so that customers can be made more aware of the Company, and in so doing we will pave the way to capturing their future business.

In another area, our data-collection capability and problem-solving skills will serve us well when it comes to responding to changes in demand of the times. By leveraging these strengths, we can adapt with flexibility to upcoming variations in demand. This will lead to the creation of new business opportunities.

Based on our commitment to being a “Daiwa House that is loved,” we launched an in-house CS Promotion Department in the early 2000s to focus on building better relationships with customers. It was through initiatives such as this that we have further strengthened relationships of trust over the long term, and this will lead to providing proposals tailored to customer lifecycles and the utilization of unoccupied houses that have become a social issue.



## 4 Customer base

### ■ Overview of Endless Social Program 2021

#### 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.

#### ■ Brand Value, Perception Survey Results



In fiscal 2021, we continued our advertising and promotional efforts that started in 2020 under the corporate communication theme of “Grow a new Life.” As a group that co-creates value for individuals, communities, and people’s lifestyles, we at the Daiwa House Group develops businesses to offer new value to customers’ living and their lifestyles. In the year where society was dominated by the COVID-19 pandemic, the company embarked on developing new businesses, products, and services for adapting to New Normal, and Livness Town Project that embodies the value of a sustainable lifestyle. Through these and other initiatives, we pressed forward on active

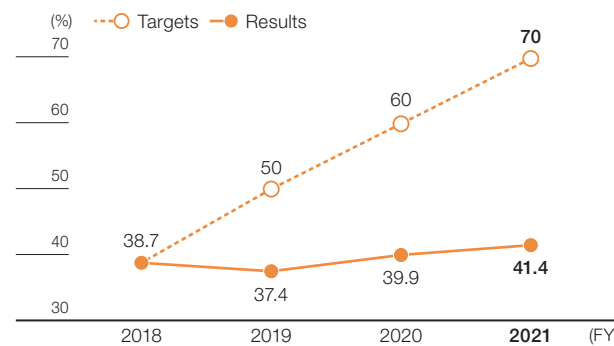
communications that put a spotlight on voices of customers and other stakeholders, seeking to establish the image of our company that is be of service to society.

In fiscal 2021, the brand value, a key goal indicator, showed a 4% increase while the image survey showed a partial decline. In fiscal 2022, together with ongoing enhancement of the governance system, we will work to spread our corporate philosophy so as to foster the Daiwa House Group’s brand in our contact with stakeholders.

#### 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.

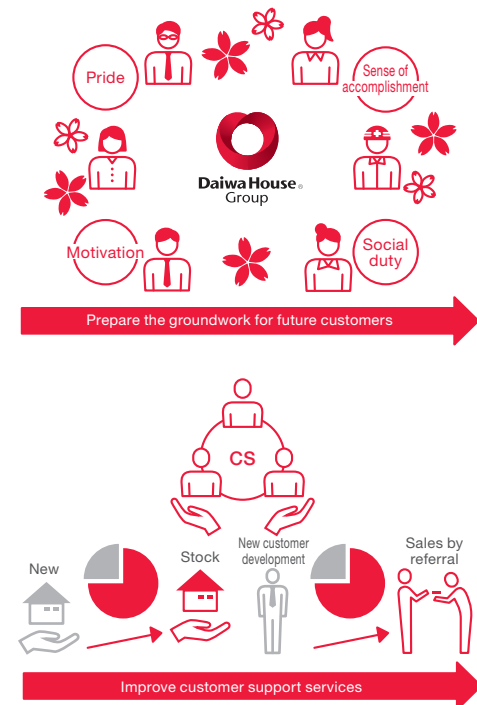
#### ■ Order rate using our customer base



Fiscal 2021 was characterized by efforts to prevent the spread and proliferation of COVID-19, which had continued to impact lives from fiscal 2020, the subsequent establishment of a new type of relationship with customers, as well as regular inspections and impromptu visits. We will continue to use remote assistance

tools for a number of our special post-disaster inspections and build a customer relationship system for customer satisfaction (CS) using digital technology.

While taking these CS initiatives, we also took action for our Livness business, which is a business that starts with customers with whom we have existing relationships. In this way, we are building a framework that makes it easy for customers to contact the Company. The fiscal 2021 result of the order rate (percentage of sales by referral) using our customer base, a KGI, improved to 41.4% year on year, but falling short of the target.





## 4 Customer base

### Issue 9 | Upgrade corporate communications

#### Approach to issues

The Daiwa House Group continues to maintain its stance of Co-creating a Brighter Future by co-existing with society through business and co-existing with people through products and services. We believe it is important to value the endless emotional connections with each and every one of our customers, as symbolized by the Endless Heart, and to approach society with sincerity.

In terms of our management strategy, corporate communication is becoming ever greater in importance. Realizing sustainable management will require two-way communication with all manner of stakeholders, as a member of society. It will be vital to listen to their voices and sustain trust.

In preparation for the 100th anniversary of our founding, we have formulated the “Our Hopes for the Future,” that will act as the Group’s compass and carry on the spirit of our founder. We will emphasize the sharing and entrenchment of the corporate brand by instilling the corporate philosophy, including our “Our Hopes for the Future,” in each and every one of our employees, taking into account the characteristics of the Daiwa House Group business conditions. Specifically, that is “employees who communicate directly with consumers or customers.” By conducting dynamic communications with all of our stakeholders, we will respond to the expectations and requests from society and strive to realize a society where people can share the joy of living.

#### Management

##### Operational management of the “Endless Heart” group symbol

The corporate brand symbol “Endless Heart” represents a point of interaction with Daiwa House Group stakeholders in a wide variety of businesses, and is a symbol of the “Proof of Reliability” the Daiwa House Group promises to society through architecture, whether it be in a social or lifestyle situation, or where we conduct advertising communications activities. To ensure that this symbol is treated correctly and properly, the parent company, Daiwa House Industry Co., Ltd., individually enters into a basic contract with each Group company, and through preparation for and strict adherence to operational rules and guidelines (basic manual), we strive for communication management that leads to a uniform Group image and a higher degree of favorability. In addition, with an eye toward mitigating risks associated with intellectual property, we have been thorough in our registration of trademarks, and in response to the quickening pace of globalization in business, we have registered trademarks in 92 countries. Concerning trademark infringements (copies), as a preventative measure, we endeavor to keep a regular lookout at each country’s patent agency database.

#### Main approach

##### Implementation of “Grow a new Life” campaign

Themed on “Grow a new Life,” the Group published special articles focused especially on “people” on the official Daiwa House Industry Co., Ltd. website, all representing a wide variety of its businesses. Directly confronting a society that was changed by the pandemic, we have been undertaking various initiatives. By discovering such initiatives, we hope readers can imagine new lifestyles we are proposing based on a set of new values, and we wish to grow a better society and brighter future together. It is under this concept that we introduce the voices of our various stakeholders. In addition, the “ALL Daiwa

House Campaign: Grow a new Life” was implemented across all businesses from January 4 to March 31, 2022.

 [Grow a new Life \(Japanese text only\)](#)

##### Daiwa Sakura Aid

We received an interesting phone call toward the end of March 2008. It had come from the town of Yoshino in Nara Prefecture and was a direct request for help: “The cherry trees in Yoshino are not doing well. If those that have withered are not removed and saplings planted in their place, we’re going to lose them. The founder of Daiwa House Industry is from Yoshino and we sure would like his help.” Yoshino is known for its cherry blossoms and for being a World Heritage, but the cherry trees were in critical shape because of environmental changes in recent years and diminishing vigor.

Perhaps, it was destiny that our founder hailed from there because, in 2008, we started lending our support to conserving and rejuvenating the cherry trees of Mt. Yoshino.

 [Daiwa Sakura Aid](#)

[About Daiwa Sakura Aid]

Through performance and experience of traditional Japanese instruments and the planting of trees in the Sakura Project, we can protect and pass on the history, culture, tradition, and lifestyle related to cherry trees and the cherry trees themselves through the spirit of “Creating Dreams, Building Hearts” using the keyword of “cherry trees” which is the symbol of “Japanese spirit.”





## 4 Customer base

### Issue 9 | Upgrade corporate communications

#### Preserving the cherry trees on Mt. Yoshino

In fiscal 2021, there were five occasions when employees participated in picking up Shiroyamazakura cherry seeds and planting trees. At the cherry tree orchard managed jointly by the Company and the Yoshinoyama Hoshokai, where we sow seeds and grow saplings, we planted approximately 1,500 seeds in February 2022. Following five years of growth, the cherry tree saplings will be transplanted to Mt. Yoshino.



Landscape of Mt. Yoshino viewed from Nakasembon



Planting trees

#### Sakura Project

While continuing the activity to preserve cherry trees in Mt. Yoshino, our Company has learned that more and more cherry trees are coming near to the end of their lives throughout the country. Therefore, it has carried out the Music and Planting Project mainly with elementary schools throughout the country since fiscal 2010 under the slogan “Let’s transmit cherry trees” in order to transmit cherry trees to the future generations.

A total of 669 children participated at six locations in fiscal 2021 and planted 12 cherry trees. We also cooperated with the community development council at “Kamigo Neopolis” to provide a place where people from different generations can interact. To date, a total of 92,487 children have participated in planting 759 trees at 317 locations.



Collaboration with local performers at Shodo Elementary School in Yokohama

#### Event for information sharing

Information on the Daiwa Sakura Aid program is being proactively shared to make the activities more widely known and to create opportunities to preserve and hand down cherry trees to future generation and to experience Japanese culture. One product of those efforts is a series of charity concerts performed by artists who agree with the project’s activities.

In fiscal 2021, after precautions had been taken to prevent the spread of COVID-19, concerts were held at the Nara National Museum, Osaka City Central Public Hall, and the historic Yamamoto Noh Theater in Osaka in February 2022.

In addition, in March 2022, we held photo exhibits of Mt. Yoshino and cherry blossoms all throughout Japan, tying up with an event at Tokyo National Museum titled “Cherry Blossom Viewing at the Museum.” The exhibits were enjoyed by many visitors.



Cherry blossom photo exhibition at Tokyo National Museum

#### Cooperation with branch offices, worksites, and Group companies

Daiwa House Industry is improving the system in cooperation with its branch offices, worksites, and Group companies throughout the country for enabling even employees and customers unable to directly participate in the cherry tree preservation activity in Mt. Yoshino itself and charity concerts to participate in such activity elsewhere, by way of automatic vending machine with donation function and donations based on results of accommodation.



Automatic vending machine with donation function installed in the Nara Factory



Pamphlets that introduce the beauty of cherry blossoms all throughout Japan Photo collection “Sakura”

#### Results of donations

We conducted a donation drive for cherry trees on-site on Mt. Yoshino in spring 2021, and received donations of 465,074 yen from 1,143 people over a four-day period.

Results of donations earned from automatic vending machine with donation function and donation drives for cherry tree preservation at Mt. Yoshino at Group companies are as shown in the table below.

To those who made donation at Mt. Yoshino or participants in the charity concerts, we provided a collection of photos that we publish every year entitled “Sakura,” and also a small booklet, “Hito Hira,” so as to spur interest by as many people as possible in the importance of cherry trees and conservation, and to convey the story of the iconic tree throughout Japan.

##### Results of donations in fiscal 2021

Item	Amount of donations
Mt. Yoshino cherry tree donation drive	465,074 yen
Automatic vending machine with donation function	3,762,882 yen
Donations based on concerts/events	314,190 yen
Donations based on results of accommodation (Osaka Dai-ichi Hotel)	52,000 yen
Donations based on sales of coffee at guestrooms (Daiwa Resort)*	0 yen
Donations through clothes collection (Daiwa Lease)*	0 yen
Donations through shareholders benefit program	2,814,000 yen
<b>Total Amount of Donations</b>	<b>7,408,146 yen</b>

\* Discontinued in fiscal 2021 to prevent the spread of COVID-19.



## 4 Customer base

### Issue 10 | Promote customer support to maintain long-term relationships

#### Approach to issues

The Daiwa House Group's mission is to ensure that a building is maintained in excellent condition over a long period of time to sustain its value as an asset and enable people to use it across generations, and it promotes corporate activities while advocating its philosophy of being a company loved and trusted by customers. Particularly in Japan, as we look to develop our existing home business through utilization of unoccupied houses and renovations, we intend to further raise the importance of long-term relationships in line with the central role of the millennial and Z generation among both customers and employees.

The Daiwa House Group instills, among all of its employees, its corporate approach of “being complete in small things,” or in other words, putting one’s fullest effort into the most ordinary of tasks, and we put this into practice for our customers. Moreover, we also go a step beyond “customer orientation” to “each individual orientation,” this is a code of conduct to ensure that we look at things from the perspective of each customer. This approach of responding to the detailed requests of each individual customer is a feature of this company, which was built on single-family housing design and construction. We apply the approach equally to the construction of largescale commercial facilities and distribution facilities.

#### Management

##### Long-term quality assurance

The Company has established a system for long-term guarantees and after-sales service tailored to the structure of buildings and circumstances of the customer. We offer initial guarantee periods for waterproof related structural parts of buildings, and also provide a regular building diagnostic service.

We visit individual customers, and conduct maintenance work to repair areas requiring improvement identified in the building diagnosis, thereby maintaining and improving the value of housing as an asset. Information collected through these aftersales services is summarized by the CS Headquarters and fed back to each department, leading to improvement in product development and quality assurance.



[Long-term warranty and aftersales support \(Japanese text only\)](#)

##### Systems for enhancing three qualities

Proper communication with customers is the basis for building relationships of trust. In the three quality aspects (quality of products, employees, and operations), we pursue improvement through all business activities, aiming to satisfy customers' expectations.

We believe that final satisfaction is achieved by providing product quality that exceeds customers' performance requirements. We therefore analyze input from customers at the CS Promotion Department and share the results with all related departments in pursuit of improvement.

As for employee quality, we have faith that a strong group forms when individuals come together at a high level. Customer requests vary from person to person, and it is critical that our employees have flexible skills to answer requests on the spot. We work hard to develop those skills through on-the-job and off-the-job training.

To achieve operations quality, it is important for all employees to grasp basic practices and rules. It is essential that all employees share with each other the proper way of doing their jobs for all to understand. The implementation of the plan-do-check-act (PDCA) cycle is also vital for further improving operations.

#### Call Center communications

We aim to build an endless partnership with our customers. To this end, we have opened a Customer Center as a concierge desk to handle various queries regarding houses and buildings. The Customer Center (toll-free/24-hour, 365-day operation), in cooperation with each branch, provides information on periodic inspections and maintenance support. Moreover, the Daiwa House Group offers a wide variety of services ranging from house cleaning to renovation, the buying and selling of houses, leasing, and moving services. To become a long-term, reliable housing consultant and partner, we serve our customer needs in the spirit of “together with our customers.”





## 4 Customer base

### Issue 10 | Promote customer support to maintain long-term relationships

#### ■ Main approach

##### Customer satisfaction with products

To make sure that the products we develop, manufacture, design, and build according to company standards are good, high-quality products that lead to customer satisfaction, we use questionnaire surveys and other surveying techniques. Additionally, all data from customers that are considered to be feedback are analyzed by the CS Promotion Department and shared with all sections related to the processes involved, which leads to improvements.

##### Long-term efforts to earn trust and customer satisfaction

Daiwa House Industry conducts customer satisfaction surveys to build relationships of trust with customers in housing and other businesses. We conduct single-family house questionnaire surveys after one month, one year, two years, and 10 years from taking up residence. We also conduct apartment questionnaire surveys after six months, and condominium questionnaire surveys three months, one year, and two years after taking up residence and general construction questionnaire surveys at the time of delivery.

Since 2001 we have run the Daiwa Family Club website for owners of single-family houses. Since that time, we have been conducting Web-based questionnaire surveys, and in 2014 we renewed the website, adding a section for Daiwa House Industry staff to share information with registered owners to strengthen the company's communications with customers.

Through communication with apartment customers through "Daiwa House Owners Clubs" and commercial construction customers through "Owners Clubs," we monitor long-term customer satisfaction with housing.

##### Satisfaction with the quality of customer service

We hold training seminars on a regular basis for all employees of Daiwa House Industry who communicate directly with customers to make sure they know "each individual orientation" and see things from the customer's perspective. Since fiscal 2021, we have provided training at all Daiwa House Group companies in our shared CS philosophy of "bringing smiles to customer's faces." We will be employing methods such as questionnaires to evaluate how these efforts are being perceived by customers and make the most of human resource development accordingly.

##### Membership organizations for owners

We run a membership organization for owners that serves as a forum for information exchange and the promotion of friendship among building owners throughout Japan. Seminars and consultations are held by experts in asset utilization; members gain access to the latest information; and they receive assistance with the maintenance of buildings they own or with asset utilization of apartments they manage, for example. Owners socialize with one another through organized trips and social events. We promote such activities to maintain communication over the long term and build solid relationships between owners and the Daiwa House Group.

#### ■ Main membership organizations for owners

	Single-family houses	Apartments	Commercial facilities
Name	Daiwa Family Club	Daiwa House Owners Clubs	Owners Clubs
Total Membership	295,398	Owners Clubs: 93 Owners Clubs members: 19,558 Junior members: 2,939 Female members: 10,770	65 clubs in Japan 6,665
Major activities	<ul style="list-style-type: none"> <li>An Internet service exclusively for members</li> <li>Information and advice given to resolve concerns and to answer owners' questions about future housing.</li> </ul>	<ul style="list-style-type: none"> <li>New information provided on managing rental housing through journals as well as seminars and consultations provided by experts</li> <li>Information exchange among members, study tours to deepen friendship, etc. (Web seminars and other online events started in 2020 to substitute offline events postponed due to the pandemic.)</li> </ul>	<ul style="list-style-type: none"> <li>Web seminars on tax and legal affairs</li> <li>E-mail distribution on special deals and other information for owners</li> </ul>

##### "Live Style Partner," a digital exhibition space

With the rise of digital transformation in response to the COVID-19 pandemic, we have established an online digital exhibition space called "Live Style Partner." Rather than providing the same information to all customers, we will support home building by identifying and delivering the exact information customers want by analyzing their behavior through web browsing history and other means. Through galleries that utilize in-person exhibition spaces, and owner case studies (images), video galleries (such as home visits), and VR model homes, we will provide individualized digital follow-up catering to customers' interests and concerns.

##### Providing product information

Daiwa House Industry provides documents related to product information at the time of building handover. For single-family houses, for example, we provide the customer with a "Lifestyle Guidebook" that contains building maintenance information. For customers that request, we also disclose our voluntary performance evaluation certificate based on the "Japanese housing performance labeling standards." For condominiums, along with providing the key at the handover, we also give the customer an "Instruction manual relating to the use of the building and facilities" as well as a document for "Support after moving" and "D's File" (a document showing the history of the residence).



## Communication base >> Appropriate multi-channel communication with stakeholders

Upgrade both financial and nonfinancial corporate communications and train the workforce for the information age

### Contributions to SDGs



### Policy and Concept

#### Megatrends that Impact Bases

- Heightened interest in ESG (environmental, social, and governance) issues among institutional investors and the rise of ESG activists
- Banks step up ESG financing
- Standardization of nonfinancial disclosure by stock exchanges and Financial Services Agency (FSA)
- Advent of society informed by Big Data
- Revolution in communications formats

#### Social issues

In recent years, communication with customers, shareholders, local-community members, and other stakeholders has become a priority for business amid interest mounts in ESG-driven investing.

In the coming era, others will judge our business as highly likely to grow sustainably in the medium to long term as we highlight our solid, resilient business foundation—particularly in times of crises such as natural disasters, infectious disease outbreaks, and terrorism.

In addition to the financial disclosure we already provide, we need to make stakeholders aware of our nonfinancial ESG activities. As stock exchanges and the FSA continue to formulate nonfinancial disclosure standards, institutional investors are looking for information to help them make investment decisions.

Further, as information and communications technology (ICT) develops, online communications with stakeholders are becoming increasingly sophisticated, particularly among global companies.

#### Risks and opportunities for the Daiwa House Group and its responses

Investors may view companies that fail to collect and provide adequate financial and non-financial information as risky investments. Missed communication opportunities may delay management decisions. We thus work hard to provide appropriate information and offer ample opportunities for dialogue. Understanding that it is important to go beyond merely making information available, we are aware of our responsibility to our customers, shareholders, business partners, employees, the local residents, and all other Daiwa House Group stakeholders, and strive to deliver consistent messages.

We want to be seen as suitable for ESG investment based on this understanding. To that end, we are focused on integrating and upgrading our financial and nonfinancial communications.

Another pressing issue is to adopt the latest ICT to strengthen our capacity to use information. We are working both to develop systems and improve our employees' IT literacy, so we are able to choose change-adaptable means of communication as needed.





## 5 Communication base

### ■ Overview of Endless Social Program 2021

#### 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.

#### ■ Financial and nonfinancial communications

FY 2019 results	Small ESG meeting and ESG one-on-one interviews were held by cooperation of ESG-related divisions and IR Department
FY 2020 results	Focused on disclosure of integrated financial and nonfinancial information at management briefing sessions for institutional investors
FY 2021 results	Built a system for disclosing nonfinancial information on a consolidated basis

In December 2021, we held small group meetings with institutional investors to enhance our ESG engagement with them. The CFO, executive officers responsible for IR and managers of ESG departments spoke about our integrated thinking-based business strategy. We also welcome interviews to enhance our efforts in this area. We accepted one-on-one interviews focused on ESG 11 times during the year and held a small group meeting themed on our environmental initiatives in October 2021, which was participated by eight companies.

We will develop internal systems to efficiently centralize information to accommodate increasing consolidated nonfinancial disclosure requirements and a growing variety of report recipients.

In the future, we will continue to hold ESG dialogues, disclose integrated financial and nonfinancial information in our securities reports, and engage in other programs for shareholder relations.

In addition, we will work to ensure management proactively

provides both financial and nonfinancial information and creates opportunities for dialogue with stakeholders to facilitate a deeper understanding of our integrated system.

#### Issue 12: Keep pace with rapidly evolving communication environments

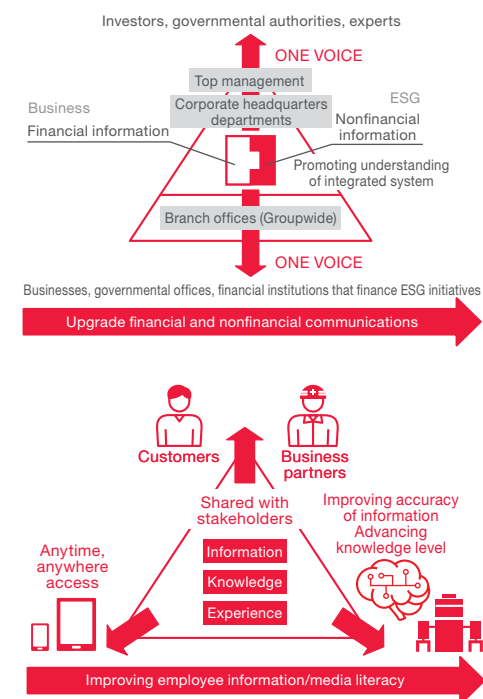
Keep pace with rapidly evolving ICT in terms of system hardware and employee literacy, by benchmarking against global companies of similar size.

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.

In fiscal 2021, we set up a customer authentication infrastructure as the first step in building online relationships with customers. We aim to expand potential business opportunities through this system by analyzing and utilizing centralized information as integrated customer information. In addition, as part of “communications reform,” tools have been introduced at Group companies to make the best use of internal communication and expedite communication in a secure environment.

In fiscal 2022, we will examine how each of the Group's businesses can provide customers with individualized, value-added information services.





## 5 Communication base

### Issue 11 | Integrate and upgrade financial and nonfinancial communications

#### Approach to issues

Our IR activities are aimed at sustainable growth for the company and boosting corporate value in the medium to long term. Our policy is to have the management team and executive officers responsible for IR talks with shareholders and investors. All company departments cooperate in constructive dialogue with our shareholders and investors on financial and nonfinancial matters. We work to deepen their understanding of our corporate strategy, financial management indicators, risks, and ESG engagement. We also collect and provide information to corporate rating agencies.

To integrate and upgrade financial and nonfinancial communications, our management team is seizing every opportunity to engage with institutional investors to gain insights into the gap between the market's view of the corporate value and our intrinsic value as well as perceived management issues, to enable us to make better management decisions and qualitative improvements. Further, we aim to deepen understanding of integrated thinking, so that management can continue to deliver a consistent message (byword: One VOICE), and will be working to instill integrated thinking at the workplace level as we move ahead.

To pass on information in particular, we hold one-on-one meetings, management briefings, and facility tours and use media such as IR tools and our regularly updated website. We aim to build a more efficient system ahead of diverse ESG disclosure requirements.

The IR Department takes the opinions and requests gleaned through dialogue with shareholders and investors and reports regularly to management and directors through board meetings and other forums. We brief outside directors twice yearly, sharing our awareness of issues from an objective and independent standpoint.

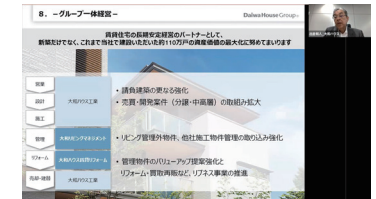
Through our IR activities, we are working to have our corporate value properly understood, and provide timely and relevant feedback of opinions and requests to the management team to enable better decision-making and further improvements in corporate value.



The management briefing session



Online company briefing session for individual investors



Business briefing session for institutional investors

#### Major IR Activities for FY 2021

	As needed	Quarterly	Semiannually	Annually
<ul style="list-style-type: none"> <li>Financial summaries are uploaded to our website with voice explanations</li> </ul>		●		
<ul style="list-style-type: none"> <li>The contents of financial results briefing and management briefing sessions disclosed on the website in the audio and text formats</li> </ul>		●		
<ul style="list-style-type: none"> <li>Contribution of articles to IR journals</li> </ul>	●			
<b>Activities for institutional investors and analysts</b>				
<ul style="list-style-type: none"> <li>Individual meetings with institutional investors in and outside Japan; reception of telephone interviews</li> </ul>	●			
<ul style="list-style-type: none"> <li>Financial results briefing session by teleconferencing</li> </ul>		●		
<ul style="list-style-type: none"> <li>Management briefing session by the top management team</li> </ul>			●	
<ul style="list-style-type: none"> <li>Overseas road show by the top management team</li> </ul>				●
<ul style="list-style-type: none"> <li>Individual meetings focusing on ESG</li> </ul>	●			
<ul style="list-style-type: none"> <li>ESG small meetings</li> </ul>	●			
<ul style="list-style-type: none"> <li>Small meetings organized by securities firms</li> </ul>	●			
<ul style="list-style-type: none"> <li>Proactive participation in an IR conference organized by securities firms</li> </ul>	●			
<ul style="list-style-type: none"> <li>Business briefing session for institutional investors</li> </ul>	●			
<b>Activities for individual investors</b>				
<ul style="list-style-type: none"> <li>Online company briefing sessions</li> </ul>	●			
<b>Provide feedback about opinions received through IR activities to the departments within the company</b>				
<ul style="list-style-type: none"> <li>Report IR activities at board of directors meetings</li> </ul>				●
<ul style="list-style-type: none"> <li>Report IR activities to external directors</li> </ul>			●	
<ul style="list-style-type: none"> <li>Exchange opinions on business performance and market trends with the business division</li> </ul>		●		



## 5 Communication base

### Issue 11 | Integrate and upgrade financial and nonfinancial communications

#### ■ Main approach

##### Information disclosed to investors

Daiwa House Industry uses our official website to disclose timely and relevant information to stakeholders including shareholders and institutional investors inside and outside Japan.

We provide information in Japanese and English for the sake of convenience and usefulness. This goes beyond monthly order data and qualitative information and earnings highlights on a quarterly basis. Our website also hosts voice recordings that explain our earnings results in more detail, as part of our efforts to provide easy-to-understand information. Timely disclosure releases on TDnet (the Tokyo Stock Exchange's company announcements service) are automatically uploaded to the News Release and Financial Highlights sections on our website, for more timely and accurate information disclosure.

We are also working to provide information in a variety of formats. This includes videos of presentations by our management team on the business and company briefings for individual investors available for on-demand streaming the following day.



P143-144 Inclusion in ESG indices



Investor Relations

##### Dialogue and communication with institutional investors

The spread of COVID-19 that continued into fiscal 2021 from fiscal 2020 made it difficult for us to engage in face-to-face dialogues or hold briefings at physical venues. Therefore, we utilized online meetings and conference calls for one-on-one meetings and small meetings to have dialogues with institutional investors and analysts from 920 companies. In addition to those from Japan, we had dialogues with investors from Europe, North America, Hong Kong, and Singapore. With the full implementation of the business division-based system in April 2021, executive officers in charge of each business division took the opportunity to hold six business briefing sessions for institutional investors. In addition, officers spoke at regional development seminars hosted by securities companies and explained our regional development efforts

through the Livness Town Project to promote understanding of each business's initiatives.

In the 2021 edition of our Integrated Report, published in September 2021, we explain the Group's management vision of building a world where people can lead fulfilling lives and initiatives to realize the sustainable improvement of corporate value. We detailed how we will create value through the utilization of the three management foundations that support value creation and adoption of a business model that advances sustainability by strengthening the management base through ESG initiatives and generates cash flow by pursuing businesses that are of service to people. Through the value we create, we will further strengthen our business foundations by earning the trust and understanding of stakeholders, which will, in turn, contribute to reinvestment in the next new business opportunity. In addition, the report explains the Group's overseas development and digital transformation initiatives. Named as an excellent integrated report by stock managing organizations for the Government Pension Investment Fund (GPIF), the report serves as a tool for communication with investors.

We are also stepping up our efforts in ESG dialogues and have proactively participated in ESG seminars held by securities companies to promote understanding, especially among European institutional investors with a strong interest in ESG. In addition, we hosted the sixth ESG small meeting, which is held every December. The meeting was composed of two sessions themed on (1) The environment, and (2) Society, and governance, each of which was participated by around 45 investors who engaged in a lively exchange of opinions. They asked about Zero Energy Homes (ZEH) and Zero Energy Building (ZEB) initiatives and carbon neutrality in the environment session, and in the society and governance session, about ensuring diversity and the composition and skills of the board of directors.

##### Dialogue and communication with individual investors

In fiscal 2021, we held two online company briefings for individual investors, which were viewed by a total of 3,127 people. We explained how, through business, we can address social and environmental issues that have become the focus of attention in recent years, invest in growth and provide returns

to shareholders, in line with the way the Group has developed its business to date, adhering to our founder's key concept of "being of service to society."



## 5 Communication base

### Issue 12 | Keep pace with rapidly evolving communication environments

#### Approach to issues

The Daiwa House Group has used communication with stakeholders to strengthen the human resources, customer, and technology/ monozukuri, and other bases that form our business foundation, further honing data-collection capability and problem-solving skills that are a strength of our businesses. Our information systems are not merely a communications platform; rather, they are vital infrastructure to enhance the six bases that are the source of value creation for the Group.

All companies are facing a sea change in communications technology with increasing use of Internet of Things (IoT), Artificial intelligence (AI), and Big Data. They need to put in place communications technology and systems that take into account medium- to long-term management and operational issues.

To date, our Group has built information systems involved in communications, including a core system for internal controls, intranet for employees, and tools to communicate with customers and business partners. In addition, these information systems act as a tool to protect the health and lives of our employees and stakeholders with regards to COVID-19. As new ways of working become the new normal, there is a challenge in how to enable hybrid and diverse participation in business.

In the three years up to fiscal 2021, we continued to effectively use and share information, bolster security, further develop information systems across the Group, and improve employee IT literacy under the heading “communications reform.”

#### Management and Main approach

##### Communications reform: Equipping our people for the information age

Communications reform is a key theme in the Information Systems Department's medium-term management plan (IT plan). These themes are: Reviewing things to be done from an overall perspective. Regular oversight by those higher in the chain of command so issues can be detected and resolved quickly. And All Information Systems people to share IT plan status and challenges. The plan is managed using P2M\* methodology. This entails reviews by directors and deputy directors, discussion among participants, and sharing the progress within Department in a quarterly PDCA cycle.

We are doing the following to lay the foundations for communications reform: (1) Developing capabilities to share of all types of information with internal and external stakeholders (2) Developing capabilities to make the best use of internal information (3) Supporting the adoption of communications platforms at our Group companies. In fiscal 2021, we engaged in three initiatives: strengthening lifelong contact with customers through the customer portal, supporting the introduction of a communication base for Group companies, and the use of electronic contracting services.

\* P2M stands for Project and Program Management: A management standardization methodology for integrated management of individual projects and all programs that include them

##### Strengthening lifelong contact with customers through the customer portal

The Group has established a customer authentication infrastructure for our website for prospective members, reserving exhibition halls and other spaces, and our website for owners. Until now, it has been necessary to register and log in for each service, but now, with an integrated customer ID that serves as a hub for various services, we have been able to reduce the amount of time required to register information and eliminate the need to remember separate login details for each of our services. With the integrated customer ID, it is now possible to direct customers to new services and between

business segments.

##### Supporting the adoption of communications platforms at Group companies

As part of communications reform to make best use of internal information, we developed arrangements to share the vast store of knowledge and expertise employees have gained in their duties and prevent it being tied to the individual or buried in the organization. This has enabled employees to utilize accumulated valuable information they need anytime from anywhere in a secure environment. We also made internal communication methods into rules and clarified the links between information and individuals.

To ensure error-free, speedier communication, we introduced tools to our Group companies.

In fiscal 2021, six additional Group companies adopted the platforms. We have provided support for the adoption of communications platforms to 21 Group companies.

We will sequentially introduce the platforms to the Group companies in fiscal 2022.

##### Electronic contracting services

We are keeping up with the social need to realize a digital society and the increasing number of requests for digital contracts from business partners and other parties with each business focusing on digitizing contracts. We have established internal rules that allow for the use of one of several designated electronic contracting services when we receive an offer from a corporate client to enter into an electronic contract.





## 5 Communication base

# Community Service and Cocreation Activities: Contribution to Local Communities

### Approach to issues

The Daiwa House Group places a lot of importance on earning the trust of local communities that host our business operations. In fact, we view our social contribution activities that we conduct on the community level as “co-creation activities” and develop them to resolve social problems that our hosting communities face. The fundamental approach that we use to develop these activities is espoused in our “Principles of Community Co-creation Activities.” Guided by these principles, we engage in dialogues with people from the local community, from which we can accurately identify their issues. We then take concrete steps together with the community to solve those issues and, in the process, seek their trust in us.

Since fiscal 2014, we have been conducting stably community co-creation activities every year at our branch offices and Group companies across Japan, with the intention of making them a regular component of doing business. An example of that is seen in the way multiple branch offices have taken constructive steps to strengthen their connections with NPOs and other community-based organizations, and sought common solutions to social issues of the local community and business issues on the corporate front. Daiwa House Industry works with the people from local communities to find solutions to social issues through activities in environmental preservation, educational support for the next generation, and welfare services.



Regional Social Contributions

### Management

#### Process that branch offices use to promote community co-creation activities

At Daiwa House Industry, planning and implementation of community co-creation activities are conducted mainly by the Community Co-creation Committee appointed at each branch office. The Community Co-creation Committee identifies local

issues through interviews with local citizen organizations and NPOs in the business area and then compares them with issues in business management, based on which tentative plans and measures are devised. In fiscal 2021, an online meeting was held for Community Co-creation Committee members to share case studies.

### Numerical targets for community co-creation activities

Since joining the “1% Club (currently Keidanren 1% Club)” established by the Japan Business Federation, Daiwa House Industry have worked toward spending 1% of ordinary income on activities that contribute to regional areas. Daiwa House Industry has the revitalization of regional communities through the Community Co-creation Committee and we are considering ways of investing in communities after comparing social issues and issues in business management. Furthermore, some branch offices have developed programs for community involvement after discussions with various local organizations.

### Main approach

#### Number of community co-creation activities

The number of activities conducted by Daiwa House Industry in fiscal 2021 were 651.

In addition to emphasizing dialogue with local governments, NPOs and local citizens in order to solve social issues based on the philosophy of community co-creation, we also cooperate with NPOs and NGOs to implement activities. In addition, we aim to enhance the contents of said activities and plan and implement activities that make employees say, “I want to participate again.” As for leave for volunteer activities, we have changed a system to allow for acquisition of leave days on a half-day basis from fiscal 2015, and on an hourly basis from fiscal 2021, thereby creating an environment that allows employees to acquire leave days more easily.



Number of community co-creation activities (Japanese text only)

Regional Social Contributions

### Investment in communities through community cocreation activities

The expenditures for fiscal 2021 based on labor cost and donation amount for community co-creation activities carried out by branch offices were 173,044 thousand yen.

#### Introduction and operation of donation collecting system

Our Company has introduced and operated the donation collecting system since fiscal 2005 as one of the community cocreation activities which its employees can easily participate in and continuously carry out. It is a mechanism where an employee can donate any registered amount of money automatically from his or her salary once he or she voluntarily registers such amount on the page of the in-house intranet for exclusive use for such purpose.

By the end of fiscal 2021, we have endeavored to expand such donations and the donation collecting system has been introduced to 23 member companies of the Daiwa House Group. Currently more than 6,700 employees are registered with the system



Endless Heart Donations Program (Japanese text only)

### Donations and sponsorships as a corporate citizen

As a corporate citizen, we want to help bring about a society where people can live materially and spiritually rich lives. We sponsor events in or donate to entertainment, the arts and culture, sports, education, and other civic causes, all to help create, bring to life, and enhance new value in and for the community.



Advertising & Sponsorship Activities (Japanese text only)



# Risk countermeasures base » Effective internal control and executives/all employee leadership in corporate ethics

Hone business continuity plans for natural disasters, etc., and establish corporate ethics, human rights and compliance rules for domestic and overseas bases

Contributions to SDGs



## Policy and Concept

### Megatrends that Impact Bases

- More frequent natural disasters, consistent severe heat
- Greater concern for human rights issues from stakeholders including institutional investors
- Higher expectations for corporate ethics and compliance (including anti-corruption)
- Increasing world population and rapid economic growth of emerging economies

### Social issues

The global spread of COVID-19 that began in December 2019 was a strong reminder of the importance of risk measures in corporate management. Companies around the world have recognized pandemic as one possible risk in their business continuity plans (BCPs), but when the risk was actually materialized, their countermeasures were found to be insufficient.

Risks in corporate management continue to increase, including the recent infectious disease, climate change, human rights issues, compliance, and cyber terrorism, and therefore it is urgent to be well-prepared for these risks. We may lose the trust of stakeholders if we are merely disturbed by an emergency due to it being something “unexpected.” To prevent such a situation, it is increasingly essential to be prepared for these risks in advance.

Recent years have also seen more and more cases of corporate compliance violations occurring, with a greater risk of this being spread through social media. Management must, therefore, strengthen internal controls, and also establish corporate ethics.

The development of the global economy will increase business opportunities, but will also bring greater risks as well. It is therefore essential to identify these risks and take adequate measures against them.

### Risks and opportunities for the Daiwa House Group and its responses

The Daiwa House Group is facing the possibility of increasing risks as its internal control fails to keep pace with the rapid growth of its business. In particular, our expansion of business domains and overseas business development may involve risks that are difficult to be foreseen based on our experience to date.

Our risk countermeasures are based on “being complete in small things.” The essence of this is to build a solid corporate culture to overcome any emergencies by having every employee to thoroughly do what they have to do with a sense of crisis. The front lines continue to function not just during ordinary times, but also in the time of emergency. That is our risk response by “being complete in small things.”

The Daiwa House Group has achieved a series of management reforms based on the spirit of having a “positive attitude.” This has enabled us to get through the collapse of the Bubble Economy and continue expanding the scope of our business up to the present day.

Our current approach to addressing risks is to identify them and take measures under the motto “Be prepared.” If a risk becomes manifest, we will not blink the fact but confront it directly. Having dealt with a situation, we then apply what we have learned to make changes in our systems. Our aim is to be a corporate group that protects people’s lifestyles and towns by engaging in management unaffected by any situation, by tackling the four issues that form the base of our risk countermeasures.



## 6 Risk countermeasures base

### ■ Overview of Endless Social Program 2021

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

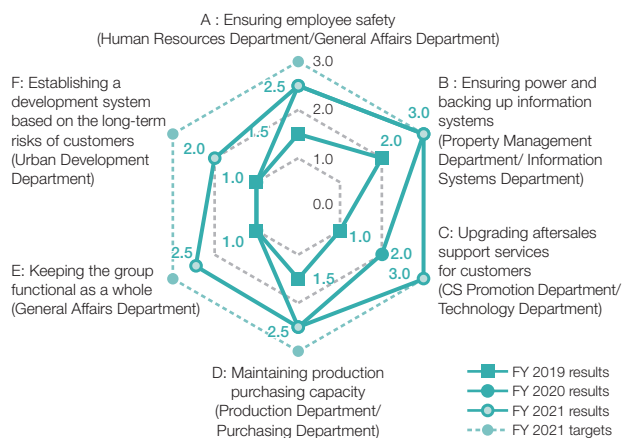
Adapt systems and business continuity plans to a broader range of “hypothetical” natural disasters and abnormal weather events because of climate change and aging infrastructure.

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.

##### ■ BCP score

FY 2021 results	FY 2021 targets
86 points	100 points

\* BCP score: sum of items A-F/18 (max. points) × 100



In fiscal 2021, we took the required measures to co-exist with COVID-19 (or ‘with Corona’) and ensure business continuity. In addition to establishing the telework system we began in 2020,

we have been working on our business continuity system by revising our own guidelines on infection countermeasures when needed to ensure rapid response to the spread of infection.

As fiscal 2021 was the final year of our Social Medium-Term Plan (ESP2021), we worked hard to achieve the goals in each category, such as the maintenance of Group-wide functions, improvement of our business continuity systems in core Group businesses, and strengthening of the support system for customers who have completed the handover to ensure a rapid response at critical times.

However, due to the ongoing COVID-19 pandemic and other constraints, we were unable to fully implement all of these measures. As a result, our business continuity plans (BCP) score, one of our key goal indicators (KGIs), fell short of the target. The Group will continue to strengthen its business continuity system to minimize damage from natural disasters and extreme weather events.

#### Issue 14: Establish human rights due diligence at factories

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

##### ■ Establish a process of due diligence for human rights at factories.

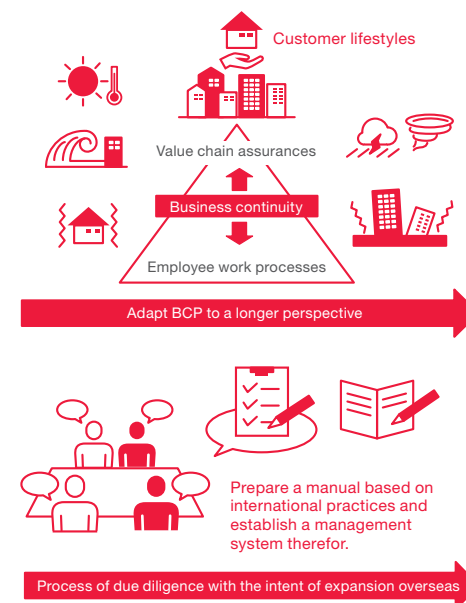
FY 2021 results	FY 2021 targets
Building programs	Launch

The Company is promoting due diligence for human rights throughout its entire value chain. As part of our efforts for factories in fiscal 2019, we built a system allowing employees of business partners working at our factories to directly make suggestions to us on the working environment.

Several of our business partners are permanently stationed in our factories as primary subcontractors to make it easier for our production managers to supervise them. In addition to the already established whistle-blowing systems such as the Partners Hotline and questionnaire surveys for our suppliers, we increased contact points for consultation so that we made

efforts to quickly detect and resolve problems regarding human rights.

Efforts for information gathering and response in fiscal 2021 include correspondence to suggestions posted by employees in the suggestion boxes and hearings of the monthly Risk Management Committee and Liaison council. To prevent deterioration in the working environments of business partners' employees working at our factories, as well as initiatives for human rights, we will leverage company-wide monitoring systems and conduct hearings with foreign workers in fiscal 2022 to establish human rights due diligence at our factories.





## 6 Risk countermeasures base

### 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.

#### Internal control system attainment score

Key Goal Indicators	FY 2020 results	FY 2021 results	FY 2021 targets
Internal control system attainment score	705.2	782.0	447

The company shifted to a business division-based system in fiscal 2021, where the head of each division has authority over and responsibility for ensuring corporate ethics and compliance. In line with this reorganization, Head of Management Administration Headquarters was appointed a director of the risk management responsible for building, operating and supervising the risk management system of the entire Group in a cross-sectoral manner. Under his supervision, Risk Management Committees are established for each business division as organizations tasked with preventing potential risks faced by each of the company’s businesses as well as relevant Group companies within their purview, and addressing these risks if they materialize. In this way, the new system calls on business divisions to take charge of information collection and analysis, and building and operation of recurrence prevention systems.

The internal control system attainment score, one of our KGI, increased to 782.0 points in fiscal 2021, an improvement from fiscal 2020. This is because our information collection and sharing systems were strengthened. In fiscal 2021, the Compliance Promotion Department continued to proactively pre-empt the emergence of risks, while business divisions made proactive efforts on their own responsibility and authority.

As a result, there was more active collection and sharing of risk information than in fiscal 2020, resulting in an improved score.

### 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 or 20 years. Address themes that neither the overseas bases (general affairs or accounting) nor departments at Corporate Headquarters can handle.

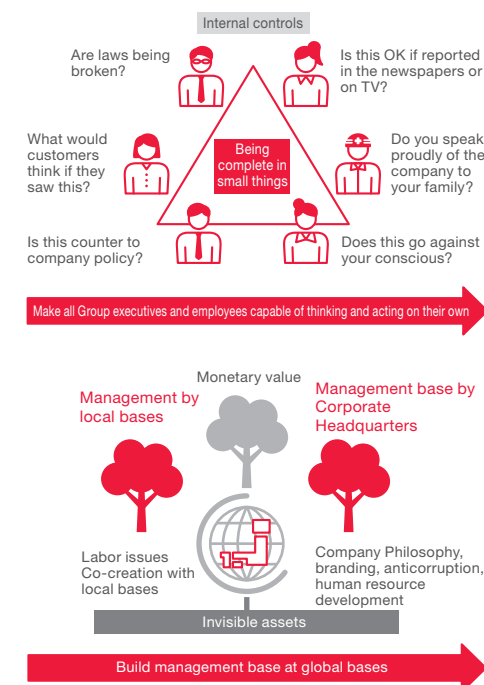
With regard to corruption (bribery), have Group companies carefully manage matters because much attention is paid to the subject in Japan and abroad.

From fiscal 2019, we have deliberated ways to enhance internal control overseas as part of the enhancement of the Group-wide governance structure. To enhance our management base for global operations over the medium to long term, we have made preparations to build management systems in respective regions. As a result, we established a regional corporate (RC) function in all areas (United States, China/Taiwan, Australia, ASEAN) in April 2022 and began region-based governance systems.

In addition, we have been conducting a Sustainability Survey since fiscal 2020 for employees of overseas Group companies for the purpose of continuous improvement in operation. The survey covers such points as employers’ ethical behaviors and job satisfaction.

Setting shared standards across all countries is difficult owing to differences in laws and commercial practices in each country and region, so we need to allow for flexibility in our business overseas. As of fiscal 2020, we aimed to achieve five points over the benchmark established by the results of the survey, but as the results varied widely among Group companies, we concluded that it is difficult to set a benchmark based on the Sustainability Survey.

Fiscal 2022 is a year in which we set our key goal indicators (KGIs) and key performance indicators (KPIs) in line with the 7th Medium-Term Management Plan, and we are aiming for these to be operational from fiscal 2023. We will continue to strive to be a company where overseas employees are motivated to work.







## 6 Risk countermeasures base

### Issue 13 | Prepare business continuity plans on the premise of natural disasters/extreme weather

#### Approach to issues

We see helping victims of natural disasters rebuild their lives as our social mission and have provided building products for emergency, as represented by “Pipe House,” our first product. In terms of a corporate structure, we aim to become a Disaster Resistant Company in order for us to fulfill corporate social responsibilities in case of a large-scale disaster or other crises that can cause extensive damage, by continuing important operations that support our business activities and by making efforts toward early restoration if the business is discontinued by any chance.

The construction industry must deal with natural threats to buildings and equipment. Natural disasters and extreme weather give severe impacts on products and services, and construction sites are often exposed to wind and rain in natural environment. As a result, abnormal weather events and intensifying natural disasters are a risk that can heavily affect our business continuity itself. We must also consider the damage to the working environment that may be caused by pandemics, as people are an intrinsic part of our business model, from sales to construction sites.

The Company has formed a BCM Subcommittee incorporating different departments to formulate BCM rules for Head Office and the worksites and build BCM systems. Given the frequent disasters in recent times, we strive for disaster preparedness and mitigation with a sense crisis, assuming that a serious disaster can occur at any time.

#### Management and Main approach

##### Business continuity management

If an earthquake, other natural disasters or pandemic occur, we set up a disaster countermeasures office and a local disaster countermeasures office, and have laid out a framework to provide support to our call centers or factories when they are hit by a disaster. In cases where the Head Office in Osaka is affected, Tokyo Head Office and Central Research Laboratory (Nara Prefecture) are specified as substitute Head Offices and continue with the business of our company.

##### Framework to ensure safety and peace of mind of employees

For typhoon, flood damage and other natural disasters as well as pandemics or bomb warning by terrorists, etc., we have prepared an action manual that clearly describes what we should do on the spot. Once every six months, a disaster drill is implemented at all our worksites to test employee safety confirmation and everyday preparedness. When a disaster occurs, we confirm employees' safety and get information on the damage that has happened.

With regard to COVID-19, mindful of government demands and the status of infections, we are striving to build a system to protect the safety and security of employees by taking measures to prevent the spread of infection, such as improving systems to support different work styles like teleworking.

##### Formulation of business continuity plans in the supply chain

To prepare for a situation where the supply of materials from suppliers may stop due to major disasters, we have formulated a business continuity plan for our supply chain, based on which we promoted measures, such as procuring materials from multiple suppliers and manufacturing sites, to minimize the risk of operations being suspended. Procedures for responding to disasters are set out to immediately ascertain the level of damage, and set up alternative systems if necessary.

In addition to disaster risks, there is a supply failure risk

attributable to suppliers. To mitigate this risk, we monitor their financial standing, legal compliance, and so forth.

##### Business continuity management in factories

In coordination with the Head Office Production Department, the factories collect information on weather conditions and monitor multiple sensors installed within factories. They prepare for natural disasters by implementing measures (wastewater inspections, protection of materials and products, inspections of shutters and doors, etc.) according to the anticipated damages. To ensure safety of our employees, we take care of commuters who have difficulty returning home, give instructions to go home early, and consult with managers of our business partners regarding the production system for the following day. An emergency contact system is also established including our business partners to minimize damage in case of emergency and to achieve a quick recovery.

##### Structure for response to customers if a disaster or abnormal weather occurs

To prepare for disasters, etc., pursuant to our Business Continuity Regulations, we implement education and periodic training for employees. In the event that an earthquake of a seismic intensity of 6 upper occurs, we make it a rule to immediately confirm our existing customers' safety according to the Disaster Response Manual. We also have put ourselves in a position to deliver relief supplies to affected areas through various routes including our Group companies.

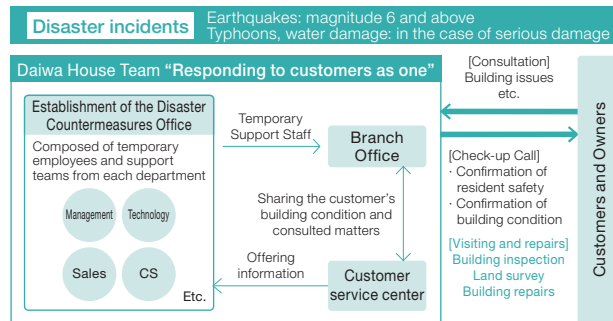
In fiscal 2021, we provided special building inspection services to the areas affected by the earthquake off the coast of Fukushima.



## 6 Risk countermeasures base

### Issue 13 | Prepare business continuity plans on the premise of natural disasters/extreme weather

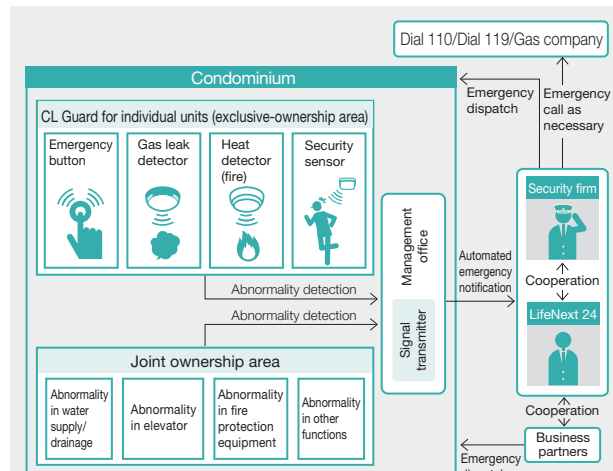
#### A team that can respond as one in times of disaster



#### Condominiums

##### Emergency response system "LifeNext 24"

We have established the "LifeNext 24," an emergency center for our condominium customers, operating 24 hours a day, 365 days a year.

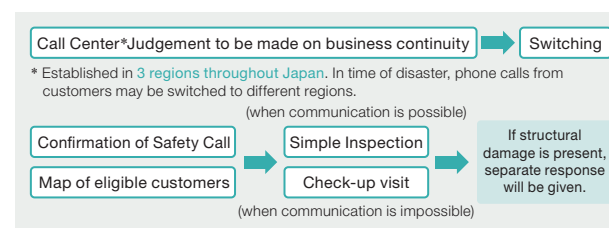


\* Monitoring items differ, depending on the specifications of the condominiums.

\* Emergency center "LifeNext 24" has been established within Daiwa LifeNext Co., Ltd., a condominium management company of the Daiwa House Group.

#### Single-family houses, Rental houses

##### Call center response structure



#### Efforts to improve the disaster-preparedness of condominium residents and the community

While disaster prevention efforts are being made in every region, there has been a large number of earthquakes and natural disasters in recent years, which has only intensified the importance of self-help and cooperation.

Condominium businesses Cosmos Initia and Daiwa LifeNext are engaged in a number of initiatives on this topic, such as holding disaster prevention seminars for residents, holding disaster prevention planning meetings for residents and neighbor associations, and providing evacuation shelter management and disaster prevention manuals.

- Cosmos Initia and 100bou host a meeting of residents of new-built condominiums Initia Nippori Avenue and Initia Nippori Terrace and neighborhood associations to prepare disaster prevention plans (Cosmos Initia) (Japanese text only)
- Launch of unique disaster prevention manual production service (Daiwa LifeNext) (Japanese text only)
- A new type of condominium fire drills in response to COVID-19: VR fire drills to be offered from November 2021 overseen by the Yokohama Fire Department (Daiwa LifeNext) (Japanese text only)

#### Construction of emergency temporary housing

The Daiwa House Group has structures to provide a smooth response when disasters occur, launching a project that handles everything from design to post-delivery management of emergency temporary housing.

The project implements efforts focusing on preparations before emergencies occur, such as development of construction manuals and regular drills.

The total number of temporary houses constructed for disasters was 11,051 after the Great East Japan Earthquake in 2011, 1,016 for the Kumamoto Earthquakes in 2016, and 105 temporary houses / 76 welfare-use temporary houses for Typhoon No.19 in 2019.



Emergency temporary housing

[WEB](#) [Aid Activities in Areas Affected by the Great East Japan Earthquake](#)

[Kumamoto University and Daiwa House Group sign a joint research agreement to provide early-stage emergency temporary housing \(Japanese text only\)](#)

#### Assisting civic life in time of disasters

The company signed agreements with local governments for providing assistance to civic life in time of disasters.

[P183](#) [Social data 1-5](#)  
Major examples of cooperation agreements with local governments



## 6 Risk countermeasures base

### Issue 14 | Establish human rights due diligence at factories

#### Approach to issues

The Daiwa House Group supports international standards including the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC) and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), as well as sets out our respect for human rights in our Principles of Corporate Ethics, while establishing the Daiwa House Group Human Rights Policy. For our business partners, we have established the CSR Procurement Guidelines as comprehensive social and environmental standards concerning human rights, labor practices, environmental protection, and anticorruption (including bribery), and which clearly states about respecting human rights as one of the codes in the Business Partner Code of Conduct, so we will respond to human rights issues that occur in our supply chain in a responsible manner.

To ensure that the Daiwa House Group's business does not lead to human rights violations, we will reinforce a mechanism to grasp and monitor the impact, and identify and improve issues from the viewpoint of human rights due diligence.



P070 [Human Rights Management](#)

#### Management

Business at the Daiwa House Group is done with the cooperation of many business partners from across our supply chains. In fact, most of these business partners are subcontractors who provide manpower for our factories and job sites. This makes their respect for human rights and labor conditions important matters to us. Providing them a job environment where they can safely engage in work over extended periods of time helps the subcontractor secure and retain the necessary human resources. We also believe that good workplace environments are critical for passing down skills and providing customers with high quality products.

As such, we have placed suggestion boxes in our factories, and by listening to the voices of employees, we strive to further improve their working environment.

By realizing work environments in factories where not only our employees, but also factory workers and their families can feel a sense of safety, we work to achieve "Co-Creating a Brighter Future" with our business partners from a long-term perspective.

#### Main approach

##### Implementation status of human rights awareness-raising activities with business partners

We established the Business Partner Code of Conduct in 2006 and CSR Procurement Guidelines in 2015 and have presented comprehensive policies calling on business partners such as protecting human rights and compliance with laws. Furthermore, in order for the Guidelines to gain foothold, we conducted a self-assessment to our business partners to see if they operate business in line with the CSR Procurement Guidelines on a daily basis. Under a mechanism we operate to utilize them for future improvement activities, the aggregated results were sent back to each branch as feedback. As for physical safety, an important human right for workers, we provide business owner training targeted at business owners of our business partners, as well as new visitor education, and supervisors/safety manager education targeted at workers.

In the course of operating business across the world, in some cases we use a security firm to ensure safety and security for our employees. In fiscal 2021, no infringement of human rights by armed security guard has been confirmed at the Group's business partners.



P103 [CSR Procurement Guidelines](#)

##### Engagement with business partners

The Group continues with dialogues on human rights issues such as safety and work environment through meetings with member organizations (the Confederation of Partner Companies, the Trillion Club) of partner subcontractors and suppliers.



P104 [Member organizations in our supply chains](#)



## 6 Risk countermeasures base

### Issue 15 | Establish corporate ethics and compliance rules

#### Approach to issues

In the Daiwa House Group, all employees are committed to maintaining high ethical standards and complying with the laws and the corporate philosophy system of the Group when conducting its business. While building trust with our various stakeholders including our customers, we aim to become a corporate group that can make contributions to society.

The Group set out the Principles of Corporate Ethics and Code of Conduct, which reflects our corporate philosophy system (Corporate Philosophy, Management Vision and Employees' Charter), to document the behavior that should be kept in mind and practiced by employees. Both in Japan and abroad, stakeholders' demands and expectations for corporate ethics and compliance are heightened, as represented by the emphasis on corporate integrity in buying behavior. Taking into account the changes in social circumstances, our expanding business operations, an increase in the number of Group companies and other internal factors, the Daiwa House Group believes it is urgent for us to strengthen our internal control system. At the same time, it is essential, over the medium to long term, to raise the awareness of each employee who is in charge of our internal control system.

In light of these circumstances, our board of directors resolved that, to improve corporate ethics and compliance rules at domestic and overseas companies based on global perspectives and standards, the Principles of Corporate Ethics and Code of Conduct should be revised in keeping with the laws, regulations and guidelines of each country. In addition, it was decided that an English version should be formulated. These decisions were announced in April 2022.

The Group ensures to share concepts of the Principles of Corporate Ethics and Code of Conduct as well as information on revisions to relevant laws with employees of every class without being limited to conventional methods, while implementing the PDCA cycle in organizational and company units. In addition, the board of directors will perform appropriate reviews of whether the Principles of

Corporate Ethics and Code of Conduct are being shared and implemented and take counteractive action where necessary. Through these efforts, we seek to lower risks including harassment, and establish corporate ethics and compliance as a corporate group.



Principles of Corporate Ethics and Code of Conduct

#### I Management and Main approach

##### Enforcement of anti-corruption with internal audits

To secure the transparency and fairness of business management pursuant to the Principles of Corporate Ethics, when asked for the investigation of corruption or illegal acts by the Human Rights Promotion Department or other relevant departments, we conduct ad hoc internal audits to confirm the facts.

We have created the in-house supervisory mechanism, under which internal audits are implemented by auditors and the Internal Audit Department; internal control activities over financial reporting are evaluated; issues are presented to the Risk Management Committee; and reporting is made to the consultation hotlines. We conduct corruption risk assessment by immediately making judgments on the information collected through such routes.

##### Respecting fair competition

In promoting "Co-creating a Brighter Future" with our business partners, we think it is important to establish a mindset and business processes that respect fair competition. For that to happen, all employees undergo training that enables them to make decisions and act in line with our "Principles of Corporate Ethics and Code of Conduct."

We verify that the Daiwa House Group Principles of Corporate Ethics and Code of Conduct are being complied with and identify violations through the internal audits conducted by the Internal Audit Department, and the audits of purchasing

operations that the Head Office Procurement Department conducts.

Moreover, as a tool for confirming whether the relationships we built with business partners are appropriate, we survey our business partners once a year. Problems identified in the questionnaire surveys are shared among branch offices for improvement purposes. The Partner Hotline System is also in place to help partners blow the whistle and ensure all problems reported are dealt with sincerely.

To check the compliance and risk status, moreover, coaching is provided to each branch office on improvements that should be made according to prescribed plans and on approaches to deal with the results of questionnaire surveys, with developments monitored. The Principles of Corporate Ethics and Code of Conduct are revised on a periodic basis with changes in social circumstances under the direction of Directors. It was partially revised in April 2022.



P128 Risk Management

#### Resolving problems in relations with partner subcontractors originating with the Daiwa House Industry employees

The results of the business partner questionnaire survey are analyzed and communicated to the executive directors of the concerned departments, including the representative directors, then fed back to the branch offices that operated as the business partners' point of contact to craft and implement improvements.

The information is shared with Technology Coordination Department and business divisions, and is also used in training programs to promote improvements by measuring the progress of improvement activities.



P186 Social data 4-1

Results of questionnaire survey for business partners





## 6 Risk countermeasures base

### Issue 15 | Establish corporate ethics and compliance rules

#### Resolving problems in relations with suppliers originating with the Daiwa House Industry employees

##### Auditing branch office's purchasing function

At Daiwa House Industry, we periodically audit the purchasing operations of each branch to make sure that ordering, contracting and other transactions with business partners are conducted properly and fairly by the PDCA method. The frequency of audits (from quarterly to annually) is determined based on the evaluation. In the audit implemented in fiscal 2021, compliance with the Corporate Ethics and Code of Conduct was checked, violations were identified, and corrections were made. In addition, business partners are regularly visited to make mutual improvements, promote management reforms, and create a better relationship.

The results of questionnaire surveys are taken into account in improving and guiding each branch office.

#### Policy regarding taxation

##### Basic Policy

The Daiwa House Group Principles of Corporate Ethics are defined for the sake of helping Co-creating a Brighter Future with all the stakeholders involved in the Daiwa House Group. Complying with not just the particulars but also the spirit of tax laws, paying appropriate amounts of tax and following tax fairness in all countries where we do business is part of our corporate social responsibility and also a way of contributing to the local community. This is why we do not engage in arbitrary tax evasion using tax havens, and instead we make it our policy the payment of taxes with consideration to a balance between improving our corporate value and providing a return to areas where we engage in business operations.

##### Company system relating to taxation

The Daiwa House Group does not adopt a consolidated tax payment system. Each company handles affairs relating to tax payment, while our Accounting Department reporting to CFO controls and supports overall tax affairs for the entire Group. For proper tax filing and payment, the Accounting Department is

working to obtain necessary legal knowledge as well as building a system that enables it to correctly aggregate information on transactions within the Group.

For transactions where the tax interpretations are unclear, we receive advice from outside experts, and make advance inquiries to the tax authorities with regard to important transactions to ensure appropriate tax payment.

##### Approach to international taxation

The Daiwa House Group understands the importance of international initiatives such as the Base Erosion Profit Shifting (BEPS) project by the Organization for Economic Co-operation and Development (OECD) to ensure tax transparency and prevent international tax evasion. Accordingly, we comply with the tax laws of each nation and perform tax management based on the principles of the BEPS project and other such initiatives. For international transactions between Group companies, we have set up rules based on OECD transfer pricing guidelines to follow.

##### Amount of corporate taxes by regions

Over 95% of taxes imposed on the Daiwa House Group is paid in Japan, so we do not disclose a tax breakdown by region. We intend to disclose the breakdown when the ratio of tax payment outside Japan exceeds 10% of the total, according to the progress of internationalization of our business.

#### Distribution and utilization of educational booklet "CASEBOOK"

At the Daiwa House Group, for not only sharing the Principles of Corporate Ethics and Code of Conduct with all employees but also put them into practice, we have created and distributed an educational booklet "CASEBOOK" to all employees of the Group since 2004. This booklet introduces concrete case examples so the employees can make decisions in line with the corporate ethics under any circumstances.

We regularly revise this booklet according to the changes in situation inside and outside the Company. In April 2021, "The 9th edition of CASEBOOK" was issued. In each workplace, discussions are made based on a case introduced in the booklet

at morning assembly or other occasions to enhance the sense of ethics.



The 9th edition of  
"CASEBOOK"

#### Monitoring and response to violation

The Group conducts a Sustainability Survey once a year to monitor whether or not its employees' actions are in line with the Principles of Corporate Ethics and Code of Conduct. The survey results are analyzed, feedback is provided to achieve proper workplace improvements, and each branch and the Group companies make improvement plans and act on these plans, thereby running the PDCA Cycle.

Meanwhile, we operate various whistleblower systems such as the Daiwa House Customer Consulting Center for our customers, the Partners Hotline for our business partners, the Human Rights Hotline, the Risk Information Hotline, Lawyer Hotline, Global Whistleblower System and the Auditors' Whistleblower System for our employees, as well as the Inquiries sections on the Daiwa House Industry official website, enabling these stakeholders to provide information to us in case they see any of our employees and others conducts any illegal, unacceptable, or suspicious activity.

For violations of law and our company regulations, we find the details and the cause based on the reports to the Disciplinary Committee with the President as the chairman, and make the violator take responsibility. We share causes of violations through educational activities and training provided at each branch in order to prevent them from reoccurring.



## 6 Risk countermeasures base

### Issue 15 | Establish corporate ethics and compliance rules

#### Complete prevention of connection with anti-social forces

The Daiwa House Group has also established the “Daiwa House Group Principles of Corporate Ethics and Code of Conduct” in order to realize sound corporate management and declared internally and externally that it completely prevents any connection with any anti-social force. Daiwa House Industry has built the system for taking organized measures by establishing the basic policy and the “Regulations for Responding to Anti-Social Forces,” clearly designating the department and its director comprehensively controlling practical measures under the General Manager of Management Administration Headquarters, who is the Representative Director, improving the manual for taking practical measures and taking other actions. In addition, it has built a communication and cooperation system for arising troubles by always reinforcing cooperation with external organizations such as the police and the prefectural centers for removal of criminal organizations.

Each Group company endeavors to build the system for excluding anti-social forces (such as improvement in rules, appointment of a director and cooperation with external organizations). In addition, the entire Group promotes combined efforts such as improving the database on anti-social forces shared by all companies of the Group.

#### Prevention of insider trading

Daiwa House Industry improves its system for preventing insider trading from happening and implements a training program for it Groupwide.

We have designated the person responsible for controlling insider information as the “Information Controlling Manager,” and the General Manager of Management Administration Headquarters has taken up such position. Generated insider information shall be immediately reported to the Information Controlling Manager.

We have built a system in which any of employees thereof and senior management of the Group company shall notify the General Manager of Management Administration Headquarters and obtain his or her approval before buying or selling any share or the like of Daiwa House Industry. Daiwa House Industry has built a system for employees of its Group companies in which any of such employees shall notify the Information Controlling Manager (President and COO of each company) appointed by each company and obtain his or her approval before buying or selling any share or the like thereof. When an applicant for such approval notifies his or her intention to do so, he or she shall check by himself or herself whether he or she has any insider information, and his or her superior (person in charge of controlling information) shall also check it. Thus more than one person checks it to prevent any insider trading.

Furthermore, training programs are implemented for new employees straight out of school and personnel employed in midcareer at the time of their entrances into the Daiwa House Group, thereby raise the awareness of them about the prevention of insider trading from happening. In addition, it continues to raise the awareness of them with the “CASEBOOK”, etc.

#### Education for employees on laws, ordinances, and regulations and corporate compliance therewith

In order to promote the acquisition of knowledge of laws, ordinances and regulations and raise the awareness about risk management, we actively implement training programs for corporate compliance. More specifically, we implement a training program for each class of employees such as new employees, core employees and managers in order to cultivate the knowledge and grounding required for each such class and a training program for each business segment to acquire the knowledge of laws, ordinances and regulations and so on relating to each such segment. In addition to training programs organized by the Head Office's departments, each branch is encouraged to hold its own compliance training programs and practice voluntary compliance-related activities.

CSR trainings that include the contents of corporate ethics and compliance are regularly provided at our branches throughout Japan.



## 6 Risk countermeasures base

### Issue 16 | Build management base for global business development from a long-term perspective

#### Approach to issues

The Daiwa House Group operates its overseas business by establishing 54 sites in 25 countries and regions as of March 31, 2022.

The construction market in Japan is said to shrink with a full-scale shift in demand from quantity to quality. Meanwhile, outside Japan, demand for construction and real estate is increasing as populations and economies continue to grow in the emerging economies. In response to the expansion of the scale and areas of our business in recent years, we are undertaking a review of our overseas governance systems. We have established regional corporate (RC) functions as regional governance systems in each area (United States, China/Taiwan, Australia, ASEAN). The establishment of RC functions allows us to quickly identify risks, respond and take preventative action within the context of cultures and customs, tax and legal interpretations, and labor issues that vary by area.

In addition, as the Group expands its overseas business, we believe that alongside governance systems, human resource development is of the utmost importance. Until now, we have conducted training within specialist overseas organizations to develop human resources, but as we expand and diversify into construction contracts, condominium sales and management, apartments, factories and logistics centers, it becomes essential to discover and develop human resources across the whole Group. Therefore, we are working on a cross-organizational, cross-sectional global human resource development program that includes our domestic business segments.

#### Management

##### Efforts to promote internal control at overseas Group companies

The Daiwa House Group adopted a business division-based system in fiscal 2021, and in overseas businesses, we adopted a governance structure that combines business management by each business division and region management by overseas headquarters. The system is built on RC functions that serve as a mediator between the Head Office and each overseas site by region. The operation of RC functions as regional governance systems enhances governance of each region, and that of the entire overseas business in an integrated fashion.

We also instituted Regulations for Group Management as part of our efforts to promote internal control. These regulations stipulate that each company of our Group is required to report to and seek approval from Daiwa House Industry concerning priority items. By having each division bearing the Group Head Office function cooperate with the RC function, as set forth in the regulations, we will ensure even stronger governance.



[Major associated companies of the Group](#)

##### Investment Management Guidelines (summary) for overseas operations

The Group compiles guidelines for business investments in its overseas business, which stipulate items to check and points to note in each phase of investments from preliminary survey to planning, execution and operation. The guidelines are notified throughout the Group to mitigate risks involved in business investments.

#### Dealing with risks in the businesses and activities in high-risk countries

##### Establishing a corruption prevention system

We are a signatory to the UN Global Compact, which includes the commitment to “work against corruption in all its forms, including extortion and bribery.” We are committed to preventing all forms of corrupt practices, including bribing public officials, giving and receiving excessive gifts and hospitality, collusion, embezzlement and breach of trust.

To embody this policy, we have formulated and implemented the Anti-Bribery Regulations, Anti-Bribery Bylaws, Identification Regulations and Regulations for Responding to Anti-social Forces. In addition, we seek to prohibit and prevent any corrupt practices through holding seminars and circulating an internal notice to the effect that any act infringing the principle of fair competition such as an illegal price-fixing agreement is strictly prohibited.

The Anti-Bribery Bylaws prohibit the offering of improper benefits. They take a risk-based approach in which bribes are dealt with even more carefully in high-risk countries, and for example require approval from a director for contracts with third parties from high-risk countries. These Bylaws were formulated in accordance with the Corruption Perception Index published by Transparency International.



[P129 Anti-corruption](#)



[Basic policies on anti-corruption](#)

##### Risk-reporting rule

A system is in place so that risk information found at an overseas Group company is immediately reported to a director of the risk management (Head of Management Administration Headquarters) and a business division responsible for the overseas Group company via Risk Management Secretariat (Legal Department of the company).



## 6 Risk countermeasures base

### Risk Management

#### Approach to issues

The Daiwa House Group identifies risks associated with the compliance, environments, quality, information security, human rights and others, then prevents and control these risks and minimize the loss caused by them. We consider that such risk management will contribute to protect rights and interests of not only the Group but also our stakeholders who are involved in our business.

#### Management

The company stipulated the Risk Management Regulations in which risks are defined as “events that may cause damage to the Daiwa House Group,” and risk response structures in normal times and in emergencies are documented. Specific systems are as shown below.

##### Structure in normal times

We have shifted to a business division-based system from fiscal 2021 and appointed the General Manager of Management Administration Headquarters as a director of the risk management responsible for building, operating and supervising the risk management system of the entire Group. Under his supervision, Risk Management Committees are established for each business division (Business Division Risk Management Committees) as organizations tasked with preventing risks in advance faced by each of the company's businesses, and addressing these risks if they materialize.

To supervise the overall internal control system of the entire Group, including those mentioned above, we have the Internal Control Committee chaired by President, with General Manager of Management Administration Headquarters (director of the risk management) serving as a vice-chairman.

#### Structure in emergencies

If a serious risk manifests, we set up emergency headquarters to address such risk and strive to minimize adverse effects on business performance. Among manifested risks, those that may have particularly serious impact on the Group or its stakeholders are addressed by the established headquarters that studies and promotes measures to deal with them or prevent their recurrence, as stipulated in the Risk Management Regulations. Criteria for setting up emergency headquarters, as well as constituent members, operation procedures and tasks of the headquarters, are set forth by Instructions for Establishing and Operating Emergency Headquarters, a subrule to the Risk Management Regulations, thereby ensuring quick establishment of the emergency headquarters and appropriate response to the risks.

Information relating to risk management collected through the above system is reported to the Board of Directors periodically or as needed through the Risk Management Committee and Internal Control Committee. The Board of Directors supervises management of these matters.

#### Main approach

##### Voluntary restrictions and legal violations in marketing and communications

In addition to complying with government and industry regulations, Daiwa House Industry has imposed various self-restrictions on advertising that include human rights considerations. We are also promoting the use of “D-Workplace”, an advertising production system for creating and utilizing templates for advertising materials, to reduce the risk of improper expression in the advertisement creation phase.

#### Measures to protect privacy

Daiwa House Industry fully recognizes the importance of protecting personal information and believes that the proper use and protection of this information not only forms the basis of our business activities, but also represents a key area of our social responsibility. From this perspective, we have established our Privacy Policy and disclose it inside and outside the company. In accordance with the Privacy Policy, we have built a secure organizational and personal information management system, and we provide thorough education and training on a regular basis to ensure compliance with this privacy policy and internal rules. In addition, we recognize the great sensitivity of personal information and the importance of protecting it when using information technologies; therefore, we have implemented a user authentication system, access restrictions, and operational log controls. We also take measures at various levels, including hard disk drive encryption and the detection of illegal external access.

In addition, we are conducting a review and reorganization of our information management system of not just personal information but all information assets in our possession, appointing an employee to be responsible for information management, establishing rules governing the handling of information by importance and training employees.

In fiscal 2021, we received no administrative guidance, advice, recommendations or orders from competent authorities.

##### Sanction measures due to a violation of law and litigation (including ESG-related issues)

##### Reserves in anticipation of a violation of law and litigation

The company may be led to make an estimate at the year-end and sets aside reserves for the payment of a fine or settlement highly likely to occur in the future due to an event that took place in the previous fiscal year or earlier. At the end of fiscal 2021, there were no significant reserves.







## 6 Risk countermeasures base

### Internal Control

#### Management

In the implementation of its internal control system, the Daiwa House Group refers to the Principles for Preventing Corporate Scandals announced by Japan Exchange Regulation. Our system is structured as below.

##### Internal Control Committee

The Internal Control Committee was established as an organization to receive reports on the internal control situations within the entire Group with an aim to verify and correct any internal control defects. It consists of the President as a chairman, the General Manager of Management Administration Headquarters as a vice-chairman, and directors in charge of respective business divisions and departments as members. The operational status of the Internal Control Committee is reported to the Board of Directors semiannually to ensure that it is operated properly under the supervision of the management team including outside directors.

##### Identifying the actual operational status of the internal control system

In the construction and implementation of its internal control system, the Daiwa House Group refers to the standard framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company's business divisions and departments and Group companies are required to report regularly on the status of construction and implementation of the internal control system, and the contents of which are reported to the Internal Control Committee. Risk information such as potential legal violations is reported immediately by rule to a director of the risk management (Head of Management Administration Headquarters) and each business division via Risk Management Secretariat (Legal Department of the company) once such information is found. In case that the regular reporting line does not work, the Whistleblower System is also in place to identify the defects in the internal control system. In addition, Internal Audit Department independent from business operation organizations audits the status of compliance with laws and internal rules of the company and Group companies in an effort to identify the actual operational

status of the internal control system.

### Anti-corruption

#### Approach to issues

The Daiwa House Group has formulated “Anti-Bribery Regulations” and “Identification Regulations” to build a system to strictly prohibit and prevent bribery, money laundering, misappropriation and other corrupt practices contravening the law. Furthermore, any behavior which, while not necessarily breaking the law, still promotes corrupt behavior and is ethically inexcusable is prohibited in accordance with various policies and rules such as the “Daiwa House Group Principles of Corporate Ethics and Code of Conduct”. The Group thereby stipulates that we shall conduct business transactions by ensuring transparency and fairness of business operations.



[Basic policies on anti-corruption](#)

#### Main approach

##### Risk assessment of corruption

We are a signatory to the UN Global Compact and support the anti-corruption principle of working “against corruption in all its forms, including extortion and bribery.” We are committed to preventing all forms of corrupt practices, including bribing public officials, giving and receiving excessive gifts and hospitality, collusion, embezzlement and breach of trust.

For example, in our Anti-Bribery Regulations, we have included the provision for grasping and assessing risks of offers of bribes. Specifically, we adopt a process in which employees collect information relating to practices involving bribery, and the responsible director conducts surveys on bribery risks.

In fiscal 2021, we received no report on any cases of acts of bribery including facilitation payments, or convictions or administrative penalties owing to corrupt practices including bribery.

#### Prevention of money laundering

For the purpose of ensuring the safety and peace of people's lives and preventing any money laundering in accordance with the objective of the Act on Prevention of Transfer of Criminal Proceeds contributes to the sound development of economic activities, we have laid down the Identification Regulations, which are the rules to verify identifiable elements of customers, transaction record keeping, notification of suspicious transactions and other matters, and kept our employees informed about them. After having made such efforts, we drew up and informed our employees about the “Questions and Answers about the Act on Prevention of Transfer of Criminal Proceeds,” which are designed to explain the contents of the Act on Prevention of Transfer of Criminal Proceeds and the Identification Regulations in an easily understandable way. We provide internal trainings related to the prevention of money laundering as well. Additionally, to verify that activities to prevent money laundering are performed appropriately pursuant to those laws and regulations, Internal Audit Department visits worksites to conduct audit.

On top of that, we have created the Risk Assessment concerning Transfer of Criminal Proceeds as documents prepared by a Specified Business Operator, etc., which is an obligation to make efforts specified in Article 32 of the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds. In the written Risk Assessment, we clearly state our policy and method we adopt to assess money laundering risks.

In fiscal 2021, we received no report on any cases of convictions or administrative penalties owing to problems related to accounting, including those based on the Act on Prevention of Transfer of Criminal Proceeds, a law to prevent money laundering.



## CHAPTER

# 03

### Implementation Report

# Corporate Governance

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## ■ Implementation Report : Corporate Governance



We will tirelessly push forward  
with endless reform to achieve  
sustainable growth

Executive Vice President and  
Chief Financial Officer (CFO)  
Head of Management Administration  
Headquarters

Takeshi Kosokabe

### Commitment from the Executive Officer in Charge

#### **Strengthening the Board of Directors' monitoring of executive management to create our ideal management structure**

The Daiwa House Group places great importance on corporate governance in order to achieve sustainable business growth and enhance its social value. We continue to advance initiatives based on four basic policies: Review the management structure and state of management and supervision. Enhance agile business execution and the risk response structure. Strengthen risk information gathering and sharing. And strengthen the environment for supporting sustainability and implementation.

Regarding the first policy—reviewing the management structure and state of management and supervision, we believe we can achieve sound business operations by ensuring that supervision by the Board of Directors functions objectively and independently from the management team's execution of duties, and we are placing great importance on strengthening the monitoring functions of the Board of Directors. One initiative under our strategy to strengthen monitoring functions will enhance the fluidity and diversity of our organizational structure by, among other things, setting a mandatory retirement age for internal directors and increasing the proportion of external directors to at least one-third. At the same time, to ensure that we get to hear opinions on our policies from many different people, including people outside the company, we have revisited the role of the Board of Directors, making changes to the Board of Directors regulations which now make it possible to submit agenda items for board meetings in addition to resolutions and reports. For example, in formulating Our Hopes for the Future, which details the type of future that we want to bring about as we work toward our centennial year, we submitted the details of our discussions to the Board of Directors in order to hear their frank opinions. More recently, we also submitted our Medium-Term Management Plan for the future in April 2022.



## ■ Implementation Report : Corporate Governance

In June 2021, we welcomed Yoshiyuki Murata as Executive Vice President to help further re-energize the Board of Directors. He will not only oversee the technology division; we anticipate that his insights based on his experience as a manager in the construction industry will inform the human resource and organizational development of the technology division. Another topic on the improvements agenda is having more diversity in our team of executive officers. In fiscal 2022, we welcomed as the executive officer for human resources a former CEO of one of our group companies. We will continue to develop our organization in a flexible manner and proactively incorporate new perspectives, while also accelerating initiatives designed to further diversity in human resources.

### Shifting to a business division-based system to effect significant improvements to risk management

We made great strides on our second basic policy—enhancing agile business execution and the risk response structure, as a result of embarking on full implementation of our business division-based system in fiscal 2021. This system involves transferring to the heads of business divisions authority which was traditionally delegated to the CEO; this is meant to advance development of an organization in which the business-division heads are responsible for the overall running of their divisions. Delegating authority in this way will more smoothly facilitate, for example, decision-making on whether and how to re-organize and streamline overlapping businesses, such as by consolidating management of group companies involved in overlapping businesses in the same division.

In a similar fashion, we have also worked on improving risk management. Previously, risks were comprehensively managed by the head office corporate department. However, now that we have shifted to the business division-based system, each

division head is responsible for risk management within their division. By having managers with a strong sense of ownership weigh these matters, we hope to encourage them to hash out and implement substantial and effective ways to deal with risks.

To put into practice our third basic policy—strengthening risk information gathering and sharing, we are implementing a multilevel analysis approach. We have developed a system in which the active discussions and status of initiatives by the Risk Management Committee of each business division are constantly shared with the Risk Management Secretariat, led by the Legal Department. Here, further discussions on risk countermeasures are held and particularly important matters are raised with the Board of Directors. Going forward, the challenge will be improving the level of risk management of the business divisions while also having the head office lead the business divisions' measures in terms of not only dealing with risks that have materialized, but also analysing and preparing for potential risks.

Dealing with global risks is another important topic. Global expansion will be an indispensable element for our Group's sustainable growth going forward. It is therefore vital that we strengthen governance at the global level as well. Since commencing the full-scale operation of our business division-based system, we have been working to bolster the medium- to long-term management foundations for our overseas business. We assigned managers to the United States, Europe, China, ASEAN, and other countries and regions, establishing consultation frameworks for such business areas as legal and accounting in each area and developing a structure for managing risk and compliance according to the specific circumstances of each locality. Although we were not able to proceed with our plans as we had hoped due to the pandemic, the end of which remains uncertain, we have finally been able to complete the establishment and staffing of Regional Corporate and launch area-based governance. We have now reached the stage where we will be able to proceed with specific operations.

### Solidifying governance to achieve corporate stature befitting our size

As for our fourth basic policy—strengthening the environment for supporting sustainability and implementation, we provide ongoing compliance training to increase the risk sensitivity of each individual and to encourage people to act compliantly. Another initiative is the establishment of the Compliance Promotion Department to encourage continuous improvement of organizational activities. When a problem occurs and instructions for crisis countermeasures are given, the Compliance Promotion Department acts as a third party to monitor the status of improvements, and if it determines that an examination is necessary, it will take measures to address the problem. It will also, if necessary, weigh developing an IT system to solve the problem.

Now that consolidated group sales exceed ¥4 trillion and our influence on not only the industry but also society has grown significantly, we need a corporate stature fitting of the size of our business. For us to continue as a company indispensable to society and to continue to create new value with our stakeholders through our business, we will continue to adopt a long-term perspective in our work and aim to realize a desirable environment.





## ■ Implementation Report : Corporate Governance

### Basic Policy and Concept

Daiwa House Industry considers corporate governance a priority issue in our business management in order to remain a corporation trusted by society. As such, our basic approach is to establish and maintain a swift and accurate decision-making and business execution system, an optimal supervisory and auditing structure, and a corporate governance mechanism incorporating diverse and long-term perspectives.

Operating on these systems, we pursue, and continue to improve, our corporate governance in the best possible manner, so that we may maintain both our contribution to society and value creation for our shareholders at high levels: the former through our business activities in a broad range of fields fulfilling society's needs as a group that co-creates value for individuals, communities, and lifestyles as stated in our management vision and advancing proactive innovation and exploration of new areas; and the latter as a publicly listed corporation that creates stable economic value surpassing capital cost on a medium- to long-term basis.

## ■ Management

### Corporate governance system

To increase our corporate value by putting our management vision into practice, the senior management in charge of business execution should always explore social needs based on a bottom-up approach, and the Board of Directors should deliberate and determine how we concretize the social needs as a business.

Our Board of Directors consists of ten executive directors and five independent external directors. By appointing both executive directors to enable accurate and swift actions on how to respond to the society's needs through our business operations, and a multiple number of independent external directors, we increase the level of objectivity and soundness of our business management. Furthermore, the Board of Directors is further audited by auditors and the Audit and Supervisory

Board that are independent of the Board of Directors.

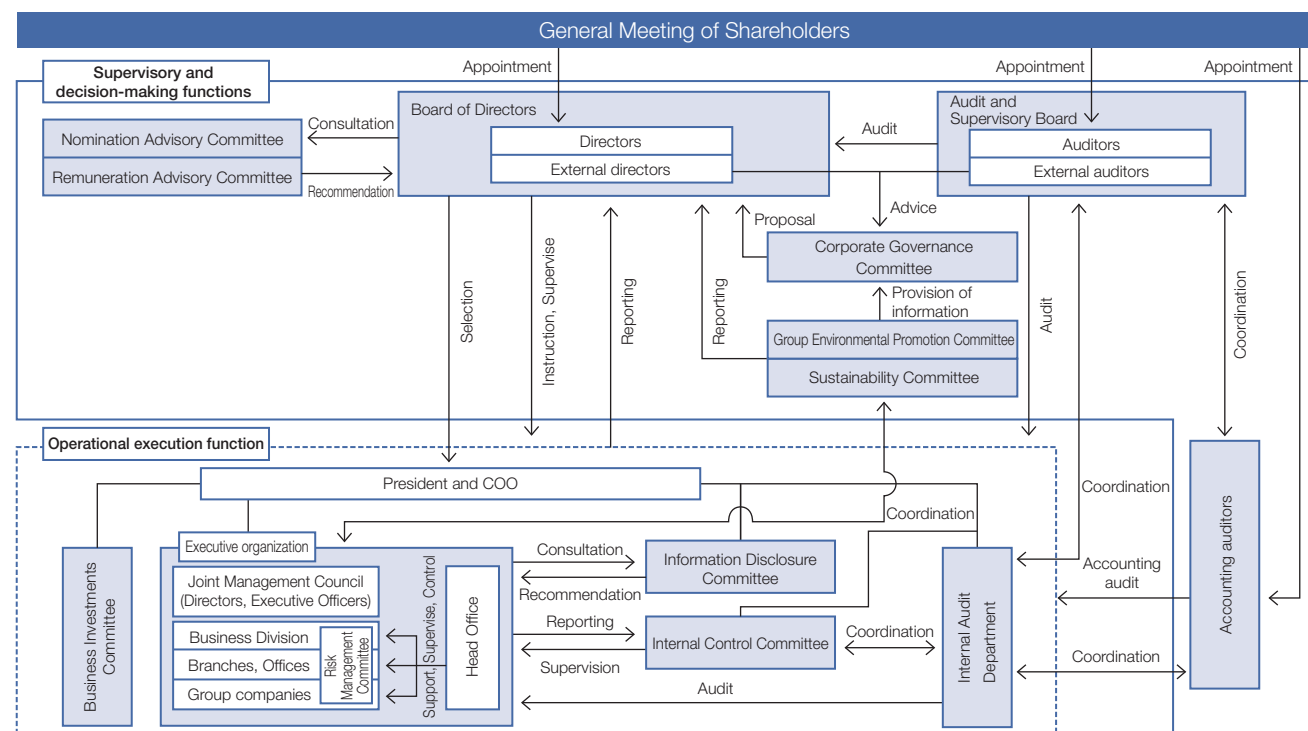
Regarding the nomination of directors and officers and remuneration, to enhance independence and objectivity, we have a Nomination Advisory Committee and a Remuneration Advisory Committee, the majority of whose respective members are independent external directors headed also by an independent external director. We also have the Corporate Governance Committee to discuss overall management visions, strategies including efforts toward achieving the SDGs (the UN's Sustainable Development Goals) and ESG, and other subjects, so as to sufficiently incorporate the knowledge of external directors into the company's medium- to long-term managerial issues for the sustainable growth of our company.

In fiscal year 2021, the Company shifted the business execution system to a business division-based system to enable quicker response to changes in society. The governance structure has been revised by delegating authority to the general managers of business divisions (directors in charge of businesses), establishing value chains and supply chains including subsidiaries for each business, strengthening risk management, improving performance evaluation and personnel evaluation systems, and adopting ROIC (return on invested capital) as a management indicator.

 [Corporate Governance System](#)

 [P187 Corporate Governance Data](#)

### ■ Corporate governance system





## ■ Implementation Report : Corporate Governance

### Revision of the “Rules and Regulations of the Business Execution System”

In the “Daiwa House Group Governance Enhancement Measures” announced on November 8, 2019, the Company shifted to a business division-based system in April 2021 in order to create a responsibility system in which the director in charge of each business is responsible for overseeing the performance and risk management of the business as a whole. In light of the start of this new business execution system, the Company has revised the Rules and Regulations of the Business Execution System to clarify where responsibilities lie and to ensure the organized and smooth execution of business execution activities by defining the basic roles and duties to be performed by each organization of the Company as segregation of duties.



[Implementation Status of “Governance Reinforcement Measures of the Daiwa House Group” \(Japanese text only\)](#)

### Selection of directors

Our company's Article of Incorporation stipulates that the term of office of directors as one year, and the Regulations of Directors set by the Board of Directors stipulates the procedures and standards for selecting directors.

#### Standards for selection of directors

1. Having good managerial sense and a mastery of wide-ranging managerial issues
2. Having an excellent company-wide perspective and abilities to analyze and judge subjectively
3. Having outstanding foresight and insight
4. Capable of accurately grasping the trend of the times, managerial environment and changes in the markets
5. Highly motivated to improve his or her own quality
6. Capable of proactively expressing his or her opinion from a company-wide perspective
7. Possess character and insight appropriate to the position of director
8. Not fall under any of the disqualifications for directors set forth in Article 331, Paragraph 1 of the Companies Act

### Diversity amongst directors

The Board of Directors of our company is consisted of various directors who have different backgrounds of expertise, experience and so on. And it's basically composed of 20 persons or less, as it is the adequate number of directors for the Board of Directors to fulfill its functions most effectively and efficiently. Ratio of external directors with independency and neutrality is basically one-third or more of the Board members.



[Information Disclosure in accordance to the Corporate Governance Code](#)

[Views on the Appropriate Balance, Diversity and Size, etc. of the Board of Directors as a whole](#)

### Operation of the Board of Directors

For sustainable operation of the board meetings even in times of pandemic, we improved networking environment and promoted paperless operation. In giving a briefing to external directors prior to the meetings, an environment was established so that they can get the briefing irrespective of their location.

We revised our board meetings rules by newly establishing “items to be discussed” in addition to issues for resolution and matters to be reported, with the intent to enable free discussion of mid- to long-term issues such as the revision of business portfolios.

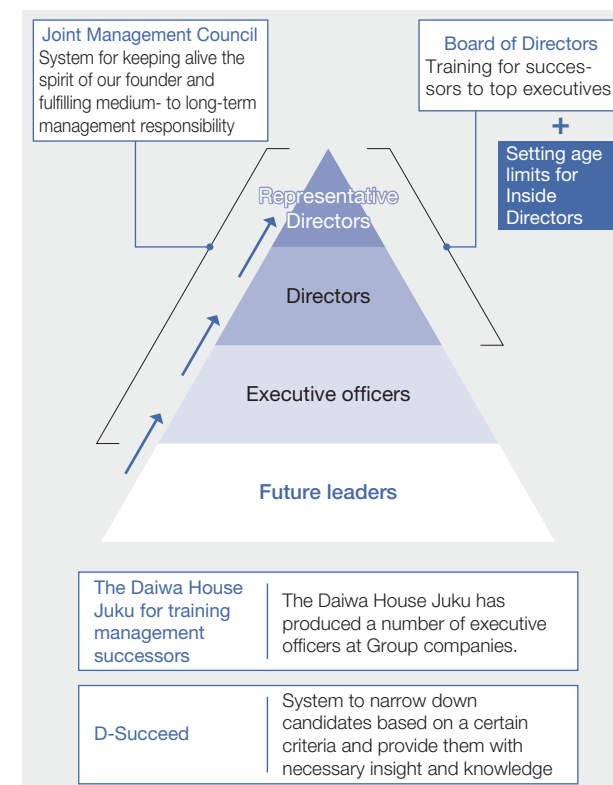
### Fostering successor candidates

To ensure further business growth under a rapidly changing operating environment, the Company has set age limits for Inside Directors (Representative Directors: sixty-nine; Directors: sixty-seven), hereby promoting smooth transition from one generation of top management to the next.

In fostering successor candidates, the Joint Management Council participated by directors, auditors and executive officers serves as a venue to study how to pass on the spirit of our founder, and which roles must be played by successors for fulfilling management responsibility, while sharing necessary management information and discussing relevant issues.

For fostering next generation of business top-level managers (mainly branch managers), we have upgraded the screening method of personnel since 2020. Named D-Succeed,

under this new system to foster human resources stably, candidates are narrowed down based on a certain criteria and are provided with necessary insight and knowledge. We also set up a program for nurturing managerial personnel active on the global stage as a human resources development system to support the company's overseas business.





## ■ Implementation Report : Corporate Governance

### Evaluation of Board of Directors

Daiwa House Industry evaluates the effectiveness of the Board of Directors annually since 2015 based on the Corporate Governance Guidelines established to realize sustainable growth and medium- to long-term corporate value enhancement.

The Audit and Supervisory Board and the Board of Directors analyze and evaluate the whole Board of Directors based on the self-assessment by directors through a questionnaire survey method. In fiscal 2021, we conducted a questionnaire survey in cooperation with an external organization as in fiscal 2020, and assured anonymity by having replies made directly to the external organization. Taking into consideration a report on the aggregate results from the external organization, we have confirmed the structure of the Board of Directors, its decision-making process, administration status of the Board of Directors including performance management, status of support to external directors, and status of the execution of duties of the directors. As a result of the above, we have determined that the effectiveness of our Board of Directors is ensured.

On the other hand, issues such as further strengthening of the monitoring function in conjunction with the transition to a business-division based system were shared. The Audit and Supervisory Board and the Board of Directors will continue to strive to improve the effectiveness of the Board of Directors and the management system.

### Supervision of the Board of Directors concerning SDGs and ESG

As for the efforts toward achieving SDGs and ESG, chairpersons of Group Environmental Promotion Committee and Sustainability Committee periodically provide information to Corporate Governance Committee, which is consisted of representative directors and outside executives, make suggestions to the Board of Directors on matters of importance and are engaged in their activities for SDGs and ESG promotion.



P024 Environmental Management

### Audit and Supervisory Board

The Audit and Supervisory Board operates independently of the Board of Directors. It consists of fulltime auditors well versed in the operations and management structure of the company, as well as external auditors who are experts in particular fields such as law or management. The Board receives in a timely and appropriate manner reports from Directors, employees and accounting auditors on items necessary for auditing the execution of duties by Directors and Executive Officers.

As an independent body entrusted by shareholders, auditors ensure the sustainable growth of the company by auditing the directors' performance of their duties. In addition, auditors share necessary information with accounting auditors, the internal audit department, and external directors, and hold regular meetings to improve the quality of audits and realize more efficient audits. One of the full-time auditors has extensive knowledge of finance and accounting, which enhances the financial expertise of the Audit and Supervisory Board.

In addition, we established an Audit and Supervisory Board Member's Office with several employees assigned to it, to accomplish tasks based on resolutions of the Audit and Supervisory Board and instructions of the auditors. To secure objectivity of audits, the employees assigned to the Audit and Supervisory Board Member's Office are ensured to be independent from directors regarding operational orders and personnel evaluation.

The status of auditors' audit and auditors' remuneration is disclosed in our Securities Report.



Securities Reports and Quarterly Reports (Japanese text only)

### Selection of auditors and accounting auditors

Our company's Article of Incorporation stipulates that the term of office of auditors as four years, and the Corporate Governance Guidelines and the Regulations of Auditors set by the Audit and Supervisory Board stipulate the procedures and standards for selecting auditors. Concept of the composition of auditors is as follows.

1. Audit and Supervisory Board shall be composed of a majority of external auditors for the purpose of securing of independence of the Board, and one or more members shall be designated as independent officer set forth by stock

exchanges.

2. External auditors shall be selected among professionals of finance, accounting, laws, business management and other expertise.
3. Fulltime auditors shall be selected among those who have rich experiences in our company, and one or more of them shall be selected among those who are considerably versed in finance and accounting.

In addition, procedures for the appointment of accounting auditors, etc., are stipulated in the aforementioned regulations, which clarify policies and other matters when appointing a new accounting auditor. In order to select an accounting auditor that best fits the Company's situation, the Audit and Supervisory Board decides the details of proposals regarding the appointment, dismissal, and non-reappointment of accounting auditors once a year, including a review of the suitability of the accounting auditor for reappointment.

Please refer to the "Integrated Report 2022 (to be issued at the end of September)" for details such as the number of corporate auditors.



Items related to organizational composition, organizational operation, etc. [Auditor-related] (Japanese text only)

Information Disclosure in accordance to the Corporate Governance Code

Policies and Procedures for the Appointment

Integrated Report (Annual Report)



## ■ Implementation Report : Corporate Governance

### Incentive system for medium- to long-term corporate value enhancement

Amid changes in the business environment, Daiwa House Industry has introduced a system awarding improvement of the medium- to long-term corporate value (stock awards), along with incentive for achievement of short-term business goals, so that we can make adequate managerial decisions that improve the medium- to long-term corporate value as the management of a listed company. In this way, we are creating a well-balanced incentive system. Objectives of respective elements are described below.

#### Basic remuneration

In compensation for “fulfilling their duties,” monetary fixed remuneration is paid to all of our directors and auditors. Limitation of remuneration for directors shall be 70 million yen per month (resolution at the 57th General Meeting of Shareholders held on June 27, 1996) and that for auditors shall be 18 million yen per month (resolution at the 80th General Meeting of Shareholders held on June 25, 2019).

#### Annual bonus

In compensation for “making a profit for the company’s growth and development,” performance-linked monetary remuneration, which is less than 0.5% of consolidated ordinary income, is paid to Executive Directors. To seek our shareholders’ judgement, the amount paid to directors in proportion to the company’s performance in the relevant fiscal year is submitted as agenda to the General Meeting of Shareholders every year. (KPI: Consolidated ordinary income)

#### Stock compensation

The following stock-based compensation with transfer restrictions until retirement will be paid to Executive Directors in order to further link their compensation to shareholders’ interests and increase incentives to enhance corporate value over the medium to long term.

- (1) Restricted stock compensation with post-issuance type transfer restrictions

A system in which the number of shares of the Company’s common stock is delivered in proportion to the period of

service.

- (2) Performance-based remuneration of transfer-restricted stocks

A system in which the Company’s common stock is delivered in proportion to the achievement of environmental indices set forth in the 7th Mid-Term Management Plan.

(KPI: environmental index)

\* The maximum amount of stock-based compensation shall be 900 million yen per year for each of (1) and (2), or 1,800 million yen per year in total. The maximum number of shares of common stock to be delivered is 290,000 shares per year for each of (1) and (2), or 580,000 shares in total (equivalent to less than 0.1% of the 655,729,423 shares issued by the Company (excluding 10,508,782 shares of treasury stock; as of March 31, 2022)).

[Determination of the amount to be paid]

In addition to the above policy, the Company will endeavor to ensure that stock-based compensation, which will serve as an incentive to increase corporate value over the medium to long term, accounts for approximately 20% of the total compensation paid to executive directors. The method of determining the amount of each remuneration payment is as described on the official website of Daiwa House Industry Co., Ltd.



Information Disclosure in accordance to the Corporate Governance Code  
Policies and Procedures in Determining the Remuneration

### Directors’ stock ownership

To foster benefit-sharing awareness with our shareholders and contribute to actions respecting shareholder return, the Company encourages its executives and employees to acquire treasury stock through its employment stock ownership program, etc.

Especially, Stock Ownership Guidelines are prepared for executives and executive candidates, who are supposed to play an important role in the company’s sustainable growth and the improvement of medium- to long-term corporate value. As a general rule, they are required to own more than a prescribed number of treasury stock.

#### Stock Ownership Guidelines

##### Executive Directors:

In principle to own 6,000 or more company shares within 3 years of appointment

##### Executive Officers:

In principle to own 3,000 or more company shares within 3 years of appointment

##### Directors of the Group companies:

In principle to own 2,000 or more company shares within 3 years of appointment

### Notice of the Fiscal 2021 Ordinary General Meeting of Shareholders

The notice of the Fiscal 2021 Ordinary General Meeting of Shareholders was provided within the period set forth in the Companies Act and was not delayed.





## CHAPTER

## 04

# Third-Party Assessment / Data Section

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## ■ Cooperating with Third Parties and Their Assessment

### Cooperating with Third Parties

#### Basic Policy and Concept

The Daiwa House Group believes that it is important to promote initiatives for climate change and biodiversity conservation and other environmental issues as well as communicate with stakeholders and work with organizations to resolve social issues.

Through dialogues and partnerships, we will deepen our understanding of the role that the industry and our Group will play in society and disseminate these efforts both inside and outside the company. Furthermore, by actively participating in validation projects implemented by countries and governments and giving advice for the promotion and strategy for environmental activities from industrial organizations, we can fully utilize our leadership with the goal of realizing a sustainable society.

#### ■ Main approach

#### Cooperation in international initiatives

Our Group is working together with companies that have similar goals by actively joining international initiatives to combat international issues.

#### Signing the United Nations Global Compact (UNGC)

In April 2018, the Company signed the UNGC, a voluntary initiative in which each company and organizations participate in the creation of a global framework to realize sustainable growth by acting as responsible and creative leaders and acting as good members of society. In anticipation of future business expansion abroad, the Company deemed it effective to sign on to an international initiative that is highly compatible with our ideas in order to express and promote understanding of the Group's human rights, labor, environment, and anti-corruption policies among people in countries and regions with various cultures and business practices.

When companies that are highly interested in solving social issues show leadership in promoting their initiatives and

disclose information about them, good practices will emerge. As more companies follow suit, this will bring us closer to the realization of a sustainable society. It is our desire to contribute to the realization of a sustainable society through the active participation of our Group.

#### Participation in environment related initiatives

From March of 2018, we have been part of the EP100 and RE100 international initiatives for the promotion of energy efficiency and the use of renewable energy. In August of the same year, the targets relating to mitigating and adapting to climate change decided in our long-term vision for the environment Challenge ZERO 2055 were recognized as scientifically based goals for reducing greenhouse gas emissions, and we were awarded the SBT certification.

In September, we joined the Task Force on Climate-related Financial Disclosures (TCFD) organized by the Financial Stability Board. Through exchanging opinions with countries and cooperating companies and increasing awareness of the TCFD, we can carry out more efficient low-carbon management and fulfilling information disclosure.



P040 [Response to the Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

#### ■ Initiatives participated in and conditions of our activities

Organizer	Committees, etc.
UN Global Compact	Participation in the Global Compact Network Japan · Supply Chain Subcommittee · Environmental Management Subcommittee · ESG Subcommittee, etc.
The Climate Group CDP	· RE100 · EP100
CDP and WRI (World Resources Institute) WWF (World Wildlife Fund) UN Global Compact	SBT
Financial Stability Board	TCFD Participation in the TCFD Consortium · Information Disclosure Working Group

#### Joining The Valuable 500

In January 2020, we joined The Valuable 500, an international initiative to promote disability inclusion. The aim of the initiative, launched at the World Economic Forum Annual Meeting in Davos in January 2019, is for business leaders to spearhead reform so that people living with a disability can realize their potential in business, social, and economic spheres.

The promotion of diversity and inclusion by building a flexible workplace for diverse employees is a priority for our Company. We endorse the aims of The Valuable 500, and will work to raise awareness and establish an environment enabling social engagement for all.



[Joined "The Valuable 500", an international initiative to promote the participation of people with disabilities to society. \(Japanese text only\)](#)



## ■ Cooperating with Third Parties and Their Assessment

### Active participation in validation projects conducted by the national government, etc.

Daiwa House Industry actively participates in validation projects for ZEH and ZEB and campaigns organized by the national government and its agencies to provide feedback on their policies and we also cooperate in bringing awareness to environmental activities.

#### ■ Major programs the Group participates in

Organizer	Program
Ministry of Economy, Trade and Industry	<ul style="list-style-type: none"> <li>Smart Community Alliance</li> <li>Association on the Promotion of Standards for Long-Term Use of Housing Materials</li> <li>Validation experiments for the sale of trackable non-fossil certificates</li> <li>TCFD Consortium of Japan</li> <li>Next Generation ZEH+ demonstration project</li> <li>Ultra-high-rise ZEH-M demonstration project</li> </ul>
Ministry of the Environment	<ul style="list-style-type: none"> <li>Green Value Chain Platform</li> <li>"Fun to Share" climate change campaign</li> <li>Water Project</li> <li>Plastic Smart Campaign</li> <li>Decarbonizing Management Network</li> <li>Company Research Committee for Responding to Climate Change Effects</li> <li>Platform for Climate Change Information</li> <li>Eco First Program Promotion Council</li> <li>Mori Sato Kawa Umi Project</li> <li>30by30 Alliance for Biodiversity</li> <li>ZEH support project</li> <li>Low- and Mid-rise ZEH-M promotion project</li> <li>High-rise ZEH-M support project</li> <li>Advanced energy efficient building demonstration project for ZEB realization</li> </ul>



P040 Response to the Task Force on Climate-related Financial Disclosures (TCFD)

### Leadership among industry organizations and policy proposals

Daiwa House Industry has joined various economic organizations and industrial groups and we participate in various committees related to economic, environmental and social aspects. Industrial organizations will work together to provide leadership that will formulate and promote activity policies that will address important environmental and social issues and also provide information for policy proposals and advice for policy from the standpoint of sales and development.

As part of this, we serve as the chair of the Environment Subcommittee of the Japan Prefabricated Construction Suppliers and Manufacturers Association, working to raise the level of environmental efforts throughout the industry and taking a leading role in pioneering measures to achieve climate change and decarbonization.

#### ■ Major organizations of which we are a member, and activities we participate in

Industry organization	Committees, etc.
Japan Business Federation	
Japan Federation of Housing Organizations (Our president is chairman as of April 2022)	<ul style="list-style-type: none"> <li>Building Regulatory Rationalization Committee</li> <li>Housing Performance Improvement Committee</li> <li>Housing Stock Committee</li> <li>Environmental Committee</li> </ul>
Japan Prefabricated Construction Suppliers and Manufacturers Association (Our president is vice-chairman as of April 2022)	<ul style="list-style-type: none"> <li>Housing Committee / Environment Subcommittee</li> <li>Housing Committee / Technology Subcommittee / Energy Saving WG</li> <li>Housing Committee / Housing Stock Subcommittee, etc.</li> </ul>
Japan Chemical Industry Association	Chemical Risk Forum
Housing History Information Accumulation and Utilization Promotion Council	Project Steering Committee

### Dialogue and cooperation with government agencies and their affiliate organizations

We participate not only in public relations activities via industry organizations but also in various committees and workshops of government agencies and their affiliate organizations. We take these opportunities to promote dialogues and cooperation to avoid business risks and create business opportunities through discussions on policies regarding environmental and social issues, and by sharing information and exchanging opinions on efforts made by non-governmental organizations.

#### ■ Membership of key committees, study groups

Organizer	Committees, etc.
OSAKA Zero Carbon Foundation	
Japan Sustainable Building Consortium	<ul style="list-style-type: none"> <li>SDGs-Smart Wellness Housing Research and Planning Committee</li> <li>CASBEE Research &amp; Development Committee</li> <li>CASBEE Housing Deliberation Subcommittee</li> </ul>
Environmentally Symbiotic Housing Promotion Council	<ul style="list-style-type: none"> <li>Survey and Research Subcommittee Promotion</li> <li>Subcommittee, etc.</li> </ul>
Smart Wellness Community Council	Community Development Subcommittee
Consortium for Building Research & Development	<ul style="list-style-type: none"> <li>Research and Development Promotion Committee</li> <li>Incubation Subcommittee</li> </ul>
Provision of Quality Housing Stock Association	<ul style="list-style-type: none"> <li>Planning &amp; Administration Committee</li> <li>Assessment Training Committee, etc.</li> </ul>
Senior Housing Association	Research Committee on Living Spaces, etc.



P183 Social data 1-5  
Major examples of cooperation agreements with local governments



## ■ Cooperating with Third Parties and Their Assessment

### Cooperation with NGOs, NPOs and other local and citizens' groups

We build partnerships with NPOs and NGOs that have abundant information and knowledge about environmental issues and have innovative experience in environment and social issues. We cooperate with them while complementing each other's

knowledge to promote the efforts toward solving environmental and social issues.

As part of this, we serve as the deputy representative of the Japan Climate Leaders Partnership (Japan-CLP), taking a leading role in enterprising policy proposals for climate change and decarbonization.

### ■ Key partners and activities

Collaboration partner	Major activities
Association for Business Innovation in Harmony with Nature and Community (ABINC)	Operation of biodiversity guidelines and promotion of biodiversity-aware land use
Osaka Gender Equality Foundation	Promotion of Gender Equal Community Development (Our employee participates as a director)
Sky Front Forum	Technological Development Group (technological study on rooftop and wall greening)
Japan Climate Initiative (JCI)	Strengthening of measures against climate change in Japan
Green Purchasing Network	Dissemination of green purchase and CSR procurement
Fair Recruitment and Human Rights Center	Ensuring fair hiring practices and promoting in-house human rights training
Association for Renewable Energy 100 Declaration RE Action	Promotion of use of 100% renewable energy by companies, local governments, educational institutions, and medical institutions
World Wide Fund For Nature (WWF) Japan	Implementation of the Timber Procurement Guidelines, sharing of information on risk areas, etc.
Zero Emissions Research and Initiatives (ZERI) Japan	Spread of and education on zero emissions activities
Multi-Ethnic 'Human Rights' Education Center for Pro-existence	Realizing a co-created society, promoting human rights education
Japan Climate Leaders Partnership (Japan-CLP)	Collaboration in decarbonization business and aspiring policy recommendations by enterprises, etc.
Japan Healthy House Association	Research concerning healthy housing and dissemination and awareness raising concerning healthy living style
Japan Forest-Volunteer Association	Conservation activities for Mt. Rokko
Reforestation Commercialization Research Group, Japan Project-Industry Council (JAPIC)	Reforestation Commercialization Research Group (industrialization of new forestry system, proposals on community revitalization, etc.)
Buraku Liberation and Human Rights Research Institute	Elimination of all racism and realization of a society with established human rights
Mirairo Inc.	Promotion of human rights awareness and universal manners training
Yoshinoyama Hoshokai	Cherry tree conservation activity at Mt. Yoshino

## Main certifications and awards

### On CDP Climate Change A List four years running. Received CDP's highest Supplier Engagement Rating for the third consecutive year

Our initiatives to deal with climate change and disclosure are recognized internationally to be of a high standard. We were awarded a place on the CDP Climate Change A List, the highest rating, four years running.

CDP Climate Change is an international NPO that surveys over 14,000 companies worldwide each year. Companies with outstanding strategies to deal with climate change are named to the climate change A List. In 2021, 200 companies, including 56 from Japan, were selected for the A List.

Also in fiscal 2021, the Company received the CDP's highest Supplier Engagement Rating, listing on the Supplier Engagement Leaderboard for three years running.



Recognized as "Climate Change A List" for four consecutive years, the highest rating in "CDP Climate Change" (Japanese text only)

Recognized as the highest rated supplier in CDP's "Supplier Engagement Assessment" for three consecutive years (Japanese text only)





## ■ Cooperating with Third Parties and Their Assessment

### Recognized at Environmental Communication Awards

Our Group was selected for the Hall of Fame at the Environmental Communication Awards for FY2018 to FY2021 co-sponsored by the Ministry of the environment and the Global Environmental Forum thanks to our Sustainability Report.

The Daiwa House Group publishes a sustainability report with comprehensive coverage of ESG matters, with the aim of building good relations with our stakeholders— customers, employees, suppliers, local-community members, and shareholders. This is the seventh time we have received an award in the environmental report category since our first award in 2007. Because we received first prize in the 21st awards, we were named to the Hall of Fame.



Recognized as a Hall of Fame company in the “Environmental Communication Awards” (Japanese text only)

### Company receives top Gold EcoVadis sustainability rating

90,000 suppliers in 200 industries from 160 countries worldwide participate in EcoVadis, a France-based ESG assessment platform that provides third-party sustainability reviews. 300 major global multinationals rely on it to promote responsible procurement.

Since our participation in ESG assessment from 2019, we have continued to maintain the top Gold rating (gaining a score in the top 5% in the global construction industry).

### Received the “Minister of the Environment’s Award for Climate Action 2021”

The Group is promoting “self-sufficiency through renewable energy” by creating, transporting, and using renewable energy to achieve RE100. In the area of “creating” renewable energy, the Group is developing and operating wind, solar, and hydroelectric power plants across Japan to increase the amount of renewable energy generated. In the “transport” and “use” segments, we aim to achieve self-sufficiency in renewable energy by purchasing renewable energy power with “tracked non-fossil certificates” derived from the Group’s renewable energy power plants from the Group’s electric power retailers.

In recognition of these efforts, the company received the “Minister of the Environment’s Award for Climate Action 2021” (Advanced Introduction and Positive Practice Category / Mitigation).



The “Challenge to achieve RE100 through self-sufficiency in renewable energy” received the “Minister of the Environment’s Award for Climate Action 2021” (Japanese text only)

### 2021 Integrated Report deemed excellent by GPIF’s Japanese stock investment managers

Our 2021 Integrated Report was named as an excellent integrated report for the five consecutive year by organizations that manage Japanese equities on behalf of the Government Pension Investment Fund (GPIF).

### Awarded 4.5 stars in Nikkei SDGs Management Survey

In the third Nikkei SDGs Management Survey, the Company’s rating was 4.5 stars (overall score from 65 to under 70) out of a maximum of 5 stars.

Nikkei rates 846 listed Japanese companies from the perspective of their moves to implement the United Nations Sustainable Development Goals (SDGs). Moving forward, we intend to take further steps to create businesses that solve social issues.



Nikkei “SDGs Management” Survey



## ■ Cooperating with Third Parties and Their Assessment

### 26th in CSR Corporate Ranking (2nd in construction industry)

Toyo Keizai Inc.'s CSR Corporate Directory (Employment/Human Capital Utilization Edition and ESG Edition) covers 1,631 companies. Firms are rated in CSR categories such as human resource utilization (max. 100 points), environment (max. 100 points), corporate governance and societal impact (max. 100 points combined), and financial categories (profitability, soundness, and scale; max. 100 points each) for a possible maximum 600 points and ranked accordingly.

Daiwa House Industry received 556.3 points out of a possible 600 (9.3 points down over last year), and was ranked 26th overall (2nd in the construction industry) in the 2022 edition released in February 2022.

#### ■ CSR evaluation

Human resources	Environment	Corporate governance + Impact on society
82.7 (−6.2)	96.3 (−1.1)	90.4 (−7.3)

#### ■ Financial evaluation

Profitability	Soundness	Scale
86.9 (+5.3)	100.0	100.0

### “SDGs Promotion Loan” was provided by Sumitomo Mitsui Banking Corporation (Cosmos Initia)

The “SDGs Promotion Loan” is one of the loan products provided by Sumitomo Mitsui Banking Corporation, and upon the granting of the loan, Sumitomo Mitsui Banking Corporation and The Japan Research Institute, Limited will confirm the current status of the company's SDGs initiatives, analyze the path (logic) to SDGs contribution through the company's core business, and provide the company with a loan to contribute to the SDGs through the company's core business. Advice on

how to promote SDGs initiatives is also provided.

Cosmos Initia, a member of the Group, was selected for the SDGs Promotion Loan based on its potential to contribute to the achievement of the SDGs goals through the following business activities.

- (1) Promotion of community development where the elderly can live actively through condominium projects for active seniors that contribute to the formation of compact cities.
- (2) Selling newly built condominiums for sale and renovated condominiums that are easy for the child-rearing generation to live in, and developing and operating an apartment hotel “MIMARU” that is comfortable for families to stay in.
- (3) Realization of diversification of work styles through the operation of “MID POINT,” a rental office in a residential location that realizes work and residence in close proximity, and contribution to regional revitalization through the operation of “ETOWA,” an outdoor resort that utilizes idle assets.



The Company was granted a “SDGs Promotion Loan” by Sumitomo Mitsui Banking Corporation based on its judgment that the Company can expect to contribute to the achievement of the SDGs goals through its business activities. (Cosmos Initia) (Japanese text only)






#### ■ Major ESG-related awards

Awarded category	Award name	Organizer	Reason for the award
ESG management	CDP Climate Change 2021 A (highest rating)	CDP	Efforts for excellent response and strategy to combat climate change
	CDP Supplier Engagement 2021 Supplier Engagement Leaderboard (highest rating)		Company efforts to deal with climate change evaluated in four categories: Governance, Targets, Scope 3 Management, and Collaboration with suppliers.
	CDP Water Report 2021 A-		Promotion of water resource management
	CDP Forest 2021 B		Forest resources conservation
	PRIDE Index 2021 Gold Award	Work with Pride	Diversity engagement
Products and services	Minister of the Environment's Award for Climate Action	Ministry of the Environment	Challenge to RE100 through self-sufficiency in renewable energy
	Platinum Grand Prize “Incentive Award”	Platinum Society Network	“Funabashi Grand Oasis,” a community development with 100% renewable energy “Re-Start” by Ko “Re” kara City
Communication	Selected for the Hall of Fame at 23rd Environmental Communication Awards	Ministry of the Environment Global Economic Forum	Daiwa House Group Sustainability Report



## ■ Cooperating with Third Parties and Their Assessment








### Inclusion in ESG indices

 <b>FTSE4Good</b>	<p><b>FTSE4Good Index Series</b>            The ESG Investment Index made by London Stock Exchange Group's FTSE Russell. The index began in 2001 and is characteristic because of its operation with a multistakeholder committee made up of investors, labor unions, NGOs and more, that protect its independence. Daiwa House Industry has been a member since March of 2005.</p>
 <b>FTSE Blossom Japan</b>	<p><b>FTSE Blossom Japan Index</b>            Used by the GPIF (Global Pension Investment Fund), which is the world's largest pension fund, as an ESG index that includes Japanese companies.</p>
 <b>MSCI</b> ESG RATINGS CCC B BB BBB A AA AAA	<p><b>MSCI World ESG Leaders Index / MSCI World SRI Index</b>            The ESG Investment Index made by Morgan Stanley Group's MSCI. Characteristic as an index that considers the target company's production characteristics while providing evaluations based on high priority ESG issues.</p>
	<p><b>MSCI Japan ESG Select Leaders Index</b>            The GPIF uses this as an investment target as it is an index that includes Japanese companies.</p>
 <b>MSCI</b> Japan Empowering Women Index (WIN)	<p><b>MSCI Japan Empowering Women (WIN) Select Index</b>            One of MSCI's ESG indexes containing companies that lead in promoting gender diversity within their sector based on their gender diversity scores. Based on the idea that companies that promote gender diversity may be better placed to cope with the risk of personnel shortages as the labor force rinks in the future, and thus be able to provide sustainable long-term earnings. It reflects the performance of Japanese companies strongly committed to gender diversity in the workplace and maintaining high financial standards.</p>
	<p><b>STOXX® Global ESG Leaders</b>            The ESG Index made by STOXX, a Deutsche Börse Group company. Based on the ESG data provided by Sustainalytics*, our company has been incorporated into this index since fiscal 2016.</p>
<p>Member of  <b>Dow Jones Sustainability Indices</b>            Powered by the S&amp;P Global CSA</p>	<p><b>Dow Jones Sustainability Indices</b>            An ESG index that was co-created with the American publishing company S&amp;P Dow Jones Indices and the Swiss survey and rating firm Robeco SAM. Our company has been classified to the real estate sector and we have been incorporated into the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific) since fiscal 2013.</p>

\* THE INCLUSION OF Daiwahouse Industry. CO. Ltd IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Daiwahouse Industry. CO. Ltd BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



## ■ Cooperating with Third Parties and Their Assessment

	<p><b>S&amp;P/JPX Carbon Efficient Index</b> An ESG index that has been adopted by the GPIF for operations that focuses on Japanese companies. Daiwa House Industry has the highest carbon efficiency within the real estate industry and we have been evaluated as a company that properly discloses information about our greenhouse gas emissions.</p>
	<p><b>GRESB</b> A ratings agency for real estate companies and REITs. More than 100 institutional investors are members. Daiwa House Industry has received an “A” rating for disclosure.</p>
	<p><b>Ethibel EXCELLENCE</b> An ESG Index created by the NGO Forum Ethibel, headquartered in Belgium. Component issues maintain above average performance regarding ESG in all regions throughout the world. Our company has been incorporated in the Ethibel Excellence Investment Register since December 7, 2016.</p>
	<p><b>ECPI</b> An investment management company headquartered in Luxembourg and Milan that has created various ESG indices separated by business type, region and theme. Our company has been incorporated since fiscal 2016.</p>
	<p><b>Bloomberg Gender-Equality Index</b> ESG index developed by Bloomberg in the US. This includes companies with superior codes of conduct, personnel systems, product development, and information disclosure related to gender equality. Daiwa House Industry has been included in the index since January 2019.</p>
	<p><b>Nadeshiko Brand (METI/TSE) award</b> A program jointly created by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange that introduces companies, by business type, that are actively taking efforts to promote the careers of female employees and create an environment where females will continue working and designates them as a publicly-listed company with good female empowerment practices (for TSE first section, TSE second section, TSE Mothers and JASDAQ). Since designated companies also have “management ability that promotes diverse human resources” and “adaptability to environmental changes,” these companies can be thought of as “companies with potential for growth.” Our company has been chosen for the five years from 2015 to 2019.</p>
	<p><b>New Diversity Management Selection 100 (METI) award</b> A program created by the Ministry of Economy, Trade and Industry that evaluates companies on their innovation, productivity growth and results that are achieved through the maximum utilization of female, elderly, foreign, disabled, diverse career persons. In addition, our company was the first in the housing/buildings industry to receive both the Nadeshiko Brand award and the New Diversity Management Selection 100 award at the same time in March 2016.</p>





## ■ Results and self-assessment of the Action Plan for the Environment (Endless Green Program 2021)

: Target for fiscal 2021 achieved

: Target for fiscal 2021 not achieved (achieved 90% or more)

: Target for fiscal 2021 not achieved (achieved less than 90%)

### ① General

Focal themes		Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results	Pages
Products and services	Pursue both environmental stewardship and corporate earnings by developing and selling products/ services that are tied to the environment	Sales of environmental contribution business	Daiwa House Group	1,227.7 billion yen	1,256.4 billion yen	1,400.0 billion yen	1,396.9 billion yen	023, 151

### ② Mitigating and adapting to climate change

Focal themes		Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results	Pages
Procurement	Provide important suppliers with support in setting targets and promoting efforts	Setting rate of principal suppliers' greenhouse gas emissions reduction targets (self-imposed targets)	Daiwa House Group	70.6%	80.4%	90%	87.7%	029, 033, 155
Business activities	Continue ZEB practices with new constructions, and energy-efficiency improvements and systematic equipment replacement with existing facilities Expand power generation projects driven by renewable energy (wind, solar, hydro and biomass)	GHG emissions (vs FY2015, per unit of sales)		31.9% reduction	39.3% reduction	35% reduction	41.4% reduction	033
		Energy efficiency (EP100) (vs FY2015)		1.34 times	1.46 times	1.4 times	1.47 times	033, 168
		Renewable energy utilization rate (RE100)		0.3%	8.5%	10%	18.2%	033, 036, 157, 159, 168
		Renewable energy rate		96%	133%	100%	131%	
Products and services	Promote ZEH, ZEB and Green Building certification	GHG emissions derived from use of products (vs FY2015, per area)	Daiwa House Industry	15.3% reduction	20.9% reduction	6% reduction	34.9% reduction	033, 167
		ZEH sales rate		41%	58%	70%	63%	033, 037, 160
		ZEB sales rate	Daiwa House Group	33.4%	39.6%	40%	44.1%	033, 038, 160
		Rate of Green Building Certification obtained	Daiwa House Industry	4.8%	75.5%	80%	91.6%	038, 154

### ③ Harmony with the natural environment (Preservation of biodiversity)

Focal themes		Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results	Pages
Procurement	Procuring sustainable timber	Ratio of S-ranked timber	Daiwa House Group	94.3%	95.1%	97%	94.0%	046, 048, 169
		Ratio of C-ranked timber		0.6%	0.5%	0.0%	1.1%	
Business activities	Promote greening at our and Group company facilities	Development of the company's facilities filled with greenery* * JHEP, ABINC, SEGES	Royal Home Center Daiwa Resort	7 (cumulative)	8 (cumulative)	9 (cumulative)	10 (cumulative)	046, 170
	Promote 3R activities with plastics at service centers	Purchase volume of plastic shopping bag (vs FY2017)		0.7% Increase	50.6% reduction	70% reduction	78.0% reduction	
Products and services	Promote the preservation and creation of green spaces in projects and community development	Compliance with voluntary standards for biodiversity conservation (development)	Daiwa House Group	100%	100%	100%	100%	046



## ■ Results and self-assessment of the Action Plan for the Environment (Endless Green Program 2021)

: Target for fiscal 2021 achieved



: Target for fiscal 2021 not achieved (achieved 90% or more)

: Target for fiscal 2021 not achieved (achieved less than 90%)

### ④ Closed-loop resource sourcing (Greater durability and waste reduction)

Focal themes		Management indicator (KPI)		Scope	2019 results	2020 results	2021 targets	2021 results	Pages
Business activities	Promote 3R activities with construction waste	Construction waste emissions (per unit of sales)	Production	Daiwa House Group	61.4 kg/million yen	61.2 kg/million yen	62.0 kg/million yen	57.5 kg/million yen	052, 174
		Construction waste emissions (per m <sup>2</sup> )	New construction		18.7 kg/m <sup>2</sup>	21.1 kg/m <sup>2</sup>	19 kg/m <sup>2</sup>	20.0 kg/m <sup>2</sup>	
		Construction waste recycling rates			97.1%	97.7%	97% and above	97.7%	
		Waste plastics recycling rate			91.2%	91.7%	90% and above	93.4%	



### ⑤ Conservation of aquatic environments

Focal themes		Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results	Pages
Business activities	Identify and minimize risks to water resources Reduce water consumption in our corporate facilities as well as houses and buildings	Water consumption (per unit of sales) vs FY2012	Daiwa House Group	33.7% reduction	48.3% reduction	34% reduction	46.8% reduction	 052, 176
Products and services		Water-saving device adoption rate (housing and hotels)		89.0%	96.8%	97%	93.4%	 177

### ⑥ Prevention of chemical pollution

Focal themes		Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results	Pages	
Business activities	Reduce the use of toxic chemicals in production stages	Release and transfer of PRTR (per unit of sales) vs FY2012	Daiwa House Group	56.8% reduction	63.0% reduction	57% reduction	69.3% reduction	👍	058, 178
		VOC emission (per unit of sales) vs FY2013		12.5% reduction	23.7% reduction	15% reduction	36.8% reduction	👍	
Products and services	Further improve indoor air quality of residential houses and facilities	Compliance with voluntary standards for indoor air quality			97%	96%	100%	96%	👎

### ⑦ Environmental education

Focal themes	Management indicator (KPI)	Scope	2019 results	2020 results	2021 targets	2021 results		Pages
Develop human resources for environmental management and improve environmental awareness and knowledge of the entire workforce	Number of those who acquired the Eco Test certification	Daiwa House Group	8,218	11,818	15,000	19,033		026, 152
	Green purchasing ratio		96.1%	96.0%	95%	95.6%		153




## ■ Results and self-assessment of the Social Medium-Term Plan (Endless Social Program 2021)

: Target for fiscal 2021 achieved








: Target for fiscal 2021 not achieved (achieved 90% or more)

: Target for fiscal 2021 not achieved (achieved less than 90%)

### ① Innovation base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
1. Build platforms for innovating solutions to social issues	Number of cooperative new business ventures or joint R&D projects that helped to solve social issues	Set with FY2018 results	Daiwa House Industry	Figures are not disclosed		Maintain a high level both in terms of quantity/ quality using fiscal 2018 as a benchmark	Figures are not disclosed		077–079, 182
2. Promote social inclusion in real-estate development	Percentage developed of large projects based on Community Development Guidelines and large-scale construction by our divisions	Figures unavailable as it was prior to establishing system		Building the system	Building the system	70%	Building the system	—	077, 080–082, 182–183

### ② Human resources base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
3. Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)	Improvement in “motivation” of entire workforce * Calculated based on question about “motivation” on a sustainability survey.	FY2018: 65%	Daiwa House Industry	65%	71%	80%	77%		084, 086–088, 184
4. Upgrade human resource development and recruitment (by building programs based on projected 2030 group requirements)	Retention rate of young employees (3 years after joining the company)	FY2017: 82.6% * Entered the Company in April 2015		75.4%	78.6%	90% and above	76.6%		084, 089–091, 184
5. Promote diversity and inclusion	General indices for diversity and inclusion * Calculated from the following items. Figures for April 1 of the fiscal year following the last fiscal year			—	—	—	—	—	085, 092, 185
	① Percentage of women managers	FY2017: 3.3% * April 1, 2018 results		4.1%	4.5%	5.0%	4.9%		
	② Percentage of line leaders amongst women managers	FY2017: 27.6% * April 1, 2018 results		25.0%	21.5%	40.0%	22.6%		
	③ Percentage of women engineers	FY2017: 4.3% * April 1, 2018 results		4.9%	4.9%	6.0%	4.8%		
	④ Percentage of women sales reps	FY2017: 9.1% * April 1, 2018 results		10.2%	9.9%	13.0%	10.2%		
	⑤ Percentage of women amongst new college recruits	FY2017: 28.4% * April 1, 2018 results		24.8%	23.5%	30.0%	25.8%		



## ■ Results and self-assessment of the Social Medium-Term Plan (Endless Social Program 2021)

: Target for fiscal 2021 achieved

: Target for fiscal 2021 not achieved (achieved 90% or more)

: Target for fiscal 2021 not achieved (achieved less than 90%)

### ③ Technology and manufacturing base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
6. Enforce safety/ security at construction sites	Frequency of worksite industrial accidents * Number of industrial accidents related fatalities/injuries per 1 million hours of work (Injuries requiring 4 or more days-off)	FY2018: 0.23	Daiwa House Industry	0.19	0.16	0.21	0.24		094, 096–097
7. Improve productivity in manufacturing operations with the cooperation of business partners	Number of days off per annum for construction site workers Number of days off per annum for factory workers	FY2018: 77 days FY2017: 105 days		88 days*1 (6 days-off for every 4 weeks)	100 days*2 (7 days-off for every 4 weeks)	112 days (8 days-off for every 4 weeks)	112 days (8 days-off for every 4 weeks)		094, 098–101
8. Promote and improve the efficiency of CSR procurement across the Group	① Percentage of important suppliers that comply with our CSR Procurement Guidelines (Scores of 80 or higher are judged as compliant)	Figures unavailable as it was prior to establishing system	Daiwa House Group	42.4%	44.2%	70%	44.9%		095, 102–105
	② Reply rate to CSR Procurement Guidelines self-check sent to all suppliers	15.1%		19.7%	43.5%	70%	45.3%		

\*1 Results for fiscal 2019 construction site target days off of 88 days are unconfirmed. For fiscal 2018, 93% of partners had obtained the 77 target days off (from questionnaire survey for business partners 2019).

\*2 Total of sites adopting a face recognition access control system. Approx. 80% of sites on average took holidays as scheduled.

### ④ Customer base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
9. Upgrade corporate communications (new customers)	① Interbrand Japan's Best Domestic Brand/ Brand monetary value	595 million USD	Daiwa House Group	700 million USD	700 million USD	1,000 million USD	731 million USD		107–109
	② Nikkei Corporate Perception Survey Favorability (individuals)	45.1%		44.1%	52.4%	70%	47.5%		
	③ Nikkei Corporate Perception Survey First-class evaluation (business people)	63.4%		71.7%	68.7%	90%	69.4%		
10. Promote customer support to maintain long-term relationships	Order rate using our customer base (Housing sales by referral)	39.6%	Daiwa House Industry	37.4%	39.9%	70%	41.4%		107, 110–111

### ⑤ Communication base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
11. Integrate and upgrade financial and non-financial communications (For investors, government authorities, specialists and internal use)	Establish a system and practices for financial and non-financial communications, and promote understanding that financial and non-financial communications system is fully integrated	Figures unavailable as it was prior to establishing system	Daiwa House Group	Launch	Launch	Launch	Launch		113–115, 186
12. Keep pace with rapidly evolving communication environments (IT literacy improvement for employees)	Establish communications platforms to ready the workforce for the information age * Following commencement of operations, quantify through usage log for provided communications tools and number of systems improvements		Daiwa House Industry	—	—	—	—	—	113, 116, 186
	① Build the means for sharing all sorts of information with stakeholders inside and outside the company	Results unavailable as it was prior to establishing system		Launch	Launch	Launch	Launch		
	② Build the means for effectively using information within the company			Building the system	Building the system	Launch	Launch		
	③ Support introduction of the communications platform at our Group companies			Building the system	Building the system	Launch	Launch		

### ⑥ Risk countermeasures base

Focal themes	Assessment indices (KGI)		Scope	2019 results	2020 results	2021 targets	2021 results		Pages
	Indices	Benchmarks							
13. Prepare business continuity plans on the premise of natural disasters/ extreme weather	Business continuity plan score (points)*3 (Scoring based on status of efforts in six themes, as assessed by the BCM Subcommittee)	Figures unavailable as it was prior to establishing system	Daiwa House Group	44 points	66 points	100 points	86 points		119, 121–122
14. Establish human rights due diligence	Establish a process of due diligence for human rights at factories	Results unavailable as it was prior to establishing system	Daiwa House Industry	Not started	Collecting information	Launch	Building the system		119, 123
15. Establish corporate ethics and compliance rules	Internal control system attainment score*4 * FY2021 goal set as 15% advancement	FY2017: 388	Daiwa House Group	397.4	705.2	447	782.0		120, 124–126
16. Build management base for global business development from a long-term perspective	Improved score on sustainability survey at overseas bases * Surveys target employees at overseas Group companies wholly owned by Daiwa House Industry	Figures unavailable as it was prior to establishing system		Collecting information	Launch	Benchmarks +5 pt	Launch	—	120, 127

\*3 Calculated based on the degree of progress in six indices (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

\*4 Calculated from the right 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.





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## Environmental Data | Calculation and Reporting of Environmental Data

### Basics

#### ◇ Report period: April 1, 2021 to March 31, 2022

#### ◇ Reporting organizations: Daiwa House Industry Co., Ltd. and its consolidated subsidiaries

Reference: Number of consolidated subsidiaries: 421 (161 in Japan, 260 outside Japan) (as of March 31, 2022)

The scope of these environmental data encompasses the business operations of Daiwa House Industry and its consolidated subsidiaries, which are the target organization of Endless Green Program 2021, our Environmental Action Plan. Excluded from the data, however, are smaller companies that impart no environmental impact for each indicator. The coverage rate of the target companies is 100%. In addition, in the event of a change in the number of consolidated subsidiaries subject to environmental management, the following measures are undertaken in order to facilitate the comparison of any such change.

**When the number of relevant organizations decreases during the term (due to a sale, etc.)**

Data of such an organization shall be collected for the fiscal year (until it is sold) and excluded from data collection from the next fiscal year on. This measure shall not be applicable to the past data.

**When the number of relevant organizations increases during the term (due to an acquisition etc.)**

If the environmental impact is large: Data on the relevant organization is excluded from the data for the relevant year or base year but is included beginning with the subsequent term of the Environmental Action Plan; past data is also included.

If the environmental impact is small: Data on the relevant organization is included beginning with the subsequent fiscal year.

#### ◇ Main referential guidelines

- *Sustainability Reporting Standards* by the GRI (Global Reporting Initiative)
- *GHG Protocol Corporate Accounting and Reporting Standard (Revised)* by the WBCSD/WRI
- *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* by the WBCSD/WRI
- *Environmental Report Guideline (2018 Edition)* by the Ministry of the Environment
- *Manual for Calculating and Reporting GHG Emissions (Ver. 4.8)* by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- *Basic Guidelines on Calculating Greenhouse Gas Emissions through Supply Chain (Ver. 2.4)* by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- *Guideline for Quantifying GHG Emission Reduction Contribution* by the Ministry of Economy, Trade and Industry

#### ◇ Report on preceding data

In general, the time period covered by our reports is the preceding 3 to 5 years.

If a calculation method or the scope of reporting is changed, corrections and reports are included in the above-mentioned periods as well as in the benchmarks for the base year.

#### ◇ Stance on greenhouse gas (GHG) emissions

At Daiwa House Group, among GHG emissions, we calculate and report exclusively on carbon dioxide (CO<sub>2</sub>) emissions originating from energy.

We exclude GHG other than CO<sub>2</sub> originating from energy. Specifically, these are CO<sub>2</sub> from non-energy sources, as well as methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), and the fluorinated gases of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). With regard to these, as the result of the Group's calculation of emissions based on the Act on Promotion of Global Warming Countermeasures, we have determined that these gases accounted for less than 1% of our total GHG emissions, and the degree of their impact on our activities was nominal.

#### ◇ CO<sub>2</sub> emission factor

Regarding fuel, etc., we use values based on the Energy Efficiency Act (Act on the Rational Use of Energy) and the Act on Promotion of Global Warming Countermeasures. For both domestic and internationally purchased electric power, we use the alternative values to power supplier emission factor based on the GHG emissions calculation, report, and disclosure initiative for use in Japan.

· Purchasing power	0.453 t-CO <sub>2</sub> /MWh	· Kerosene	2.489 t-CO <sub>2</sub> /kl
· Gasoline	2.322 t-CO <sub>2</sub> /kl	· City gas	2.234 t-CO <sub>2</sub> /1,000 m <sup>3</sup> (N)
· Light oil	2.585 t-CO <sub>2</sub> /kl	· LP gas	2.999 t-CO <sub>2</sub> /t
· No. 2 fuel oil	2.710 t-CO <sub>2</sub> /kl	· Cold, Warm Water	0.057 t-CO <sub>2</sub> /GJ

The calculation of CO<sub>2</sub> is affected by inherent uncertainty resulting from the incomplete scientific knowledge used to determine emission factors and numerical data.

#### ◇ Heat quantity conversion factor

In the Daiwa House Group, energy consumption is calculated using the Joule (J), a derived unit of energy in the International System of Units (SI), and the following heat quantity conversion factors are used for each energy type. Regarding renewable energy (consumed in-house), it is assumed that electric power purchases have been reduced by its use; therefore, the same heat quantity conversion factor used for purchased electric power is used. In addition, we use the same factors at overseas locations as well.

· Purchasing power	9.76 GJ/MWh	· Kerosene	36.7 GJ/kl
· Gasoline	34.6 GJ/kl	· City gas	44.8 GJ/1,000 m <sup>3</sup> (N)
· Light oil	37.7 GJ/kl	· LP gas	50.8 GJ/t
· No. 2 fuel oil	39.1 GJ/kl	· Cold, Warm Water	1.36 GJ/GJ

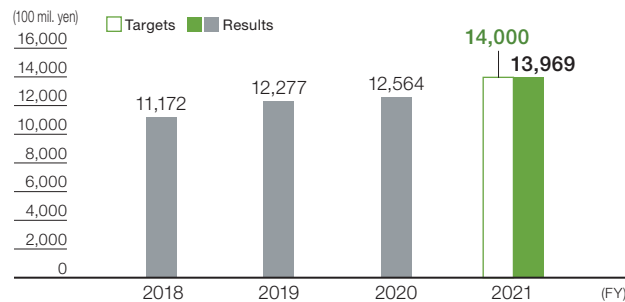


## Environmental Data | Strengthening the Foundation of Environmental Management

### General

#### Expansion of sales of environmental contribution businesses

##### ■ Sales of environmental contribution businesses

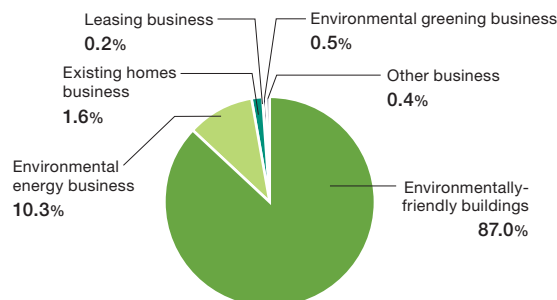


##### ■ Sales of environmental contribution businesses (by segment)

(Unit: 100 mil. yen)

	2018	2019	2020	2021
Environmentally-friendly buildings	10,202	10,719	11,095	12,153
Environmental energy business	666	1,110	1,129	1,432
Existing homes business	241	334	229	221
Leasing business	1	21	19	30
Environmental greening business	57	64	64	70
Other business	6	28	29	63

##### ■ Breakdown of environmental contribution businesses (by segment)



#### Calculation method and scope of coverage of environmental data

##### ■ Sales of environmental contribution businesses

###### ◇ Overview

Each of the businesses in Daiwa House Group works toward the realization of a carbon-free society and a society that is committed to recycling. The combined revenue from businesses capable of contributing to the environment is defined as sales generated by environmental businesses. In specific terms, we have established definitions for environmental businesses as shown on the right.

###### ◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries

\* However, only companies with businesses that match definitions of environmental businesses

Segment	Definition
Environmentally-friendly buildings	Single-family housing business ZEH-supporting products
	Rental housing business Buildings with a BEI of 0.85 or less
	Condominium business D's SMART Condominiums
	Commercial and office buildings business Buildings with a BEI of 0.8 or less
Environmental energy business	All energy recycling, energy conserving, energy retailing businesses
Existing homes business	Home renovation business Solar power generation systems, storage batteries, energy-saving renovations
	Existing homes outside sales Resale of existing houses by renovations
Leasing business	Energy-saving equipment leasing, EV leasing
Environmental greening business	Total environmental energy business, Park-Private Finance Initiative (Park-PFI) business
Other business	Sale of environmentally conscious products

### Environmental management

#### ■ ISO 14001 certification

Company name	Scope certified by ISO 14001 Figures in parentheses indicate rate of acquisition
Daiwa House Industry	Production Department and all 9 factories (100%)
Daiwa Lease	Company-wide* (100%) *Domestic only
Daiwa Logistics	Safety, Quality and Environmental Promotion Department, Mie Branch, Nara Branch, Osaka Minami Branch (9%)
Fujita	Entire company (100%)

(as of end- March, 2022)

#### ■ Sites that have the ISO 14001 certification

Company name	Site name	Certification body	Certification No.	Validity of the current certificate	Date of certification acquisition
Daiwa House Industry	Production Department	Japan Testing Center for Construction Materials	RE0008	July 31, 2024	April 15, 1998
Daiwa Lease	Entire company	Union of Japanese Scientists and Engineers	Registration No. JUSE-EG-056	August 28, 2023	August 29, 2002
Daiwa Logistics	Safety, Quality and Environmental Promotion Department Nara Branch Osaka Minami Branch Mie Branch	Japan Testing Center for Construction Materials	RE0615	September 27, 2022	September 28, 2001
Fujita	Entire company (domestic bases)	Japan Testing Center for Construction Materials	RE0002	November 30, 2023	August 15, 1997

(as of end- March, 2022)

#### ■ Compliance with environmental laws and regulations

	2021
Environmental violation fines	0 yen

#### Calculation method and scope of coverage of environmental data

##### ■ Compliance with environmental laws and regulations

###### ◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries



## Environmental Data | Strengthening the Foundation of Environmental Management

### Environmental supply chain management

#### ■ Status of dialog with suppliers (FY2021)

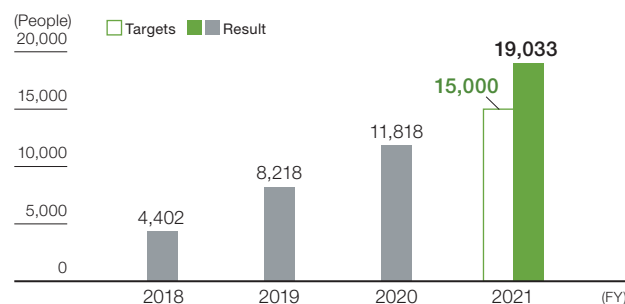
Company/organization name	Activity name	Details of main activity	No. of participating companies (No. of participants/No. of attendees)
Daiwa House Industry (Trillion Club)	Carbon-free working group	Sharing climate change problems, support for setting targets for CO <sub>2</sub> reduction	2 companies (8 attendees)
	Decarbonization dialog	Sharing the response status to climate change problems, changing awareness to raise the level of targets for CO <sub>2</sub> reduction	1 company (6 attendees)
	Training and education activities	Lectures by experts on climate change problems (Streamed as a video as a COVID-19 prevention measure)	Played 861 times
Daiwa House Industry (Setsuwa Club)	Carbon-free working group	Sharing climate change problems, support for setting targets for CO <sub>2</sub> reduction	9 companies (23 attendees)
	Decarbonization dialog	Sharing the response status to climate change problems, changing awareness to raise the level of targets for CO <sub>2</sub> reduction	9 companies (41 attendees)
Daiwa Lease	Decarbonization dialog	Sharing the response status to climate change problems, changing awareness to raise the level of targets for CO <sub>2</sub> reduction	2 companies (7 attendees)

### Environmental education management

#### ■ Environmental education provided (FY2021)

	Category	Contents	Number of participants and frequency
Specialized education	Waste management	e-learning	1,281 attendees in 4 courses
	Asbestos-related management	e-learning	394 attendees in 4 courses
	Soil contamination countermeasures	e-learning	11,430 attendees in 1 course
	ZEB	Training	473 attendees in 5 courses
	ZEH, ZEH-M	Training	155 attendees in 3 courses
	Soil contamination countermeasures	Training	202 attendees in 3 courses
Grade-specific education	Environmental education	e-learning	33,616 attendees in 2 courses
	Newly appointed manager education	e-learning	275 attendees
	Mid-carrier recruit education	e-learning	104 attendees
	Training for technical employees (yearly, by rank)	Training	1,181 attendees
	General training for new technical employees	Training	235 attendees in 4 courses
	General training for new sales employees	Training	29 attendees in 2 courses
	Mid-carrier recruit training	Training	79 attendees in 6 courses
	Disaster preparedness and environment management section manager training	Training	Once a year: 38 attendees
	Disaster preparedness and environment management section staff training	Training	Once a year: 29 attendees
	Overseas administration division managers training	e-learning	Once: 32 attendees
Supplier education	Carbon-free working group	Training	11 times: 31 attendees
	Decarbonization dialog	Training	12 times: 54 attendees
	Training and education activities	Video streaming	Played 861 times

#### ■ Number of those who acquired the Eco Test certification (The Group)



\* Targeted companies are Daiwa House Industry and 24 Group companies

#### ■ Employees with main environmental qualifications (Daiwa House Industry)

Qualification	Number of acquirers (cumulative)
Eco Test	9,202
CASBEE Assessor for Home (Single-family housing)	19,033 *
CASBEE Assessor for Building	309
Healthy Housing Advisor	294
Energy Manager	919
House Energy Saving Expert	39
Building Energy Saving Expert	34
Building Energy Saving Expert	8

\* The Group

(as of end- March, 2022)

#### ■ Number of participants in environmental education for children

	~2017	2018	2019	2020	2021
Eco Workshop for Children	6,504	247	277	20	80
The King and His House	207	61	36	0	0
Total	6,711	308	313	20	80
Cumulative	6,711	7,019	7,332	7,352	7,432

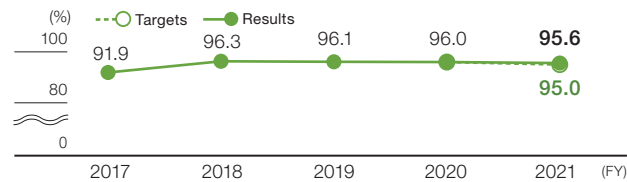




## Environmental Data | Strengthening the Foundation of Environmental Management

### Promotion of green purchasing

#### Green purchasing ratio



#### Calculation method and scope of coverage of environmental data

##### Green purchasing ratio

###### ◇ Overview

We have adopted our own Green Purchasing Standards for the items (copy paper, forms, catalogs, office supplies, office furniture, and office equipment) used in offices of the Company and 23 principal Group companies. In calculating our green purchasing ratio, we use the following formula on a monetary basis.

###### ◇ Calculation formula

Green purchasing ratio (%) =  $\Sigma$  (Amount of Green Purchasing Standards-compliant goods purchased (yen))  $\div$   $\Sigma$  (Total purchase price of target items (yen))

###### ◇ Scope of coverage

Segment	Target	Scope of coverage
Office work	Daiwa House Industry and 23 other companies	All offices (Head Office, branches, offices, sales offices) and research centers (excluding some of stores, hotels and nursing care facilities)

##### Green purchasing standards

We have adopted our own Green purchasing standards for six main items (copy paper, forms, catalogs, office supplies, office furniture, and office equipment) used in our offices.

Classification	Main Items	Standards
Paper	Catalogs, etc.	It must be made with Forest Certified Paper.
	Copy paper, forms	It must satisfy one or more of the following conditions i-iii: i) It must be an Eco Mark*1 certified product. ii) It must comply with the Green Purchasing Law. iii) It must be listed in the GPN database*2.
Stationery	Office supplies	It must be a product recommended by the Japan Office Institutional Furniture Association (JOIFA) as an environmental product (compliant with the Green Purchasing Law).
Office furniture	Chairs, desks, shelves, storage fixtures (other than shelves), low partitions, etc.	It must be a product recommended by the Japan Office Institutional Furniture Association (JOIFA) as an environmental product (compliant with the Green Purchasing Law).
Office equipment	Copiers, multifunction machine, fax machines, etc.	It must meet one or more of the following conditions i-ii. i) It is compliant with the Green Purchasing Law. ii) It bears the International Energy Star logo*3.
	Personal computers, printers, etc.	It must meet one or more of the following conditions i-iii. i) It is compliant with the Green Purchasing Law. ii) It bears the International Energy Star logo*3. iii) It is certified under the PC Green Label System*4.

\*1 An environmental label attached to products recognized as contributing to environmental preservation following a review by the Japan Environmental Association

\*2 A database of environmental products managed by the Green Purchasing Network (GPN)

\*3 A logo mark displayed on office equipment that meets energy efficiency standards set by the International Energy Star Program

\*4 A labeling system for eco-friendly personal computer products operated by the PC 3R Promotion Center



## Environmental Data | Real estate portfolio

### ■ GHG emissions, energy consumption, and water use in leased real estate (FY2021)

Application	Number of properties	Area	GHG emissions		Energy consumption		Water consumption	
			Total	Intensity	Total	Intensity	Total	Intensity
	Projects	m <sup>2</sup>	t-CO <sub>2</sub>	kg-CO <sub>2</sub> /m <sup>2</sup>	GJ	MJ/m <sup>2</sup>	m <sup>3</sup>	ℓ/m <sup>2</sup>
Offices	1	911	87	95.29	1,871	2,053.06	686	752.64
Commercial buildings	191	2,620,921	131,592	50.21	2,831,219	1,080.24	1,320,412	591.11
Logistics center	5	22,585	698	30.90	15,037	665.79	2,933	129.86
Total	197	2,644,418	132,377		2,848,127		1,324,031	

### Calculation method and scope of coverage of environmental data

#### ■ GHG emissions, energy consumption, and water use in leased real estate

##### ◇ Overview

Among the rental real estate properties that the Group owns in Japan, energy and water consumption for income-producing real estate (excluding leases of an entire building) and non-residential real estate are surveyed to calculate GHG emissions (total amount) and GHG emissions per square meter (intensity) for the entire building per year.

##### ◇ Scope of coverage

Five of our group companies that mainly engage in the rental real estate business.  
(Daiwa House, Daiwa Lease, Daiwa House Realty Mgt, Daiwa Logistics, and Daiwa Living)

##### ◇ Calculation formula

GHG emissions (t-CO<sub>2</sub>) =  $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{GHG emission factor for each type of energy})\}$   
GHG emissions intensity (kg-CO<sub>2</sub>/m<sup>2</sup>) = GHG emissions  $\div$   $\sum$  (total floor area)

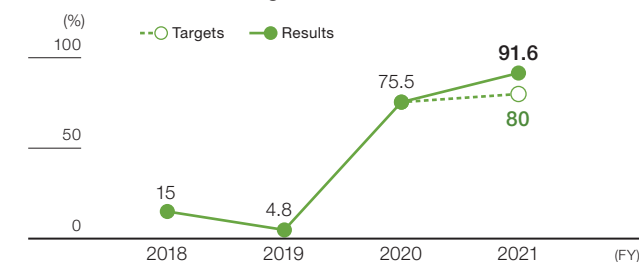
Energy consumption (GJ) =  $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy})\}$

Energy consumption intensity (MJ/m<sup>2</sup>) = Energy consumption  $\div$   $\sum$  (total floor area)

Water consumption (m<sup>3</sup>) =  $\sum$  (annual water consumption)

Water consumption intensity (ℓ/m<sup>2</sup>) = water consumption  $\div$   $\sum$  (total floor area)

### ■ Rate of Green Building Certification obtained



### ■ Green building certified area/total area

Unit: m<sup>2</sup>

Segment	2018	2019	2020	2021
Certified area	108,006	16,822	434,961	<b>1,501,047</b>
Total area	728,469	349,556	576,054	<b>1,638,375</b>

### Calculation method and scope of coverage of environmental data

#### ■ Rate of Green Building Certification obtained

##### ◇ Scope of coverage

The Company's self-developed properties (used as rental housing, commercial/business facilities)

##### ◇ Calculation formula

Percentage of properties certified as green buildings (%)

= Total floor area of our self-developed properties that have acquired certification [m<sup>2</sup>]  
 $\div$  Total floor area of our self-developed properties [m<sup>2</sup>].

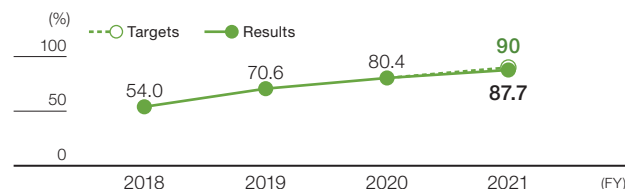


## Environmental Data | Mitigating and adapting to climate change

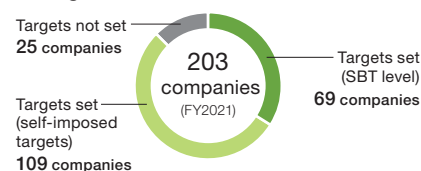
### Procurement

#### Principal suppliers' GHG emissions reduction

##### Principal suppliers' GHG emissions reduction target setting rate



##### Breakdown of principal suppliers' GHG emissions reduction target



#### Calculation method and scope of coverage of environmental data

##### Principal suppliers

###### Overview

Our principal suppliers are set forth as the Trillion Club, which supplies our materials, the Setsuwa Club, which supplies our facility equipment, and the Gosen Club, the supply chain organization for Daiwa Lease Co., Ltd., and Fujita Corporation's sources of procurement are also applicable.

###### Scope of coverage

Company name (organization name)	Scope of coverage
Daiwa House Industry (Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (90 companies)
Daiwa Lease (Gosen Club)	Among companies that are members in the Gosen Club, companies that account for approx. 90% of purchasing amount (20 companies)
Fujita	Major companies in each segment (15 companies)

###### Calculation formula

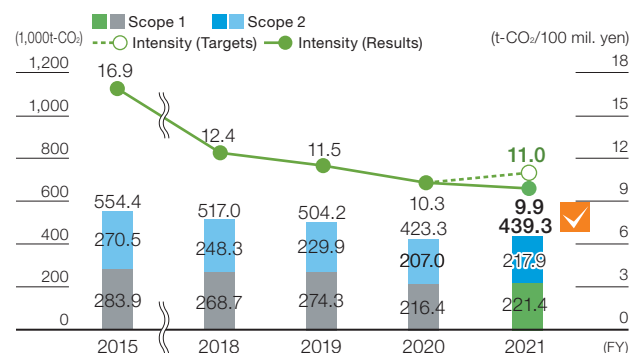
Setting rate of GHG emissions reduction targets (%)  

$$= \frac{\sum (\text{suppliers that have completed setting targets})}{\sum (\text{principal suppliers})}$$

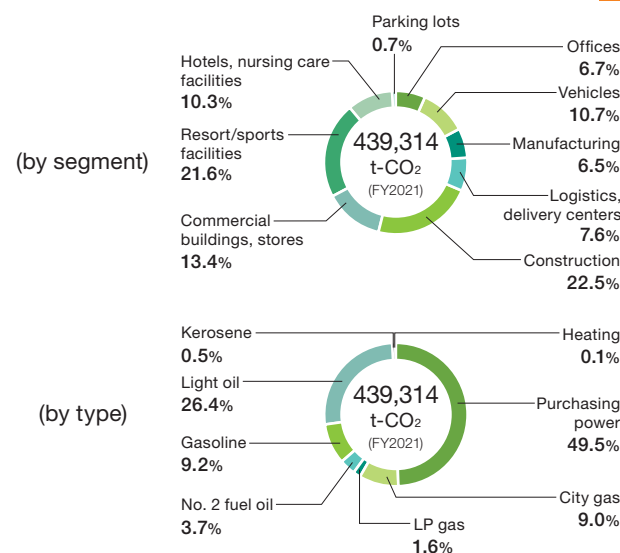
### Business activities

#### GHG emissions

##### GHG emissions and intensity



##### Breakdown of GHG emissions



##### GHG emissions (by segment)

Unit: t-CO<sub>2</sub>

	2015	2018	2019	2020	2021
Offices	36,619	35,166	31,486	29,607	29,576
Vehicles	55,265	49,209	46,584	41,393	47,075
Manufacturing	36,094	32,420	29,898	26,795	28,647
Logistics, delivery centers	37,426	37,429	35,075	33,978	33,594
Construction	148,840	136,832	146,368	113,091	98,752
Commercial buildings, stores	69,072	58,445	54,209	53,075	58,797
Resort/sports facilities	137,337	121,486	115,068	86,023	94,810
Hotels, nursing care facilities	30,954	42,767	42,883	36,508	45,120
Parking lots	2,790	3,237	2,637	2,853	2,943

##### GHG emissions (by type)

Unit: t-CO<sub>2</sub>

	2015	2018	2019	2020	2021
Scope2					
Purchasing power	270,504	247,393	229,344	206,402	217,318
Heating	0	900	596	553	548
Scope1					
City gas	34,522	38,428	40,859	33,528	39,592
LP gas	9,147	9,094	8,460	6,382	6,929
No. 2 fuel oil	25,348	24,838	21,113	13,911	16,208
Gasoline	55,765	47,696	45,020	40,053	40,531
Light oil	153,894	146,676	156,813	120,394	115,968
Kerosene	5,216	1,965	2,002	2,099	2,220

##### GHG emissions (Japan, outside Japan)

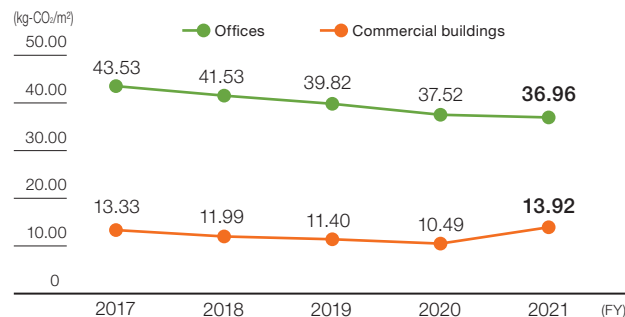
Unit: t-CO<sub>2</sub>

	2015	2018	2019	2020	2021
Japan	538,663	499,388	484,350	411,963	421,217
Outside Japan	15,734	17,603	19,858	11,358	18,096



## Environmental Data | Mitigating and adapting to climate change

### GHG emissions per gross floor space at our Company and Group facilities

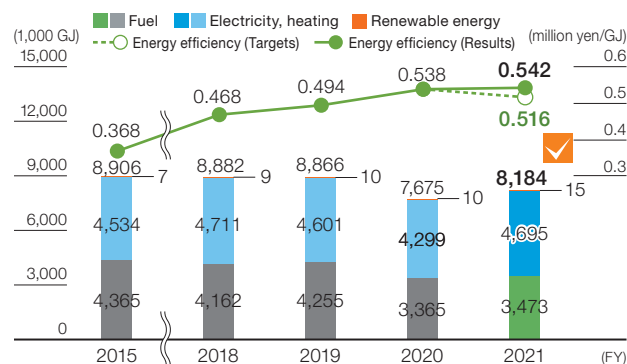


### Leading-edge project to reduce GHG emissions at our Company and Group facilities (new construction)

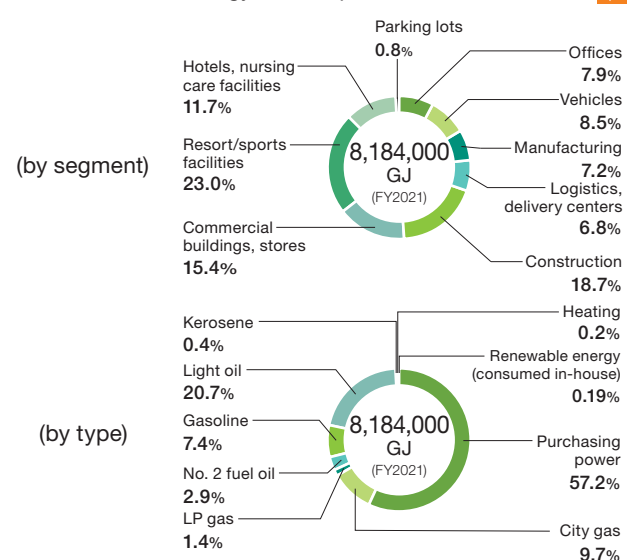
Project	Date completed	Application	Gross floor space	Number of Stories	Environmental performance
The Daiwa House Group MIRAI KACHI KYOSO Center	June 2021	Training Center	17,048m <sup>2</sup>	Four floors above ground	BEI: 0.37 ZEB Ready BELS ★★★★★ LEED Gold SITES Certification, WELL Certification, JHEP Certification, geothermal heat utilization, 100kW solar power generation system Introduction of renewable electricity
Royal Pro Yokohama Kohoku Interchange	March 2022	Commercial buildings	2,999m <sup>2</sup>	One floor above ground	BEI: 0.27 ZEB Ready BELS ★★★★★ Solar power generation system 59kW Wall greening, high-efficiency air conditioning
Daiwa Roynet Hotel Kumamoto Ginzadori	February 2022	Hotels	8,357m <sup>2</sup>	Thirteen floors above ground	BEI: 0.46 ZEB Ready Exterior wall insulation 50 mm, Low-E glass, increased thickness of hot-water pipe insulation, power regenerative (energy-saving) elevator

### Energy consumption

#### Energy consumption and energy efficiency (EP100)



### Breakdown of energy consumption



### Energy consumption (by segment)

Unit: 1,000 GJ

	2015	2018	2019	2020	2021
Offices	628	698	635	616	644
Vehicles	823	700	693	616	699
Manufacturing	604	606	582	538	592
Logistics, delivery centers	570	593	567	556	556
Construction	2,227	2,075	2,221	1,762	1,533
Commercial buildings, stores	1,179	1,117	1,085	1,102	1,263
Resort/sports facilities	2,288	2,213	2,174	1,676	1,880
Hotels, nursing care facilities	541	821	855	750	953
Parking lots	47	62	53	59	63

### Energy consumption (by type)

Unit: 1,000 GJ

	2015	2018	2019	2020	2021
Purchasing power	4,534	4,690	4,587	4,286	4,682
City gas	692	771	819	672	794
LP gas	155	154	143	108	117
No. 2 fuel oil	366	358	305	201	234
Gasoline	831	711	671	597	604
Light oil	2,244	2,139	2,287	1,756	1,691
Kerosene	77	29	30	31	33
Heating	0	21	14	13	13
Renewable energy (consumed in-house)	7	9	10	10	15

### Energy consumption (Japan, outside Japan)

Unit: 1,000 GJ

	2015	2018	2019	2020	2021
Japan	8,683	8,621	8,554	7,481	7,880
Outside Japan	223	261	312	193	303

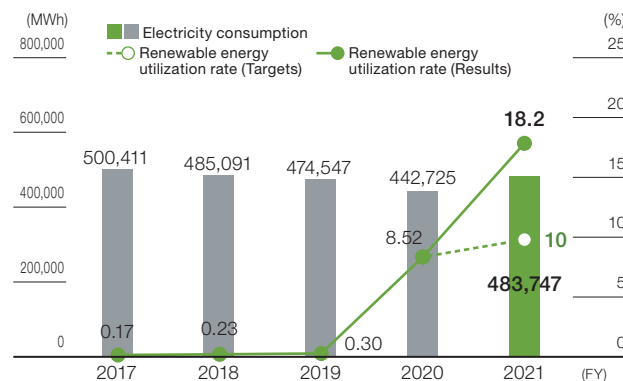




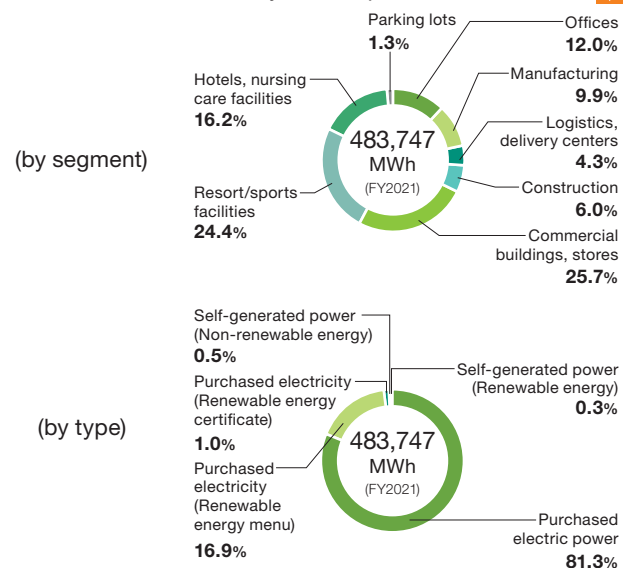
## Environmental Data | Mitigating and adapting to climate change

### Electricity consumption

#### Electricity consumption and renewable energy utilization rate (RE100)



#### Breakdown of electricity consumption



#### Electricity consumption (by segment)

Unit: MWh

	2017	2018	2019	2020	2021
Offices	62,046	59,047	56,788	55,310	58,117
Manufacturing	47,327	48,496	47,123	43,939	48,060
Logistics, delivery centers	18,439	19,833	20,864	20,442	20,978
Construction	40,301	36,528	32,712	38,688	29,226
Commercial buildings, stores	121,548	111,193	108,330	108,071	124,392
Resort/sports facilities	146,132	138,737	135,318	107,265	118,030
Hotels, nursing care facilities	58,201	64,936	68,010	62,940	78,448
Parking lots	6,418	6,321	5,403	6,070	6,496

#### Electricity consumption (by type)

Unit: MWh

		2017	2018	2019	2020	2021
Purchasing power	Renewable energy menu	0	160	415	36,642	81,940
	Renewable energy certificate*	0	0	0	0	4,650
	Other	495,700	480,341	469,552	402,511	393,141
Self-generated power	Renewable energy	871	962	1,000	1,075	1,558
	Non-renewable energy	3,840	3,628	3,580	2,498	2,459

\* Non-fossil certificates with tracking (purchased by consumers)

#### Electricity consumption (Japan, outside Japan)

Unit: MWh

	2017	2018	2019	2020	2021
Japan	486,715	475,028	466,390	433,692	472,709
Outside Japan	13,697	10,064	8,158	9,033	11,038

### Calculation method and scope of coverage of environmental data

#### GHG emissions/ energy consumption/ electricity consumption

##### Overview

GHG emissions refers only to CO<sub>2</sub> emissions originating from energy, and energy consumption is calculated on a heat quantity basis. The emissions are calculated by multiplying the CO<sub>2</sub> emission factor and heat quantity conversion factor for each type of energy based on purchasing data for electricity and fuel, respectively. It also includes a partial estimate for the construction segment.

##### Calculation formula

$$\text{GHG emissions (t-CO}_2\text{)} = \sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{GHG emission factor for each type of energy})\}$$

$$\text{Energy consumption (GJ)} = \sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy})\}$$

$$\text{GHG emissions intensity (t-CO}_2\text{/100 mil. yen)} = \sum (\text{GHG emission}) \div \text{consolidated net sales}$$

$$\text{Energy efficiency (million yen/ GJ)} = \text{Consolidated net sales} \div \sum (\text{Energy consumption})$$

$$\text{Electricity consumption (MWh)} = \sum \{ \text{Annual purchased electricity} + \text{electricity generated by self-consumption generation (including renewable energy)} \}$$



## Environmental Data | Mitigating and adapting to climate change

### ◇ Scope and calculation criteria (Japan)

Segment	Target	Scope (Number of locations as of end- March, 2022)				Calculation criteria
Offices	Daiwa House Group	All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition		Total	898 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
				Offices	695 locations	
				Research laboratories	2 locations	
				Training centers	4 locations	
				Housing exhibition	197 locations	
Vehicles	Daiwa House Group	All company vehicles and privately owned permitted vehicles		Total	14,106 vehicles	At each site, we use gasoline credit card billing data or refueling receipts to determine the amount of gasoline consumed and multiply it by the respective CO <sub>2</sub> emission factor.
Manufacturing	Daiwa House Group	All production sites		Total	35 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
Logistics, delivery centers	Daiwa House Group	Transport	All transportation in the logistics business (our company vehicles only)	Total	763 vehicles	At each site, we use the monthly bill from the fuel supplier to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
		Delivery center	All delivery centers required for transporting materials (our company operations only)	Total	92 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
Construction*1	Daiwa House Group	Construction sites for new houses and buildings and civil engineering works (excluding demolition/renovation)		Construction area: Total	5,638,000 m <sup>2</sup>	We estimate the overall situation by multiplying the sales floor area (sales amount) in the data collection period by the energy consumption per sales floor area (or sales amount) at a sample property. From this figure, we estimate the energy consumption by subtracting the energy consumption reduction estimated based on the implementation rate of energy-efficiency initiatives. This is calculated by multiplying the above energy consumption by the respective CO <sub>2</sub> emission factor.
				Housing construction	2,070,000 m <sup>2</sup>	
				Building construction	3,567,000 m <sup>2</sup>	
				Civil engineering	108 projects	
Commercial buildings, stores	Daiwa House Group	Commercial buildings and shops operated by our company		Total	609 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor. Note: Excludes the tenants' portion. (However, some tenant portions are included in facilities where such inclusion is required under the Energy Efficiency Act.)
				Commercial buildings	550 locations	
				Home improvement centers	59 locations	
Resort/sports facilities	Daiwa House Group	Resort hotels, golf courses, fitness clubs, warm bathing facilities and restaurants operated by our company		Total	112 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
				Resort hotels	29 locations	
				Golf courses	10 locations	
				Fitness clubs	70 locations	
				Warm bath facilities, Restaurants	3 locations	
Hotels, nursing care facilities	Daiwa House Group	Urban hotels and nursing care facilities operated by our company		Total	111 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
				Urban hotels	101 locations	
				Nursing care facilities	10 locations	
Parking lots	Daiwa House Group	Parking lots operated by our company		Total	2,843 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.

\*1 Beginning in fiscal 2016, we identify the energy consumption of sample units for each application in some segments and review this value every year. Further, the preceding year's data is calculated with the same method.

### ◇ Scope and calculation criteria (Outside Japan)

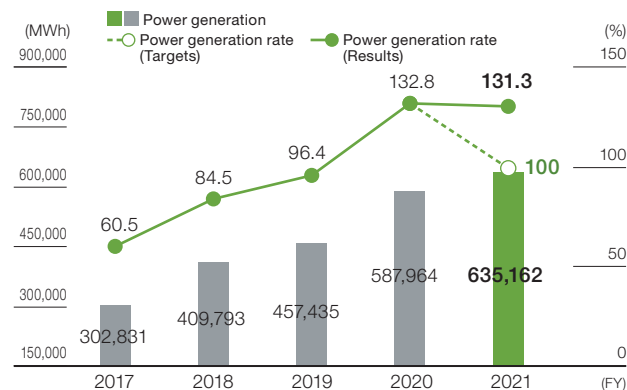
Segment	Target	Scope		Calculation criteria
Offices	Daiwa House Group	Offices	140 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption*2 and multiply it by the respective CO <sub>2</sub> emission factor.
Vehicles	Daiwa House Group	Company vehicles	551 vehicles	*2 At some sites, based on estimates from amount billed and space in use At each site, we grasp the amount of gasoline used from invoice data or receipts issued at the time of fueling and multiply it by the CO <sub>2</sub> emission factor.
Manufacturing	Daiwa House Group	All production sites	2 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
Hotels	Daiwa House Group	All hotels	1 location	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.
Construction	Daiwa House Group	Construction sites for new houses and buildings (excluding demolition/renovation)	5 companies	We calculate the total estimate by multiplying the energy consumption per floor space (or per unit of sales) in domestic sample properties by floor space sold (sales amount).
Logistics, delivery centers	Daiwa House Group	All Logistics, delivery centers	1 location	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO <sub>2</sub> emission factor.



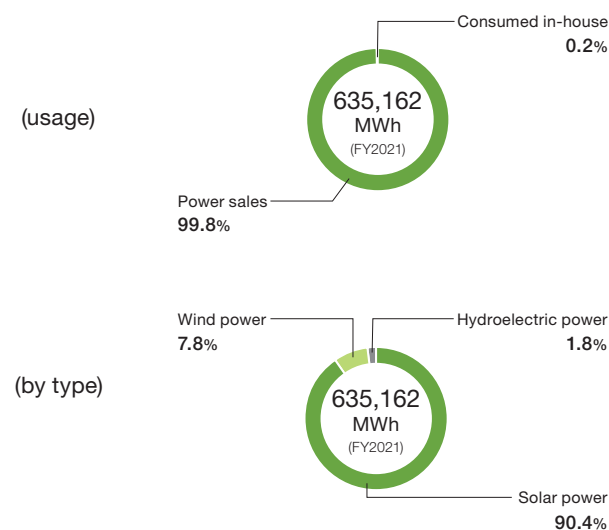
## Environmental Data | Mitigating and adapting to climate change

### Renewable energy

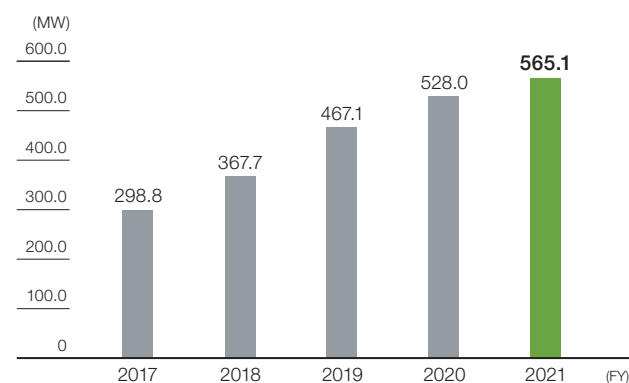
#### Renewable energy-based power generation and renewable energy rate



#### Breakdown of renewable energy-based power generation



#### Installed generation capacity of renewable energy-based power generation equipment



#### Renewable energy-based power generation (usage)

Unit: MWh

	2017	2018	2019	2020	2021
Power sales	301,960	408,831	456,435	586,889	633,604
Consumed in-house	871	962	1,000	1,075	1,558

#### Renewable energy-based power generation (by type)

Unit: MWh

	2017	2018	2019	2020	2021
Solar power	273,949	374,416	421,017	525,598	574,083
Wind power	27,340	30,484	30,088	54,013	49,519
Hydroelectric power	1,542	4,893	6,330	8,353	11,560

#### Renewable energy-based power generation (Japan, outside Japan)

Unit: MWh

	2017	2018	2019	2020	2021
Japan	302,831	409,793	457,435	587,964	635,162
Outside Japan	0	0	0	0	0

### Calculation method and scope of coverage of environmental data

#### Installed capacity and generated volume of renewable energy-based power generation equipment

##### ◇ Overview

Installed capacity of renewable energy-based power generation equipment is the total of 1) and 2) below.

1) The power-generation capacity of equipment for in-house power consumption, as well as the power generated during the fiscal year, with renewable energy power-generation facilities (such as wind power and solar power) held (and operated) by the Group, or within such Group premises, as of the end of the fiscal year.

2) The power-generation capacity of renewable power-generation facilities (wind power, solar power, and hydroelectric power generation) that the Group manages (and operates) as a power producer as of the end of the fiscal year and the amount of power sold (including PPA model) during the fiscal year. The power generation facilities operated by Eneserve Corporation, which sells electricity as a specific Power Producer and Supplier (PPS), are not included.

#### Renewable energy utilization rate/ Renewable energy rate

##### ◇ Calculation formula

Renewable energy utilization rate (%) = renewable energy utilization\*

÷ electricity consumption

Renewable energy rate (%) = renewable energy-based power Generation ÷ electricity consumption

\* Total amount of electricity consumed from renewable energy in-house power generation facilities, purchased from renewable energy menus, and offset by non-fossil certificates with tracking (for customers' purchases).

##### ◇ Scope of coverage

All Daiwa House Group companies

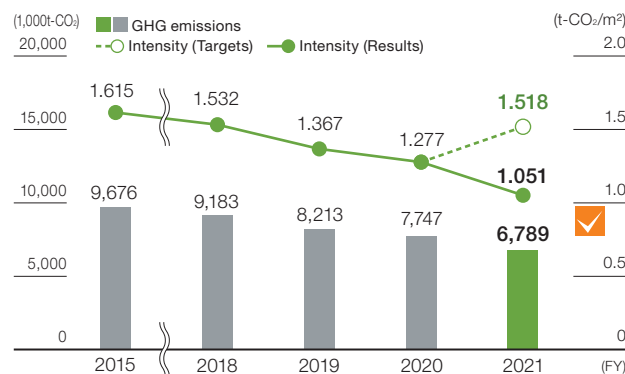


## Environmental Data | Mitigating and adapting to climate change

### Products and services

#### GHG emissions derived from use of products

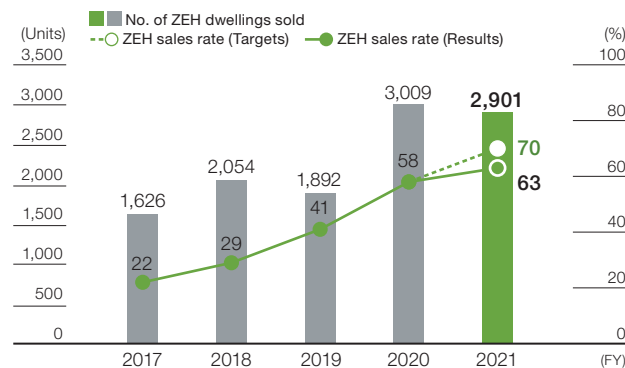
##### ■ GHG emissions\* derived from use of products and Intensity



\* GHG emissions associated with Scope 3/Category 11 (use of products sold) in the Company's group. The calculation method and scope have been revised since FY2021, and the figures have been retroactively adjusted prior to FY2021.

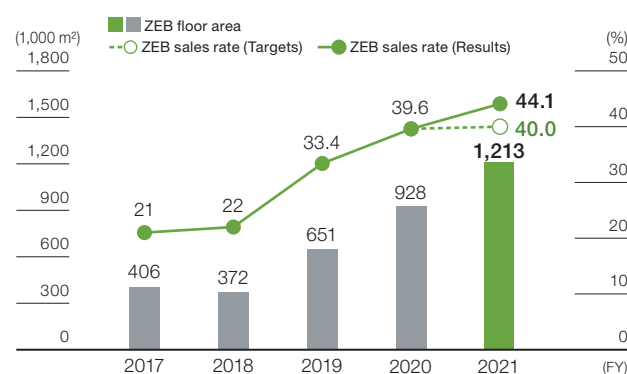
#### ZEH sales rate

##### ■ ZEH sales rate



#### ZEB sales rate

##### ■ ZEB sales rate



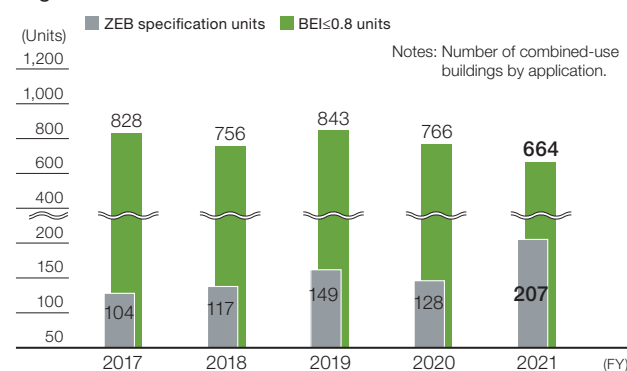
#### Green Building Certification

##### ■ Number of Green Building Certifications acquired

Unit: Units

Name of certification	Application	2017	2018	2019	2020	2021
Long-term excellent housing	Single-family houses	7,486	7,237	6,430	5,724	5,854
BELS certification	Single-family houses Apartments Condominiums Commercial and office buildings	1,567	1,668	1,288	1,659	1,899

##### ■ Number of units designed to ZEB\*1 specifications or guidance standards\*2



\*1 Buildings with ZEB specification are either ZEB Oriented, ZEB Ready, or Nearly ZEB

\*2 Buildings with BEI ≤ 0.8 meet Japan's guidance standard as specified in the Building Energy Efficiency Act.





## Environmental Data | Mitigating and adapting to climate change

### Calculation method and scope of coverage of environmental data

#### ■ GHG emissions derived from use of products

##### ◇ Overview

GHG emissions over the lifetime of products sold in the reporting year and buildings developed for future sales are calculated.

##### ◇ Reporting organizations

Daiwa House, Daiwa Lease, Fujita, and Cosmos Initia

##### ◇ Calculation formula

GHG emissions per square meter =  $\frac{\sum (\text{GHG emissions that sold products released during their usage lifetime [t-CO}_2\text{)]}^*}{\sum (\text{Floor space sold [m}^2\text{)])}$

\* Group GHG emissions (same calculation method) are in line with Scope 3 category 11 (using sold products).

#### ■ ZEH/ZEB/green building certifications

##### ◇ ZEH sales rate

- 1) Scope: Contracted property (based on order)
- 2) Purpose of use: Single family houses  
ZEH sales rate = ZEH units / total No. of units ordered

##### ◇ Reporting organizations

Daiwa House Industry

##### ◇ ZEB sales rate

- 1) Scope: Newly designed and constructed properties (based on order)  
Company-developed properties (D Project)
- 2) Purpose of use: Offices or factories, warehouses (combined-use properties are deemed to be used for the application which is in maximum use for any particular unit)

$$\text{ZEB sales rate} = \frac{\text{ZEB property area [m}^2\text{]}}{\text{Total property area [m}^2\text{]}}$$

$$\frac{\text{ZEB property area for offices, factories, warehouses [m}^2\text{]}}{\text{Total property area for offices, factories, warehouses [m}^2\text{]}}$$

##### ◇ Reporting organizations

Daiwa House Industry, Daiwa Lease, and Fujita

#### ■ BELS certification

##### ◇ Overview

This is the abbreviation for Building-Housing Energy-efficiency Labeling System, a system whereby third-party assessment agencies evaluate and certify the energy efficiency of newly built and existing buildings. Ratings are given according to the performance level: one to five stars (☆).

##### ◇ Scope of coverage

Daiwa House Industry

#### ■ Long-Life Quality Housing Certification

##### ◇ Overview

In promoting the effective use of resources, we utilize the Long-term Excellent Housing Certification System under the terms of the "Act on the Promotion of Popularization of Long-Life Quality Housing" as an index to measure progress. In the certification system, requirements are also stipulated including resistance to deterioration involving structural frameworks, seismic resistance, versatility, ease of maintenance and renewal, features to accommodate the elderly, energy-efficiency measures, housing sizes exceeding a certain level, and ensuring good landscaping.

##### ◇ Scope of coverage

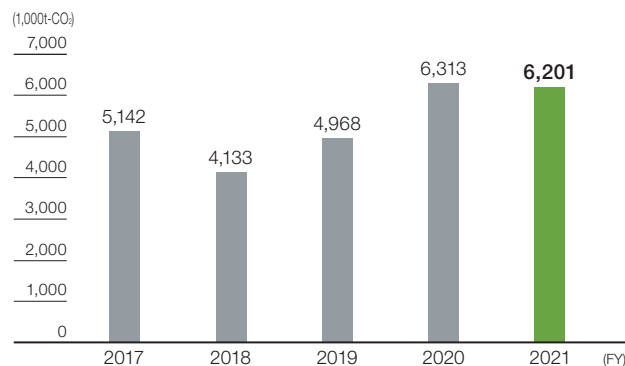
Daiwa House Industry



## Environmental Data | Mitigating and adapting to climate change

### Contribution to GHG reduction

#### ■ Contribution to GHG reduction (Groupwide)



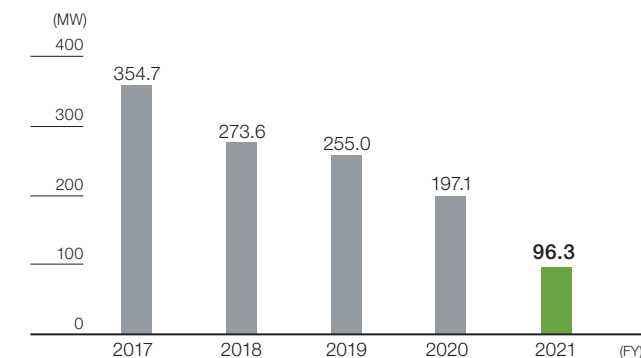
#### ■ Contribution to GHG reduction (by segment)

Unit: 1,000t-CO<sub>2</sub>

Segment	2017	2018	2019	2020	2021
Single-family housing business	335	342	301	300	358
Rental housing business	459	422	341	346	360
Existing homes business	184	96	60	46	38
Condominium business	92	118	136	114	87
Commercial and office buildings business	2,341	2,199	2,206	2,647	3,535
Environmental energy business	1,732	957	1,924	2,860	1,824

### Installed capacity of solar power generation systems

#### ■ Trend in installed capacity of solar power generation systems



### Calculation method and scope of coverage of environmental data

#### ■ Contribution to GHG reduction

##### ◇ Overview

Contribution to GHG reduction is represented by a numerical value that indicates "how much we have been able to contribute to the reduction of GHG emissions by providing housing and buildings as well as promoting energy-efficiency and energy-generation solutions." Using flow-based calculations, the Group calculates GHG emissions at the use and operation stages for products (housing, buildings, solar power generation, etc.) in use up to the end of their service life for the relevant fiscal year. We then calculate the contributed reduction in GHG emissions by subtracting the result from the GHG emissions generated by a comparable equivalent product. As for the contributed reduction of an ESCO business\*, the value is calculated by the existing home base method, and the annual GHG emissions of all facilities subject to ESCO services during the fiscal year (cumulative amount for an existing house) are calculated. We calculate the contributed reduction by deducting it from the GHG emissions of a comparable facility.

\* ESCO: An abbreviation for "Energy Service Company." A business that reduces the costs of its customers' utilities and water, and is compensated for any reduction achieved.

##### ◇ Calculation formula

###### Example of flow base method

###### Method ① (New houses):

contribution to GHG reduction (t) = {(Annual GHG emissions per house (t/house-year) in the usage or operation stages of the products being compared) - (Annual average GHG emissions per house (t/unit-year) in the usage or operation stage of products offered during the fiscal year)} × Number of houses sold in current fiscal year × Number of assumed years of use

###### Method ② (New buildings):

contribution to GHG reduction (t) = Σ {Total floor area (m<sup>2</sup>) × Annual energy consumption per unit of floor area by application or scale (MJ/m<sup>2</sup>-year)} × Energy reduction rate (%) × CO<sub>2</sub> emission factor (t/MJ) × Estimated number of years of use

Note: Energy reduction rate (%) = 1 - BEI\* \*Design energy consumption (MJ/year) ÷ Reference energy consumption (MJ/year)

###### Method ③ (Energy generation facility):

contribution to GHG reduction (t) = Σ {Annual renewable energy generated (kWh/year) × CO<sub>2</sub> emission factor (t/kWh) × Estimated number of years of use}

Note: Includes power sales

###### Method ④ (Energy efficiency improvement):

contribution to GHG reduction (t) = Σ {Annual GHG emissions (t/year) before energy-efficiency retrofits - Annual GHG emissions (t/year) after energy-efficiency retrofits} × Estimated number of years of use

###### Method ⑤ (Electricity retailing):

contribution to GHG reduction (t) = Σ {(Adjusted emission factor of general electric power supplier (t-CO<sub>2</sub>/kWh) - Adjusted CO<sub>2</sub> emission factor in current fiscal year (t-CO<sub>2</sub>/kWh)) × Supplied electric energy (kWh)}

###### Example of base method for existing home

contribution to GHG reduction (t/year) = Σ {(Annual GHG emissions (t/year) of comparable facilities) - (Annual GHG emissions (t/year) of equipment subject to ESCO services provided during year)}

#### ■ Trend in installed capacity of solar power generation systems (by segment)

Unit: kW

Segment	2017	2018	2019	2020	2021
Single-family housing business	20,188	17,932	15,409	17,793	17,277
Rental housing business	15,782	11,921	3,997	877	1,004
Existing homes business	17,068	7,152	3,400	898	208
Condominium business	5	3	0	0	14
Commercial and office buildings business	12,781	1,176	15,190	9,788	15,509
Environmental energy business	288,906	235,456	217,048	167,719	62,330



## Environmental Data | Mitigating and adapting to climate change

### Calculation method and scope of coverage of environmental data

#### ■ Contribution to GHG reduction

#### ◇ Scope and calculation criteria [1/2]

Segment		Scope	Calculation criteria		
			Calculation methods and calculation tools	Comparison	Estimated number of years of use
Daiwa House Industry	Single-family housing business	All new housing of single-family housing business	[Calculation method] Flow base method ① [Calculation tool used] Energy Efficiency Act/Energy Consumption Performance Calculation Program for houses (Equipment that cannot be evaluated by this program is evaluated with our own calculation.) [Calculation of energy consumption] Assuming that all dwellings supplied during the fiscal year share the same construction site and plan as the comparable dwelling unit, the average annual energy consumption per house is calculated with the program methodology with consideration for the rate of introduction of each energy-efficiency measure in the relevant year.	[Single-family house] Construction site: 6 areas. Family composition: 4-person family. Plan: Model plan for single-family house. Total floor area: 131.14 m <sup>2</sup> [Lease (low-rise)] Construction site: Osaka City, Family composition: 3-person family. Plan: Our standard plan. Low-rise dwelling unit area: 50.49 m <sup>2</sup> [Common specifications] 2016 Energy efficiency standard (reference specification)	Frame: 30 years Equipment: 15 years Solar power generation: 20 years
	Rental housing business	All newly built houses in rental housing business (low-rise)			Frame: 30 years Equipment: 15 years Solar power generation: 20 years
		All newly built houses of the rental housing business (medium- and high-rise)	[Calculation method] Flow base method ② [Calculation tool used] Energy Efficiency Act/Primary Energy Consumption Calculation Program	Energy Efficiency Act: 2016 standard building as reference	60 years
	Condominium business	All housing starts of condominium business			
	Commercial and office buildings business	All construction starts of projects of at least 300 m <sup>2</sup> of the commercial and office buildings business, and installation of solar power generation systems	[Calculation method] Flow base methods ②-③ [Calculation tool used] Energy Efficiency Act/Primary Energy Consumption Calculation Program	Energy Efficiency Act: 2016 standard building as reference	Store, warehouse, plant: 30 years Other applications: 60 years Solar power generation: 20 years
	Environmental energy business	All energy-efficiency and energy-generation solution projects of the environmental energy business	[Calculation method] Flow base methods ③-④ [Calculation of power generation amount/energy-saving effect] Calculated with our proprietary simulation tool (in combination with trial calculations by the manufacturer).	[Example of energy-efficiency solutions] Before implementation of energy-efficiency retrofit [Example of energy-generation solution] Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years
Daiwa Lease	Commercial and office buildings business	All construction starts of the commercial and office buildings business (excluding lease items)	[Calculation method] Flow base method ② [Calculation tool used] Energy Efficiency Act/Primary Energy Consumption Calculation Program	Energy Efficiency Act: 2016 standard building as reference	Store, warehouse, plant: 30 years Other applications: 60 years Solar power generation: 20 years
Fujita	Office buildings business	All construction starts of projects of at least 300 m <sup>2</sup> of the office buildings business and installation of solar power generation systems	[Calculation method] Flow base methods ②-③ [Calculation tool used] Energy Efficiency Act/Primary Energy Consumption Calculation Program	Energy Efficiency Act: 2016 standard building as reference	Store, warehouse, plant: 30 years Other applications: 60 years Solar power generation: 20 years
Daiwa House Reform	Existing home business	All energy-efficiency retrofits and energy-generation installation projects of the home renovation business	[Calculation method] Flow base methods ③-④ [Calculation tool used] Energy Efficiency Act/Energy Consumption Performance Calculation Program for houses (Equipment that cannot be evaluated by this program is evaluated with our own calculation.) [Calculation of power generated/energy-saving effect] Assuming that all the energy-efficiency retrofits and energy-generation installations for the fiscal year share the same construction site and plan as the comparable dwelling unit, the effect of each energy-efficiency measure is calculated with the program methodology, and the reduction effect is multiplied by the number of units constructed during the year.	Construction site: 6 areas. Family composition: 4-person family. Plan: Model plan for single-family house. Total floor area: 131.14 m <sup>2</sup> Exterior insulation: 1980 Energy efficiency standard, Hot-water supply: General gas water heater. Cooker: Gas stove. Power generation facilities: None	Insulation upgrade: 15 years Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years



## Environmental Data | Mitigating and adapting to climate change

### Calculation method and scope of coverage of environmental data

#### ■ Contribution to GHG reduction

#### ◇ Scope and calculation criteria [2/2]

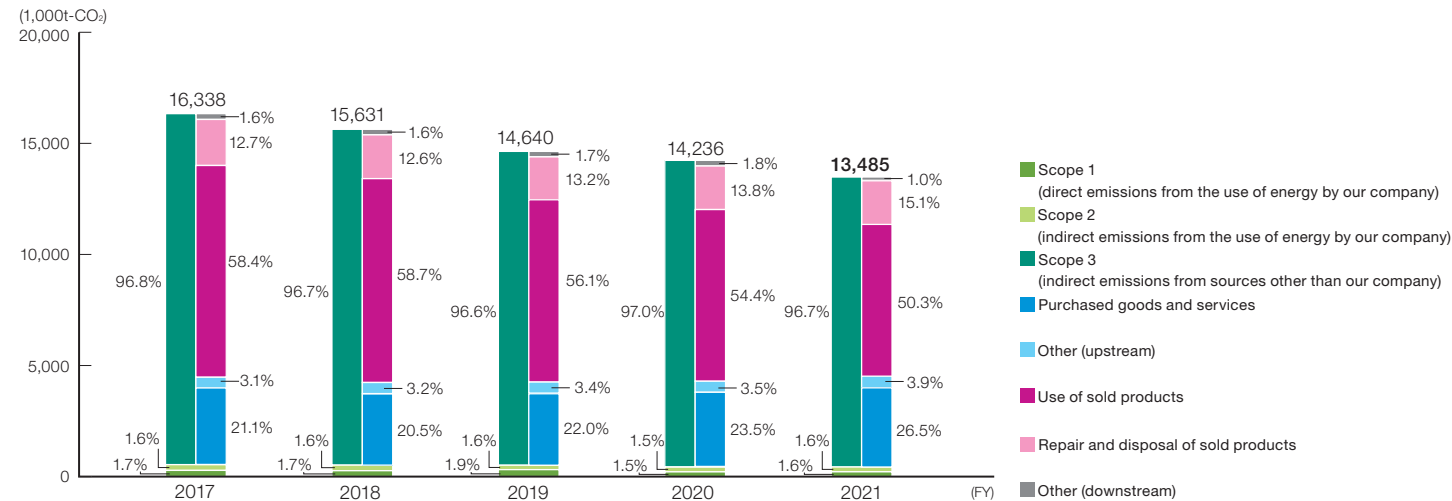
Segment		Scope	Calculation criteria		
			Calculation methods and calculation tools	Comparison	Estimated number of years of use
Cosmos Initia	Condominium business	All housing starts of condominium business	[Calculation method] Flow base method ② [Calculation tool used] Energy Efficiency Act/Primary Energy Consumption Calculation Program	Energy Efficiency Act: 2016 standard building as reference	60 years
Daiwa Energy	Environmental energy business	All ESCO businesses, energy-efficiency and energy-generation solution projects	[Calculation method] Flow base methods ③・④, existing home base method (ESCO projects only) [Calculation of power generated/energy-saving effect] Calculated with our unique simulation (in combination with trial calculations by the manufacturer).	[Example of energy-efficiency solutions] Before implementation of energy-efficiency retrofit [Example of energy-generation solution] Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years
Eneserve	Environmental energy business	(Until FY2016) All Power Producer and Supplier (PPS) business	[Calculation method] Flow base method ⑤ [Calculation of power sales] The amount of electricity supplied by each supply area of the general electric power supplier is calculated, and any differences between adjusted emission factors are accounted for.	Adjusted emission factors are published by Hokkaido Electric Power, Tohoku Electric Power, Tokyo Electric Power, Chubu Electric Power, Hokuriku Electric Power, Kansai Electric Power, Chugoku Electric Power, Shikoku Electric Power, Kyushu Electric Power, and Okinawa Electric Power.	—
		(From FY2017) All energy-efficiency and energy-generation solution projects of the environmental energy business	[Calculation method] Flow base methods ③・④ [Calculation of power generation amount/energy-saving effect] Calculated with our proprietary simulation tool (in combination with trial calculations by the manufacturer).	[Example of energy-efficiency solutions] Before implementation of energy-efficiency retrofit [Example of energy-generation solution] Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Transformers: 15 years Solar power generation: 20 years





## Environmental Data | Mitigating and adapting to climate change

### Reducing GHG emissions in the value chain Scope 1, 2 & 3 GHG emissions

Unit: 1,000 t-CO<sub>2</sub>

Category				FY2017	FY2018	FY2019	FY2020	FY2021	Percentage of total
Scope 1				270	269	274	216	221	1.6%
Scope 2				257	248	230	207	218	1.6%
Scope 3				15,812	15,114	14,136	13,813	13,046	96.7%
	Upstream	Purchased goods and services	✔	3,450	3,205	3,227	3,347	3,568	26.5%
		Capital goods		284	286	287	286	301	2.2%
		Fuel- and energy-related activities (not included in scope 1 or scope 2)		41	41	41	41	43	0.3%
		Upstream transportation and distribution		31	31	31	31	34	0.3%
		Waste generated in operations		130	130	130	130	130	1.0%
		Business travel		4	4	4	4	5	0.03%
		Employee commuting		9	9	9	9	8	0.06%
		Upstream leased assets		0.3	0.3	0.3	0.3	0.3	0.002%
	Downstream	Downstream transportation and distribution		—	—	—	—	—	—
		Processing of sold products		—	—	—	—	—	—
		Use of sold products	✔	9,538	9,183	8,213	7,747	6,789	50.3%
		End-of-life treatment of sold products		2,070	1,971	1,939	1,963	2,034	15.1%
		Downstream leased assets		255	255	255	255	133	0.99%
		Franchises		—	—	—	—	—	—
Investments			—	—	—	—	—	—	
Total			16,338	15,631	14,640	14,236	13,485	100.0%	

\* Since FY2021, the calculation method and scope of Scope 3 have been reviewed and revised retroactively to FY2021 and before.  
The scope of Scope 3 has been changed from the Company on a non-consolidated basis to the seven Group companies engaged in the construction and rental real estate business.  
(However, the scope of Category 1, 11, and 12 are the four Group companies engaged in the construction business.)



## Environmental Data | Mitigating and adapting to climate change

### Calculation method and scope of coverage of environmental data

#### ■ Reducing GHG emissions in the value chain

##### ◇ Overview

As for Scope 1 and Scope 2, refer to pages 157 and 158. Scope 3 is calculated based on the calculation standard shown on the right. Primary data based on actual results of subject companies is used for activity volume, and highly reliable secondary data is used for GHG emissions per activity volume\*. The secondary data is the latest version available every year, and no retroactive revisions are made.  
\* Actual measurement data is used only for Category 13.

##### ◇ Reporting organizations

Seven of the Group companies that primarily engage in the construction and rental real estate business.  
(Daiwa House Industry, Daiwa Lease, Fujita, Daiwa House Realty Mgt., Daiwa Logistics, Daiwa Living)\*

\* However, Category 1, 11, and 12 are only for four construction companies: Daiwa House, Daiwa Lease, Fujita, and Cosmos Initia.

##### ◇ Calculation formula

GHG emissions (t) =  $\sum \{(\text{Amount of activity}) \times (\text{CO}_2 \text{ emissions per amount of activity})\}$

##### ◇ Source (Secondary data used)

① Emission intensity database (ver. 3.2, Ministry of Economy, Trade and Industry, Ministry of the Environment) for calculation of greenhouse gas emissions of the organization throughout its supply chain

② LCI database IDEAv2 (for calculating greenhouse gas emissions in the supply chain) (Sustainable Management Promotion Organization (SuMPO))

③ The Comprehensive Assessment System for Built Environment Efficiency System (CASBEE) Single-family Houses (Newly Built) and Buildings (Newly Built), LCCO<sub>2</sub> Calculation Tool, 2021 edition (Japan Sustainable Building Consortium)

##### ◇ Scope and calculation criteria

Category	Scope 3 target categories	Scope [Explanation of non-applicable categories (◆)]	Calculation criteria [Emissions = Activity × CO <sub>2</sub> emissions per activity (intensity)]	
			Activity	Intensity (source)
Upstream	1 Purchased goods and services	Extraction, manufacture, and transportation of materials required for the construction of detached houses, rental housing, condominiums, and nonresidential buildings	Area supplied by use and structure	Specific energy consumption per area by use and structure (Source ③)
	2 Capital goods	Collection, manufacture, and transportation of purchased or acquired capital goods	Capital investment	Intensity per amount of capital investment (Source ①)
	3 Fuel- and energy-related activities (not included in scope 1 or 2)	Collection, production, and transportation of purchased or acquired fuels and energy (those not included in scope 1 or 2)	Purchased fuel and energy consumption	Intensity per unit of fuel and energy used in collection, production, and transportation stages (Source ①, ②)
	4 Upstream transportation and distribution	Procurement and transfer of cargo owned by our company; transportation of waste responsible for emissions	Heat output of fuel related to shipper's transport	Intensity per unit of heat generated (according to Energy Efficiency Act)
	5 Waste generated in operations	Disposal and treatment of industrial waste generated at production sites and construction/demolition sites	Waste emissions per item	Intensity of the disposal/treatment stage by item (Source ①)
	6 Business travel	Employee travel & accommodations for business reasons (inside or outside Japan)	Business trip expenses by means of travel	Intensity per transportation expense by means of travel (Source ①)
	7 Employee commuting	Employee travel between home and work locations	Commuting expenses by means of travel	Intensity per transportation expense by means of travel (Source ①)
	8 Upstream leased assets	Operation of data center and document management warehouse on leased property	Occupation area (warehouse/data center)	Intensity per area (Source ③)
Downstream	9 Downstream transportation and distribution	◆ Because there is no process of transportation/distribution of products (houses, buildings) sold, there is no CO <sub>2</sub> emission corresponding to this category.	Not applicable	Not applicable
	10 Processing of sold products	◆ Because there is no processing of products (houses and buildings) sold, no CO <sub>2</sub> emissions apply to this category.	Not applicable	Not applicable
	11 Use of sold products	Lifetime use of single-family houses, rental houses, condominiums, and non-residential buildings (Single-family houses/Rental housing/Sale of goods/Food stores/Factories/Warehouses: 30 years, Other: 60 years) We include the use of products provided together with the lease. CO <sub>2</sub> emissions associated with repair and renovation are included in Category 12.	Supply area by application	Annual CO <sub>2</sub> emissions per supply area by application (in-house calculation) × expected number of years of use
	12 End-of-life treatment of sold products	Repair, renovation, demolition, disposal of single-family houses, rental houses, condominiums, and non-residential buildings in their service life	Supply area by application	Intensity per area (Source ③)
	13 Downstream leased assets	Operation of rental buildings owned by our Company	Calculated from measured data of electricity and fuel consumption of subject properties	
	14 Franchises	◆ Since we operate no franchising system, no CO <sub>2</sub> emissions correspond to this category.	Not applicable	Not applicable
	15 Investments	◆ In terms of scope 1 and 2 emissions at the investment destination, as a result of estimates based on partial actual data, emissions total a maximum of 2% of total Scope 3 emissions. In light of the difficulty of collecting data, it is determined that the emissions are low enough to disregard.	Not applicable	Not applicable



# Environmental Data | Mitigating and adapting to climate change Progress in the long-term goal

## Reduction of greenhouse gas (GHG) emissions

### Business activities (Scope 1 + 2)

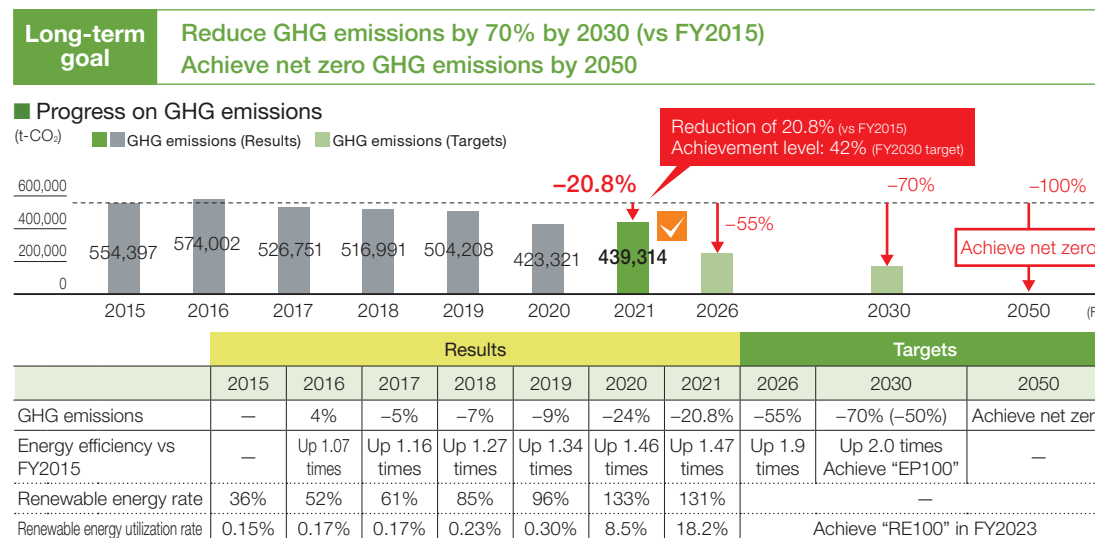
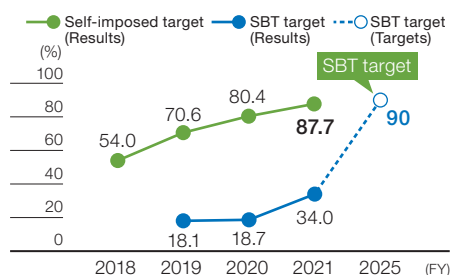


Figure in parentheses is the targets with SBT Certification.

### Procurement (Scope 3 Category 1)

#### Long-term goal Getting 90% of the principal suppliers to set a standard SBT target by 2025

#### Status of principal suppliers' GHG emissions reduction targets setting



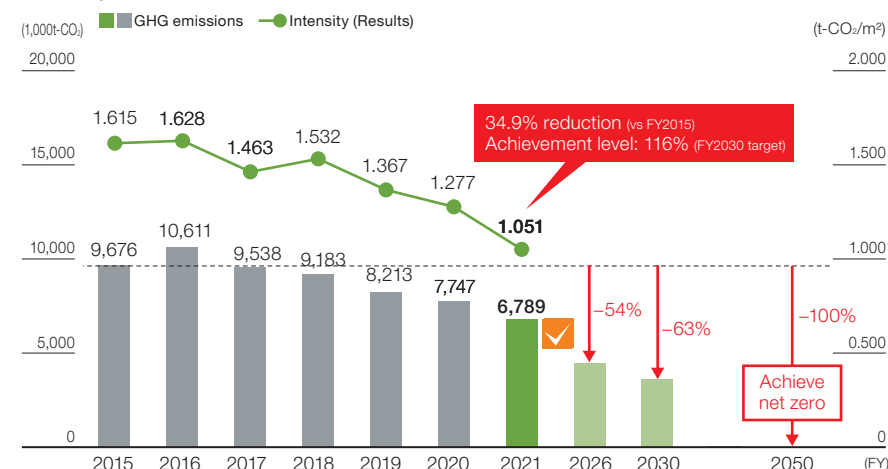
		Results				Targets		
		2018	2019	2020	2021	2025	2030	2050
Principal suppliers' GHG emissions reduction target setting rate	Self-imposed target	54.0%	70.6%	80.4%	87.7%	—	Achieve GHG reduction targets at major suppliers	Achieve net zero
	SBT target	—	18.1%	18.7%	34.0%	(90%)	—	—

Figure in parentheses is the targets with SBT Certification.

### Products and services (Scope 3 Category 11)

#### Long-term goal 63% reduction of GHG emissions derived from use of products by 2030 (vs FY2015) Achieve net zero GHG emissions by 2050

#### Trend in GHG emissions derived from use of products and Intensity (per square meter)



		Results							Targets		
		2015	2016	2017	2018	2019	2020	2021	2026	2030	2050
GHG emissions Derived from use of products	Total vs FY2015	—	+9.7%	-1.4%	-5.1%	-15.1%	-19.9%	-29.8%	-54%	-63%	Achieve net zero
	Compared to reference buildings	—	-33.1%	-27.7%	-27.8%	-28.3%	-31.0%	-31.0%	-63%	-69%	Achieve net zero
	Intensity (per area) vs FY2015	—	+0.8%	-9.4%	-5.1%	-15.3%	-20.9%	-34.9%	—	(-30%)	—

Targets for GHG emissions from product use have been changed to total emission targets, and SBT Certification is planned to be obtained. The emissions intensity targets have acquired SBT certification and are indicated in parentheses. In addition, the calculation method and scope of targets have been reviewed for results prior to FY2021.



# Environmental Data | Mitigating and adapting to climate change Progress in the long-term goal

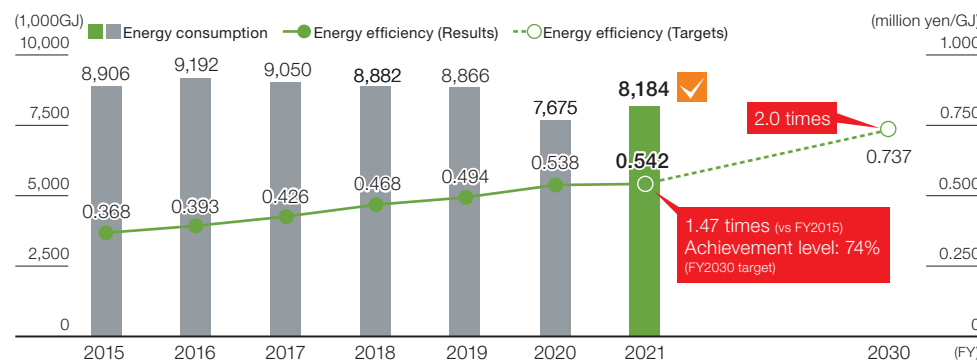
## Energy efficiency improvement (EP100)

### Long-term goal

**Doubling energy efficiency by 2030**

### Trend in energy consumption and energy efficiency

**EP100**



## Improving renewable energy utilization rate (RE100)

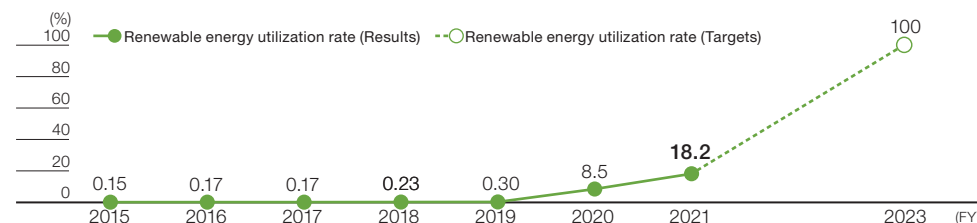
### Long-term goal

**100% renewable energy-based electricity by 2040**

\*The target achievement fiscal year was brought forward 17 years to FY2023.

### Trend in renewable energy utilization <renewable energy utilization / electricity consumption>

**RE100**



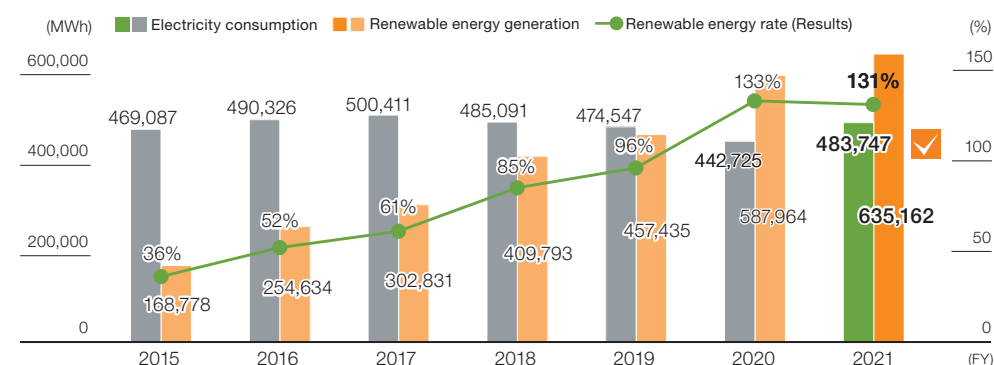
## Spread of renewable energy

### Long-term goal

**100% renewable energy-based electricity by 2030**

\*As the target was achieved in FY2020, only performance management has been conducted since then.

### Trend in renewable energy rate <renewable energy generation / electricity consumption>



### Calculation method of environmental data

◇ GHG emissions (t-CO<sub>2</sub>) =  $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{GHG emission factor for each type of energy})\}$

◇ Principal suppliers' GHG emissions reduction target setting rate =  $\frac{\text{suppliers that have already set targets}}{\text{Number of principal suppliers}}$

◇ GHG emissions derived from use of products per m<sup>2</sup>  
=  $\frac{\sum (\text{GHG emissions [t-CO}_2\text{]} * \text{that sold products released during their usage lifetime})}{\sum (\text{Floor space sold [m}^2\text{)})}$

\* Group GHG emissions (same calculation method) are in line with Scope 3 category 11 (using sold products).  
The four targeted companies are Daiwa House, Daiwa Lease, Fujita, and Cosmos Initia.

◇ EP100 (Energy efficiency) =  $\frac{\text{Consolidated net sales (million yen)}}{\sum (\text{Energy consumption [GJ]})}$

◇ Renewable energy utilization rate =  $\frac{\sum (\text{Amount of renewable energy used [MWh]}) *}{\sum (\text{Electricity consumption (purchased electricity + electricity generated by self-consumption generation equipment)}) [MWh]}$

\* Total amount of electricity consumed from renewable energy on-site power generation facilities, purchased from renewable energy menus, and offset by non-fossil certificates with tracking (purchased by consumers).

◇ Renewable energy rate =  $\frac{\sum (\text{Renewable energy (sale of full electricity and generation by self-consumption generation equipment)}) [MWh]}{\sum (\text{Electricity consumption (purchased electricity + electricity generated by self-consumption generation equipment)}) [MWh]}$



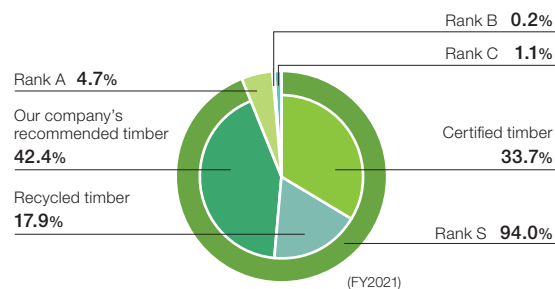


## Environmental Data | Harmony with the natural environment

### Procurement

#### Eco-friendly timber procurement

##### ■ Assessment result of procured timber



##### ■ Volume of timber procured in segments to be evaluated

Unit: m<sup>3</sup>

	2017	2018	2019	2020	2021
Daiwa House Industry	342,291	268,867	238,102	232,951	<b>233,251</b>
Royal Home Center	37,237	36,763	39,356	38,990	<b>31,048</b>
DesignArc	3,510	3,011	129	107	<b>100</b>
Daiwa Lease	3,733	5,052	4,734	4,632	<b>3,076</b>
Fujita	1,919	2,629	5,079	5,489	<b>1,895</b>
Cosmos Initia	147	1,076	251	290	<b>299</b>
Daiwa House Reform	—	—	—	—	<b>146</b>
Total	388,837	317,398	287,650	282,458	<b>269,815</b>

##### ■ Assessment result of procured timber

Overall

	2017	2018	2019	2020	2021
Rank S	84.2%	94.9%	94.3%	95.1%	<b>94.0%</b>
Rank A	11.4%	1.9%	3.9%	2.9%	<b>4.7%</b>
Rank B	2.0%	1.1%	1.2%	1.5%	<b>0.2%</b>
Rank C	2.4%	2.1%	0.6%	0.5%	<b>1.1%</b>

Within Rank S

	2017	2018	2019	2020	2021
Certified timber	35.6%	44.0%	37.1%	39.1%	<b>33.7%</b>
Recycled timber	17.7%	18.2%	15.5%	13.5%	<b>17.9%</b>
Our company's recommended timber	30.9%	32.7%	41.7%	42.5%	<b>42.4%</b>

### Calculation method and scope of coverage of environmental data

#### ■ Procured timber

##### ◇ Overview

In line with our *Biodiversity Guidelines: Timber Procurement*, we have established certification criteria for three types of timber: certified timber, recycled timber, and our company's recommended timber. Once a year, we conduct a timber delivery survey with timber suppliers and confirm compliance with the certification criteria. [Timber not classified as certified or recycled is categorized according to one of the following four classes: Rank S (recommended), Rank A (standard), Rank B (purchase is acceptable), and Rank C (requires improvement).]

Note: Assessment criteria were partially revised in fiscal 2015.

##### ◇ Calculation formula

Composition of C-ranked timber (%) =  $\Sigma$  (amount of C-ranked timber procured (m<sup>3</sup>)) ÷  $\Sigma$  (Total amount of timber procured (m<sup>3</sup>))

Note: Statistics for S, A, and B-ranked timber are also calculated in the same way.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	Single-family houses constructed (steel frame/wooden construction)
Rental housing business	Daiwa House Industry	Industrialized rental housing constructed (steel frame)
Condominium business	Daiwa House Industry, Cosmos Initia	Condominiums sold (Sample units)
Commercial and office buildings business	Daiwa House Industry, Daiwa Lease, Fujita	Wooden buildings, medical/nursing care & residential buildings constructed
Existing homes business	Daiwa House Reform	Flooring materials installed
Other	Royal Home Center	Timber products sold
	DesignArc	Wooden building materials manufactured

Note: Target materials are includes construction materials, framing/crosspieces, wood used below grade, plywood, and flooring.

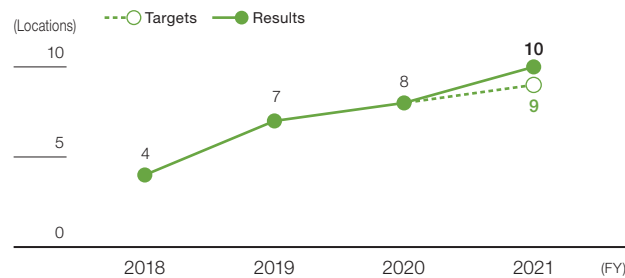


## Environmental Data | Harmony with the natural environment

### Business activities

#### Promotion of greening at Company and Group company facilities

##### ■ No. of certification acquisitions by Company facilities



##### ■ Certified facilities

Facility name	Company name	Certification name	Certification date
Royal City Aso Ichinomiya Resort —ASONOHARA—	Daiwa House Industry	JHEP (AAA)	June, 2019
		ABINC	February, 2020
The Daiwa House Group MIRAI KACHI KYOSO Center		JHEP (AA) SITES	September, 2021 December, 2021
BRANCH Kobe Gakuentoshi	Daiwa Lease	JHEP (AA)	July, 2015
BRANCH Inage		SEGES	July, 2015
BRANCH Chigasaki		SEGES	July, 2017
BRANCH Sendai		SEGES	March, 2020
BRANCH Matsuiyamate		SEGES	March, 2020
BRANCH Okayama kitanagase		SEGES	March, 2020
BRANCH Otsukyo		SEGES	February, 2021
Branch Sapporo Tsukisamu Koporopa		SEGES	September, 2021

##### ■ Impact and evaluation towards Biodiversity in business activity areas

	Number of locations	Surface area (ha)
Business activity area	73	2,139
Biodiversity impact evaluation	73	2,139
Sites in close proximity to important biodiversity	17	641
Sites with biodiversity management plans	2	149

##### ■ Plastics Usage Guidelines

1	Daiwa House Group companies shall, in principle, not use disposable plastics for office supplies, sales promotion items, bags for catalogs, cutlery, toiletries, etc. Also, the currently used disposable plastics shall be promptly replaced or reduced, and this shall be completed by the end of FY2021.
2	In cases where it is difficult to replace disposable plastics due to functional restrictions, environmentally friendly materials such as biomass plastic, recycled plastic, and biodegradable plastic will be considered as much as possible.
3	As for office supplies used repeatedly in the company, environmentally friendly products such as green procurement will be adopted, and efforts will be made to use them carefully for a long period of time, and when disposing of them, they will be sorted and disposed of in a manner that ensures recycling.
4	The department that adopts or purchases such products shall take the lead in promoting the replacement or reduction of disposable plastics.

##### Supplementary information

- Disposable plastics are those that are not designed for repeated use, or those that are discarded after one or a few uses, or those that the Company distributes only once, leaving the repeated use to the user, and have a high risk of being released at the distribution site.
- If it is difficult to replace or reduce the use of environmentally friendly materials, efforts to reduce the use of such materials as much as possible are also acceptable.
- Items that fall under the Containers and Packaging Recycling Law (plastic bags, lunch box containers, polyethylene terephthalate (PET) bottles, etc.) should be collected appropriately so that they are not released into the environment, and efforts should be made to recycle them according to the sorted collection system of each municipality. In addition, the company will encourage resource recycling and weight reduction efforts for containers and packaging, etc., in response to societal demands.

### Calculation method and scope of coverage of environmental data

#### ■ No. of certification acquisitions by Company facilities

##### ◇ Overview

While preparing and securing sufficient green spaces at the Company and Group facilities, we will press onward with efforts to contribute to the preservation of regional ecosystems. To carry such initiatives forward, we will pursue the acquisition of certification systems pertaining to greening and the preservation of biodiversity. The number of facilities reflects the cumulative number of major certifications already acquired as of the end of the fiscal year under review.

##### ◇ Scope of coverage

All facilities held by Daiwa House and Group companies

##### ◇ Main certification systems

Name of certification	Certifying institution
JHEP	JHEP (Japan Habitat Evaluation and Certification Program)
ABINC	ABINC (Association for Business Innovation in harmony with Nature and Community)
SEGES	SEGES (Social and Environmental Green Evaluation System series)

#### ■ Impact and evaluation towards Biodiversity in business activity areas

##### ◇ Overview

During the past five years, we have conducted self-evaluations to determine the degree of impact on biodiversity in our business activity areas\* and its impacts.

\* Business activity areas refer to business offices, factories, laboratories, and training centers, as well as properties operating biodiversity checklists, forest houses under sale, and hotels under operation.

##### ◇ Report period

FY2021

##### ◇ Scope of coverage

Daiwa House Industry, Daiwa Resort

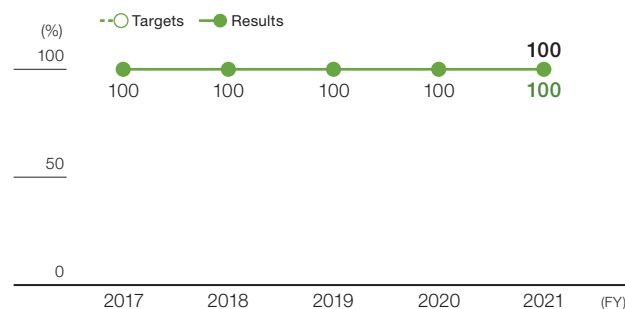


## Environmental Data | Harmony with the natural environment

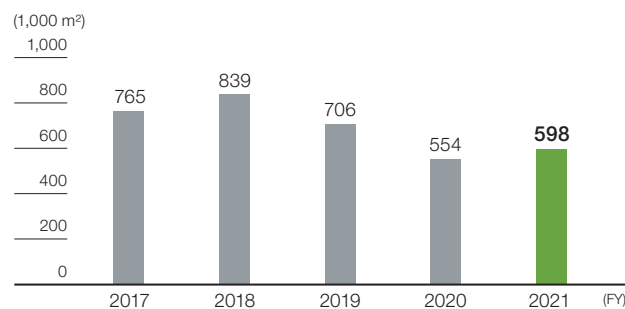
### Products and services

#### Preservation of biodiversity in development and community development

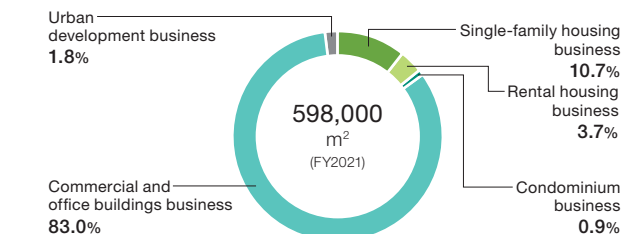
##### ■ Compliance with voluntary standards for biodiversity conservation (development)



##### ■ Surface area of green spaces (community development)



##### ■ Breakdown of green covered areas (community development)



### Calculation method and scope of coverage of environmental data

#### ■ Compliance with voluntary standards for biodiversity conservation (development)

##### ◇ Overview

Voluntary standards for biodiversity conservation (development) are based on our *Biodiversity Guidelines: Development & Community Creation*, and our large-scale development projects are subject to our evaluation tool comprising 30 independently determined and self-evaluated items, and achieve a rank of B or higher. These evaluations are performed by the individuals in charge of the respective projects, and the state of compliance with standards is determined by the various departments of the Head Office.

##### ◇ Calculation formula

Compliance with voluntary standards for biodiversity conservation (%)  

$$= \frac{\sum (\text{Site area of units in compliance with voluntary standards (m}^2\text{)})}{\sum (\text{Site area of units under evaluation (m}^2\text{)})}$$

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Development	Daiwa House Industry, Fujita	Our company-developed projects with a development area exceeding 3,000 m <sup>2</sup>

#### ■ Surface area of green spaces (community development)

##### ◇ Overview

Green space surface area refers to the total area where greening has been conducted with sale and construction contracts for built-for-sale houses, together with undertaking exterior construction.

##### ◇ Calculation formula

Green space surface area (m<sup>2</sup>)  

$$= \sum (\text{Surface area of green space (m}^2\text{) of target units in each project})$$

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	All unit sales of built-for-sale houses
Rental housing business	Daiwa House Industry	[With greening regulations] All new buildings [Without greening regulations] Site area of at least 1,000 m <sup>2</sup>
Condominium business	Daiwa House Industry	All construction starts (excluding JV non-managed units)
Commercial and office buildings business	Daiwa House Industry	[With greening regulations] All construction starts [Without greening regulations] Site area of at least 3,000 m <sup>2</sup>
	Daiwa Lease	[With greening regulations] All construction starts
	Fujita	[With greening regulations] All construction starts
Urban development business	Daiwa House Industry	All construction starts



# Environmental Data | Harmony with the natural environment biodiversity Declaration

## Biodiversity Declaration (Adopted October 2010)

### Philosophy of Biodiversity

As a global corporate citizen cognizant of the natural blessings granted by biodiversity while remaining committed to eco-friendly business operations, we shall contribute to the sustainable development of society in order to co-create a brighter future for humanity and the natural world.

### Biodiversity Action Guidelines

- We shall promote business operations that enable people to live in harmony with nature.**  
Recognizing the importance of nature's blessings, we aim to ensure our business operations are in harmony with the air, water, earth, living creatures, and other aspects of nature's circulation functions.
- We shall introduce communities co-created by humanity and the natural world.**  
We shall recognize how biodiversity is affected by construction and shall strive to avoid and reduce any damage while proposing ecofriendly city planning.
- We shall use natural resources with care, mindful of any impact on the ecosystem.**  
To maintain high ethical standards, we shall collaborate with suppliers to ensure we utilize only sustainable resources and shall not merely comply with laws and regulations concerning biodiversity.
- We shall contribute to biodiversity through research and development.**  
We shall promote R&D related to biodiversity preservation from a global perspective and share the results with society.
- We shall maintain open communication and collaborate with our stakeholders.**  
We shall broaden the range of initiatives related to biodiversity preservation in terms of both our business operations and social contribution initiatives through communication and collaboration with local government, NGOs, and other stakeholders.

## CSR Procurement Guidelines (Adopted July 2015)

(1) Business Partner Code of Conduct

(2) Corporate Activity Guidelines

(3) Guidelines for Products

Chemical Substance Management Guidelines

① Biodiversity Guidelines: Timber Procurement

② Items to be Assessed for Legality and Sustainability

③ Biodiversity Guidelines: Development & Community Creation

### ① Biodiversity Guidelines: Timber Procurement

1. Certified timber	Procure timber certified by the FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forestry Certification) and SGECC (Sustainable Green Ecosystem Council).
2. Recycled timber	Procure timber recycled from construction scrap (particleboard*, etc.).
3. Our company's recommended timber	When procuring timber that is not classified as certified or recycled, verify if it meets or exceeds certain standards in terms of legality and sustainability and procure only timber that is judged to meet a certain minimum level.

\* Sheet goods made of wood chips bonded with adhesive that are heated and molded to specific thickness and dimensions

### ② Items to be Assessed for Legality and Sustainability

(1) Confirmation of legality	<ol style="list-style-type: none"> <li>Ensure the source of supply has been clearly identified (traceable to the logging site).</li> <li>Confirm that the cutting rights have been secured.</li> <li>Confirm compliance with forestry laws and other relevant rules.</li> </ol>
(2) Confirmation of sustainability	<p>Comprehensively determine sustainability with the following eight items.</p> <ol style="list-style-type: none"> <li>The logged timber is not an endangered species.</li> <li>The logging method avoids large-scale logging of natural forests.</li> <li>Endangered species in the logging areas and surrounding areas have been considered for conservation.</li> <li>The timber is not produced in a disputed region.</li> <li>Working conditions are in compliance with the local government.</li> <li>The forest reserves can be maintained (forests within the area can be renewed after logging).</li> <li>The timber is Japanese domestic timber.</li> <li>The timber is a fast-growing species that quickly becomes available for logging again.</li> </ol> <p>(No extensive cutting of wild trees occurs in the cultivation of this fast-growing timber.)</p>

### ③ Biodiversity Guidelines: Development & Community Creation

1. Ascertain the potential of the natural environment	We will identify the local characteristics related to the biological environment, including the site and its surroundings, and will adopt a policy concerning preservation and creation of the biological environment on which it is based.
2. Preserve and plant greenery	We will actively incorporate regional adaptive seeds and make efforts to ensure the quantity and quality of greenery, and we will propose the development of green spaces with consideration for the habitat of small wild animals and planting conditions.
3. Be careful to preserve a sufficient natural environment as a habitat for small animals	We will make efforts to consider preserving the habitat and natural environment by improving green spaces and water areas that promote the habitat behavior of small wild animals and other creatures.
4. Take care to create a connected network of habitable environments for the ecosystem	In emphasizing the interconnection of ecosystems, we strive to ensure the continuity of green space arrangements and land use by considering the scope of travel of living creatures.
5. Take steps to minimize the environmental impact of construction work	We will consider the plants and animals inhabiting the surroundings as we strive to reduce the impact of noise, vibration, exhaust, and other such factors.
6. Pay adequate consideration to ecological maintenance and management	In order to maintain a good biological environment, we will plan and propose facilities and management policies necessary for maintaining and managing green spaces.

 [CSR Procurement Guidelines](#)



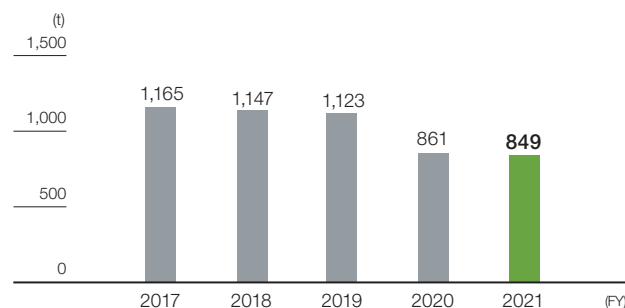


## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### Closed-loop resource sourcing Business activities

#### Materials

##### ■ Paper consumption



##### ■ Steel consumption

Unit: t

	2017	2018	2019	2020	2021
Daiwa House Industry (housing)	224,863	186,794	187,963	171,024	177,438

#### Calculation method and scope of coverage of environmental data

##### ■ Paper consumption

###### ◇ Overview

Regarding our paper consumption, we calculate the actual value of the paper purchased (m<sup>2</sup>) using the weight conversion method.

###### ◇ Calculation formula

Paper consumption (t) =  $\sum$  (Purchased paper (m<sup>2</sup>) × weight per unit area (t/m<sup>2</sup>))

###### ◇ Scope of coverage

Segment	Target	Scope of coverage (Number of locations as of end-March, 2022)
Office work	Daiwa House Industry	All offices (Head Office, branches, offices, sales offices) and research centers 159 locations in total

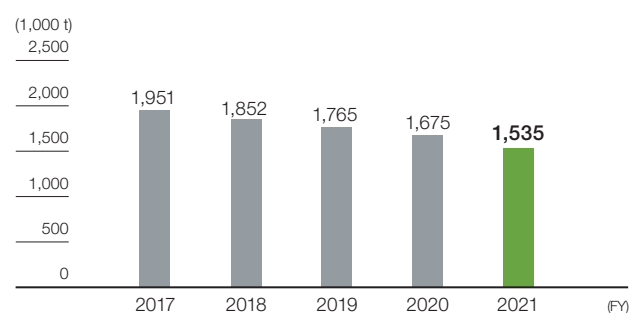
##### ■ Steel consumption

###### ◇ Scope of coverage

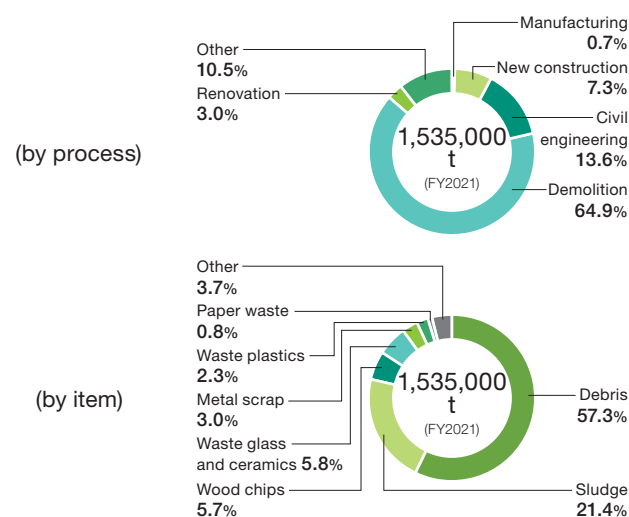
Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites

#### Waste emissions / Recycling rates of waste

##### ■ Overall Construction/demolition waste emissions



##### ■ Overall Breakdown of construction/demolition waste emissions



##### ■ Overall Construction/demolition waste emissions (by process)

Unit: t

	2017	2018	2019	2020	2021
Manufacturing	13,324	12,470	11,793	10,094	10,339
New construction	135,317	130,777	129,386	126,601	112,770
Civil engineering	137,746	260,468	214,366	243,384	208,700
Renovation	52,226	52,437	51,014	52,009	46,393
Demolition	1,409,979	1,241,820	1,103,062	883,764	995,697
Other	202,412	153,495	255,568	359,515	161,155

##### ■ Overall Construction/demolition waste emissions (by item)

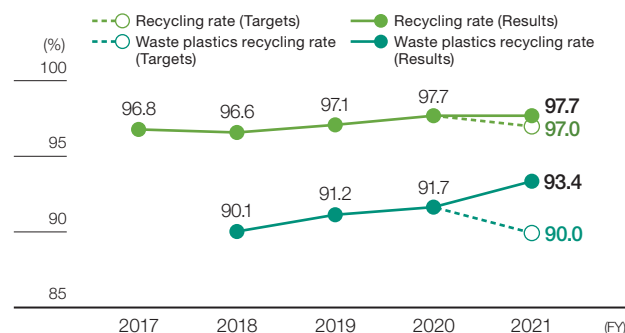
Unit: t

	2017	2018	2019	2020	2021
Debris	1,179,952	1,083,470	984,097	848,000	878,828
Sludge	355,249	377,840	422,100	513,241	328,146
Wood chips	112,857	129,691	94,522	86,008	88,090
Waste glass and ceramics	128,463	104,204	96,191	92,473	89,304
Metal scrap	59,731	54,626	57,214	53,631	46,658
Waste plastics	39,888	38,848	37,263	35,166	35,527
Paper waste	11,398	11,849	11,482	12,657	12,417
Other	63,468	50,938	62,322	34,179	56,084

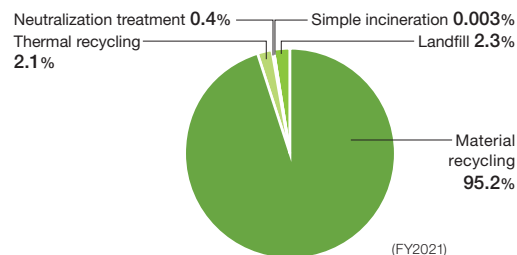


## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### Overall Recycling rate of construction waste



### Overall Breakdown of construction waste (by treatment)



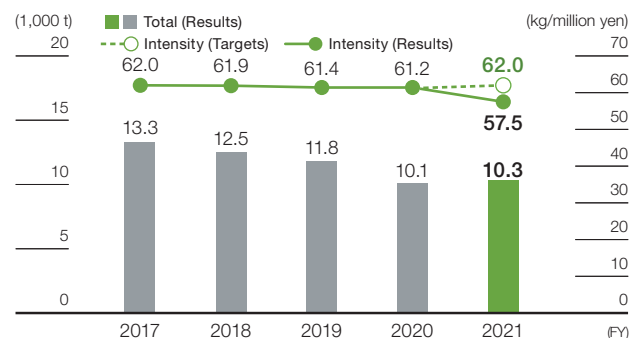
### Overall Recycling rate of construction waste (by treatment)

		Unit: %				
		2017	2018	2019	2020	2021
Recycling	Material recycling	94.6	93.8	95.2	95.9	95.2
	Thermal recycling	2.1	2.2	1.8	1.6	2.1
	Neutralization treatment	0.12	0.63	0.2	0.1	0.4
	Simple incineration	0.014	0.011	0.016	0.004	0.003
Final disposal	Landfill	3.2	3.4	2.9	2.3	2.3
	Other	0.02	0.01	0.0	0.0	0.0

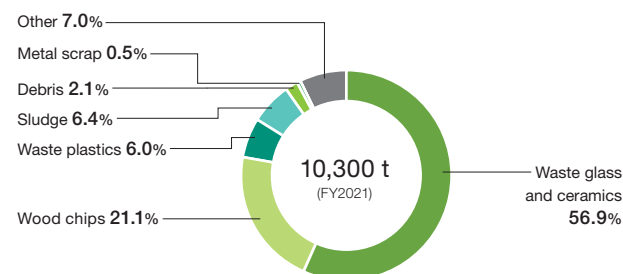
### Overall Specially controlled industrial waste emissions (Daiwa House Industry)

	2018	2019	2020	2021
Combustible waste oil	301.2	158.6	128.0	110.6
Corrosive waste acid, waste alkali	8.4	76.4	26.7	23.9
Specified hazardous industrial waste (e.g. waste asbestos, waste PCB, waste mercury)	179.9	96.0	252.9	197.9

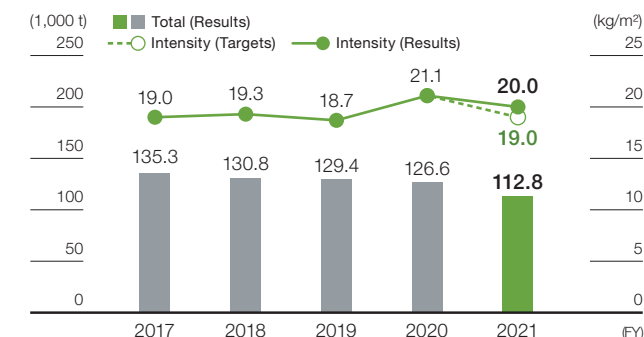
### Manufacturing Waste emissions and intensity



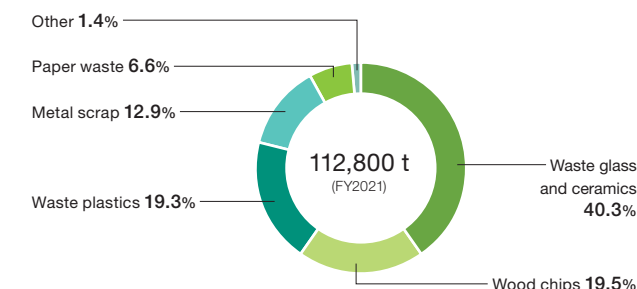
### Manufacturing Breakdown of waste emissions (by item)



### New construction Waste emissions and intensity



### New construction Breakdown of waste emissions (by item)





## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### Calculation method and scope of coverage of environmental data

#### ■ Waste generation & recycling rate related to construction

##### ◇ Overview

Construction byproducts generated in factories and at construction sites, excluding those that have been sold as valuable resources, are defined as "construction waste." Moreover, even at the same construction site, waste associated with demolition is distinguished as "demolition waste." Furthermore, "construction-generated soil" and "construction sludge" accompanying ground preparation are excluded from calculations of "construction waste." In addition, the total "sales" of each factory are used as the intensity denominator of the production division, and the total "sales area" of each site is used as the basic denominator of the construction segment.

##### ◇ Calculation formula

**Manufacturing** Construction waste emissions (t) =  $\sum (\text{Construction byproducts generated (t)}) - \sum (\text{Sales of valuable resources (t)})$

**New construction** Construction waste emissions (t) =  $\sum (\text{Construction byproducts generated (t)}) - \sum (\text{Sales of valuable resources (t)}) - \sum (\text{Construction sludge generated (t)})$

**Overall** Recycling rates of construction waste (%) =  $\sum \{(\text{Amount of material recycled (t)}) + (\text{Amount thermally recycled (t)})\} \div \sum (\text{Construction waste emissions (t)})$

Note: Construction sludge is included in the calculation of the recycling rate.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites
New construction	Daiwa House Group	All new construction sites
Civil engineering	Fujita	All civil engineering sites
Renovation	Daiwa House Group	All renovation sites (except for some small-scale sites)
Demolition	Daiwa House Group	All demolition sites



## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### Conservation of aquatic environments Procurement

#### Water risk assessment results in timber-producing countries

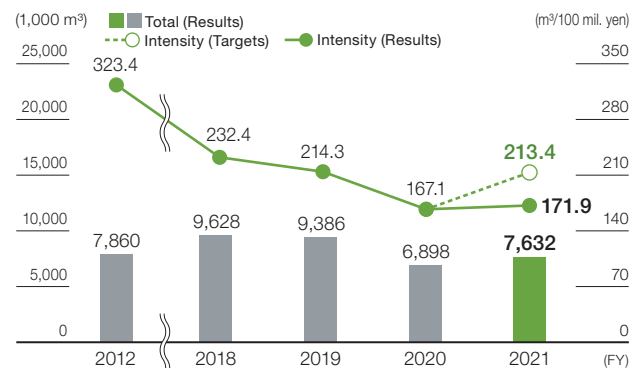
	Japan	Indonesia	China	Finland	Sweden	Other 19 countries	Other 3 countries	Unknown (recycled materials, etc.)
Ratio of procured timber	34.1%	15.6%	15.5%	8.9%	3.8%	10.9%	1.0%	10.2%
Risk level	2020	1.66	2.07	2.40	0.54	1.60	—	—
	2030	2.31	2.96	3.29	1.72	1.62	Less than 3	3 or more
	2040	2.24	3.26	3.30	1.86	1.63	—	—

Risk levels 0–1: low, 1–2: low to medium, 2–3: medium to high, 3–4: high, 4–5: very high  
Source: Aqeduct Projected Water Stress Country Rankings

### Conservation of aquatic environments Business activities

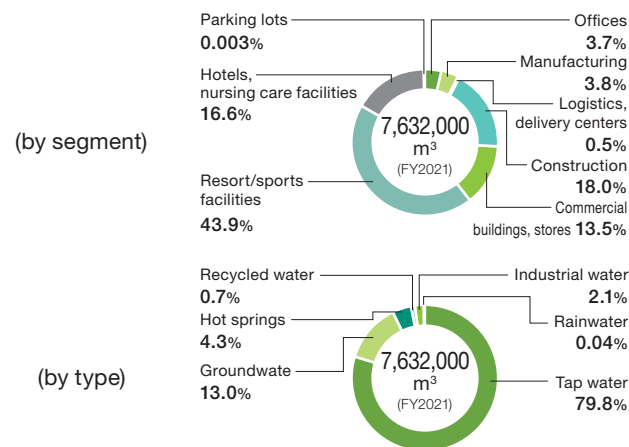
#### Water consumption

##### Trend in water consumption (water intake) and intensity



Note: The data has been revised to correct some errors in the overseas water consumption for fiscal 2019 and 2020.

#### Breakdown of water consumption (water intake)



#### Water consumption (water intake) (by segment)

Unit: 1,000 m³

	2017	2018	2019	2020	2021
Offices	390	309	292	276	284
Manufacturing	305	301	283	273	288
Logistics, delivery centers	53	52	46	46	38
Construction	2,073	1,706	1,573	1,706	1,376
Commercial buildings, stores	908	1,146	1,132	858	1,029
Resort/sports facilities	4,657	4,562	4,458	2,886	3,354
Hotels, nursing care facilities	1,416	1,552	1,603	853	1,264
Parking lots	0.3	0.3	0.3	0.3	0.3

#### Water consumption (water intake) (by type)

Unit: 1,000 m³

	2017	2018	2019	2020	2021
Tap water	7,362	7,645	7,593	5,607	6,092
Groundwater	1,686	1,272	1,230	809	994
Hot springs	341	328	359	291	324
Recycled water	298	361	33	26	55
Industrial water	114	17	168	161	164
Rainwater	3	3	3	3	3
Treated water	0	0	0	0	0

#### Water consumption (water intake) (Japan, outside Japan)

Unit: 1,000 m³

	2017	2018	2019	2020	2021
Japan	9,011	9,053	9,143	6,678	7,416
Outside Japan	793	575	243	220	217

Note: The data has been revised to correct some errors in the overseas (construction and Tap water) water consumption for fiscal 2019 and 2020.

#### Water conservation measures at each facility

Segment	Company name	Scale	Water conservation
Resort facilities	Nishiwaki Royal Hotel	5 rooms	Replaced bathroom faucet with single lever
	Sports Club NAS	20 stores	Installed waterless toilet
Sports facilities	Sports Club NAS	29 stores	Installed water-saving shower equipment
	Daiwa Royal Golf	2 Golf courses	Installed water-saving appliances
Nursing care facilities	Daiwa Royal Golf	1 Golf course	Replaced with water-saving dishwasher
	Daiwa House Life Support	4 facilities	Installed water-saving device in bathroom shower
Manufacturing	Daiwa House	1 factory	Installed water and sewer line shutoff valves to prevent water leakage
	Daiwa Lease	1 factory	Installed rainwater tanks
Commercial buildings, stores	Royal Home Center	2 stores	Renovated toilets to install water-saving devices
Offices	Daiwa LifeNext	1 office	Changed the faucet in the bathroom to an automatic faucet





## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### Conservation of aquatic environments Business activities

#### ■ Drainage discharge (by point of discharge) (Japan)

Unit: 1,000 m<sup>3</sup>

	2017	2018	2019	2020	2021
Rivers and lakes	1,088	963	972	701	<b>762</b>
Brackish water intake source/sea	602	456	398	205	<b>253</b>
Sewer system	5,228	6,109	5,875	3,861	<b>4,566</b>
Discharge to other areas	0	0	0	0	<b>0</b>

#### ■ Drainage discharge (by point of discharge) (Outside Japan)

Unit: 1,000 m<sup>3</sup>

	2017	2018	2019	2020	2021
Rivers and lakes	0	0	0	0	<b>0</b>
Brackish water intake source/sea	57	13	0	0	<b>0</b>
Sewer system	96	63	15	33	<b>40</b>
Discharge to other areas	13	4	0	0	<b>0</b>

#### ■ Water recycling in each facility

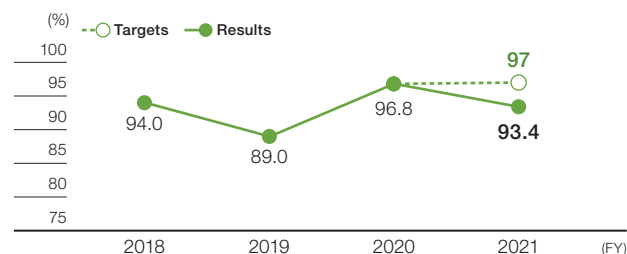
Facility name	Recycling method	Recycled water volume (Recycling rate)
Daiwa House Industry Osaka Head Office	Reusing waste water from air conditioners, etc. and rainwater for washing toilets after treating them for recycling.	6,532 m <sup>3</sup> (30.1 %)
Hotel & Resorts MINAMIAWAJI	Using miscellaneous waste water for washing toilets and for being sprayed.	35m <sup>3</sup> (0.05%)

#### ■ Number of regulatory violations concerning water

	2017	2018	2019	2020	2021
Number of violations	0	0	0	0	<b>0</b>

### Conservation of aquatic environments Products and services

#### ■ Water-saving device adoption rate



#### ■ Adoption rate by department

Department	Adoption rate
Single-family housing business	100.0%
Rental housing business	90.9%
Existing homes business	99.6%
Condominium business	97.7%
Commercial and office buildings business	100.0%*

\* Hotel business only

### Calculation method and scope of coverage of environmental data

#### ■ Water consumption

##### ◇ Overview

This represents the total annual water consumption from the water supply, groundwater, hot springs, industrial-use water, recycled water and rainwater, and is calculated based on purchasing data at each location (from measurements when purchasing data is unavailable). For the construction segment, we estimate the total consumption by multiplying the water usage for the sales floor area as determined by a sample survey of the sales floor area during the counting period.

##### ◇ Scope of coverage

The same scope and calculation criteria exist for GHG emissions, energy consumption and electricity consumption

#### ■ Water-saving device adoption rate

##### ◇ Overview

Waste water is regularly measured for its quality at Daiwa House Industry factories. The results state the number of cases that exceeded the control values for laws and bylaws.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	Total of 9 production sites

#### ■ Water-saving device adoption rate

##### ◇ Overview

We consider the adoption rate to be the rate of water-saving devices installed in the bathroom showers, kitchens and toilets of the single-family housing, rental housing, condominiums, hotels, and existing homes business we have provided to customers.

##### ◇ Calculation formula

Water-saving device adoption rate (%)  

$$= \frac{\sum (\text{No. of installed water-saving devices (showers + kitchen faucets + toilets)}) \text{ No. of locations}}{\sum (\text{No. of relevant facilities installed (showers + kitchen faucets + toilets)}) \text{ No. of locations}}$$

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	All properties
Rental housing business	Daiwa House Industry	All properties
Condominium business	Fujita	All properties
Commercial and office buildings business	Daiwa House Industry, Fujita, Cosmos Initia	Hotel business only
Existing homes business	Daiwa House Reform	All properties

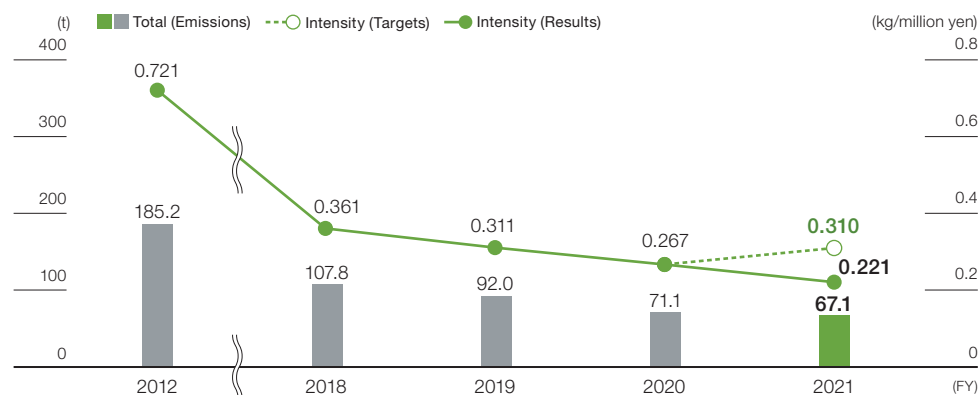


## Environmental Data | Prevention of chemical pollution

### Business operations

#### Release and transfer of PRTR-listed substances

##### ■ Release and transfer of PRTR-listed substances and intensity



##### ■ Change in release of PRTR-listed substances (by company/segment)

Unit: t

Breakdown by segment	2017	2018	2019	2020	2021
Daiwa House Industry (housing)	31.4	26.7	23.3	17.0	<b>16.9</b>
Daiwa House Industry (construction)	18.2	19.3	15.5	11.1	<b>11.0</b>
Daiwa Lease	57.8	44.9	33.9	24.7	<b>17.8</b>
DesignArc	3.8	3.1	4.7	4.0	<b>4.7</b>

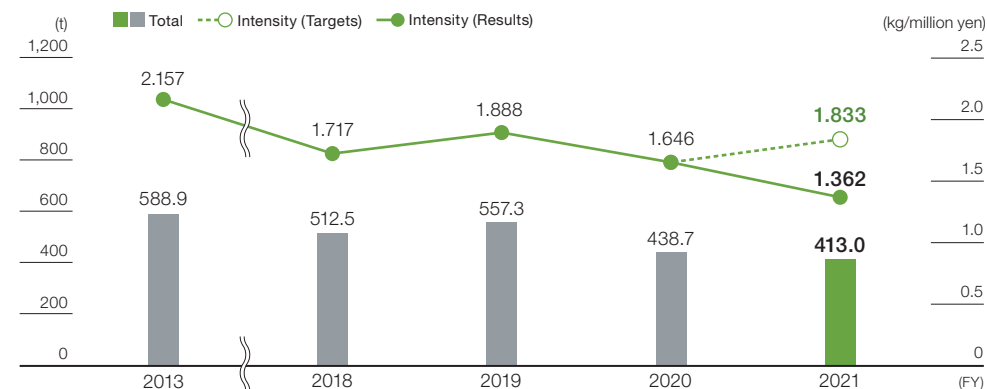
##### ■ Change in transfer of PRTR-listed substances (by company/segment)

Unit: t

Breakdown by segment	2017	2018	2019	2020	2021
Daiwa House Industry (housing)	9.1	8.9	9.0	7.9	<b>11.3</b>
Daiwa House Industry (construction)	4.3	4.1	4.8	5.8	<b>4.9</b>
Daiwa Lease	1.0	0.7	0.8	0.7	<b>0.5</b>
DesignArc	0.0	0.1	0.01	0.002	<b>0.004</b>

#### VOC emissions

##### ■ VOC emissions and intensity



##### ■ Change in release of VOC emissions (by company/ segment)

Unit: t

Breakdown by segment	2017	2018	2019	2020	2021
Daiwa House Industry (housing)	235.0	195.7	201.4	161.7	<b>164.0</b>
Daiwa House Industry (construction)	106.6	103.5	120.6	83.9	<b>89.9</b>
Daiwa Lease	214.1	209.9	227.7	186.7	<b>151.4</b>
DesignArc	4.1	3.4	7.6	6.4	<b>7.7</b>

##### ■ NOx and SOx emissions in the manufacturing phase

Unit: t

	2017	2018	2019	2020	2021
NOx emissions	0.38	1.16	0.15	0.20	<b>0.15</b>
SOx emissions	0.03	0.08	0.01	0.02	<b>0.02</b>



## Environmental Data | Prevention of chemical pollution

### Material balance of chemical substances subject to PRTR

#### ■ Release and transfer of PRTR-listed substances (by type)

Unit: kg

Name of target chemical substance	Amount handled	Amount consumed	Amount transferred			Emissions			Amount subjected to chemical removal processes
			Total transferred to sewer	Amount of (waste) transferred out of our worksites	Total amount transferred	Emissions into the atmosphere	Discharged to public water bodies	Total emissions	
Manganese and its compounds	41,789	29,463	0	10,891	10,891	1,436	0	1,436	0
Xylene	17,756	0	0	238	238	17,437	0	17,437	81
Ferric chloride	16,147	0	0	0	0	0	0	0	16,147
Methylenebis (4,1-phenylene) = diisocyanate	15,325	15,234	0	91	91	0	0	0	0
Ethylbenzene	12,218	0	0	168	168	12,044	0	12,044	7
Toluene	8,195	0	0	100	100	8,017	0	8,017	78
1,2,4-trimethylbenzene	8,075	0	0	117	117	7,887	0	7,887	70
Water-soluble zinc compounds	6,464	5,071	22	1,240	1,262	0	131	131	0
Molybdenum and its compounds	6,318	3,526	0	2,792	2,792	0	0	0	0
1,3,5-trimethylbenzene	2,073	0	0	30	30	2,043	0	2,043	0
45 other substances	4,708	1,859	0	1,055	1,055	1,390	0	1,390	403
Grand total	139,068	55,153	22	16,722	16,744	50,254	131	50,385	16,786


[CSR Procurement Guidelines](#)

### Calculation method and scope of coverage of environmental data

#### ■ Release and transfer of PRTR-listed substances

##### ◇ Overview

Purchasing data at each site is used to calculate the amount released/transferred of 462 Class-I Designated Chemical Substances prescribed by the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law).

##### ◇ Scope of coverage

Segment	Target	Scope of coverage	
Manufacturing	Daiwa House Group	All production sites	Total 29 locations*

\* Factories that are required to make release and transfer registration according to the PRTR law

#### ■ VOC emissions

##### ◇ Overview

Purchasing data at each site is used to calculate the emissions of 326 volatile organic compounds identified by the Osaka Prefectural Ordinance and Japan Paint Manufacturers Association as of fiscal 2010.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage	
Manufacturing	Daiwa House Group	All production sites	Total 29 locations*

\* Factories that are required to make release and transfer registration according to the PRTR law

#### ■ NOx emissions/ SOx emissions

##### ◇ Overview

Calculated based on "Environmental Report Guidelines (2018 edition)" by the Ministry of the Environment.

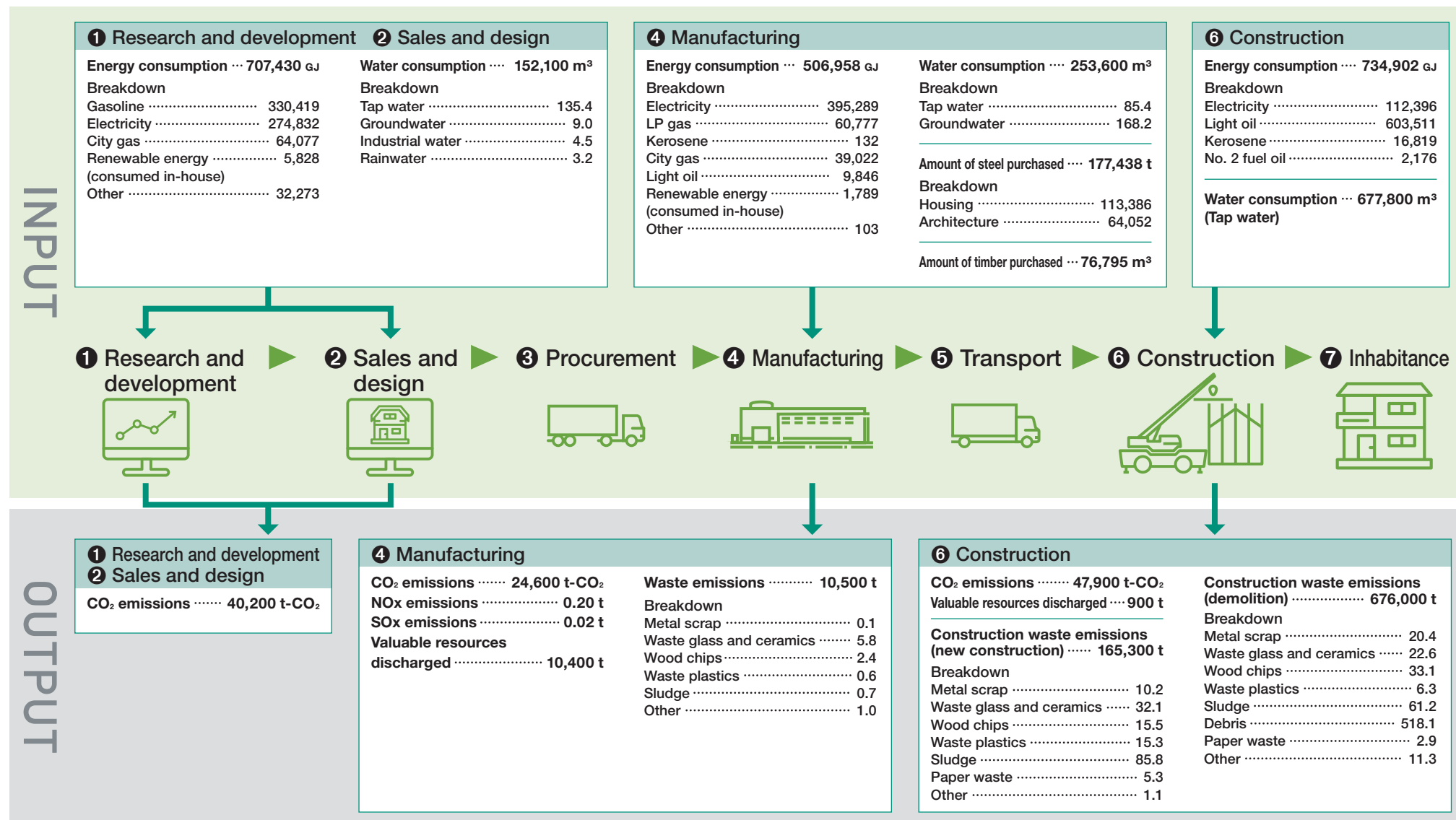
##### ◇ Scope of coverage

Segment	Target	Scope of coverage	
Manufacturing	Daiwa House Industry	All production sites	Total 4 locations*

\* Factories that are included in soot generation facilities specified in the Air Pollution Control Act



## Environmental Data | Flow of materials imparting environmental load







## Environmental Data | Environmental accounting

### ① Environmental preservation costs (Amount invested)

Unit: 1,000 yen

Item	Major content	FY2017	FY2018	FY2019	FY2020	FY2021
		Amount invested				Amount invested
Cost within business area	Cost of measures to control pollution related to air, water, and noise	7,623	4,654	205,182	51,719	6,215
	Cost of prevention of global warming (energy efficiency)	237,228	37,344	60,366	163,427	154,457
	Cost of waste reduction measures	0	156	60	4	2,038
	Cost of reducing water consumption	2,450	1,317	5,553	1,885	1,175
Upstream/downstream costs	Green purchasing fees, cost of purchasing returnable boxes	7,212	3,298	3,467	4,230	115,923
Administrative costs	Environmental education costs, EMS maintenance expenses, etc.	653	595	108	376	11
Total		255,165	47,364	274,736	221,641	279,819

### ② Environmental preservation effect

Effect		Item	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Business area	Effect on input resources	Energy consumption, crude oil equivalent (production system)	GJ	552,654	537,539	516,665	480,196	506,958
		Energy consumption, crude oil equivalent (distribution system)	GJ	620,421	603,890	570,623	453,484	501,727
	Effect on environmental load and waste	Waste generated	t	13,008	12,680	12,104	10,243	10,547
		CO <sub>2</sub> emissions (production system)	t-CO <sub>2</sub>	25,888	25,032	26,559	23,964	24,572
		CO <sub>2</sub> emissions (distribution system)	t-CO <sub>2</sub>	42,544	41,384	39,106	31,082	34,379
		Water resource consumption	m <sup>3</sup>	289,956	269,781	252,235	246,981	253,559

### ③ Economic effects of environmental preservation

Unit: 1,000 yen

Content		FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	Sales of valuable resources*	39,552	233	260	1,436	1
Cost savings	Cost savings from energy-efficiency efforts	83,606	5,613	29,713	58,858	54,825
	Cost savings from waste-reduction efforts	6,907	5,309	12,259	12,615	16,067
	Cost savings from water resource reduction efforts	16,066	0	9	3,382	69
	Total	146,131	11,155	42,241	76,291	70,961

\* Revenue obtained from effects of environmental conservation implemented during the fiscal year

#### Calculation method and scope of coverage of environmental data

##### ■ Flow of materials imparting environmental load

###### ◇ Report period

April 1, 2021 to March 31, 2022

###### ◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated)

###### ◇ Scope of coverage

- ① Research and development: All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition
- ② Sales and design: All company vehicles and privately owned permitted vehicles
- ④ Manufacturing: All production sites
- ⑥ Construction (energy & water): Construction sites of housing/buildings (new construction)
- Construction (construction waste): Construction sites of housing/buildings (new construction/demolition)

###### ◇ Calculation criteria

In addition to "Calculation and Reporting of Environmental Data" on P150 and the calculation methods of environmental data in the previous sections, the criteria include values that are not subject to target management in the Endless Green Program 2021.

##### ■ Environmental accounting

###### ◇ Report period

April 1, 2021 to March 31, 2022

###### ◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated)

###### ◇ Scope of coverage

9 factories in total

###### ◇ Referential guidelines

"Environmental Accounting Guidelines 2005 Edition" by the Ministry of the Environment



## Social Data | Human rights management/Innovation base

### Human rights management

#### 0-1 The results of the whistleblower system operation

	FY2019	FY2020	FY2021
Corporate Ethics and Human Rights Hotline (Of which, consultations relating to harassment)	136 (33)	138 (44)	* 99 (24)
Power Harassment Prevention Hotline	73	68	* 45
Human rights Hotline (Of which, consultations relating to harassment)	—	—	* 125 (51)
Risk Information Hotline	17	34	69
Partners Hotline	17	22	28
Lawyer Hotline	4	2	5
Global Whistleblower System	2	0	0

\* The results for Corporate Ethics and Human Rights Hotline and Power Harassment Prevention Hotline are the number of calls received up to September 2021.  
From October 2021, the two hotlines were merged into the Human Rights Hotline.

#### 0-2 Implementation status of human rights awareness-raising training

Number of participants	Total training hours*
63,773	31,886 hours

\* Regarding training hours per person are aggregated as 0.5 hours

### Innovation base

#### 1-1 Major business collaborations and validation experiments to create for innovation and to solve social issues

Signed in	Alliance partners	Details
January 2022	Panasonic Corporation Asukanet Co., Ltd.	Commenced a joint trial of a "Floating Touch Panel Intercom" for apartment buildings using mid-air touch displays.
January 2022	Metro Holdings Limited	Memorandum of understanding for strategic partnership
May 2021	Fujita Corporation Jyuichiya Co., Ltd.	Developed SWAN <sup>®</sup> welding robot system for construction sites

#### 1-2 Examples of major products for solving social issues

Product name	Description
Teleworking style	Homes that offer a more enriching daily life and do not leave residents stressed when working from home
"Kaji (Chore) Share House"	Prompted by the rising number of dual-income households, these are single-family houses in which the layout and design ideas are aimed at reducing the burden of housework by making it easy for everyone in the house to do chores together
Cocolan miniature moth orchids	A co-creation initiative involving both agriculture and welfare in the form of a facility for cultivating miniature moth orchids where diverse community residents can work together and get to know one another

#### 1-3 Major examples of public-private partnership projects

Start date	Local governments	Contents of agreements
Scheduled to open in March 2026	Toyama City, Toyama Prefecture	Toyama City public local wholesale market redevelopment project
Main construction scheduled to commence in January 2023	Yokohama City, Kanagawa Prefecture	Minato Mirai 21 Central District 52 Block development project
Scheduled to open in March 2023	Fukuoka City, Fukuoka Prefecture	Project for constructing Next-generation R&D Center in Kyudashin-machi, Fukuoka City
Scheduled to open in Fall 2024	Ōmura City, Nagasaki Prefecture	Project to develop city land adjacent to Shin-Ōmura railway station



## Social Data | Innovation base

### 1-4 Examples of community engagement

Subdivision	Location	Developed Area	Facility description, Number of lots	Noteworthy measures
Japanese Red Cross site lifelong activity town (CCRC) business CoCo Run City Maebashi	Maebashi City, Gunma Prefecture	38,486m <sup>2</sup>	Single-family houses: 17 (Daiwa House Industry) Apartment buildings: 2 (Daiwa House Industry) Commercial facility: 1 (Daiwa House Industry) Fee-based nursing care facility for the elderly: 1 Certified childcare facility: 1 After hours emergency medical center: 1 Welfare center: 1 Park	<ul style="list-style-type: none"> <li>Maebashi City issued a request for tenders for the Japanese Red Cross site lifelong activity town (CCRC) business to be built on the former site of a Japanese Red Cross Maebashi Hospital. Daiwa House Industry was selected as the lead contractor.</li> <li>The participating companies and organizations set up an organization called CoCo Run Circle Maebashi to pursue a variety of measures aimed at making the city more attractive. The organization promotes voluntary and spontaneous initiatives with the aim of actively bringing together and combining the expertise, networks, and know-how of the various participants in order to create "CoCo Run City Maebashi."</li> <li>Maebashi City and CoCo Run Circle Maebashi have entered into a cooperation agreement. They are working to make the area more attractive and increase the associated population so as to foster both the users of CoCo Run City Maebashi and the community made up of a diversity of people and generations in the surrounding areas.</li> <li>Spaces for the local community have been provided in the commercial facility, park café, and elsewhere. Places are being created where local people can gather.</li> </ul>
Royal City Aso Ichinomiya Resort ASONOHARA	Aso City, Kumamoto Prefecture	49,177m <sup>2</sup>	Single-family houses: 29	<ul style="list-style-type: none"> <li>Development of the first new block for the Forest Housing Business. In the surrounding undeveloped area we are enhancing the environment of the coniferous forest and forming grassland from the wilderness.</li> <li>Buildings are placed to ensure a decent interval between them, and with onsite verification the plan allows a view of the nearby five peaks of Mount Aso from any of the residences. The existing topography is used to form boundaries for the plots.</li> <li>No utility poles are placed in the residential area, out of consideration for the landscape and safety. Lighting products are selected to not detract from the view of the night sky.</li> <li>We conduct ecosystem inspections and follow the advice of natural environmental consultants to decide which trees to plant and how to manage them.</li> <li>Establishment of the Environmental Preservation Rules. Areas next to the road on housing sites will be recreated as green fields, to create grassland holiday homes.</li> <li>Gained two environmental certifications: the Japan Habitat Evaluation and Certification Program (JHEP), a first for Daiwa House, and Association for Business Innovation in harmony with Nature and Community (ABINO).</li> <li>Continue holding monitoring and interviews with experts after the completion. Engage in efforts to recreate the historical unique grassland environment of Mount Aso through involvement with the local Grassland Restoration Committee and with local residents.</li> </ul>
Cocolan House orchid growing facility	Miki City, Hyogo Prefecture	5152.18m <sup>2</sup> (Site area)	Growing facilities: 4 Garden: 949 m <sup>2</sup>	<ul style="list-style-type: none"> <li>Cocolan House constructed in January 2019</li> <li>Since 2019, annual Cocolan presentations have been given to former pupils of all of the local elementary schools in Miki City</li> <li>The facility has been made available for a hands-on program by a nearby special needs school</li> <li>The facility has been made available for service learning and internships by Kansai University of International Studies</li> <li>Outsourced production of pressed Cocolan flower bookmarks to Seiyō Nada Special Needs School of Kobe City and Hyogo Prefectural West Kobe Special-Needs Educational High School (zero flower loss challenge)</li> <li>Garden specially made for enjoyment of local people and employees, featuring plants that match local flora.</li> <li>Daiwa House Bloom Co., Ltd. established in April 2021 as a company for employing the disabled. * Cultivation of Cocolan orchids to order</li> <li>Obtained class A MPS certification (an international certification system for flower growers) for the environmental sustainability of the flower cultivation process in January 2022</li> <li>Completed installation of five priority parking spaces, multi-purpose toilets, ramps, rest area, and other facilities to ensure the facility is safe for everyone, including the disabled</li> <li>A gallery space was also opened to provide information to facility visitors</li> <li>Monthly market held in inclusive garden</li> </ul>

### 1-5 Major examples of cooperation agreements with local governments \* Agreed or updated since October 2020

Date of renewal (date of agreement)	Local governments	Contents of agreements	Date of renewal (date of agreement)	Local governments	Contents of agreements
Agreed in April 2022	Yokohama City, Kanagawa Prefecture	Agreement on cooperation for storage of emergency provisions for disasters	Agreed in February 2021	Kitakami City, Iwate Prefecture	Agreement on cooperation for storage of emergency provisions during earthquakes and other disasters
Renewed in April 2022 (Agreed in January 2020)	Yokohama City, Kanagawa Prefecture	Agreement on cooperation for sustainable community development of suburban housing complexes	Agreed in January 2021	Akaiwa City, Okayama Prefecture	Agreement on support and cooperation during disasters
Agreed in March 2022	Chikuma City, Nagano Prefecture	Agreement on taking in evacuees in the event of a disaster	Agreed in December 2020	Tosu City, Saga Prefecture	Agreement on support for civic life during earthquakes and other disasters
Agreed in February 2022	Maebashi City, Gunma Prefecture	Cooperation agreement on CCRC business	Agreed in November 2020	Osaka	Comprehensive agreement on collaboration and cooperation
Agreed in November 2021	Kanegasaki, Iwate Prefecture	Agreement on cooperation for storage of emergency provisions during disasters	Agreed in November 2020	Nagareyama City, Chiba Prefecture	Agreement on the use as a temporary evacuation shelter during disasters



## Social Data | Human resources base

### Human resources base

#### 2-1 Childcare leave uptake

	2019	2020	2021
Childcare leave uptake (Female) (%)	96.6	91.6	<b>92.4</b>
Childcare leave uptake (Male) (%)	42.3	42.4	<b>41.9</b>

#### 2-2 Various types of welfare programs

##### ■ Classifications of allowance provision to domestic employees

	Employees	Employees on probation	Post-retirement specially commissioned employees	Limited-term contractual employees
Retirement allowance	○	×	×	×
Taking childcare leave	○	○	○	○
Group insurance entry	○	○	○	○
Stock ownership entry	○	○	○	○

##### ■ Rate of obtainment of paid holidays

	2019	2020	2021
Rate of obtainment of paid holidays	68.4%	59.6%	<b>57.3%</b>

#### 2-3 Average overtime hours

	2019	2020	2021
Average overtime hours	30.2 hours	24.2 hours	<b>22.7 hours</b>

#### 2-4 Periodic medical examinations and health guidance

Percentage of employees receiving periodic medical examinations	96.4%
Percentage of follow-up testing of patients with abnormal test results	91.0%
Number of employees receiving/eligible for specific health guidance (ratio)	829/6,076 (13.6%)
Percentage of employees receiving stress checks	91.3%
Number of employees identified as high stress receiving/requesting consultation with physician	35/35 (100%)

#### 2-5 Mental health training attendance

\* All provided as e-learning.

Mental health line care seminar (newly appointed managers)	139
Mental health line care seminar (newly appointed managers)	236
Mental health self-care seminar (new employees)	498
Mental health mindfulness training	15,944

#### 2-6 Gender pay gap

##### ■ Average salary (full-time regular employees)

Company-wide	8,842,493 yen
Average (male)	9,619,994 yen
Average (female)	5,842,910 yen
Average female salary as percentage of male	60.7%

#### 2-7 Investment in and annual average time allotted to human resources development

##### ① Total investment

125,269,672 yen (non-consolidated)  
409,251,756 yen (consolidated)

\* Consolidated: Daiwa House and 12 major Group companies (calculated for each company on the basis of their own criteria)

##### ② Total attendees

5,748 (non-consolidated)  
29,586 (consolidated)

\* Consolidated: Daiwa House and 12 major Group companies (calculated for each company on the basis of their own criteria)

##### ③ Training hours per employee (non-consolidated)

Training hours per employee	2.32 hours
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\* Training hours per employee = Total training hours/employees

\* The data includes only grade-specific training and non-grade-specific training, and excludes training aimed at upgrading specialized knowledge and skills in each division.

\* Due to COVID-19, trainings were either cancelled or held online with the exception of some programs.

#### 2-8 Employment and turnover

##### ■ Average years of tenure

Average years of tenure: female employees	11.2 years
Average years of tenure: male employees	15.9 years
Difference in average years of tenure between male and female employees	4.7 years

##### ■ Turnover for voluntary reasons in the past three years

	2019	2020	2021
Non-consolidated	3.33%	3.49%	<b>3.82%</b>
12 major Group companies*	4.51%	3.32%	<b>4.16%</b>

\* For the 12 major Group companies, employee turnover in the first three years of employment averaged 13.75% in fiscal 2021.





## Social Data | Human resources base

### 2-9 Diverse human resources

#### ■ Female roles by position and grade (non-consolidated) \* As of April 1 of each year

	2018	2019	2020	2021	2022
Women employees	3,239	3,405	3,499	3,476	<b>3,470</b>
(Ratio)	19.9%	20.4%	20.7%	20.8%	<b>21.0%</b>
Women executives	1	1	2	2	<b>3</b>
Women managers	123	137	160	177	<b>217</b>
(Ratio)	3.3%	3.6%	4.1%	4.5%	<b>4.9%</b>
Among deputy managers	4	4	7	8	<b>11</b>
(Ratio)	0.7%	0.7%	1.2%	1.4%	<b>1.8%</b>
Chiefs	581	639	681	767	<b>867</b>
(Ratio)	13.9%	15.2%	16.0%	17.9%	<b>19.2%</b>
Women engineers	127	141	152	150	<b>146</b>
(Ratio)	4.3%	4.6%	4.9%	4.9%	<b>4.8%</b>
Women sales reps	427	468	475	441	<b>434</b>
(Ratio)	9.1%	9.9%	10.2%	9.9%	<b>10.2%</b>

#### (consolidated)

	2018	2019	2020	2021	2022
Women executives	14	14	15	17	<b>16</b>
Women managers	302	352	418	466	<b>548</b>
(Ratio)	4.0%	4.5%	5.0%	5.5%	<b>6.0%</b>

\* Consolidated: Daiwa House and 62 Group companies (executives includes executive officers)

#### ■ Number of participants in life design seminar\*

	2019	2020	2022
Participants	118	132	<b>183</b>

\* Seminar on the personnel system and treatment from age 61, and on the interim working style and lifestyle up to the mandatory retirement age of 65, as well as on public pension system, corporate pension system, and health management.

#### ■ Recruitment \* Figures for each fiscal year are as of April 1

	2018	2019	2020	2021	2022
New graduates	935	918	826	503	<b>566</b>
No. of females	265	250	205	118	<b>146</b>
(Ratio)	(28.3%)	(27.2%)	(24.8%)	(23.5%)	<b>(25.8%)</b>
Mid-career recruits	148	145	80	63	

#### ■ Limited-term contractual employees \* Figures for each fiscal year are as of April 1

	2020	2021	2022
Limited-term contractual employees	972	919	<b>885</b>
Post-retirement specially commissioned employees	204	204	<b>195</b>
Employees on probation	63	24	<b>35</b>
Part-time employees	634	567	<b>541</b>
Total	1,873	1,714	<b>1,656</b>

#### ■ Rate of employees with disabilities \* Figures for each fiscal year are as of April 1

	2020	2021	2022
Non-consolidated	2.45%	2.50%	<b>2.46%</b>
12 major Group companies	2.06%	1.90%	<b>2.22%</b>

#### ■ Percentage of employees aged 60 or over \* Figures for each fiscal year are as of April 1

	2020	2021	2022
Non-consolidated	2.67%	2.80%	<b>3.25%</b>
12 major Group companies	4.91%	7.27%	<b>8.25%</b>



## Social Data | Technology and manufacturing base/Risk countermeasures base

### Technology and manufacturing base

#### 3-1 Safety targets for fiscal 2022

Items	Important activities
Incidents resulting in death...0	Conduct activities for preventing serious accidents in line with safety and health management plan. (Identify and correct risks on a monthly basis)
Incidents caused by a third party...0	Optimally allocate on-site workers and flagmen based on plan
Heavy machinery-related incidents... decrease 30% from FY2021	① Implement patrols of worksites where heavy machinery is used ② Provide guidance on preventing accidents with heavy machinery as a part of safety enhancement activities
Slip/fall incidents resulting in an absence of at least four workdays... decrease 30% from FY2021	① Prepare work plans for building construction and demolition jobs ② Compulsory wearing of fall prevention equipment (full harness with 2 hooks type) when working in high locations ③ Conduct thorough pre-work inspection of open areas on scaffolding boards
Heat stroke incidents resulting in an absence of at least four workdays...0	① Educate housing crews about heat stroke ② Educate building and housing complexes crews at each worksite

#### 3-2 Occupational safety and health education

##### ■ Occupational safety and health education

Asbestos-related e-learning	4 seminars 394 attendees
Safety management e-learning	11 seminars 4,460 attendees

\* Training relating to the health and safety standards such as safety and health seminars or equipment training held at our 12 major Group companies:  
Total of 43,200 participants, training costs of 17,054,850 yen

#### 3-3 Number of construction site industrial accidents

##### ■ Number of construction site industrial accidents requiring 4 or more days of missed work

	2019	2020	2021
Daiwa House Industry	4	2	4
Construction site	31	28	35

##### ■ Frequency rate of industrial accidents requiring 4 or more days of missed work

2019	2020	2021
0.19	0.16	0.24

\* "Frequency rate" represents the number of industrial accidents that have occurred involving worker injury or death per one million hours worked.

##### ■ Number of fatalities in industrial accidents

	2019	2020	2021
Company employees	0	0	0
Partner personnel	2	0	1

### Risk countermeasures base

#### 4-1 Results of questionnaire survey for business partners

##### ■ Results of questionnaire survey for business partners

	2019	2020	2021
Rate of response	78.1%	70.6%	79.8%
Percentage of respondents who stated "no problem" with regard to our employees' conduct	80.7%	84.9%	88.5%



## Corporate Governance Data

### ■ Number of female board members (as of April 1, 2022)

Daiwa House Industry		Group companies	
Directors	Executive officer	Directors	Executive officers
2	1	8	5

### ■ Status of holding Corporate Governance Committee (Expected attendees: External Directors, External Auditors, Fulltime Auditors, CEO, CFO and Representative Directors)

FY2021	①	②
Month	Jul.	Jan.
Number of attendees	10/12	11/12
Attendance rate	83%	92%

### ■ Status of holding Joint Management Council (Expected attendees: Directors, Executive Officers and Auditors)

FY2021	①	②
Month	Sep.	Feb.
Directors	13/14	14/14
Auditors	5/5	4/5
Executive Officers	49/49	49/49
Attendance rate	99%	99%

### ■ Status of holding Remuneration Advisory Committee (Expected attendees: External Directors, CEO, COO, General Manager of Management Administration Headquarters)

FY2021	①
Month	May.
Number of attendees	7/7
Attendance rate	100%

### ■ Status of holding Nomination Advisory Committee (Expected attendees: External Directors, CEO, COO, General Manager of Management Administration Headquarters)


FY2021	①
Month	May.
Number of attendees	7/7
Attendance rate	100%

### ■ Status of holding Board of Directors (Expected attendees: Directors and Auditors)

FY2021	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫	⑬	⑭	⑮	⑯	⑰
Month	Apr.	May.	Extraordinary meeting in May.	Extraordinary meeting in Jun.	Jun.	Jul.	Aug.	Sep.	Extraordinary meeting in Oct.	Oct.	Extraordinary meeting in Oct.	Nov.	Dec.	Jan.	Feb.	Extraordinary meeting in Mar.	Mar.
Directors	14/14	14/14	14/14	14/14	14/14	14/14	14/14	14/14	14/14	14/14	11/14	14/14	14/14	13/14	12/14	14/14	14/14
Auditors	5/6	6/6	6/6	5/6	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	4/5	5/5	5/5
Attendance rate	95%	100%	100%	95%	100%	100%	100%	100%	100%	100%	84%	100%	100%	95%	84%	100%	100%
Matters to be resolved	2	6	2	1	8	5	6	10	1	2	1	7	5	4	4	2	6
Matters to be reported	10	4	0	0	2	9	2	4	0	8	0	3	3	8	0	0	3
Time required	135 min.	125 min.	20 min.	20 min.	100 min.	170 min.	115 min.	221 min.	100 min.	115 min.	25 min.	125 min.	130 min.	125 min.	55 min.	25 min.	175 min.



## ■ Third-Party Assurance Report

This report has been prepared with reference to the Japanese-language edition of our Sustainability Report 2022. The accuracy of the data regarding carbon dioxide (CO<sub>2</sub>) contained in that report was certified by third parties and an accompanying check mark  indicates all data subject to such certification. (See page 188 of the Japanese-language edition of the Sustainability Report 2022 for a third-party assurance report.)



# Becoming companies that can make “OUR FUTURE LANDSCAPE—Celebrating the Joys of Life” come true

Thank you for reading our report to the end!

We at Daiwa House Industry Group have always worked to provide new value with the resolve of a person out to create a new society in the spirit of founder Nobuo Ishibashi's credo, “Don't do things because they will make a profit, but because they will be of service to society.” As presented in this report's feature articles, last year we formulated a corporate purpose, Our Hopes for the Future, after sounding out our diverse stakeholders for their ideas and opinions. Our Hopes for the Future defines the role the Group wants to fulfill and the society we aspire to create between now and 2055, the year of the Group's centennial.

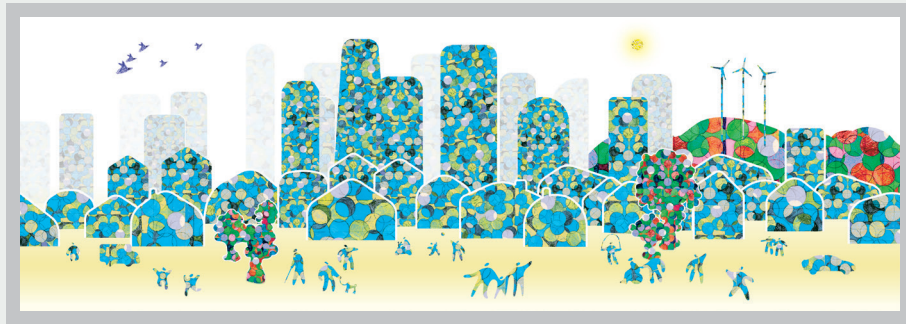
We believe that not only the ability to leverage our strengths in order to adapt promptly and flexibly to societal change, a diverse pool of talented, capable people will be absolutely indispensable for us to be able to transform Our Hopes for the Future into reality. For us to assemble human people of that caliber, we believe Group companies must inspire in all their employees a palpable sense of pride in their work and that their work is worth doing. In that context, we are committed to evolving further into an enterprise group that, having transformed its current corporate culture by preserving some and changing other elements in a forward-looking manner, provides satisfaction for all its stakeholders. Thus with the fervent desire in our hearts to make our future landscape into something better, we take the next step on our journey to 2055.

In closing, I would like to express my appreciation to all who have taken an interest in and the time to read this report, as well as my thanks to those without whose involvement it would not have seen the light of day. We hope stakeholders will continue to deepen their understanding of the Group's thinking on and engagement in ESG issues and hope you will continue to support the Daiwa House Industry Group in its endeavors.

Daiwa House Industry Co., Ltd.  
Managing Executive Officer  
Head of Sustainability

**Junko Ishizaki**


## About the cover



The cover of Sustainability Report 2022 features text and drawings by people with disabilities, using the Shibuya font in which the font and patterns have been redesigned by designers and students.

Some of the data fees have been paid to facilities for the disabled to help them participate in society and become financially independent.



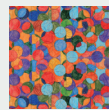
 Shibuya font (Japanese text only)

### Comment by creator

The diverse interconnections that entwine people, living places, and living practices are expressed through the loops that feature heavily in the Shibuya font. The result combines the power of design with the colorful artworks produced by people with disabilities to inspire an emotional response in the viewer. My hope is that it will conjure up the feeling of people in a community living a bright and fulfilling life.

(Ryota Hashimoto, Fukufukuplus Corporation)

### Patterns used on the cover



#### CITY LIGHTS

Artist : Riho Masukawa  
(Kobo Palette)  
Designer: Runa Kato

Rather than be limited to one style, Riho-san embodies the spirit of adventure. Utilizing a coloring technique, the outlines drawn on homemade paper were then painted in a way that suggests light in a variety of colors.



#### Shibuya bird

Artist : A.M.  
(Nozomi Studio)  
Designer: Aiko Mizuno

I came across a flock of small birds in which just one was flying in a direction different to all the others. To me, that image represented the individuality of people in Shibuya.





#### HACHI? POCHI? white

Artist : Ken Horiguchi  
(Heartopia Harajuku)  
Designer: Sayaka Koike

It felt to me that the adorable dog drawn on the side of Hachiko (Shibuya's famous dog statue) had a face that suggested Pochi for a name. As the sound of "hachi" and "pochi" has a good ring to it, I put them side by side.

## Our Communications at a Glance

	Dialogue	Reports	WEB
Financial information	<ul style="list-style-type: none"> <li>• Release of financial results</li> <li>• Presentation on Management Policy</li> <li>• Guided tours of building sites, plants, etc.</li> <li>• Teleconferencing with securities analysts and institutional investors</li> <li>• General Meeting of Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Securities report (Japanese text only)</li> <li>• Business result report (Japanese text only)</li> </ul>	 <ul style="list-style-type: none"> <li>• Investor Relations</li> </ul>
Non-financial information	<ul style="list-style-type: none"> <li>• Experts'dialogue</li> <li>• Stakeholders'meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated report</li> <li>• Sustainability Report</li> <li>• Corporate governance report (Japanese text only)</li> </ul>	 <ul style="list-style-type: none"> <li>• Sustainability</li> </ul>

## Daiwa House Industry Co.,Ltd.

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Certified by the Minister of the Environment in Japan.  
**We Build ECO**  
Daiwa House Group



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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